



City of Westminster

Cabinet

Decision Maker:	Cabinet
Date:	13 July 2020
Classification:	Open
Title:	2019/20 Outturn and Accounts
Wards Affected:	ALL
Key Decision:	Yes – on the forward plan
Financial Summary:	The report summarises the Council's 2019/20 year-end financial position and requests approval for unspent 2019/20 capital budgets to be reprofiled into future years – as per section 8.
Report of:	Gerald Almeroth, Executive Director – Finance & Resources

1. Background

- 1.1. This report presents the Council's 2019/20 outturn position for revenue and capital for the General Fund (GF) and Housing Revenue Account (HRA). As well as a summary of the pension fund and the Council's treasury management for the year.
- 1.2. The report also includes the 2019/20 statement of accounts and a summary of these accounts. The statement of accounts appended to this report are draft at this stage and an audited version of the accounts will be presented to the Committee at its July meeting for final sign off. These will be after the public inspection period which is due to end on 1st July 2020.

2. Executive Summary

- 2.1. The General Fund revenue position has seen a net outturn of £0.530m underspend against an approved budget of £181.993m. This compares to a Period 10 (January 2020) forecast underspend of £2.643m. The majority of this movement is due to income losses as a result of the Covid-19 pandemic.

- 2.2. The revenue underspend will increase the Council's general reserves to £63.306m. This will assist the Council's financial resilience, especially to deal with the financial pressures that will result from Covid-19.
- 2.3. The HRA revenue outturn is a surplus of £0.131m, against a budgeted surplus of £9.793m. HRA revenue balances have increased by the surplus to £17.365m
- 2.4. The general fund capital outturn represents a gross expenditure underspend of £71.527m against budget. This compares to a gross expenditure budget of £235.211m.
- 2.5. The HRA capital outturn has a variance of £31.721m against a budget of £149.854m.
- 2.6. The total value of the Pension Fund as at 31st March 2020 was £1.324bn. This is made up of investments in various assets – 66% equities, 23% bonds, 10% property, 1% infrastructure.

3. Recommendations

- 3.1. That Cabinet note the summary of the draft 2019/20 statement of accounts subject to the public inspection period and the audit currently underway.
- 3.2. That Cabinet note the Council's outturn position for 2019/20.
- 3.3. That Cabinet approve slippage from the 2019/29 capital programme into future years as per section 8.

4. General Fund Revenue Outturn

- 4.1. The table below summarises the general fund revenue year end position:

Member Portfolio	2019/20 Budget £000	2019/20 Outturn Variance £000
Leader of the Council	8,714	(168)
Deputy Leader and Cabinet Member for Finance, Property & Regeneration	42,482	(2,819)
Deputy Leader and Cabinet Member for Adult Social Care and Public Health	53,663	(490)
Children's Services	33,266	50
Housing Services	24,279	358
Environment & Highways	(14,284)	1,059
Business & Planning	2,901	560
Community Services & Digital	20,893	775
Public Protection and Licensing	10,080	145
Net Controllable Budget	181,993	(530)
Funding:		
Council Tax	(56,683)	
Business Rates	(125,310)	

4.2. The Council has a total general fund revenue underspend of £0.530m for 2019/20. It is estimated that this would have been an underspend of c£1.9m pre Covid-19. As there was approximately £1m of variances due to the pandemic, mainly resulting from The reduced income in the last 2-3 weeks of the financial year in the following areas:

- Parking – approximately £0.700m of income losses due to covid-19
- PPL, Registrars and Highways – £0.280m of income losses due to covid-19

4.3. There were further variances not related to Covid-19. These were:

- £1m overspend in Waste – due to a MTFP saving that was not achieved as a result of a change in the Council's waste procurement strategy.
- £1.4m underspend in Treasury and Pensions – driven by average cash balances available for investment and yields continuing to be higher than initial assumptions.
- £0.05m net underspends across variances other services across the council

5. HRA Revenue Outturn

5.1. The HRA had an outturn underspend of £0.131m. This represents a variance of £9.662m against a budgeted surplus of £9.793m. The key variances are outlined below.

