City of Westminster

Audit and Performance Committee Report

Meeting or Decision Maker:	Audit and Performance Committee
Date:	14th July 2021
Classification:	General Release
Title:	2021/22 P2 Budget Monitoring Report
Key Decision:	No
Report of:	Gerald Almeroth, Executive Director of Finance and Resources.

1. Introduction

1.1 In March 2021 Full Council approved the 2021/22 budget which included £16.9m of savings and £28.7m of budget growth. This budget was set within the context of the Covid-19 pandemic, with much of the growth items being related to reduced income from sales, fees and charges. In setting the 2021/22 budget it has been assumed that the Council will continue to be impacted by the pandemic – particularly with regards to reduced activity in the City.

1.2 The P2 monitoring report provides the year to date position and the forecast position for the rest of the year, based on activity trends reviewed over the last few months as lockdown restrictions slowly disappear. Demand levels in some cases are still below pre-pandemic levels and are showing signs of increasing. How this manifests over the coming months means that there is still great uncertainty in estimating what will happen by the end of the financial year. The delay in lifting lockdown restrictions from 21 June to 19 July is an example of how quickly external factors can impact the Council's forecasting.

1.3 The past year has had a major adverse impact on council finances and the financial pressures were beyond what could have reasonably been planned for by local government. The Council has benefited from Government support over the last year – particularly in relation to the various grants and income compensation scheme which reduced the pressure on general fund balances.

1.4 However, many of these schemes are expected to unwind over the course of 2021/22, the impact of which is difficult to forecast. As furlough and business rates relief tapers off, there may be an impact on the Council's financial position and the Council will retain contingency budgets to mitigate any fluctuations that may arise. One area of particular risk is that Sales, Fees and Charges compensation stops after Q1 which may place further pressure on the Council.

1.5 The final stage in lifting the remaining lockdown restrictions in England was expected to be 21 June but will now be delayed until 19 July. This delay could further impact Council finances due to reduced activity in the City.

1.6 Central government is continuing to provide some financial support for local government. This is aimed at enabling councils to provide ongoing support in response to the pandemic focusing on:

- support for local test and trace
- funding for local enforcement
- funding to support local businesses and residents
- general grants to help with Covid-19 pressures.

1.7 There will be further pressures in the 2021/22 resulting from ongoing Covid restrictions and recovery challenges as well as increasing demand for services. The monitoring report assesses the impact of the current restriction on council's commercial income, Covid related expenditure and provides a gross and net full year forecast for the Council (taking account of central government funding).

1.8 The Council are also continuing to support businesses within the City through the government's discretionary Additional Restrictions Grant (ARG).

1.9 To date there have been two rounds of funding for this scheme with the Council fully utilising its allocation and have provided 824 grants – the majority of which are £10k grants. The Council are expecting to receive a further £9.1m from the Government to operate a third round of funding. A new scheme and eligibility criteria for this will be drawn up ahead of receipt of the new funding.

2. General Fund Revenue - P2 Summary

2.1 As at Period 2 the Council is forecasting a balanced budget position. However, the indicative forecasts for the rest of the year estimates a net adverse gross variance of £1.9m against the budget before taking into account the SFC compensation up to Q1 of 2021/22.

2.2 The General Fund table below shows a balanced position with the potential upper range of £5m which is inclusive of further identified risks and opportunities:

General Fund

ELT Portfolio	FY Budget (£m)	FY Forecast (£m)	FY Variance (£m)	P2 YTD Variance (£m)	Risks Identified (£m)	Opps Identified (£m)	Projected Variance inc Opps and Risks (£m)
Adult Social Care	52.122	52.022	(0.100)	-	-	-	(0.100)
Public Health	(1.029)	(1.029)	-	-	-	-	-
Growth, Planning & Housing	25.405	25.405	-	-	1.800	(1.800)	-
Finance and Resources	41.522	41.522	-	(0.100)	1.400	(0.400)	1.000
Environment and City Management	9.415	10.715	1.300	0.500	0.600	-	1.900
Children's Services	41.141	42.241	0.700	-	1.500	-	2.200
Innovation and Change	6.425	6.425	-	(0.100)	-	-	-
Other Corporate Directorates	7.743	7.743	-	-	-	-	-
NET CONTROLLABLE BUDGET	**182.745**	**185.045**	**1.900**	**0.300**	**5.300**	**(2.200)**	**5.000**
Council Tax	(62.078)	(62.078)	-				-
Business Rates - Net of Tariff	(120.667)	(120.667)	-				-
CORPORATE FINANCING	**(182.745)**	**(182.745)**	**-**				**-**
SFC Compensation			**(1.900)**			**(1.900)**	**(3.800)**
Net (Surplus) / Deficit*			**-**		**5.300**	**(4.100)**	**1.200**

**The net figure is inclusive of the forecast compensation income of £1.9m the Council is expected to receive in 2021/22 for the first quarter of the SFC.*

2.3 It should be noted that the compensation for sales, fees and charges for Q1 of this year is based on last year's budget as per the scheme regulations. This means that the compensation claimed is not adversely impacted by the budget amendments in the 2021/22 budget. Any positive variance on SFC compensation may be ring-fenced for future income pressures after the compensation schemes ends.

