



# Annual Accounts

Westminster City Council • 2021/22







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The Statement of Accounts for Westminster City Council for the year ended 31 March 2022 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 2021/22 ("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  
2021/22

# Member Preface

## Member Preface

Introduction to the 2021/22 statement of accounts by the Cabinet Member for Finance and Council Reform – Councillor David Boothroyd

Since the financial year covered by this statement of accounts, a full council election has for the first time brought about a change of political control, and the cabinet is now formed by a different political party which is committed to a very different approach to build a fairer Westminster. We thank our cabinet predecessors for their work, but the council leadership now has a new vision.

The Council was still suffering the effects of the COVID-19 pandemic, and budgets were under pressure primarily from a reduction in commercial income. The new administration is to seek access to funding from the Mayor of London and has made building new council and lower rent homes the council's top policy priority, and also to use Right to Buy Back scheme to find good quality temporary housing close to or in the City.

The accounts also record expenditure from earmarked reserves on the Marble Arch Mound, which has proved an expensive lesson in how not to support the vital West End shopping and cultural district. The new administration is committed to learn from the waste of money on the mound and to review the Oxford Street District project as we seek a way forward which meets the needs of businesses and residents.

While our predecessors set out a series of savings targets, the incoming administration will seek to find wasteful spending in underexamined areas of council spending and will resolutely campaign for new fair sources of revenue, as

well as ways to use existing funds for new purposes that put residents first.



**Cabinet Member for Finance and Council Reform –  
Councillor David Boothroyd**

# Annual Governance Statement 2021/22

## 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

### KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

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

#### Council, Cabinet and Leader

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

#### Decision making

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

#### Risk management

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

#### Scrutiny and Review

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

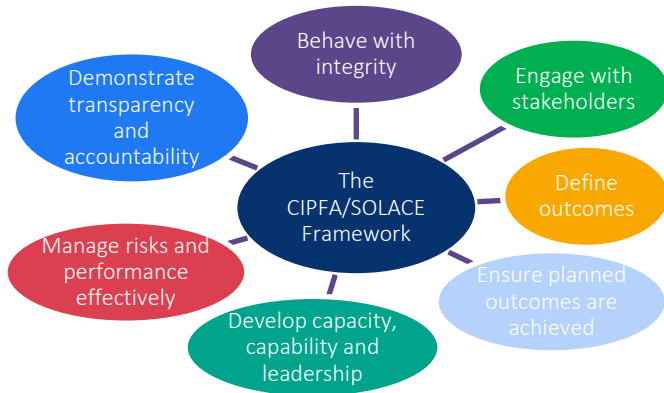
#### Executive Leadership Team (ELT)

ELT 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)

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 2021/22.



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

<p><b>PRINCIPLE 1</b> 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, a Procurement Code and Financial Regulations. The Monitoring Officer has responsibility for the operation of these documents, which are contained in the Council’s constitution. The Monitoring Officer and Section 151 Officer both have specific responsibilities to ensure that Council decisions meet legal requirements.</p>
<p><b>PRINCIPLE 2</b> 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 holds regular public engagement 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. The Communities department now seeks to widen participation to be better able to be accessed by all our communities. The Council’s priorities align with the organisational objectives to include Communities within our decision-making processes and a full range of engagement methods will be co-created with communities to improve this.</p>
<p><b>PRINCIPLE 3</b> Defining outcomes in terms of sustainable economic, social and environmental benefits.</p>	<p>The strategic vision for Westminster focuses on transitioning to a net zero carbon city, supporting people of all ages to live well, building affordable housing, create high-quality public spaces, and ensuring Westminster’s economy thrives and that residents benefit from it. The council uses key metrics and other functions within the council such as quarterly performance and risk management, corporate project management, and budget monitoring to report and monitor progress against achieving these.</p>
<p><b>PRINCIPLE 4</b> Determining the intervention necessary to achieve intended outcomes</p>	<p>A quarterly performance report tracks the performance of priority Council activities and services through a suite of corporately agreed key performance indicators. This view of performance is also considered taking account of risks, achievements and issues. The report also highlights remedial actions being taken where slippage or under-performance does occur. 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 are progressing against our strategic indicators and outcomes. The Council has recently published its Fairer Westminster delivery plan outlining its priorities under the new administration.</p>

## Annual Governance Statement (continued)

<p><b>PRINCIPLE 5</b> Developing capacity, including the capability of leadership and individuals within the Council</p>	<p>The Council develops and empowers our employees to deliver the best possible outcomes for our residents and communities. The Council achieves this through its people strategy The Westminster Way (TWW), which focuses on the culture that we all aspire to and has three pillars: Personal development – “Everyone has talent”; Value our people and diversity – “Everyone is valued”; and The Westminster Way of working – “Everyone is a leader”. Key programmes and frameworks include the Personal Development framework which prioritises coaching and development conversations for all staff; the Senior Leaders and Emerging Leaders Programmes, which support our talent and help them take their next step. Alongside this are our Westminster Way Hub, Career Development portal (Career Zone) and Learning &amp; Development offer (Learning Zone) which provides various workshops, online learning and support tools to enable employees to take a lead in their roles and in leading others.</p>
<p><b>PRINCIPLE 6</b> Managing risks and performance through strong internal control and financial management</p>	<p>Corporate risk registers are updated quarterly by all directorates, with significant risks reviewed by senior management and members. Internal Audit assess the overall quality of internal control and make recommendations for improvement as necessary, with target deadlines agreed with action owners. A quarterly performance report tracks the performance of priority Council activities and services through a suite of corporately agreed key performance indicators. This view of performance is also considered taking account of risks, achievements and issues. The report also highlights remedial actions being taken where slippage or under-performance does occur. The Council has a strong track record in financial management, delivering services within budget and producing annual accounts within statutory deadlines.</p>
<p><b>PRINCIPLE 7</b> Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<p>The Council are committed to becoming an inclusive employer and therefore inclusion and diversity is the Executive Leadership Team’s top priority. The Council values our people and diversity and as such continues to be accountable and transparent, regularly publishing ethnicity and gender pay gaps. It will continue to analyse the data, identify issues and take action where necessary to address pay gaps and, continue to initiate culture-change programs, talent and learning opportunities particularly focused on ensuring that we have diversity across all levels. The Council has appointed a Diversity and Inclusion Strategic partner to help address and close pay gaps.</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, minutes of meetings, key decisions, registers of interests, gifts and hospitality, expenditure over £500 and contracts awarded over £5,000 are published on the Council’s website.</p>



## Annual Governance Statement (continued)

### REVIEW OF EFFECTIVENESS

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

#### Inspections and assessments

Ofsted have not carried out any inspections in 2021/22. Children’s Services across the Council were given a clean sweep of outstanding ratings by Ofsted in 2020/21.

#### Assurances from Internal and External Audit

The annual report and opinion of the Head of Internal Audit for 2021/22 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 2021/22	Planned Action
<b>Food Safety Service</b> The service had insufficient resources to deliver the expected service levels resulting in a backlog of work, which was further exacerbated by the challenges arising from the Covid-19 pandemic.	<p>Good progress has been made to address the recommendations made however, the service has faced a challenge in terms of the high volume of service requests received and a decrease in standards seen in food premises which has led to a number of closures and enforcement actions. This has impacted addressing the existing work backlog. The service is working towards ensuring it is performing to an acceptable level and the implementation of recommendations made will be re-reviewed in October 2022.</p> <p>It should be noted that there are regular ‘temperature checks’ undertaken by the Food Standards Authority (FSA) and there is ongoing dialogue with the FSA about the service plan to ensure that required inspections are completed.</p>

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 October 2021, confirmed that they had been able to give an unqualified audit opinion in respect of the Council’s 2020/21 Statement of Accounts, subject to some recommendations which are detailed in the 2020/21 audit findings report. An unqualified opinion in respect of value for money was issued in 2022.

#### Compliance with the Financial Management Code

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

## Annual Governance Statement (continued)

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

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

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

Key performance indicators	Outcomes 2021/22
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	One fraud act offence has been identified in 2021/22. Full details will be reported to the Audit & Performance Committee in the Anti-fraud annual report in July 2022
Objections received from local electors	None in 2021/22
Local Government Ombudsman referrals upheld in line with the London average	85% (23 out of 27) of referrals upheld (exceeding the average for similar organisations of 71).
Internal audit reports	Three limited assurance audits had been issued in the year: Food Safety; Children's Services – Direct Payments; and Sayers Croft Outdoor Activity Centre. Implementation of the recommendations made in respect of all 3 of these audits have been followed up. Most of the actions required in respect of the Children's Services Direct Payments and Sayers Croft Outdoor Activity Centre had been addressed before the end of the financial year. Further action is required in respect of the Food Safety Service which will require additional follow up later in 2022/23
Group activities	No governance issues to address in 2021/22. Financial information provided by Group companies has been subject to regular review and both officers and elected members have attended company Board meetings throughout the year. In 2021/22 a shareholder committee was introduced to further improve governance oversight across all of Westminster' subsidiaries. Details of the Committee's Terms of Reference can be found here: <a href="#">Shareholder Committee Terms of Reference</a>



## 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 2021/22:

Issues Identified in Prior Years	Performance in 2021/22
Further improvements required in respect of Adult Social Care finances, including improvements to controls and clarity on roles and responsibilities.	Three areas have been reviewed in the last two years where recommendations have been made to improve controls in respect of Adult Social Care, including Client Affairs (2019/20), Financial Assessments (2020/21 – advisory) and Direct Payments (2020/21). Further follow up and liaison with the service areas has been undertaken in 2021/22 and evidence provided to demonstrate the effective implementation of the recommendations previously made.
Housing complaints are not fully integrated with corporate systems and reporting.	The service has undergone changes in structure, roles and responsibilities since the original audit was undertaken which should now be embedded. A further review of the complaints process is being considered for inclusion in the 2022/23 audit plan to review the changes in process.
Improvements required within the Council's processes for managing Cyber Security.	All of the actions have been implemented to address the weaknesses identified. Cyber security will remain an area that will be regularly reviewed.
Improvements required in respect of the governance and accounting for income generated from the Council's commercial property portfolio.	Action has been taken to address the improvements and the Department is working closely with the Managing Agents as they implement a new property management system. Another audit is scheduled to be undertaken in the 2022/23 financial year.

### Covid-19

The Council has continued working closely with central government and the health service to support businesses and residents across the City as follows:

- Supporting residents – the Council has continued working proactively with partners to support vulnerable residents
- 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
- Hybrid Council meetings have been taking place to maintain open and transparent decision making. During 2021/22, the regulations changed to continue to allow hybrid meetings but decision-making must be by members in physical attendance at their Committee.
- COVID-19 pages on the Council website are updated daily and provide further information see <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 assurance that Covid-19 funding provided by the Government has been used for the purpose intended, continued into 2021/22 in respect of Income Compensation Claims, Protect and Vaccinate and Rough Sleepers. Some of this work will continue into 2022/23.