- £7.2m under-recovery of income on leasehold operations – primarily due to a change in the billing process from twice yearly to annual and based on cost quotations when works start rather than advance estimates. This has the effect of delaying the commencement of charging to leaseholders and thus in reality is a time-lag effect, not lost or reduced income. This was compounded by a postponement to a number of major works schemes, again a timing effect.
- £1.5m under-recovery on tenancy income from both dwelling and non-dwelling properties. More income was anticipated from empty sheds and garages than achieved and the level of income generated from dwelling tenancies was also lower than budgeted. Work is being undertaken in 2020/21 to review the extent to which commercial income can be driven up and to ensure that the budget assumptions are aligned with experience in the level of voids across all tenures.

- £1m overspend on Health and Safety and Fire Services – this was largely due to an increase in fire risk assessments undertaken (not capitalisable) as well as emergency asbestos works which were additional to budgeted expectations and required largely specialist agency contractors to fulfil.

6. General Fund Capital Outturn

6.1. The General Fund capital outturn is summarised below:

Member Portfolio	Approved Expenditure Budget £000	Approved Income Budget £000	Approved Net Budget £000	Outturn Expenditure £000	Outturn Income £000	Net Capital Outturn £000	Expenditure Variance £000	Income Variance £000
Deputy Leader and Cabinet Member for Finance, Property & Regeneration	88,676	(3,031)	85,645	41,035	(4,512)	36,523	47,641	1,481
Deputy Leader and Cabinet Member for Adult Social Care and Public Health	16,181	(500)	15,681	15,320	(265)	15,055	861	(235)
Children's Services	10,201	(7,663)	2,538	5,566	(4,386)	1,180	4,635	(3,277)
Housing Services	40,661	(32,051)	8,610	33,829	(30,698)	3,131	6,832	(1,353)
Environment & Highways	54,322	(25,679)	28,643	45,682	(26,424)	19,258	8,640	745
Business & Planning	4,618	(1,376)	3,242	3,350	(1,541)	1,809	1,268	165
Community Services & Digital	5,285	(49)	5,236	5,735	(3,968)	1,767	(450)	3,919
Public Protection and Licensing	1,759	(1,162)	597	1,545	(1,545)	0	214	383
Total for Cabinet Portfolio's	221,703	(71,511)	150,192	152,062	(73,339)	78,723	69,641	1,828
Flexible Use of Capital Receipts	13,508	0	13,508	11,622	(11,622)	0	1,886	11,622
Grant Total	235,211	(71,511)	163,700	163,684	(84,961)	78,723	71,527	13,450

6.2. In total, across the general fund the Council had total capital expenditure of £163.684m, with funding applied of £84.691m, a total net outturn position of £78.993m, compared to a net budget of £163.700m.

6.3. The funding of the capital programme is shown below:

Funding Source	Funding £000
Total Grant & Contributions	
Central Govt Grants	(5,258)
Grants from GLA Bodies (Incl. TfL)	(4,294)
Grants from non-departmental public bodies	(12)
Affordable Housing Fund	(29,279)
Community Infrastructure Levy	(4,694)
S106 Contributions	(3,495)
S278 Contributions	(12,104)
Other 3rd Party Contributions	(3,746)
Total Grants & Contributions	(62,882)
Capital Receipts	(21,251)
Borrowing	(79,551)
Grand Total of Resources	(163,684)

6.4. The Council's general fund capital programme is categorised into five categories:

- Development - key projects that help the Council achieve its strategic aims, in line with City for All. This includes long term sustainability of Council services through income generation and meeting service objectives in areas such as affordable housing and regeneration.
- Efficiency - these schemes are funded in accordance with the government's "Flexible use of Capital Receipts" (FCR) initiative and to qualify, the schemes must be designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.
- Investment - one of the key objectives is for the Council to maximise its return on investments and grow income through active management of the investment portfolio. Income through these means will support the ongoing financing costs of the capital programme.
- Major Strategic Acquisitions –
- Operational - the Council's operational schemes are centred on capital improvement works to the Council's operational assets, meet health and safety standards and are fit for purpose in terms of statutory guidance and legislation.