2.4 These forecasts are based on information known at the time and based on best estimates. However, the full year impact is dependent on the level of activity in the City which is still very unpredictable following the extension of the restriction until July. Therefore, there is the possibility of the variance to budget increasing or decreasing materially.

3. Income

3.1 The main income variances as at the end of May 2021, comprising a net adverse variance of £1.1m, are as set out below: Over the course of 2021/22 the Council's income streams remain uncertain as the City emerges from lockdown restrictions. The daytime population numbers are expected to be significantly reduced for some time which will impact demand for those services that generate income. The Council has already anticipated this in the 2021/22 budget taken to Council in March 2021 where income budgets were adjusted to reflect that reduction in line with the Government's economic forecasts.

3.2 The YTD income variance is currently £1.130m, while the full year forecast is £1.104m adverse variance, reflecting models of increased demand as the year progresses. Forecasts on income recovery is expected during the year, in line with the lifting of restrictions and therefore the bulk of the income variances are expected to be mostly contained with the first three months of the year, with a slow improvement during the course of the year.

3.3 As anticipated, key income streams have been impacted by the national lockdown but following easing of the restrictions there have been some improvements in net income. The key income streams impacted are summarised in the table below with indicative forecasts for the full year (favourable variances in red brackets):

Income

ELT	Major Income Streams with Losses	Full Year Budget £m	Full Year Forecast £m	Full Year Variance £m	YTD Budget £m	YTD Actuals £m	YTD Variance £m
		Full Year			Year to Date		
Environment and City Management	Parking - Paid for Parking	(38.566)	(38.316)	0.250	(6.136)	(5.777)	0.359
Environment and City Management	Parking - Paid for Parking Motorcycles	(0.625)	(0.525)	0.100	(0.112)	(0.076)	0.036
Environment and City Management	Parking - PCNs Marshall	(14.929)	(14.929)	0.000	(2.298)	(2.265)	0.034
Environment and City Management	Parking - PCNs Traffic Cameras	(4.083)	(3.583)	0.500	(0.760)	(0.539)	0.221
Environment and City Management	Parking - suspensions and dispensations	(18.651)	(19.401)	(0.750)	(3.952)	(4.457)	(0.505)
Environment and City Management	Parking - Resident Permits	(4.471)	(4.521)	(0.050)	(0.681)	(0.692)	(0.011)
Environment and City Management	Parking - Trade Permits	(1.320)	(1.370)	(0.050)	(0.220)	(0.198)	0.022
Environment and City Management	Commercial Waste	(13.349)	(12.399)	0.950	(1.743)	(1.423)	0.319
Environment and City Management	Street Trading	(2.050)	(2.050)	0.000	(0.342)	(0.266)	0.075
Environment and City Management	Table & Chairs	(1.000)	(1.000)	0.000	(0.167)	(0.137)	0.029
Environment and City Management	Road Management	(8.720)	(8.720)	0.000	(1.453)	(1.497)	(0.044)
Environment and City Management	Community Services - Sayers Croft	(1.448)	(1.294)	0.154	(0.241)	(0.025)	0.216
Children's Services	Registrars	(2.252)	(2.252)	-	(0.375)	(0.631)	(0.256)
Growth, Planning & Housing	Planning	(7.086)	(7.086)	-	(1.181)	(0.798)	0.383
Innovation and Change	City Promotions, Events and Filming	(2.333)	(2.333)	-	(0.202)	(0.223)	(0.021)
Other Corporate Directorates	Local Land Charges	(1.444)	(1.444)	0.000	(0.240)	(0.234)	0.006
Finance and Resources	Property Income - General Fund	(25.077)	(25.077)	-	(4.180)	(3.596)	0.584
Finance and Resources	Court costs recovery income	(1.900)	(1.900)	-	(0.317)	-	(0.317)
	Total	**(149.304)**	**(148.200)**	**1.104**	**(24.600)**	**(22.834)**	**1.130**

3.4 Parking

The key income streams within Parking are Paid for Parking, PCNs, Suspensions and dispensations and Resident Permits. Paid parking and PCN are currently showing an adverse variance of £850k, however parking suspensions and dispensations are performing better than budgeted (£850k). Hence a net forecast of nil variance at year end. It is anticipated that there will be reduced income until June/July but thereafter the expectation is that parking income will come back to 95-100% of the profiled budget.