## Annual Governance Statement (continued)

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 macroeconomic impacts on Council services and communities across Westminster	The Medium-Term Planning process is in place as a mitigating action to ensure the Council balances its budget and identifies savings that can be made.
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 and social housing remains a key issue despite a number of successful initiatives to date	Under the new administration, the Council has accelerated its review of all its developments to maximise social housing and lower rental intermediate homes. These changes will be considered in both the Westminster Builds business plan and the Housing Revenue Account business plan during 2022/23.



## Annual Governance Statement (continued)

### CONCLUSION

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

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



**Cllr Adam Hug**

Leader of Westminster City Council



**Stuart Love**

Chief Executive of Westminster City Council



2.

Written  
Statements  
and Executive  
Director's  
Narrative  
Report



# Executive Director's Narrative Report

## WESTMINSTER CITY COUNCIL

### OVERVIEW AND EXTERNAL ENVIRONMENT

#### 1. THE CITY OF WESTMINSTER

As 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. The Covid-19 pandemic has had a profound impact on Westminster over the last two years.

Because of its destination status, Westminster's daily population can grow significantly with an influx of workers and tourists. Footfall in the City reduced significantly during the various national lockdowns. Since easing the lockdown restrictions activity has gradually been increasing but not quite to pre-covid levels. Whilst the transient population 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.

During the course of 2021/22, Westminster also found itself in the spotlight with its decision to build a temporary structure in Marble Arch to encourage

visitors back into the City. The Council were scrutinised on their use of public money on this project which was then subject to an internal review, which was reported to members.

#### 2. MEDIUM TERM FINANCIAL PLANNING

Following a relatively strong bounce back in the economy following lockdown restrictions the UK economy is now facing its highest rates of inflation in over 40 years. This has created significant uncertainty in public finances and in turn the Council's medium-to long-term finances. Due to the Council's exposure to economic cycles, it has sought to hold a general fund reserve to ensure the Council is financially resilient in a recession. The call on general fund balances over the last two years has been fairly low, helped by additional government funding because of the pandemic. Moving forward, the Council is in a sound financial position to draw upon its general fund reserve in 2022/23 if required.

The Council has reviewed its Medium Term Financial Plan (MTFP) this year in recognition of the Council's strategic objectives. The consequences of the pandemic has meant that the Council has had to focus on its ways of working and has put forward a number of initiatives which take a departmentally cross-cutting approach. The changing environment, including inflation and the cost of living crisis 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 to ensure ongoing finance resilience.

The coronavirus pandemic has had a profound impact on all aspects of life in Westminster. Through 2021/22 the Council continued to adopt a pro-active, evidence-led approach to how it prioritises its resources and ensures that it responds to the emerging needs of residents and businesses. This included responding to international situations such as the Afghan and Ukrainian refugee crisis.

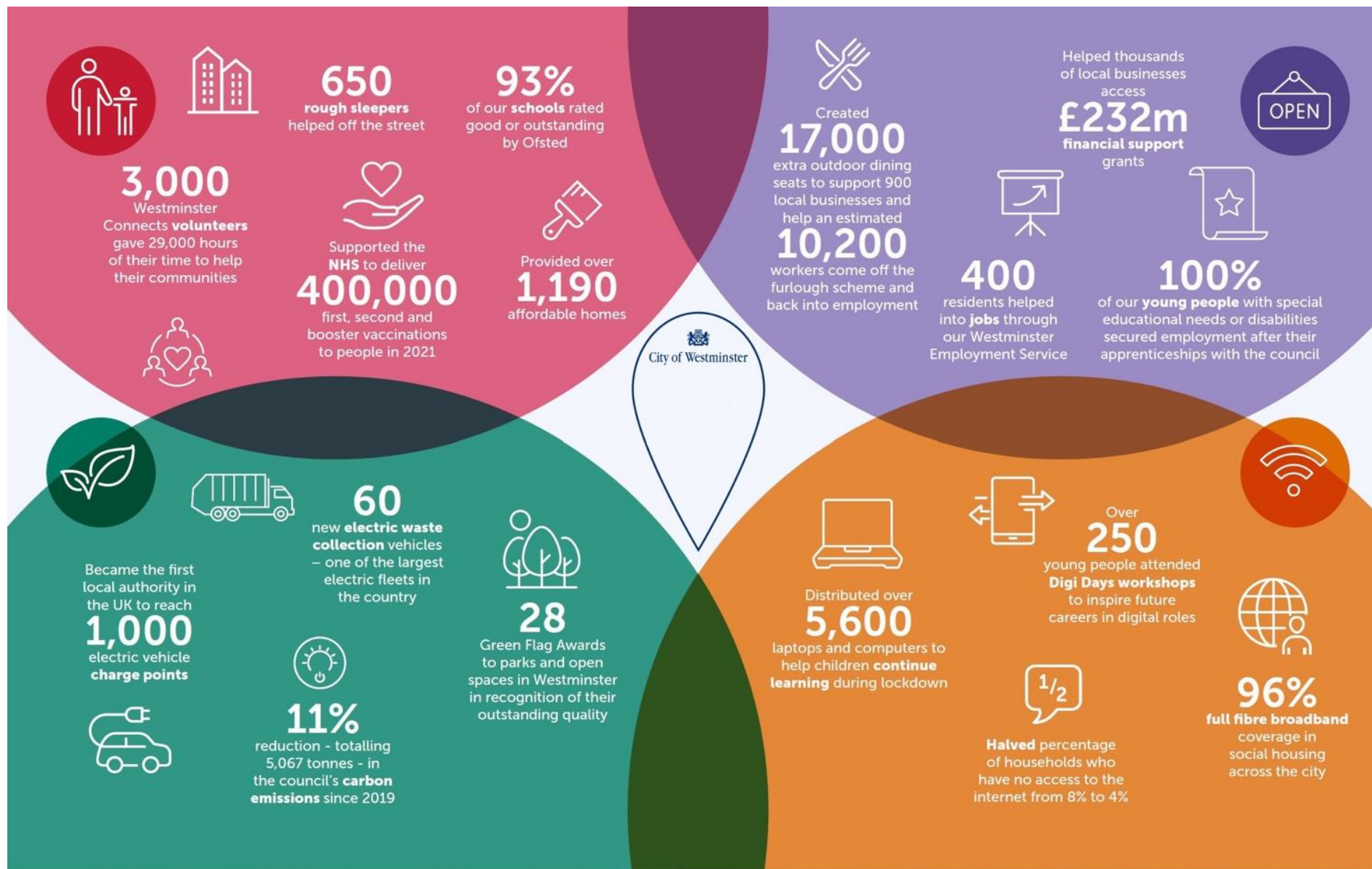
#### 3. OTHER LOCAL GOVERNMENT FUNDING ISSUES

The Secretary of State for the Department of Levelling Up, Housing and Communities has announced that councils will receive a two year settlement from April 2023 and the Fair Funding Review will be completed by the end of 2022.

Consultations and further details 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.

A further issue for Westminster is the impact of the census and the reported reduction in the population of Westminster. The Council is working with London Councils and other London Boroughs on the "Lost Londoners" campaign to highlight the disparities between the census (which was carried out during lockdown) and other population data. However, there is a risk that Westminster's funding from Government could reduce on the basis of a lower population.

Executive Director's Narrative Report (continued)



### 4. THE STRATEGIC VISION FOR WESTMINSTER

Focuses on transitioning to a net zero carbon city, supporting people of all ages to live well, building affordable housing, creating high-quality public spaces, and ensuring Westminster's economy thrives and that residents benefit from it. The council's programme of work helps realise our vision:

- Westminster will be the UK city known for leading the way in tackling climate change and improving air quality. Our children will inherit not just a better, healthier living environment but also a working model of how a global city can successfully take on the environmental challenges facing the next generation. Our city will maintain the highest standards in street cleanliness and excellent open spaces that our communities can remain proud of. Westminster will be welcoming to businesses and visitors from across the globe.
- Westminster will be a city which builds the homes it needs to remain a welcoming, vibrant place for people from every background, at every income level and at every age. An environment where economic growth works to its optimum, creating job opportunities and improving living standards. We will open doors to new experiences and life chances for our vibrant communities through excellent education and employment prospects. Everyone will have an equal opportunity to succeed and be healthy no matter what their background.

People will be able to retire with dignity and pride in Westminster and residents who need care will be supported within their own community.

- Westminster will be one of the best connected and most technologically advanced cities in the world. We will harness new technologies to make us the easiest council in the UK to do business with. Our ambition is to create a best-in-class website which will be easier to interact with than your bank, taxi service or favourite shopping platform, and be the first choice for residents, businesses and visitors to do business with us. We will ensure that internet connection speeds and access across Westminster are unrivalled by any other major city, making sure that technology works for the benefit of those who live, work and visit this complex urban environment. Being a smart city provides unique opportunities to enhance our communities' experiences and capabilities, achieving a better and more joined-up council that will deliver better services more efficiently.

### 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 2021/22

The Council was made up of 60 councillors for 20 wards in 2021/22. The political make-up of the Council was:

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

The Council operates under a Leader/Cabinet model. The Leader of the Council over 2021/22 was Cllr Rachael Robathan and she was supported by a Deputy Leader, Cllr Tim Mitchell – who also held the portfolio for Adult Social Care and Public Health.

The local elections took place on 5th May 2022 and resulted in a change of political control from Conservative to Labour. The number of wards reduced from 20 to 18 and therefore the number of councillors have also reduced - to 54. The political make-up of the Council is now:

- Labour Party – 31
- Conservative Party – 23

The new Leader is Cllr Adam Hug supported by two Deputy Leaders Cllr Tim Roca and Cllr Aicha Less who are also portfolio holders for Young People, Learning & Leisure and for Communities & Public Protection respectively. They are supported by a further six portfolio holders.

The Council has a statutory duty to set a balanced budget and this underwent scrutiny via the Budget and Performance Task Group in January 2022. 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 2022.



## Executive Director's Narrative Report (Continued)

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



**Gerald Almeroth**

Executive Director – Finance and Resources  
Section 151 Officer

Westminster City Council

### FINANCIAL PERFORMANCE

#### 7. 2021/22 FINANCIAL PLANNING

A net budget of £183m for 2021/22 was approved by Cabinet and Full Council in February and March 2021, respectively. This included £22.4m 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 2021/22 outturn position is a £2.04m overspend. This is reflective of continued impact of the pandemic on the Council’s finances, especially in the early part of the year and includes continued government support in the first quarter for losses in Sales, Fees and Charges.