6.5. The expenditure and funding per category is summarised in the table below:

Project Categorisation	Approved Expenditure Budget £000	Approved Income Budget £000	Outturn Expenditure £000	Outturn Income £000	Expenditure Variance £000	Income Variance £000
Development	101,611	(32,112)	73,657	(26,681)	27,954	(5,431)
Efficiency	13,508	0	11,622	(11,622)	1,886	11,622
Investment	20,000	0	0	0	20,000	0
Major Strategic Acquisitions	4,099	0	1,084	0	3,015	0
Operational	95,993	(39,399)	77,321	(46,658)	18,672	7,259
Total	235,211	(71,511)	163,684	(84,961)	71,527	13,450

6.6. In total there is slippage of £71.5m, however the majority of this slippage is due to the following six projects:

- £20m - Property Investment Acquisitions, as no properties were identified that provide a requisite return
- £10m – Capital Contingency, this is a corporate contingency budget if urgent capital projects or key pressures arise in year

- £6.5m - Oxford Street District, due to a delay in the appointment of a design and build contractor.
- £3.1m - Temporary Accommodation Acquisitions, due to a lower than anticipated number of purchases due to market supply.
- £2.7m - AHF Payments, due to a review of the contract on the Elgin Estate development, slipping the payment in 2020/21
- £1m - Lisson Grove Refurb – due to a delay in the refurbishment

6.7. The above projects equate to £43.3m or 60% of the total slippage on the programme. By way of comparison the 2019/20 capital programme included over 400 projects. Therefore 1.5% of projects have led to 60% of the variance.

7. HRA Capital Outturn

7.1.1. The HRA Capital Programme spent a total of £118.134m and resulted in an underspend by £31.721m. This balance will be slipped into 20/21 as all capital schemes are still progress. This is summarised in the table below:

Category	2019/20 Budget £000	2019/20 Outturn £000	Variance £000
Major Works	49,353	41,036	(8,317)
Regeneration & New Build Schemes	100,501	77,098	(23,403)
Total Capital Expenditure	149,854	118,134	(31,721)

Key reasons for the slippage are:

7.1.2. Major Works – £8.317m variance, reprofiled into future years:

Key projects that underspent are Fire Precautions (£7.838m), External Repairs and Decorations (£4.776m) and Electrical works (£2.410m). This was netted off against overspends within Lifts, Voids and Adaptations work £3.880m, Internal mechanical and engineering works £1.730m and general Capital Overspend of £1.097m in relation to Windows, Heating/Energy work and General asset management.

7.1.3. Regeneration and New Build Schemes - £23.403m variance, reprofiled into future years:

Tollgate gardens underspend considerably, by (£9.580m) due to delays in reaching practical completion. Further delays have also been

experienced within other Church Street Ward developments, such as Parsons North (£1.847m), Ashmill, Ashbridge and Cosway (£3.791m). This is netted off against accelerated spend on Church Street Buybacks £1.961m, more spend on Lisson Arches due to additional works £1.245m and increased spend on Ebury £3.147m.

7.1.4. Furthermore, there was an underspend of across smaller sites, such as the Infills Programme and Queens Park Court (£9.982m) and contingency was also not used (£3.229m).