3.5 Commercial Waste

The service is forecasting to under-recover due to Covid-19, despite the adjustment made in this year’s budget. The forecast income has been reduced based on the latest restriction regulations and is heavily dependent on the hospitality sector being open. The full year forecast is an adverse variance of £950k against the current year's budget.

3.6 Community Services

The full year forecast reflects national restrictions on leisure centres and residential outdoor activity centres which have heavily restricted activity since March 2020 and dramatically impacted their ability to generate revenue. The forecast recognises contract variations, support costs and ancillary costs of contract negotiations. Sayers Croft is currently projecting a variance of £154k because the centre is not open to residential customers until the restrictions are lifted.

3.7 Legal Services

In Legal Services the receipts to date on Local Land charges income to profiled budget is on target after Covid-related budget pressure adjustment of £0.360m for 2021/22. At this stage no variance to report.

3.8 Corporate Property

The budgeted income target within Corporate Property is £25.1m. This is a reduction of £1.735m on 2020/21 to reflect the greater level of risk that exists in the economy with a reduction in the number of people entering the City and spending money in local businesses. If activity does not return to pre-Covid level fairly quickly a negative cashflow can only be survived by most businesses for a short period of time having not being able to trade fully over the last 15 months. The revised income target is considered to be achievable at this stage.

The government’s SFC compensation scheme explicitly does not cover losses for commercial property rent.

3.9 Court Cost Income

Virtual courts resumed in May 2021 and the budgeted court costs recovery income is expected unless a complete lockdown is initiated.

3.10 City Promotions, Events and Filming

There were approved budget pressure adjustments to income targets in City Promotions, Events and Filming of £2.760m reflecting reduced income expected in 2021/22 to reflect the impact of the Covid-19 pandemic on advertising income and other service events. Compared with 2020/21, a partial recovery in income is estimated. There is expected income of £0.085m from events associated with the Euro 2020 competition fan zones. Currently income is being reported as on target against the adjusted budget of £2.033m.

4. Expenditure

The main expenditure variances, net £1.4m, as at the end of May 2021 are set out below:

4.1. Adult Social Care – Underspend variance of £0.1m

4.1.1. Adult Social Care is forecasting an underspend of £0.1m against an annual budget of £52.122m, based on business as usual activities. The underspend is mainly due to the projection of placements and packages being slightly lower than plan.

4.1.2. Last year during the pandemic, the number of placements was down by 10% compared to financial year 2019-20. This year, as lockdown restrictions ease, initial trend using activity data for the first two months of this financial year is indicating that demand for placements is expected to grow. Based on this insight an assumption is made for forecasting purposes that there will be 34 more placements which is an annual increase of 17% compared to the previous financial year with an incremental cost of £1.569m.

4.1.3. Furthermore, Homecare hours are forecast to increase by 5% in 2021-22 which is circa 38,380 hours of additional care, the financial impact being £0.570m. The rate of growth for the last two financial years was between 8% to 10% but, for this year, there is an assumption that this rate of growth will slow down as more placements are made. The basis for this assumption is a prudent estimate based on up-to-date activity data and service insight from experience.

4.1.4. As part of financial planning £2.4m of additional budget was approved by the Council to offset any pressures in Adults should they materialise over the year.

4.2. Public Health forecasting a nil variance

4.2.1. For commissioned services the forecast is for continued reductions in demand for health checks and smoking cessation services accessed via GPs.

4.2.2. Minor underspends in Oral Health and Healthy Start Vitamins offset by increased expenditure in Community Based Initiatives and an inflationary increase in School Nursing.

4.2.3. Sexual Health: GUM is forecast to budget which is an increase of £120k on 20/21 outturn, with minor savings across all other services.

4.2.4. The forecast is for a continued reduction in demand for Detox Placements, GP Shared Care and the Reducing Reoffending Pilot under Substance Misuse

4.2.5. For non-commissioned services, the forecast is for an overspend in line with 20/21 due to continued use of agency staff to increase the capacity for the Covid response. The budget is balanced by a transfer to reserves of £305k, but because of the variances listed above, the forecast transfer to reserves is £893k.