The Council has had 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 £561M

The Council had net future pension liabilities of £561m at 31 March 2022 (£705m as at 31 March 2021) on an IAS19 basis. The Westminster City Council Pension Fund is revalued every three years by an independent actuary to set future contribution rates. The most recent actuarial revaluation, as at 31 March 2019, assessed the Pension Fund’s 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 no longer has a deficit after making upfront payments of £80m during 2021/22.

The Council’s assets increased by £107m in year from £1,216m to £1,323m with liabilities decreasing from £1,921m to £1,884m. As at 31 March 2022, the overall deficit on an IAS19 basis has decreased by £144m. The future value of pension liabilities is determined by the discount rate, which is based on the yield on investment grade corporate bonds. During the year, rate rises on index linked GILTS has led to an increase 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 £75m in the year (£74m in 2020/21). This income is held in a ring-fenced account (the Housing Revenue Account, or HRA) which can only be used for social housing purposes.

The Council is planning to spend over £2.3bn in the next 30 years to increase and improve its social housing stock. This includes 1,400 new social homes and £1.5bn on maintenance of the existing 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: 2022/23 TO 2024/25

The Council has a three-year Medium-Term Financial Plan (MTFP) for 2022/23 onwards. The Covid-19 pandemic has led to a continued review of the Council’s MTFP as new pressures emerge from reduced activity in the City, reducing fees and charges. The Council has moved towards a bottom-up approach to saving proposals with directorate savings and cross directorate saving proposals included as part of the budget approved by Full Council in March 2022. The MTFP position as reported to Council is summarised below:

An update on the Council’s MTFP, will be provided to Cabinet during the year. A new four-year medium-term plan for 2023/24 to 2026/27 will be submitted to Cabinet and Full Council for approval in February/March 2023.

Changes Since July 2021	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Gap - July 2021	10.933	20.066	20.284	51.283
New Savings	(7.282)	(2.150)	(3.485)	(12.917)
Other Changes	(3.651)	(3.612)	(1.134)	(8.397)
<b>New Gap - March 2022</b>	<b>0.000</b>	<b>14.304</b>	<b>15.665</b>	<b>29.969</b>

## Executive Director's Narrative Report (Continued)

### 9. CAPITAL STRATEGY

The Council's 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
- Commenced construction on schemes 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
- 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 following table shows a summary of 2021/22 capital expenditure:

Directorate	2021/22 Expenditure Budget £m	2021/22 Income Budget £m	2021/22 Net Budget £m	2021/22 Outturn Expenditure £m	2021/22 Outturn Income £m	2021/22 Net Outturn £m	2021/22 Expenditure Variance £m	2021/22 Income Variance £m	2021/22 Net Variance £m
Adults	0.568	(0.468)	0.100	0.101	(0.101)	0.000	(0.467)	0.367	(0.100)
Children's	18.417	(14.814)	3.603	10.757	(9.249)	1.508	(7.660)	5.565	(2.095)
Growth, Planning and Housing	74.733	(22.859)	51.874	60.416	(12.745)	47.671	(14.317)	10.114	(4.203)
Environment and City Management	75.918	(31.613)	44.305	48.963	(23.763)	25.200	(26.955)	7.850	(19.105)
Finance and Resources	42.958	(14.677)	28.281	21.895	(12.486)	9.409	(21.063)	2.191	(18.872)
Westminster Builds	58.596	0.000	58.596	45.116	0.000	45.116	(13.480)	0.000	(13.480)
<b>Total</b>	<b>271.190</b>	<b>(84.431)</b>	<b>186.759</b>	<b>187.248</b>	<b>(58.344)</b>	<b>128.904</b>	<b>(83.942)</b>	<b>26.087</b>	<b>(57.855)</b>



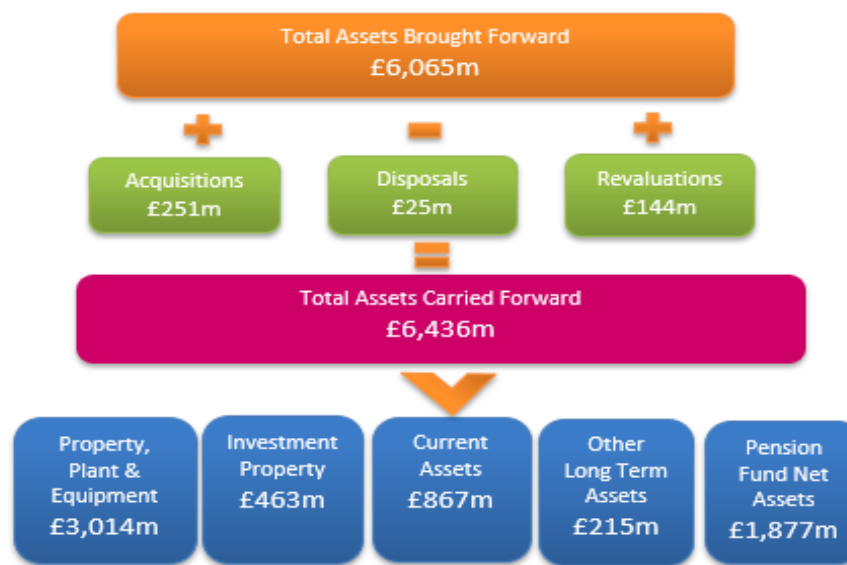
## Executive Director's Narrative Report (Continued)

### 10. CASHFLOW & ASSETS

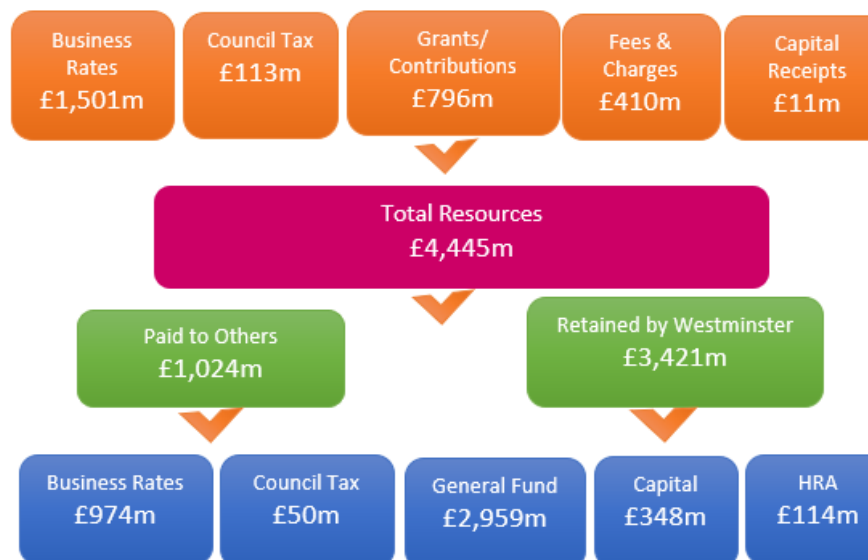
Westminster City Council manages cashflows and assets in excess of £11 billion by:

- Collecting over £1.601bn of Business Rates, the largest amount in the country. The Council keeps only 4-5% of this.
- Collecting £113m Council Tax.
- Managing a £3.477bn portfolio of PPE and Investment property.
- 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

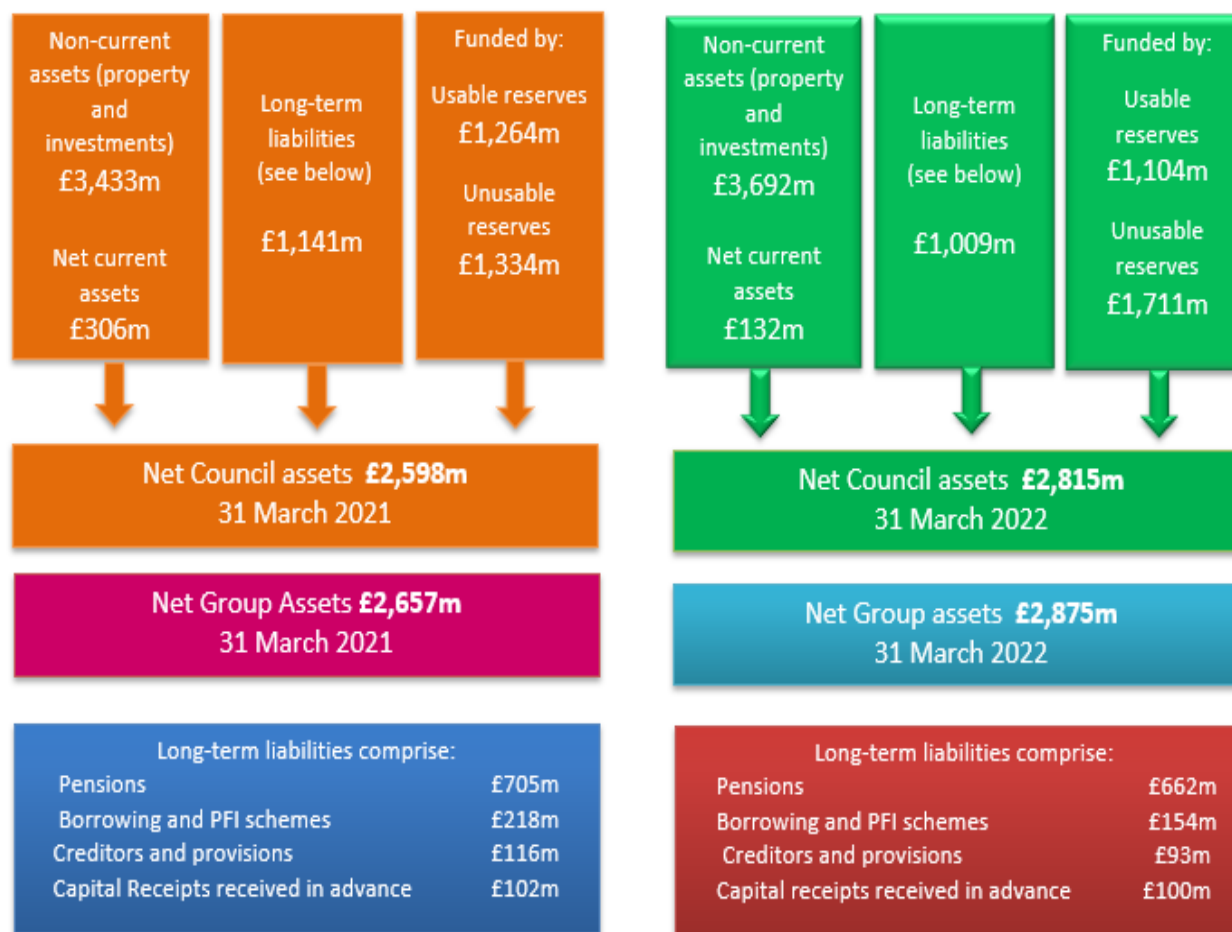
#### NET ASSETS £2,8154M (£2,598M AT 31 MARCH 2021)