8. Capital Slippage

8.1. The tables below outlines the reprofiling of capital slippage from 2019/20 into future years.

ELT	Slippage from 2019/20 to 2020/21 £000	Slippage from 2019/20 into Future Years (beyond 2020/21) £000	Under/Over spends £000	Total £000
Adult Services	(368)	0	3	(365)
Children's Services	(854)	(4,168)	387	(4,635)
Environment and City Management	(6,243)	(8,121)	4,485	(9,879)
Finance and Resources	(708)	(31,202)	(2,008)	(33,918)
Growth, Planning and Housing	(2,548)	(18,848)	1,731	(19,665)
Westminster Builds	(1,364)	0	(718)	(2,082)
FCR	(983)	0	0	(983)
Total	(13,068)	(62,339)	3,880	(71,527)

8.2. The HRA re-profiling is summarised below:

HRA	Slippage from 2019/20 to 2020/21 £000	Slippage from 2019/20 into Future Years (beyond 2020/21) £000	Total £000
Major Works	(7,689)	0	(7,689)
Housing Regeneration	(10,797)	(4,168)	(14,965)
Other Projects	(1,957)	(7,111)	(9,068)
Total	(20,442)	(11,279)	(31,721)

8.3. A detailed scheme by scheme breakdown is given in appendix 1 and 2 of this report.

8.4. The majority of slippage from 2019/20 has been re-profiled into years beyond 2020/21. This is because capital spending in 2020/21 is likely to be limited by the impact of the pandemic. Officers will continue to monitor capital expenditure and provide updates to members in line with the budget monitoring cycles.

9. Pension Fund

Fund Account

- 9.1 The value of the Council's Pension Fund decreased by £94.8m over the year to 31 March 2020, falling from £1.418bn at 31 March 2019 to £1.324bn at 31 March 2020. The table below summarises the major elements that comprise this net change.

2018/19		2019/20
£'000		£'000
61,242	Members Contributions Directly Paid in	72,616
(58,189)	Benefits Paid and Transfers Out	(63,697)
(5,823)	Management Expenses	(6,834)
12,242	Investment Income	17,975
72,884	Investment Returns	(114,858)
82,356		(94,798)

- 9.2 As part of the deficit recovery plan, increased contributions paid into the Fund have resulted in the Pension Fund returning to a positive cash flow (contributions received versus pensions paid) of £8.9m. However, during the year £20m of these contributions were invested in the Insight Buy and Maintain Bond Fund, with withdrawals from other pooled fund managers taking place to maintain a positive cash balance. Deficit recovery contributions for 2019/20 totalled £31.82m.
- 9.3 Management costs have increased by 17.4% in the year, largely due to increased cost transparency which has resulted in greater capture of transaction costs. During the year, the Fund transitioned its Majedie UK equity allocation holdings to the LGIM Global passive fund until a new asset allocation strategy is agreed. This will lead to lower management fees in the short term.
- 9.4 The Fund has seen an increase in investment income of 46.8%, due to greater income received from pooled investments along with a £1.7m cash receipt in relation to the termination of the Majedie UK equity fund.
- 9.5 As a result of COVID-19 impacting global markets and complexities in illiquid asset valuations, the market value of the Fund's pooled equity and multi asset credit investments fell significantly over the final quarter of 2019/20. This resulted in a decrease in investment returns from £72.88m in 2018/19 to negative £114.86m in 2019/20.

Net Asset Statement and Liability

9.6 The Pension Fund defined benefit obligation has fallen by £104m. This is largely due to the present value of future promised retirement benefits falling by £186m as a result of a decrease in life expectancy assumptions, along with a decreased assumption in future pension and salary increases. However, this decrease in liabilities has been partly offset by a decrease in the fair value of scheme assets of £83m due to a fall in asset values following COVID-19.