4.3. <u>Growth, Planning and Housing – General Fund – forecasting a nil variance</u>

4.3.1. WCC faces an on-going demand for over 2,600 units of accommodation for homeless households. Delivering this level of accommodation would cost £1.8m more (based on previous year activity) than the existing TA Budget allows. However, any overspend in TA will be offset by drawing down from the Homelessness Prevention grant (previously Flexible Housing Support Grant) - current commitments result in a forecast carry-forward balance of £12.1m at the end of 2021/22.

4.3.2. The TA reduction strategy (TAR) is addressing the deficit through a number of initiatives:

- Acquisition of properties for TA use – a 4-5 year programme to purchase up to 223 properties both within Westminster and out-of-borough. This will reduce the need to lease properties from the private rented sector, replacing them with assets owned by WCC. 35 properties are expected to be purchased in 2021/22, generating savings of £0.167m (taking into account the time taken to identify, purchase, refurbish and let out each property). Once all 223 properties are let, savings of £3.4m per annum are anticipated.

- Responding to negative homelessness decisions. There are c. 200 tenants currently in TA properties who received a negative homelessness decision but we have been unable to move them on due to the ban on evictions during the pandemic. It is forecast that the majority of these will be moved on in 21/22 resulting in a saving of £0.464m in 20/21 and £0.924m overall.

- Other initiatives, primarily reviewing the use of WCC stock that is void through regeneration schemes, are due to be rolled out and will be reported on when appropriate.

4.3.3. The overall position assumes that demand for TA, whilst incredibly complex, will not change significantly. However, the recent ending of the ban on evictions and on-going economic impact of the pandemic including the ending of the furlough scheme at the end of September are likely to result in an increase in homelessness applications and therefore demand for TA.

4.4. Children's Services reporting an overspend variance of £0.7m (of which £0.3m is Covid-related)

4.4.1. <u>Education is forecasting a nil variance</u>

The SEN Transport risk (£0.407m) is based on forecast expenditure for 2019/20 (which was the last full year of activity) with a 20% uplift. The availability of reliable activity data is key in being able to forecast accurately and service levels in 2020/21 were hampered by Covid. Forecasts will be further refined over coming months as more data becomes available and factors impacting actual trip numbers are reflected.

The Short Breaks risk (£0.457m) is due largely to an increase in numbers attending the disability centre, which in turn is driving up numbers of sessional playworkers required. Work to better understand the drivers for this increase in attendance is underway, as are mitigations to reduce the level of agency spend.

4.4.2. <u>Family Services reporting an overspend variance of £0.7m (of which £0.3m is Covid-related)</u>

The Council is facing ongoing pressures arising from a shortfall in Home Office funding for Former UASC Care Leavers when compared to the cost of providing support. This is further exacerbated by the current age profile of UASC and the rate at which they are turning 18. In 2021/22, 32 UASC will become Care Leavers, resulting in a significant reduction in Home Office grant funding for under 18s.

Looked After Children	Apr-21	2020/21	2019/20	2018/19
UASC	*55*	*58*	*90*	*82*
Local	110	108	131	127
Total	**165**	**166**	**221**	**209**

Care Leavers	Apr-21	2020/21	2019/20	2018/19
Former UASC	*174*	*172*	*118*	*82*
Local	121	121	102	101
Total	**295**	**293**	**220**	**183**

The Home Office has just announced a package of measures aimed at providing support to local authorities for Former UASC Care Leavers, including a £30 increase to the £240 weekly funding rate for each eligible young person. The net impact of this change - once adjusted for those over 21 who are expected to remain in approved education or training, and the reduction in grant for UASC resulting from the current age profile - is an estimated reduction in funding of £0.559m. Once the anticipated new UASC cases with higher income, which reduces the forecast overspend, are taken account of there is a net increase to the Former UASC Care Leaver pressure flagged at outturn.

Further analysis of local and national data is underway, so the drivers can be better understood and potential opportunities for more efficient delivery can be developed. The latter includes securing accommodation with more favourable rates for young people in semi-independent living and a drive to increase housing benefit take-up at a local level, along with a medium-term initiative to secure budget growth to mitigate current pressures. At a regional and national level, this includes continuing to lobby government for a review of arrangements that currently see high numbers of arrivals concentrated in specific areas without adequate recompense. There is a risk, that once there is fuller understanding of the data and drivers, the forecast overspend may increase.

Further support for LAs dealing with a backlog of age assessments and a £3m contingency fund were also announced by the Home Office. Details are yet to be released, however some support with mitigating legal pressures arising from more costly cases is anticipated – hence an element of this month's pressure being flagged as a risk.