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 £2,875M (£2,598M AT 31 MARCH 2021)

Group accounts provide an overview of organisations subject to council control. In 2021/22 these were:

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



### NON-FINANCIAL PERFORMANCE

#### 12. ACHIEVEMENTS

Westminster City Council is committed to making a real difference to people's lives. In 2021/22 we:

##### Economy

- ▶ One of the first local authorities across the country to complete the rollout of the first round of business grants – £99.5m to nearly 5,700 businesses, £20m over the original Government allocation.
- ▶ Supported 19,500 businesses through Retail Rates relief or Small Business Rates relief.
- ▶ Conducted over 300 one-to-one appointments with businesses, which resulted in more than £2m of alternative support identified and awarded to them.
- ▶ Led on a new licensing scheme and issued nearly 900 licences to allow businesses to provide outdoor hospitality and continue trading throughout the year.
- ▶ Undertook over 25,000 visits to ensure our businesses operate in a COVID-19 secure way to keep our communities safe.
- ▶ Created 64 high quality, London Living Wage Kickstart jobs for 16–24 year old residents in receipt of Universal Credit.
- ▶ Launched Westminster Wheels with Groundwork London and Cycle Confident, which will have supported 11 trainees into employment.
- ▶ Supported 16 people formerly sleeping rough into employment with charity partners, our Rough Sleeping and Housing teams and Westminster Employment Service.
- ▶ 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.

##### Environment

- ▶ Produced a 20-year Freight, Services and Deliveries Strategy and Action Plan to help us meet our carbon reduction and road safety targets.
- ▶ 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.
- ▶ Added 7.5 miles of new cycle lanes to support safe, active and sustainable travel around the city.
- ▶ Introduced pay-as-you-go electricity at Tachbrook Street Market to enable traders to power their cooking using electricity rather than gas.
- ▶ Implemented 11 'School Streets', closing roads during school start and end times, to reduce car use and make streets safer for our children.
- ▶ Completed the roll out of the city-wide 20mph speed limit as part of our commitment to making our streets safer, healthier and cleaner for everyone.

##### Communities

- ▶ Rapidly created Westminster Connects, both a digital platform and a weekly network of up to 300 volunteers dedicated to supporting people shielding.
- ▶ 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.

- ▶ 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.
- ▶ Worked with local authorities and charities to help over 830 people off the streets into hotels and other accommodation.
- ▶ Opened our state-of-the-art and energy efficient care home, Beachcroft House, where 65 residents have settled in and are enjoying its facilities.
- ▶ Invested another £500,000 in youth services (totalling £1m over two years), which includes funding for five youth hubs and 17 youth projects.
- ▶ 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 Handyperson service.
- ▶ Since April 2018, we have renovated nearly 1,350 vacant social housing properties to a dementia-friendly standard to enable future occupants living with dementia to stay in their homes.

##### Smart City & Digital

- ▶ 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 Opera Ballet, so that they could continue enjoying music and culture.
- ▶ Launched a brand-new website, designed using residents' input to make it easy for all residents to navigate and access the information they need.



## Executive Director's Narrative Report (Continued)

- ▶ Won an 'Excellence in Local Government' award for our partnership approach with University College London and King's College London to harness the latest innovation and 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.

### 13. PEOPLE STRATEGY

Westminster employs approximately 2,500 staff in full-time and part-time positions.

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

### 14. 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 2022. 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 2021/22, 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 **Annual Governance Statement**

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

The **Group Accounts**

- 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 **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**

This will be updated on completion of the external audit.

# 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**

This will be updated on completion of the external audit.

# 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 Aziz Toki

Chairman of the Audit and Performance Committee

CHURCH  
STREET NW8

CITY OF WESTMINSTER



3.

# 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.

2020/21 (*Restated)				2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
104,924	(41,158)	63,766	Finance and Resources	106,804	(33,413)	73,391
8,763	(3,446)	5,317	Innovation and Change	19,019	(7,714)	11,305
157,449	(88,221)	69,228	Adults' Services	149,279	(88,560)	60,719
183,630	(125,820)	57,810	Children's Services	188,942	(130,082)	58,860
176,671	(99,522)	77,149	Environment and City Management	187,806	(138,455)	49,351
419,602	(382,833)	36,769	Growth, Planning and Housing	413,940	(371,651)	42,289
<b>1,051,039</b>	<b>(741,000)</b>	<b>310,039</b>	<b>Cost of services</b>	<b>1,065,790</b>	<b>(769,875)</b>	<b>295,915</b>

## Comprehensive Income and Expenditure Statement (continued)

2020/21 (restated)			Note	2021/22			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
-	-	(33,167)	Other operating expenditure	Note 5	-	-	(13,432)
-	-	24,568	Financing and investment income and expenditure	Note 6	-	-	(4,205)
-	-	(289,280)	Taxation and non-specific grant Income	Note 7	-	-	(308,470)
-	-	<b>12,160</b>	<b>(Surplus)/Deficit on Provision of Services</b>		-	-	<b>(30,192)</b>
<b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</b>							
-	-	(5,456)	(Surplus)/deficit on revaluation of Property, Plant and Equipment assets		-	-	(65,914)
-	-	70,502	Remeasurement of the net defined benefit liability	Note 31	-	-	(120,914)
		<b>65,046</b>	<b>Other Comprehensive Income and Expenditure</b>		-	-	<b>(186,828)</b>
-	-	<b>77,206</b>	<b>Comprehensive Income and Expenditure (Surplus)/Deficit</b>		-	-	<b>(217,020)</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.

2020/21 (*restated)				Revenue Reserves			Capital Reserves		Total Usable Reserves	Total Unusable Reserves <sup>2</sup>	Total Council Reserves	
	General Fund Balance	Earmarked GF Reserves <sup>1</sup>	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	(524,334)	-	-	(524,334)	23,077	-	23,077	(2,099)	58,123	(455,233)	445,233	-
<b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>	(488,888)	-	-	(488,888)	(209)	-	(209)	(2,099)	58,123	(433,073)	510,279	77,206
Transfers (to)/from Earmarked Reserves	492,768	(489,760)	(1,199)	1,809	(1,808)	-	(1,808)	-	-	-	-	-
<b>(Increase)/Decrease In Year</b>	3,880	(489,760)	(1,199)	(487,079)	(2,018)	-	(2,018)	(2,099)	58,123	(433,073)	510,279	77,206
<b>Balance at 31 March 2021</b>	<b>(59,432)</b>	<b>(790,826)</b>	<b>(2,947)</b>	<b>(853,205)</b>	<b>(19,383)</b>	<b>-</b>	<b>(19,383)</b>	<b>(97,953)</b>	<b>(293,838)</b>	<b>(1,264,379)</b>	<b>(1,333,701)</b>	<b>(2,598,080)</b>

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

<sup>2</sup>For further detail, please refer to Note 16 – Unusable Reserves (Note that the DSG deficit is £1.167m as at 31st March 2022)

## Movement in Reserves (continued)

2021/22				Revenue Reserves			Capital Reserves		Total Usable Reserves	Total Unusable Reserves <sup>5</sup>	Total Council Reserves	
	General Fund Balance <sup>3</sup>	Earmarked GF Reserves <sup>3,4</sup>	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 2021</b>	(59,432)	(790,826)	(2,947)	(853,205)	(19,382)	-	(19,382)	(97,953)	(293,838)	(1,264,381)	(1,333,702)	(2,598,083)
<b>Movement in reserves during 2021/22</b>				-								
(Surplus)/Deficit on provision of services (accounting basis)	(20,277)	-	-	(20,277)	(9,914)	-	(9,914)	-	-	(30,191)		(30,191)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(186,828)	(186,828)
<b>Total Comprehensive Income and Expenditure</b>	(20,277)	-	-	(20,277)	(9,914)	-	(9,914)	-	-	(30,191)	(186,828)	(217,019)
Adjustments between accounting basis and funding basis under regulations	143,106	-	-	143,106	9,915	-	9,915	17,336	19,806	190,163	(190,162)	1
<b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>	122,829	-	-	122,829	1	-	1	17,336	19,806	159,972	(376,990)	(217,018)
Transfers (to)/from Earmarked Reserves	(120,785)	121,680	(895)	-	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease In Year</b>	2,043	121,680	(895)	122,829	1	-	1	17,336	19,806	159,972	(376,990)	(217,018)
<b>Balance at 31 March 2022</b>	<b>(57,389)</b>	<b>(669,146)</b>	<b>(3,842)</b>	<b>(730,376)</b>	<b>(19,381)</b>	<b>-</b>	<b>(19,381)</b>	<b>(80,617)</b>	<b>(274,032)</b>	<b>(1,104,409)</b>	<b>(1,710,692)</b>	<b>(2,815,101)</b>

<sup>3</sup>For further detail, please refer to Note 41 – Prior Period Adjustment.

<sup>4</sup> For more information on Earmarked Reserves, please refer to Note 17 – Transfers to and from Earmarked Reserves.

<sup>5</sup> The DSG reserve deficit is £1.167m as at 31st March 2022. For further detail, please refer to Note 16 – Unusable Reserves.



# Balance Sheet

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

31 March 2021 (*restated)		Note	31 March 2022
£'000			£'000
<b>ASSETS</b>			
<u>Non-current</u>			
2,781,226	Property, plant and equipment	Note 18c	3,014,314
44,578	Heritage assets	Note 19	44,578
467,386	Investment property	Note 20	462,801
2,861	Intangible assets		4,997
47,261	Long-term investments	Note 21a	33,320
89,957	Long-term debtors	Note 27	132,034
<b>3,433,269</b>	<b>Total long-term assets</b>		<b>3,692,044</b>
<u>Current</u>			
237,853	Short-term investments	Note 21a	383,429
130	Inventories		137
560,869	Short-term debtors	Note 27	398,933
80,402	Cash and other cash equivalents	Note 22	64,998
2,202	Assets held for sale	Note 40	19,086
<b>881,456</b>	<b>Current assets</b>		<b>866,583</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 2022 and its income and expenditure for the year then ended.