2018/19		2019/20
£'000		£'000
(2,046,789)	Present Value of Promised Retirement Benefits	(1,860,231)
1,402,762	Fair Value of Scheme Assets (bid value)	1,319,740
(644,027)	Net Liability	(540,491)

9.7 An analysis of the £1.324bn net assets is shown below:

2018/19		2019/20
£'000		£'000
150	Equities	150
1,402,288	Pooled Investment Vehicles	1,300,427
120	Income Due	119
5,802	Cash Deposits	19,044
11,293	Other Current Assets	4,640
(1,321)	Other Current Liabilities	(846)
1,418,332		1,323,534

10. Treasury

10.1. As at 31 March 2020, net cash invested was £407.5m, a decrease of £98.3m on the position at 31 March 2019 as shown below:

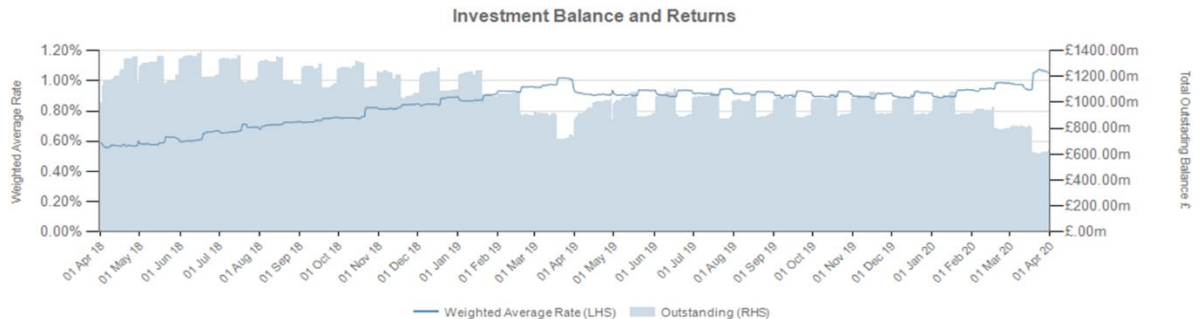
	31 March 2020 (£m)	31 March 2019 (£m)
Total Borrowing	(221.2)	(223.2)
Total Cash Invested	628.7	729.0
Net Cash Invested	407.5	505.8

Investments

10.2. The Council's Annual Investment Strategy which forms part of the Treasury Management Strategy Statement (TMSS) for 2019/20 was approved by the Council on 6 March 2019. The Council's policy objective is the prudent investment of balances to achieve optimum returns on investments, subject to maintaining adequate security of capital and a level of liquidity appropriate to the Council's projected need for funds over time.

10.3. The table below provides a breakdown of investments, together with comparisons for the previous financial year end.

	Investment Balance 31 March 2020 (£m)	Investment Balance 31 March 2019 (£m)	Movement
Money Market Funds	30.1	59.7	-29.6
Notice Accounts	18.6	89.5	-70.9
Term Deposits	580.0	465.0	115.0
Tradeable Securities	0.0	114.8	-114.8
Total:	628.7	729.0	-100.3



10.4. All investment/overdraft limits specified in the 2019/20 investment strategy have been complied with except for one instance of cash received after close of banking business:

- £11.008m on 29th April 2019

10.5. Also, on the 30th October 2020 the Council breached its authorised overdraft limit by £47.4m at our clearing bank Lloyds. This arose from a failure of HSBC bank to repay £49.2m requested from the Council's HSBC call account.

- 10.6. The original/budgeted average balance for 2019/20 was £900m, while the actual outturn average investment balance for the year was 952.7m. The average investment balance peaked in July 2019, reaching £994.6m.
- 10.7. The table below shows the forecast investment income to be achieved in the year: budget versus actual and the variance. The Council's budgeted investment return for 2019/20 is £9.810m, and performance for the year is £3.120m above budget.

	Budget £000	Actual £000	Variance £000
Investment Income	-9,810	-12,930	-3,120

Borrowing

- 10.8. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital expenditure activity of the Council and resources used to pay for the capital spend. It represents the 2019/20 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 10.9. At £221m, the Council's borrowing was within the Prudential Indicator for external borrowing, namely, that borrowing should not exceed the estimated CFR for 2019/20 of £905m. The final CFR for 2019/20 was £830m.
- 10.10. As at 31 March 2020, the Council has maintained an under-borrowed position of £609m. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.
- 10.11. The table below shows the details around the Council's external borrowing as at 31 March 2020, split between the General Fund and HRA.