A £51m package of support for Care Leavers was announced earlier this month by the DfE. £33m of this relates to continued investment in Staying Put, from which there was no increase for Westminster. There is an increase of £0.014m for Personal Advisor support from remaining funds determined to date.

4.5. <u>Environment and City Management reporting an overspend variance of £1.3m</u>

4.5.1. An adverse variance of £0.354m is projected, consisting of £0.154m income shortfall at **Sayers Croft (Community Services)** due to the lockdown and £0.200m unbudgeted share of loss for Q1 2021/22 on **leisure contract noted in income section 3.**

The Waste service is projecting a shortfall of £0.950m against budget also noted in income section 3.

4.6. <u>Finance and Resources forecasting a nil variance</u>

4.6.1. The forecast expenditure variance at period 2 is to budget. Net risks of £1m have been identified in Corporate Property. There is a risk that higher levels of Property costs relating to Covid restrictions/cleansing requirements may need to be maintained (£1.2m).

4.6.2. Additionally, there is the risk that as the City Council seeks to reduce its Carbon footprint and move away from gas usage, utility costs increase by £0.2m due to the differential in the cost of gas and electricity. There is however an opportunity that £0.4m of these risks are mitigated with a one-off rebate on Year 1 Facilities Management contract costs.

4.7. <u>Innovation and Change forecasting a nil variance</u>

4.7.1. A nil forecast expenditure variance is being reported.

4.7.2. There is an underspend of £0.159m to date mostly due to underspends on Outdoor Media budgets for business rates and banners income contract £0.135m (which are offset by income variances) and other underspends £0.031m offset by a small spend on Covid-related costs £0.007m.

4.8. <u>Other Corporate Directorates forecasting a nil variance</u>

4.8.1. A nil variance is being reported at period 2 against the approved budget of £7.743m from People Services, Chief Executive Office and Cabinet and Members Secretariat and Committee Services.

4.8.2. There are no risks or opportunities to report at this stage.

5. HRA

5.1. The projected full year variance in the HRA is outlined below.

Housing Revenue Account:	Full Year Budget (£m)	Full Year Forecast (£m)	Full Year Variance (£m)	Risks Identified P2 (£m)	Opps Identified P2 (£m)	Projected Variance inc. Opps and Risks P2 (£m)
Growth, Planning & Housing	0.855	0.855	0.000	1.078	0.000	1.078

5.2. At the end of period 2 the Housing Revenue Account is forecasting a net nil variance to budget but with a risk of £1.078m. This is due to a potential £1.210m risk against dwelling income being investigated as part of the business plan refresh currently underway which could be partially offset by additional leasehold service charge income of £0.131m. A further review of expenditure budgets is also underway to identify further potential mitigation.

5.3. The Housing staff restructure is currently in consultation and an update will be provided shortly. This will impact the salary cost forecast position although this will be managed within the current budget.

6. Capital Budget 2021/22

The Council will report on its capital budget forecasts once slippage has been approved by Cabinet in July.

The outturn at year-end reported £122m slippage in the General Fund and £68m in the HRA. It is recommended that slippage be reprofiled into future years as per the tables below. The next phase will be to reprofile the capital budgets as part of the annual capital strategy review.

General Fund

ELT Area	Slippage from 20.21 to 21.22	Slippage to 20.21 from 21.22	Slippage from 20.21 to 22.23	Slippage from 20.21 to Other Future Years	Total Slippage	(Under)/Over spends	Total 20.21 Outturn Variance
Adult's Services	(1,169)	0	0	0	(1,169)	0	(1,169)
Children's Services	(13,203)	21	(318)	0	(13,500)	1,795	(11,705)
Environment & City Management	(15,503)	4,902	(13,873)	0	(24,474)	(5,027)	(29,501)
Finance and Resources	(7,704)	393	(8,447)	0	(15,758)	0	(15,758)
Growth, Planning & Housing	(22,461)	3,196	(18,855)	(100)	(38,220)	429	(37,791)
Westminster Housing Investments Limited	(15,425)	0	0	(8,926)	(24,351)	0	(24,351)
FCR	(1,257)	0	0	0	(1,257)	0	(1,257)
	(76,722)	**8,512**	**(41,493)**	**(9,026)**	**(118,729)**	**(2,803)**	**(121,532)**