### Gerald Almeroth

Executive Director – Finance and Resources

Section 151 Officer

	31 March 2021 (restated)	Note	31 March 2022	
	£'000		£'000	
<b>LIABILITIES</b>				
	(7,128)	Short-term borrowing	Note 21a	(62,229)
	(556,886)	Short-term creditors	Note 28	(580,393)
	(971)	Short-term provisions	Note 29	(42,868)
	(10,643)	Revenue receipts in advance	Note 13	(49,358)
	<b>(575,628)</b>	<b>Total current liabilities</b>		<b>(734,848)</b>
<u>Long term</u>				
	(7,317)	Long-term creditors	Note 28	(1,269)
	(108,988)	Long-term provisions	Note 29	(91,920)
	(200,696)	Long-term borrowing	Note 21a	(237,616)
	(722,126)	Other long-term liabilities	Note 30	(577,597)
	(101,890)	Capital receipts in advance	Note 13	(100,274)
	<b>(1,141,017)</b>	<b>Long-term liabilities</b>		<b>(1,008,676)</b>
	2,598,080	<b>Net assets</b>		<b>2,815,103</b>
	(1,264,378)	Total Usable Reserves	Note 15	(1,104,409)
	(1,333,702)	Total Unusable Reserves	Note 16	(1,710,694)
	<b>(2,598,080)</b>	<b>Total Reserves</b>		<b>(2,815,103)</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.

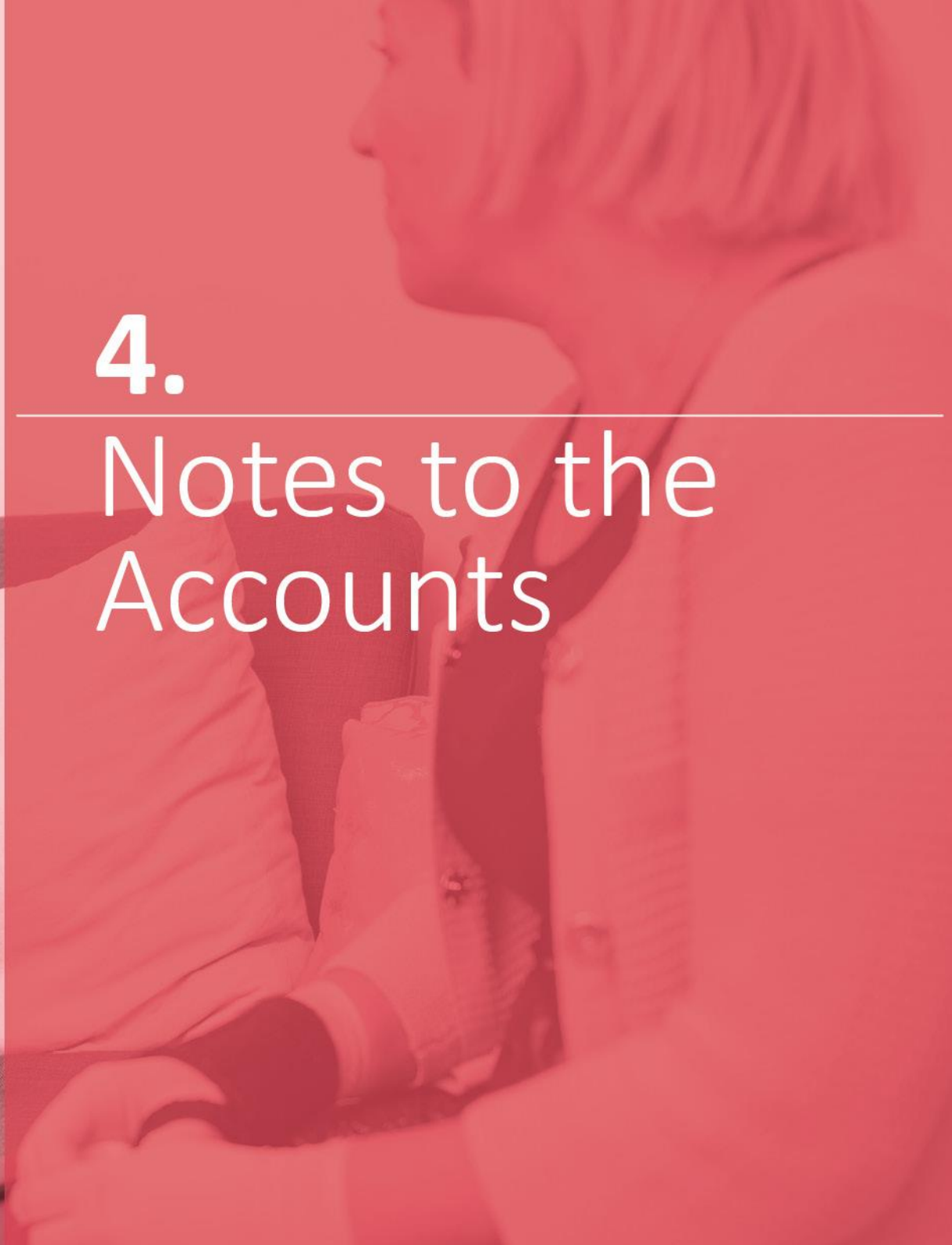
2020/21		Note	2021/22
£'000			£'000
12,160	Net (surplus)/deficit on the provision of services		(30,192)
(201,332)	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements	Note 32	(124,067)
122,059	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	Note 32	157,549
<b>(67,113)</b>	<b>Net Cash Flows from Operating Activities</b>		<b>3,290</b>
<b>(233,787)</b>	<b>Net Cash Flows from Investing Activities</b>	Note 33	<b>261,689</b>
<b>256,020</b>	<b>Net Cash Flows from Financing Activities</b>	Note 34	<b>(249,575)</b>
<b>(44,880)</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>15,404</b>
35,522	Cash and cash equivalents at the beginning of the reporting period		80,402
<b>80,402</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>64,998</b>



4.

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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 2021/22, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) supported by International Financial Reporting Standards (IFRS)
- the Service Reporting Code of Practice 2021/22 (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 2022 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 a 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.

### 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.

## Note 1 Accounting Policies (continued)

### 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.

### 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.

### 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 (HMRC). VAT receivable is excluded from income within the Council's Income and Expenditure account.

## Note 2 Accounting Standards Issued but Not Yet Adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 22/23:

- IFRS 1 First-time adoption will be amended in relation to foreign operations. The council does not have foreign operations so will not be impacted.
- IAS 37 Onerous contracts will be amended to clarify the intention but will not have a material impact.
- IAS 41 Agriculture will be amended but does not impact an urban local authority
- IAS 16 Property, Plant and Equipment will be altered to require sales proceeds to be recognised as income before one of these assets are in use rather than deducted from cost. As rent received while schemes are in development is already recognised as income rather than a cost reduction, this change is unlikely to have a significant impact.



# 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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Items	Uncertainties	Consequences if actual results differ from assumptions
<b>Valuation of operational property</b>	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 31 March 2022 for approximately 20% of its operational portfolio. The remaining balance of operational properties were also reviewed to ensure values reflect current values. The Council's valuers use a combination of methodologies to value operational assets. This includes Depreciated Replacement Cost (DRC), Existing Use Value (EUV) and comparable methods. These methods can cause estimation uncertainty due to the indexes and inputs that must be used to applying valuations, which are updated monthly.</p> <p>The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £75m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current operational assets subject to potential revaluation is £746 million.</p>
<b>Fair value measurement of investment property</b>	<p>The Council's external valuers use valuation techniques to determine the fair value of investment property. This includes lease profile, tenant covenant, rent status and location.</p> <p>This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p> <p>At the current time, it is not possible to accurately predict the longevity and severity of the economic uncertainty. Therefore, it has been difficult to value property assets. Values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid. However, where observable data has changed in the weeks following 31 March 2022 asset values have been reviewed and adjusted accordingly.</p>	<p>Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p> <p>If investment property value were to reduce by 10%, this would lead to a £46m reduction. This would impact the Council's CIES Surplus/Deficit.</p>

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

Items	Uncertainties	Consequences if actual results differ from assumptions
<b>Valuation of HRA Dwellings</b>	<p>The HRA residential portfolio is valued based on a beacon methodology, with EUV-SH (social housing) factor applied. 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 £167m.</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. The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.</p> <p>Please note during the 2021/22 financial year the Pension Fund changed actuaries from Barnett Waddingham to Hymans Robertson. Therefore, the next valuation, as at 31 March 2022, will be undertaken by Hymans Robertson.</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: A 0.1% increase in the real discount rate will increase the net pension liability by £34m; A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £29m; An increase of one year in longevity will increase the net pension liability by £75m.</p>
<b>Business Rates</b>	<p>The Council makes an allowance in its collection fund for a reduction in rateable value for businesses that follow the Check, Challenge and Appeal process for their business rates liability. Westminster did experience very high levels of appeals against the 2010 revaluation of business hereditaments when average rateable values rose by 62% across the City. Most of the appeals have been resolved with a residual number outstanding with the Valuation Office Agency. In addition, the 2017 revaluation saw average rateable values rise by 17%. At the same time the check, challenge, appeal process was introduced. The Collection Fund currently holds over £400m appeals provision to counter the potential impact of successful appeals in future years.</p>	<p>The Council's overall financial losses are protected by the government with any variance to the Council's assumptions being offset by the safety net payment entitlement which will be distributed as determined by central government. The Council would lose no more than c£7m in retained business rates income when in safety net.</p>

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

Items	Uncertainties	Consequences if actual results differ from assumptions
<b>Impairment allowance for doubtful debt</b>	<p>As at 31 March 2022, the Council had an outstanding balance of short-term debtors totalling £491m. Against this debtors' balance, there is an impairment allowance of £112m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. The economic impact of high inflation and cost of living crisis has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.</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 2022 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>A variation of +/- 1% in the indexed value would be £0.62m on the EUV-SH of £62m</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.
- 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.
- The Council normally collects approximately net £2.4bn in business rates. However, following the pandemic and supports announced by government we expect to collect only £2.0bn this year. We are monitoring our bad debt provision closely. The assumptions around the outcome of appeals against the NNDR valuations (either received to date or expected in future years) represent a material and critical judgement applied to the accounts, especially now that many businesses will be challenging their RV rates due to the current crises. The appeals provision is empirically derived from the experience with both the 2005 and 2010 lists as well as appeals determinations so far made against the 2017 list. The council also uses consultants to assist in preparing the required appeals provision and determine a prudent level of provision.





# 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 2021/22 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.

2020/21		2021/22
£'000		£'000
2,516	Levies	2,578
2,397	Payments to the Government Housing Capital Receipts Pool	4,204
(38,070)	(Gains)/losses on the disposal of non-current assets	(20,012)
(11)	Other income	(202)
<b>(33,168)</b>	<b>Total</b>	<b>(13,432)</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.