Total Borrowing	31 March 2019 (£m)	31 March 2020 (£m)
HRA	196.0	196.0
General Fund	27.2	25.2
Total Borrowing	223.2	221.2

The breakdown of the existing loans is shown below:

Borrowing Type	Loan Balance 31 March 2019 (£m)	Loan Balance 31 March 2020 (£m)	Movement
PWLB	151.0	151.0	0.0
LOBO	70.0	70.0	0.0
Mortgage Annuity	0.2	0.2	0.0
Greater London Authority	2.0	0.0	-2.0
Total:	223.2	221.2	-2.0

- 10.12. During 2019/20 the Council repaid 2.04m of loans using investment balances. These consisted of a £2m interest free loan from the Greater London Authority and £0.042m of mortgage annuity loans.

Forward Borrowing

- 10.13. As anticipated in the 2019/20 TMSS, the Council has undertaken no new borrowing for the financial year due to the high level of cash holdings. Officers are monitoring market conditions and reviewing the need to borrow at current low rates if a requirement is identified for either the General Fund or Housing Revenue Account (HRA).
- 10.14. Due to the overall financial position and the underlying need to borrow for capital purposes, it is prudent for the Council to lock in affordability by placing some forward borrowing for the amounts it can be relatively certain it will need, whilst maintaining some forward flexibility as projects may or may not proceed within the expected timeframes.
- 10.15. During 2019/20, the Council arranged forward borrowing loans totalling £400m. These loans have enabled the Council to agree competitive rates in advance of need which eliminates the “cost of carry”, that is, the difference between loan interest cost and the rate of return on cash investments.
- 10.16. An analysis of these loans can be found in the table below.

11. 2019/20 Statement of Accounts

Balance Sheet

11.1. The balance sheet in the table below shows the Council has net assets of £2.648bn. An increase of £169m in comparison to 2018/19.

31 March 2019		Note	31 March 2020
£'000			£'000
ASSETS			
<u>Non-current</u>			
2,532,109	Property, plant and equipment	Note 19c	2,686,180
42,846	Heritage assets	Note 20	44,578
472,825	Investment property	Note 21	499,757
724	Intangible assets		1,313
25,150	Long-term investments	Note 22a	88,104
67,604	Long-term debtors	Note 28	70,035
3,141,258	Total long term assets		3,389,967
<u>Current</u>			
673,751	Short-term investments	Note 22a	543,945
101	Inventories		116
149,139	Short-term debtors	Note 28	97,962
49,922	Cash and other cash equivalents	Note 23	35,522
-	Assets held for sale		-
-	Investment property held for sale		-
872,913	Current assets		677,545
31 March 2019			31 March 2020
Restated			
£'000			£'000
LIABILITIES			
(2,486)	Short-term borrowing		(16,828)
(350,078)	Short-term creditors	Note 29	(375,606)
(685)	Short-term provisions	Note 30	(687)
(3,643)	Revenue receipts in advance	Note 13	(20,609)
(356,892)	Total current liabilities		(413,730)
<u>Long term</u>			
(4,321)	Long-term creditors	Note 29	(52)
(144,150)	Long-term provisions	Note 30	(72,299)
(222,521)	Long-term borrowing		(206,143)
(720,205)	Other long-term liabilities	Note 31	(642,354)
(86,180)	Capital receipts in advance	Note 13	(84,541)
(1,177,377)	Long-term liabilities		(1,005,389)
2,479,902	Net assets		2,648,393
(823,242)	Total Usable Reserves		(795,871)
(1,656,660)	Total Unusable Reserves	Note 17	(1,852,522)
(2,479,902)	Total Reserves		(2,648,393)

- 11.2. This increase in net assets is primarily due to an increase in long term assets, namely Property, Plant and Equipment and Investment Properties. This is in line with the latest valuations of our property portfolio and the expenditure the Council has incurred on the capital programme. The net asset position is further enhanced by a reduction in long term liabilities – primarily a reduction in the Council’s pension liability and long term provisions.