HRA

ELT	Slippage from 20.21 to 21.22	Slippage to 20.21 from 21.22	Slippage from 20.21 to 22.23	Slippage to 20.21 from 22.23	Slippage from 20.21 to Other Future Years	Slippage to 20.21 from Other Future Years	Total Slippage
HRA -Planned Miantenance	(648)	14,738	(11,115)	72	(26,794)	1,000	(22,747)
HRA -Regeneration	(49)	0	(38,023)	5,892	0	0	(32,180)
HRA - Other Project	0	2,820	(21,253)	5,544	0	0	(12,889)
	(696)	**17,558**	**(70,391)**	**11,508**	**(26,794)**	**1,000**	**(67,816)**

7. Council Tax and Business Rates

7.1 Council Tax and Business Rates

7.1.1 The collection of business rates and council tax continues to be impacted by the Covid-19 outbreak as residents and businesses face an uncertain financial situation. The restriction on courts has in effect suspended recovery action up to the month May 2021 for unpaid bills and reduced cash receipts. However from June 2021 the council expects to see an improved recovery process after virtual courts resume.

7.2 Collection Rates

7.2.1 As at May 2021 Council Tax collection rate to date is 27.83% which is 1.43% higher than the same month last year. The Business Rates collection rate for May 2021 is 14.61%, which is 5.30% lower than the same month last year. However, it is worth noting that the Business Rates collection rate figure is not comparable to last year as Retail Relief has not yet been applied for 2021/22

	May 2021/2022 Collection Rate	May 2020/2021 Collection Rate	Percentage Difference
Business Rates	14.61%	19.91%	5.30%
Council Tax	27.83%	26.40%	-1.43%

7.2.2 The backlog surrounding courts therefore continues to have a negative effect on income collected to date. There will be a programme of initiatives implemented to get collection back on track once the courts are fully functioning and restrictions are further eased.

7.2.3 Reduced collection rate will not have an impact in this year's general fund account as the budgets are already set. However the year end collection fund outturn will impact the council's general fund in future years but the impact on the general is capped as referred to in section 8.3.2.

7.3 Overview

7.3.1 Council Tax and Business Rates are the Council's largest income sources and the Council has a responsibility to collect on behalf of the GLA and government. It collects and recognises in its account the following:

- Gross Council Tax (including GLA share): £111m
- Gross Business Rates (Including GLA & CG share): £2.3bn

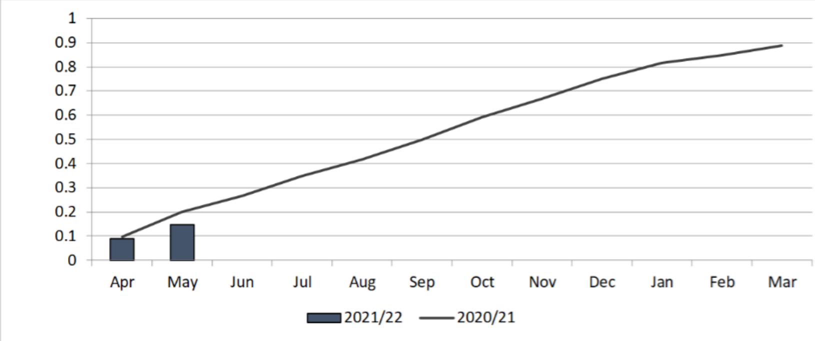
7.3.2 However, the Council only retains £182m of this income (Council Tax £62m & NNDR £120.5m) for its own use. If there is a reduced business rates income as witnessed through Covid the maximum the council will lose is £6.8m, reducing the recognised income from £120.5m to £113.7m.

7.3.3 Also it should be noted that the collection figures in this section are based on gross income and collection rates for May 2021.

BUSINESS RATES **Revenues Dashboard - May 2021**

Current Year Bills - Collection Rates

	2020/21	2021/22
Apr	9.7%	9.0%
May	19.9%	14.6%
Jun	26.7%	
Jul	34.7%	
Aug	41.8%	
Sep	49.8%	
Oct	59.1%	
Nov	66.7%	
Dec	74.9%	
Jan	81.6%	
Feb	84.8%	
Mar	88.8%	