2020/21		2021/22
£'000		£'000
9,289	Interest payable and similar charges	8,536
14,111	Net interest on the net defined benefit liability (asset)	13,720
(6,475)	Interest receivable and similar income	(5,792)
1,099	Net (gains)/losses on financial assets at fair value through profit and loss	(1,353)
6,544	Income and expenditure in relation to investment properties and changes in their fair value	(19,316)
<b>24,568</b>	<b>Total</b>	<b>(4,205)</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.

2020/21		2021/22
£'000		£'000
(60,520)	Council Tax Income	(61,885)
(172,886)	Non-Domestic Rates income*	279,113
444,355	WCC share of NNDR Collection fund deficit/(surplus)*	(130,733)
(449,636)	Non-ringfenced government grants*	(282,960)
(50,593)	Capital grants and contributions	(112,005)
<b>(289,280)</b>	<b>Total</b>	<b>(308,470)</b>

\* The large NNDR debit is mainly due to the increase in our share of deficit to £333m 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**

			<i>2020/21 (restated) for further detail please refer to Note 41</i>		<i>2021/22</i>		
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	
(23,831)	(87,597)	63,766	Finance and Resources	(2,215)	(75,606)	73,391	
21,071	15,754	5,317	Innovation and Change	11,267	(38)	11,305	
60,349	(8,878)	69,227	Adult Services	59,799	(920)	60,719	
54,788	(3,022)	57,810	Children's Services	54,148	(4,712)	58,860	
47,149	(30,001)	77,149	Environment & City Management	17,055	(32,296)	49,351	
31,946	(4,823)	36,769	Growth, GF-Housing and Planning	34,665	(7,624)	42,289	
<b>191,472</b>	<b>(118,567)</b>	<b>310,038</b>	<b>Net Cost of Services</b>	<b>174,719</b>	<b>(121,196)</b>	<b>295,915</b>	

## Note 8 Expenditure and Funding Analysis (continued)

Table B

2020/21 (restated)				2021/22		
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
(23,435)	9,732	(33,167)	Other Operating Income and Expenditure	5,033	18,465	(13,432)
41,845	17,277	24,568	Financing and Investment Income and Expenditure	8,807	13,012	(4,206)
(698,976)	(409,696)	(289,280)	Taxation and Non-Specific Grant Income and Expenditure	(65,732)	242,738	(308,470)
<b>(489,094)</b>	<b>(501,255)</b>	<b>12,159</b>	<b>Surplus or Deficit on the Provision of Services</b>	<b>122,827</b>	<b>153,019</b>	<b>(30,192)</b>



## Note 8 Expenditure and Funding Analysis (continued)

**Table C**

2020/21 (restated)				2021/22		
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
(63,312)	3,880	(59,432)	General Fund Balance. For further detail, please refer to Note 41 – Prior Period Adjustment	(59,432)	2,044	(57,388)
(17,365)	(2,017)	(19,382)	Housing Revenue Account Balance	(19,382)	1	(19,381)
<b>(80,677)</b>	<b>1,863</b>	<b>(78,814)</b>	<b>Sub-Total General Fund and Housing Revenue Account Balance</b>	<b>(78,814)</b>	<b>2,045</b>	<b>(76,769)</b>
(301,066)	(489,760)	(790,826)	General Fund Earmarked Reserves. For further detail, please refer to Note 41 – Prior Period Adjustment	(790,826)	121,680	(669,146)
(1,748)	(1,199)	(2,947)	Schools Reserves	(2,947)	(895)	(3,842)
<b>(302,814)</b>	<b>(490,959)</b>	<b>(793,773)</b>	<b>Sub-Total Earmarked and Schools Reserves</b>	<b>(793,773)</b>	<b>120,785</b>	<b>(672,988)</b>
<b>(383,491)</b>	<b>(489,096)</b>	<b>(872,587)</b>	<b>Total Reserves</b>	<b>(872,587)</b>	<b>122,830</b>	<b>(749,757)</b>

## Note 8 Expenditure and Funding Analysis (continued)

**Table D**

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

2020/21				2021/22				
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
(55,284)	(9,651)	37	(64,897)	Finance and Resources	(19,804)	(54,779)	(1,023)	(75,606)
15,754	-	-	15,754	Innovation and Change	(38)	-	-	(38)
(8,878)	-	-	(8,878)	Adults' Services	(920)	-	-	(920)
(3,022)	-	-	(3,022)	Children's Services	(3,545)	-	(1,167)	(4,712)
(30,001)	-	-	(30,002)	Environment and City Management	(32,296)	-	-	(32,296)
(4,722)	-	(101)	(4,823)	Growth, GF-Housing and Planning	(7,551)	-	(73)	(7,624)
<b>(86,153)</b>	<b>(9,651)</b>	<b>(64)</b>	<b>(95,868)</b>	<b>Net Cost of Services</b>	<b>(64,154)</b>	<b>(54,779)</b>	<b>(2,263)</b>	<b>(121,196)</b>
9,732	-	-	9,732	Other Operating Income and Expenditure	18,465	-	-	18,465
18,297	-	(1,020)	17,277	Financing and Investment Income and Expenditure	11,556	-	1,457	13,013
34,659	-	(444,355)	(409,697)	Taxation and Non-Specific Grant Income and Expenditure	112,005	-	130,733	242,738
<b>(23,466)</b>	<b>(9,651)</b>	<b>(445,439)</b>	<b>(478,556)</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>77,873</b>	<b>(54,779)</b>	<b>129,925</b>	<b>153,019</b>

## Note 8 Expenditure and Funding Analysis (continued)

### Adjustments for Capital purposes

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

### Net change for the Pensions adjustments

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

### 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

### Other differences

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

## Note 8 Expenditure and Funding Analysis (continued)

### EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2020/21 (Restated)		2021/22
£'000		£'000
260,518	Employee Benefits Expenses	199,878
1,197,961	Other Service Expenses	818,665
23,400	Interest Payments	8,536
2,397	Payments to Housing Capital Receipts Pool	4,204
	Repayment of prior year Collection fund deficit	202,785
2,516	Precepts and Levies	2,578
77,515	Depreciation, Amortisation and Impairments	84,083
<b>1,564,307</b>	<b>Total Expenditure</b>	<b>1,320,729</b>
(909,403)	Government Grants and Contributions	(795,703)
(364,794)	Fees, Charges and Other Service Income	(410,670)
(233,406)	Income from Council Tax, Non-Domestic Rates, District Rate Income	(116,290)
(38,070)	Gains on the Disposal of Assets	(22,467)
(6,474)	Interest and Investment Income	(5,792)
<b>(1,552,147)</b>	<b>Total Income</b>	<b>(1,350,922)</b>
<b>12,160</b>	<b>Surplus on the Provision of Services</b>	<b>(30,193)</b>

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

2020/21	Fees, Charges and Other Service Income	2021/22
£'000		£'000
(159,812)	Rent	(162,531)
(67,163)	Parking Income	(94,758)
(5,010)	Planning Application Fees	(4,920)
(6,034)	Schools Income	(6,775)
(7,684)	Commercial Waste	(13,164)
(8,644)	Road Management	(10,632)
(110,447)	Other Income	(117,889)
<b>(364,794)</b>	<b>Total Income</b>	<b>(410,669)</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 £9.834m in 2021/22 (£8.657m in 2020/21). Gross income received was £9.834m in 2021/22 (£8.657m in 2020/21). The reduction between the two financial years is due to changes in the scope of the Better Care Fund programme.

2020/21				2021/22		
WCC	CCGs	Total	s.75	WCC	CCGs	Total
£000s	£000s	£000s		£000s	£000s	£000s
-	3,747	3,747	Better Care Fund Lead Commissioning	-	4,007	4,007
-	4,910	4,910	Non – Better Care Fund	-	5,827	5,827
-	<b>8,657</b>	<b>8,657</b>	<b>Total</b>	-	<b>9,834</b>	<b>9,834</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).

2020/21	Salary, Fees and Allowances*	Private Health Insurance / Benefits in Kind	Pension Contributions	Election Expenses	Expenses	Compensation for Loss of Office	Total
	£	£	£	£	£	£	£
Chief Executive - S Love	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	19,909	-	(4,995)	-	-	-	14,914
Executive Director Growth, Planning and Housing - D Jackson	116,687	-	29,083	-	-	-	145,770
Bi Borough Executive Director of Adults Social Care & Public Health - B Flaherty	182,319	2,795	45,538	-	-	-	230,652
Executive Director of City Management & Communities - Ex	87,188	1,008	21,695	-	-	-	109,891
Executive Director of Environment & City Management - R Mistry	85,452	-	21,021	-	-	-	106,473
Bi-Borough Executive Director of Children's Services - S. Newman	156,156	-	38,414	-	-	-	194,570
Executive Director of Policy, Performance and Communications - Ex	13,727	106	3,403	-	-	101,455	118,691
Interim Executive Director of Innovation & Change - Ex	106,218	-	-	-	-	-	106,218
Executive Director of Innovation & Change - P Wrobel	56,279	-	13,902	-	-	-	70,181
Her Majesty's Coroner - Inner West London - F Wilcox	166,898	-	41,757	-	-	-	208,655
Bi-Borough Interim Director of Public Health - Ex	118,944	-	-	-	-	-	118,944
Bi-Borough Interim Director of Public Health - R Styles	201,427	-	-	-	-	-	201,427
Bi-Borough Director of Public Health	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>10,079</b>	<b>410,187</b>	<b>67</b>	<b>502</b>	<b>101,455</b>	<b>2,578,075</b>

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

2021/22	Notes	Salary, Fees and Allowances*	Private Health Insurance / Benefits in Kind	Pension Contributions	Election Expenses	Expenses	Compensation for Loss of Office	Total
		£	£	£	£	£	£	£
Chief Executive – S Love		219,552	-	54,010	3,400	-	-	276,962
Executive Director of Finance Resources – G Almeroth		176,901	-	43,518	3,400	-	-	223,819
Executive Director Growth, Planning and Housing – D Jackson		167,601	-	41,230	-	-	-	208,831
Bi Borough Executive Director of Adults Social Care & Public Health – B Flaherty	A	178,901	2,515	44,628	-	-	-	226,044
Executive Director of Environment & City Management – R Mistry		158,889	-	39,087	-	-	-	197,976
Bi-Borough Executive Director of Children's Services – S. Newman	B	167,601	-	41,230	-	-	-	208,831
Executive Director of Innovation & Change – P Wrobel		167,601	1,829	41,795	-	270	-	211,495
Her Majesty's Coroner – Inner West London – F Wilcox	C	169,323	4,456	42,258	-	-	-	216,037
Director of Public Health	D	139,710	2,379	35,046	-	141	-	177,276
Director of Law – T Shawkat	E	80,096	1,630	20,104	3,400	-	-	105,230
Director of People Services – L. Witham		155,246	2,379	38,776	-	-	-	196,401
<b>Total</b>		<b>1,781,421</b>	<b>15,188</b>	<b>441,682</b>	<b>10,200</b>	<b>411</b>	<b>-</b>	<b>2,248,902</b>