Comprehensive Income and Expenditure Statement and Movement in Reserves Statement (MiRS)

- 11.3. Local government accounting requires the production of a comprehensive income and expenditure statement and movement in reserves statements, using international accounting standards. The movement in reserves statement is designed to adjust for technical transactions such as depreciation.

- 11.4. A reconciliation of the CIES with budget monitoring is shown below

	General Fund Balance £m	Housing Revenue Account £m	Total £m
Surplus of Provision of Services (CIES)	12,534	(16,039)	(3,505)
Technical Accounting Adjustments (MiRS)	(36,193)	15,908	(20,285)
Use of Earmarked Reserves	23,129	0	23,129
Net Surplus against Budget	(530)	(131)	(661)

- 11.5. The technical accounting adjustments consist of movements for:
- Neutralisation of depreciation
 - Revaluation gain/losses for the Council’s property portfolio
 - The transfer of capital grants to be capital grants reserve
 - Revenue expenditure funded from capital under statute
 - Adjustments to the pension reserve which neutralises the current service costs and ensures that the actuarial estimates are not charge to council tax

Cash Flow Statement

- 11.6. There was a £14.4m decrease in the Council’s cash and cash equivalents (investments that mature in no more than three days) falling to £35.5m.

2018/19 Restated*	Note	2019/20
£'000		£'000
99,991	Net (surplus)/deficit on the provision of services	3,505
201,314	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements	116,090
(241,560)	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	1,289,209
59,745	Net Cash Flows from Operating Activities	1,408,804
160,022	Net Cash Flows from Investing Activities	(1,464,683)
(331,101)	Net Cash Flows from Financing Activities	41,479
(111,334)	Net (increase)/decrease in cash and cash equivalents	(14,400)
161,256	Cash and cash equivalents at the beginning of the reporting period	49,922
49,922	Cash and cash equivalents at the end of the reporting period	35,522

- 11.7. The decrease in the Council's cash position is mainly due to expenditure incurred as part of the Council's capital programme and an outflow of expenditure for investing activities. However, it should be noted that with investments of c£600m the Council are still in a healthy cash position.

12. Objections

- 12.1. At the time of writing the auditors have not received any objections in relation to the 2019/20 statement of accounts.

13. COVID-19

- 13.1. The Covid-19 pandemic has had a considerable impact on the Council. The Government's lockdown, announced on 20th March 2020, has meant that many of the businesses at the heart of the West End have been forced to close – significantly impacting on the local economy, which in turn impacts on the Council's commercial income. Furthermore, the Council has had to put considerable resources into ensuring that rough sleepers are safe during this period and that the most vulnerable in our community are cared for. This comes with additional cost pressures.
- 13.2. These additional costs have not had a dramatic impact on the financial outturn for 2019/20 as the pandemic only started to make a notable impact on the public's and businesses' behaviour in the last two weeks of March. However, the true scale of its impact on the Council's finances will be felt during 2020/21.

- 13.3. The financial impact of the pandemic will be reported to the committee during 2020/21.

14. Conclusion

- 14.1. Westminster City Council is a complex organisation in terms of its broad range of services and this is illustrated in its financial complexity as well. However, the Council is generally in a healthy position as at the end of the 2019/20 financial year with an appropriate level of general reserves for an organisation of this size and breadth. However, as noted above the Council faces significant challenges in 2020/21 and future year

Background Papers:

The 2019/20 draft statement of accounts can be found at the following link:

<https://www.westminster.gov.uk/2019-2020-annual-accounts>