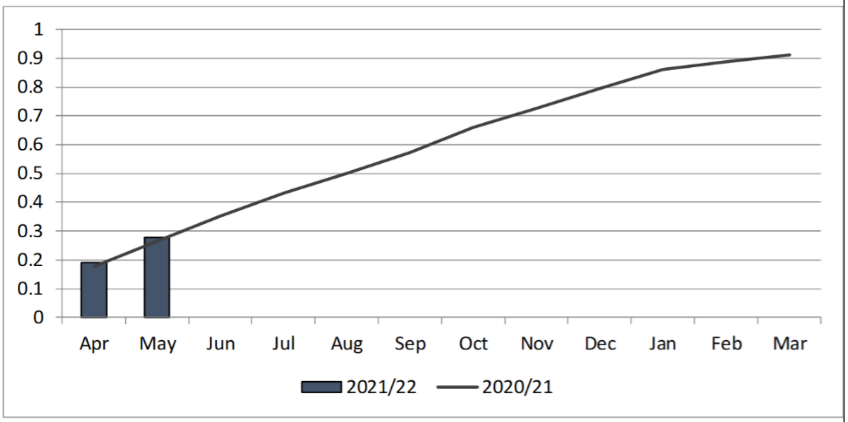


Collectable Balance	£2,366m	Amount Collected	£346m	Balance Owing	£2,020m	85.4%

COUNCIL TAX **Revenues Dashboard - May 2021**

Current Year Bills - Collection Rates

	2020/21	2021/22
Apr	17.9%	19.0%
May	26.4%	27.8%
Jun	35.3%	
Jul	43.3%	
Aug	50.0%	
Sep	57.3%	
Oct	66.0%	
Nov	72.6%	
Dec	79.4%	
Jan	86.1%	
Feb	88.7%	
Mar	91.1%	