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

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

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

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

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

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

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

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

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

	No of Employees 2020-21		No of Employees 2021-22
	233	£50,000 - £54,999	232
	189	£55,000 - £59,999	168
	104	£60,000 - £64,999	147
	63	£65,000 - £69,999	79
	40	£70,000 - £74,999	36
	34	£75,000 - £79,999	32
	24	£80,000 - £84,999	35
	24	£85,000 - £89,999	24
	14	£90,000 - £94,999	17
	14	£95,000 - £99,999	16
	6	£100,000 - £104,999	9
	4	£105,000 - £109,999	6
	7	£110,000 - £114,999	5
	4	£115,000 - £119,999	6
	1	£120,000 - £124,999	2
	1	£125,000 - £129,999	4
	2	£130,000 - £134,999	0
	1	£135,000 - £139,999	1
	4	£140,000 - £144,999	2
	1	£145,000 - £149,999	4
	<b>770</b>	<b>Total</b>	<b>825</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:

2020/21				2021/22				
(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	
18	-	18	114	£0 - £20,000	46	-	46	413
7	-	7	214	£20,001 - £40,000	11	-	11	267
1	-	1	51	£40,001 - £60,000	2	-	2	104
-	-	-	-	£60,001 - £80,000	2	-	2	153
-	-	-	-	£80,001 - £100,000	1	-	1	89
1	-	1	101	£100,001 - £150,000	-	-	-	-
-	-	-	-	£150,001 - £200,000	-	-	-	-
-	-	-	-	£300,001 - £350,000	-	-	-	-
<b>27</b>	<b>-</b>	<b>27</b>	<b>480</b>	<b>Total</b>	<b>62</b>	<b>-</b>	<b>62</b>	<b>1026</b>

The Council terminated the contracts of 62 employees in 2021/22. Of the total payment of £1.026m, 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 £0.975m in 2021/22 (£0.988m in 2020/21).

# 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:

2020/21		2021/22
£'000		£'000
143	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	147
-	Fees payable in respect of other services provided by external auditors during the year relating to 18/19 Audit	58
36	Fees payable to external auditors for the certification of grant claims and returns for the year	29
8	Fees payable in respect of Teacher's Pension audit	8
5	Fees payable in respect of audit of pooling of capital receipts	5
<b>192</b>	<b>Total</b>	<b>247</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 2021/22 are as follows:

	Central Expenditure	Individual Schools Budget	Total 2021/22	Total 2020/21
	£'000	£'000	£'000	£'000
Final DSG before Academy Recoupment	-	-	168,499	160,678
Academy figure recouped	-	-	(79,323)	(74,044)
<b>Total DSG after Academy recoupment</b>	-	-	<b>89,176</b>	<b>86,634</b>
	-	-		
Plus: Brought forward	-	-	2,386	2,382
Less: Carry forward projected	-	-	(2,386)	(2,382)
<b>Agreed initial budgeted distribution</b>	<b>27,484</b>	<b>61,692</b>	<b>89,176</b>	<b>86,634</b>
	-	-		
In year adjustments - EY 2020/21 Post-Year Adjustment (3/4 Year-Olds)	-	(130)	(130)	-
In year adjustments - EY 2020/21 Post-Year Adjustment (2 Year-Olds)	-	4	4	-
In year adjustments - EY 2020/21 Post-Year Adjustment (MNS)	-	(54)	(54)	-
In year adjustments - EY 2019/20 redistribution	-	(231)	(231)	-
<b>Final budgeted distribution</b>	<b>27,484</b>	<b>61,281</b>	<b>88,765</b>	<b>86,634</b>
	-	-		
Less Actual central expenditure	(30,111)	-	(30,111)	(25,025)
Less Actual ISB deployed to schools	-	(62,207)	(62,207)	(61,605)
<b>(Drawdown from)/Contribution to DSG Reserve</b>	-	-		
<b>Estimated Carry Forward to 2022/23</b>	<b>(2,627)</b>	<b>(926)</b>	<b>(3,553)</b>	<b>4</b>
<b>Total</b>	-	-	<b>(1,167)</b>	<b>2,386</b>

# Note 13 Grant Income

## GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22.

2020/21	Credited to Taxation and Non-Specific Grant Income	2021/22
£'000	Non-Ringfenced Government Grants (Revenue)	£'000
(361,845)	Section 31 Grant & Safety Net Payments*	(227,285)
(30,119)	Revenue Support Grant	(30,285)
(20,010)	Covid 19 Grant	(10,432)
(6,237)	New Homes Bonus	(6,429)
(3,417)	Collection Allowance – Business Rates and Business Rates Supplement	(3,498)
(28,008)	Local government income compensation scheme for lost sales, fees and charges	(2,420)
-	Lower Tier Grant	(1,577)
-	Local council tax support schemes grant	(1,034)
<b>(449,636)</b>	<b>Sub-Total</b>	<b>(282,960)</b>

## Note 13 Grant Income (continued)

2020/21	Credited to Services	2021/22
£'000		£'000
(183,606)	Housing Benefits Subsidy	(174,683)
(86,635)	Dedicated Schools Grant	(88,765)
(31,593)	Public Health Grant	(32,413)
(17,130)	Improved Better Care Funding Programme	(17,130)
(17,738)	Better Care Funding - Clinical Commissioning Group element	(13,460)
(9,155)	Social Care Support Grant	(13,003)
(9,140)	Homelessness Grants	(12,173)
(7,635)	Education and Skills Funding Agency Grant	(8,258)
(5,561)	Unaccompanied Asylum Seeking Children (UASC) Grant	(4,803)
(3,832)	Pupil Premium Grant	(3,289)
-	Winter Pressures Grant	(1,518)
(1,466)	Discretionary Housing Payments Grant	(1,224)
(1,312)	Housing Benefit Subsidy Administration Grant	(1,240)
(1,455)	Cross River Partnership	(1,030)
(840)	DWP Grants	(632)
(2,571)	S106 Contributions	(344)
(2,485)	DFE Teachers Pay Grant & Teachers' Pensions Employment Contributions Grant	(275)
(11,118)	Other Government Grants*	(10,709)
(189)	Other Non-Government grants and contributions	(43)
<b>(393,461)</b>	<b>Sub-Total</b>	<b>(384,992)</b>

\* Other Government Grants in 2021/22 consist of smaller grants, none of which individually are over £1m.

## Note 13 Grant Income (continued)

2020/21	Credited to Services – Covid Related	2021/22
£'000		£'000
(2,703)	Homelessness	(3,960)
(4,129)	Contain Outbreak Management Fund (COMF)	(3,911)
(912)	Next Steps Accommodation Programme	(809)
(2,891)	LA Test and Trace Service Support Grant	-
(5,078)	Other Government Grants	(7,064)
<b>(15,713)</b>	<b>Sub-Total</b>	<b>(15,744)</b>
<b>(858,810)</b>	<b>Total</b>	<b>(683,696)</b>
2020/21	Covid Related (Agency)	2021/22
£'000		£'000
(100,878)	Business Support Grants (Covid-19)	-
(65,565)	Closed Business Lockdown Grant	-
(32,783)	Local Restrictions Support Grant (Addendum)	-
(3,905)	Local Authority Discretionary Grants Fund	-
(7,548)	Additional Restrictions Grant	(11,314)
(30,515)	Local Restrictions Support Grants (Closed) Addendum	-
(1,288)	ASC Infection Control	(3,701)
-	Restart Grant	(73,434)
(3,805)	Business Grant Schemes Assurance	-
(3,820)	Local Restrictions Support Grants (Open)	-
(14,029)	Round 2 LRS (Closed Addendum)	-
(44)	Other Government Grants	-
-	Household Support Fund	(1,952)
-	Omicron Hospitality and Leisure Grant	(14,124)
<b>(264,180)</b>	<b>Total</b>	<b>(104,525)</b>

## Note 13 Grant Income (continued)

2020/21	Capital Grants and Contributions	2021/22
<b>£'000</b>		
(7,497)	S106 Contributions - Affordable Housing Fund General Fund	(44,867)
(20,141)	Community Infrastructure Levy	(28,222)
	- Public Sector Decarbonisation Scheme (BEIS) Grant	(11,511)
(5,878)	S278 Contributions	(10,690)
(1,847)	DfE Grants	(4,041)
(8,640)	GLA Contributions	(3,904)
(2,958)	Transport for London Grants	(1,779)
(1,189)	Disabled Facilities Grant	(1,270)
(1,234)	Utilities Company contribution to Planned Maintenance	-
(1,209)	Other Capital Grants & Contributions	(5,720)
<b>(50,593)</b>	<b>Total</b>	<b>(112,004)</b>

## Note 13 Grant Income (continued)

2020/21	Capital Grants Receipts in Advance (Non-Current)	2021/22
£'000		£'000
(78,683)	S106 / S278 Contributions	(84,639)
(2,065)	GLA Regeneration Grant	(3,645)
	- St Marylebone Bridge Special School (SMBSS)	(2,954)
(342)	Basic Need Grant	(2,552)
(12,999)	Department for Business, Energy and Industrial Strategy	(1,316)
(1,125)	London Business Rates Pool Strategic Investment	(1,060)
	- High Needs	(1,040)
	- Disabled Facilities Grant	(861)
(1,290)	Special Provision Capital Fund (DfE)	(444)
(2,252)	Affordable Housing Fund	-
(3,127)	Other Government Grants	(1,763)
(7)	Other Grants and Contributions	-
<b>(101,890)</b>	<b>Total</b>	<b>(100,274)</b>

2020/21	Revenue Grants and Contributions Receipts in Advance (Current)	2021/22
£'000		£'000
	- CARF Grant	(26,614)
	- Metro Wireless Grant	(9,633)
(4,468)	Housing Benefit Subsidy	(2,710)
	- Afgan Grant	(2,617)
(2,180)	Contain Outbreak Management Fund (Covid)	(861)
(3,409)	Other Government Grants	(3,637)
(586)	Other Non Government Grants and Contributions	(3,286)
<b>(10,643)</b>	<b>Total</b>	<b>(49,358)</b>



# Note 14 Agency Services

2020/21	2020/21	2021/22	2021/22
£'000	£'000	£'000	£'000
<b>Transport for London</b>			
(61)	Contributions	(367)	
68	Expenditure	373	
	7 (Surplus)/ Deficit		7
<b>Inner West London Coroner's District</b>			
(1,239)	Contributions	(1,238)	
1,704	Expenditure	1,711	
	465 (Surplus)/ Deficit		473
<b>Collection of Mayoral CIL</b>			
(8,698)	Contributions	(12,899)	
	(348) Proportion retained by WCC		(516)
<b>124</b>	<b>Net Surplus</b>		<b>(36)</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. In 2021/22 £0.373m of works were approved for funding via TFL portal.