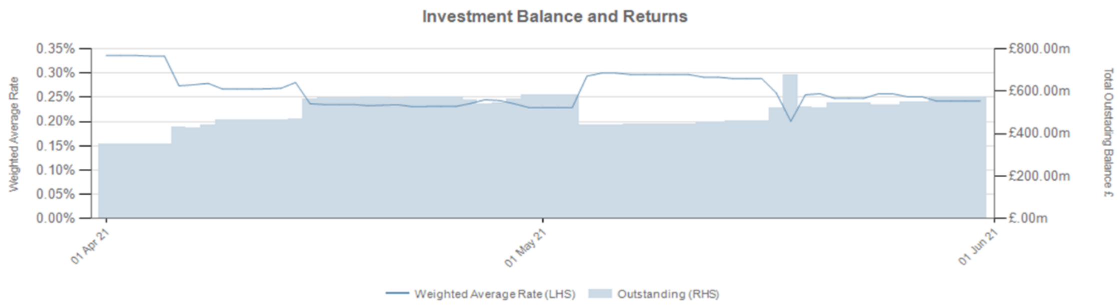


Collectable Balance	£114.9m	Amount Collected	£32.0m	Balance Owing	£83.0m	72.2%

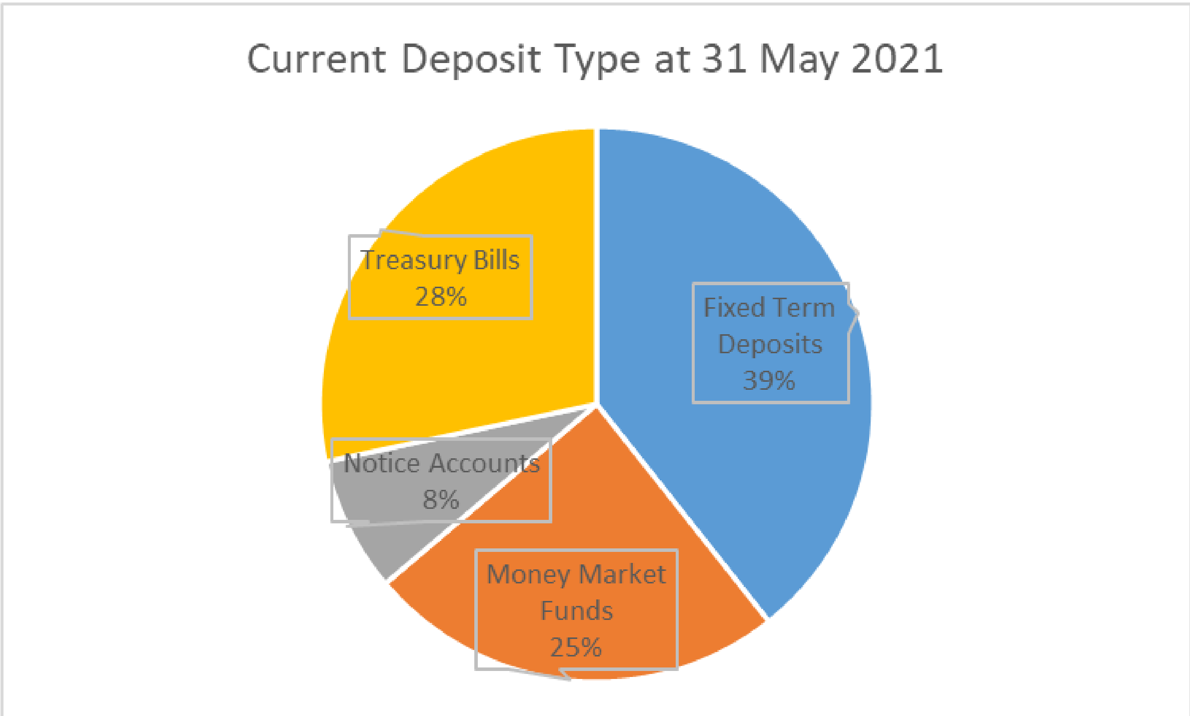
8 Treasury and Pensions

8.1 Treasury

8.1.1 Investment balances as at 31 May 2021 stood at £572.1m. The weighted average return in period 2 was 0.26%. This compared to an average investment balance of £497.1m in period 1, which generated an average return of 0.26%.



8.1.2 As at 31 May 2021, these investments are placed in fixed term deposits (banks and local authorities), money market funds, UK government treasury bills and notice accounts.



The five largest holdings were:

Counterparty Name	Amount (£m)	%
UK Government Treasury Bills	162.01	28.33
Morgan Stanley Sterling Liquidity Fund	70.00	12.24
Deutsche Sterling Platinum Fund	70.00	12.24
Santander Bank	40.00	6.99
Goldman Sachs International Bank	40.00	6.99
Total	**382.01**	**66.79**

8.1.3 Prudential indicators to 31 May 2021 have all been complied with.
8.1.4 All investments are currently within the limits set out in the 2021/22 Treasury Management Strategy Statement.

8.2 Pensions

8.2.1 The valuation of the City of Westminster Pension Fund at the end of period 2 decreased by £21m from period 1 (£1.805bn) to £1.784bn. This was largely due to negative performance within the Morgan Stanley and Baillie Gifford equity mandates. The estimated funding level for the Westminster Pension Fund has increased by 2.9% to 102.3% as at 31 March 2021 (99.4% at 31 December 2020). The funding level for Westminster City Council as an employer has also increased, with a funding level of 91.0% as at 31 March 2021 (90.0% at 31 December 2020). The Council plans to pay off its deficit by 2022, with a final payment of £80.0m due during 2021/22.

8.2.2 Asset Values

The table below shows 12 months valuations to 31 May 2021.

	Jun-20 £m	Jul-20 £m	Aug-20 £m	Sep-20 £m	Oct-20 £m	Nov-20 £m	Dec-20 £m	Jan-21 £m	Feb-21 £m	Mar-21 £m	Apr-21 £m	May-21 £m
Market Value	1,527	1,556	1,612	1,593	1,575	1,672	1,707	1,689	1,692	1,689	1,805	1,784

8.2.3 Pension Fund Cash Flow

8.2.3.1 The balance on the Pension Fund bank account at the end of period 2 was £886k (£506k in period 1). Payments from the bank account will continue to exceed receipts on a monthly basis. During the year cash withdrawals from cash at custody are expected to take place to maintain a positive cash balance. A total of £2m was withdrawn from the custodian over the quarter. In addition to this, the Council made a £12m deficit recovery payment to the Pension Fund, which was paid over to the custodian for safeguarding.

8.2.3.2 Total Receipts and Payments in the quarter to 31 May 2021 (£000)

	Bank Opening Bal £000	**Mar-21 £000**	**Apr-21 £000**	**May-21 £000**
Total Receipts		6,334	4,092	5,514
Total Payments		6,292	4,810	5,134
Net Cash Flow		42	-718	380
Cumulative Bank Balance	**1,182**	**1,224**	**506**	**886**

8.2.3.3 **Update on the London CIV (LCIV)**

The value of Pension Fund investments managed by the London CIV at the end of period 2 was £879m (£900m in period 1), a decrease of £21m largely as a result of negative performance within the Morgan Stanley and Baillie Gifford mandates. The LCIV holdings represents 49% of the pension fund investments of £1.784bn at 31 May 2021. A further £414m continues to benefit from reduced management fees, LGIM having reduced their fees to match those available through the LCIV.

8.2.3.4 Pension Fund Annual Accounts

The Pension Fund's Annual Statement of Accounts for 2020/21, were prepared and ready to be submitted to the Council's external auditors for external audit on 30 April 2021. The accounts were prepared four weeks in advance of the statutory requirement of 31 May 2021 (although due to continued covid-19 interruptions, this deadline is currently extended to 31 July 2021). The Fund is still awaiting the commencement of the external audit. It is anticipated that there will be no significant findings.