## 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 £1.711m of expenditure was incurred by the Coroners Service towards which contributions were received or accrued totalling £1.238m from the other three local authorities this year. The balance of £0.473m is Westminster's contribution to the service.

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

The collection of the CIL is delegated to the relevant planning authority in each administrative area and the planning authority is able to retain 4% of the levy to cover the costs of administration and collection.

During 2021/22, Mayoral CIL contributions of £12.899m is forecast to be received, the balance of £0.516m is retained by Westminster to cover administrative costs.



## 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 2021/22	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 2021/22 or were received in 2021/22 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2022) Capital Adjustment Account (other amounts)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2021/22 Losses on soft loans granted in 2021/22 and interest receivable in 2021/22 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 2021/22	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 2021/22	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 2021/22	Pensions Reserve
Council Tax	Accrued income from 2021/22 bills	Demand on the Collection Fund for 2021/22 plus share of estimated surplus for 2020/21	Collection Fund Adjustment Account
Business Rates	Accrued income from 2021/22 bills	Budgeted income receivable from the Collection Fund for 2021/22 plus share of estimated surplus for 2020/21	Collection Fund Adjustment Account
Dedicated Schools Grant	Expenditure incurred in 2021/22 to be met from Dedicated Schools Grant	Expenditure incurred up to the amount receivable for 2021/22	Dedicated Schools Grant Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2022	No charge	Accumulated Absences Adjustment Account

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

2020/21	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>							
· Financial instruments	(1,070)	49	-	-	-	1,021	Financial Instruments Adjustment Account / Financial Instruments Revaluation Reserve
· Pensions costs	(32,351)	-	-	-	-	32,351	Pensions Reserve
· Council tax	(444,355)	-	-	-	-	444,355	Collection Fund Adjustment Account
· Holiday pay	37	(101)	-	-	-	64	Accumulated Absences Account
· Capital expenditure	(41,879)	15,036	(63,919)	(24,608)	(18,492)	133,862	Capital Adjustment Account
<b>Capital and Revenue Financing</b>							
Resources set aside for capital financing	(1,732)	-	60,796	24,608	76,615	(160,288)	Capital Adjustment Account
Use of capital receipts for revenue purposes	(2,396)	1,224	1,171	-	-	-	
Recognition and transfer on realisation of deferred capital receipts	(588)	6,868	(147)	-	-	(6,132)	Deferred Capital Receipts
<b>Total adjustments</b>	<b>(524,334)</b>	<b>23,077</b>	<b>(2,099)</b>	<b>-</b>	<b>58,123</b>	<b>445,233</b>	

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

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

	2021/22						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	1,380	77	-	-	-	(1,457)	Financial Instruments Adjustment Account
· Pensions costs	(54,779)	-	-	-	-	54,779	Pensions Reserve
· Collection Fund	130,733	-	-	-	-	(130,733)	Collection Fund Adjustment Account
· Holiday pay	(1,022)	(73)	-	-	-	1,095	Accumulated Absences Account
· Capital expenditure	24,045	7,298	(45,382)	(25,842)	(61,388)	101,268	Capital Adjustment Account
· DSG Deficit	(1,167)	-	-	-	-	1,167	DSG Reserve
<b>Capital and Revenue Financing</b>	-	-	-	-	-	-	
Resources set aside for capital financing	43,917	6,700	58,626	25,842	81,194	(216,278)	Capital Adjustment Account
Use of capital receipts for revenue purposes	-	(4,250)	4,250	-	-	-	
Recognition and transfer on realisation of deferred capital receipts	-	163	(158)	-	-	(5)	Deferred Capital Receipts
<b>Total adjustments</b>	<b>143,106</b>	<b>9,915</b>	<b>17,336</b>	<b>-</b>	<b>19,806</b>	<b>(190,162)</b>	

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

# Note 16 Unusable Reserves

Unusable Reserves			Adjustments between Accounting and Funding Basis		Other Movements	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		
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(499,673)	(5,456)	-	-	14,688	(490,441)
Financial Instruments Revaluation Reserve	2,517	-	-	-	-	2,517
Financial Instruments Adjustment Account	763	-	1,021	-	-	1,784
Pensions Reserve	624,790	70,502	32,351	-	-	727,643
Collection Fund Adjustment Account	(24,360)	-	444,355	-	-	419,995
Accumulated Absences Account	1,851	-	64	-	-	1,915
Capital Adjustment Account	(1,947,156)	-	133,862	(160,288)	(14,688)	(1,988,270)
Deferred Capital Receipts	(2,712)	-	-	(6,132)	-	(8,844)
<b>Total</b>	<b>(1,843,980)</b>	<b>65,046</b>	<b>611,653</b>	<b>(166,420)</b>	<b>-</b>	<b>(1,333,701)</b>



## Note 16 Unusable Reserves (continued)

Unusable Reserves	Opening Balance 1 April 2021	Other Comprehensive Income and Expenditure 2021/22	Adjustments between Accounting and Funding Basis		Other Movements	Closing Balance 31 March 2022
			Adjustments to Revenue Resources	Capital and Revenue Financing		
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(490,441)	(65,914)	-	-	9,246	(547,109)
Financial Instruments Adjustment Account	2,517	-	-	-	-	2,517
Financial Instruments Revaluation Reserve	1,784	-	(1,457)	-	-	327
Pensions Reserve	704,943	(120,914)	54,779	-	-	638,808
Collection Fund Adjustment Account	442,695	-	(130,733)	-	-	311,962
Accumulated Absences Account	1,914	-	1,095	-	-	3,009
Capital Adjustment Account	(1,988,270)	-	101,268	(216,278)	(9,246)	(2,112,526)
Deferred Capital Receipts	(8,844)	-	-	(5)	-	(8,849)
Dedicated Schools Grant Reserve*	-	-	1,167	-	-	1,167
<b>Total</b>	<b>(1,333,702)</b>	<b>(186,828)</b>	<b>26,119</b>	<b>(216,283)</b>	<b>-</b>	<b>(1,710,694)</b>

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

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

# Note 17 Transfer to/from Earmarked Reserves

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

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

Earmarked Reserves	31 March 2021	Reclassification	Transfers Out	Transfers In	31 March 2022
	£'000	£'000	£'000	£'000	£'000
Adults Services Reserve	(12,946)	12,552	-	(3,606)	(4,000)
Business Rates Risk Reserve 1	(82,948)	-	-	(14,235)	(97,182)
Capital Financing Reserve 2	(71,232)	-	7,559	(61,654)	(102,626)
Children's Reserves	(3,742)	-	930	(272)	(3,084)
Climate Change Reserve	(4,820)	-	533	-	(4,287)
Contract Risk Reserve	(11,179)	(3,552)	-	-	(14,731)
Economy/Inflation Reserve	(14,554)	-	2,013	-	(12,541)
Dedicated Schools Grant	(2,565)	-	2,568	(3)	-
Digital and Innovation Reserve 3	(11,873)	-	1,626	-	(10,247)
Economy and Enterprise Reserve 4	(1,117)	-	316	-	(801)
Housing Benefits Reserve	(1,000)	-	-	-	(1,000)
Infrastructure reserve	(18,604)	-	-	-	(18,604)
Insurance Reserve	(11,927)	-	-	(1,359)	(13,286)
Invest to Save Reserve	(26,983)	-	1,467	-	(25,516)
Learning Skills Council Reserve	(2,518)	-	-	(414)	(2,932)

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

Earmarked Reserves	31 March 2021	Reclassification	Transfers Out	Transfers In	31 March 2022
My Westminster	(4,782)	-	398	-	(4,384)
Pension Deficit Equalisation Reserve	(9,000)	(3,000)	-	-	(12,000)
Property Reserve	(7,828)	(4,000)	-	-	(11,828)
Public Health Reserve	(5,749)	-	1,074	-	(4,675)
Redundancy and Reorganisation	(5,000)	(2,000)	159	-	(6,842)
Statues Reserves	(706)	-	-	-	(706)
Temporary Accommodation Reserve	(11,278)	-	-	-	(11,278)
Other	(24,125)	-	3,244	(6,468)	(27,350)
<b>Total General Fund Reserves</b>	<b>(346,477)</b>		<b>21,887</b>	<b>(88,010)</b>	<b>(389,901)</b>
Business Rates Deficit Section 31 5	(444,349)		165,103		(279,246)
HRA Earmarked Reserves	-	-	-	-	-
<b>Total Reserves</b>	<b>(790,826)</b>	<b>-</b>	<b>186,990</b>	<b>(88,010)</b>	<b>(669,146)</b>

1 Business Rates Equalisation Reserve, Business Rates Net Contribution to the pool, timing difference, Economic recession not covered by safety net, recognising s31 grants in future years due to timing difference and smoothing out business rates timing difference have now been regrouped as Business Rates Risk Reserve

2 MRP Equalisation Reserve has been re-grouped/named as Capital Financing Reserve. Due to a Prior Period Adjustment the opening Balance of this reserve has now been restated. For further information on this, please refer to Note 41 - Prior Period Adjustment: Pension Liability

3 Smart City Reserve has been re-grouped/named as Digital and Innovation Reserve

4 Covid 19 Reserve and been re-grouped/named as Economy/Inflation Reserve.

5 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. In 2021/22, £165m was used to mitigate business rate shortfalls.

## 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. CCGs were replaced with Integrated Care Systems in 2022.

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

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

The **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 2022, 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 2021 (Restated)		31 March 2022
£'000		£'000
16,660	Axis - Southern area maintenance.	50,000
60,000	United Living - Northern area maintenance.	50,000
30,299	FM Conway - Various Public Realm Schemes.	36,324
19,800	Oakray - Citywide electrical services.	16,500
14,532	Precision Lifts - Citywide lift maintenance.	12,110
11,700	GEM - Citywide mechanical services.	9,750
6,000	Effectable - Citywide property adaptations.	4,000
-	Vital Energi - Citywide carbon management programme.	3,131
<b>158,991</b>	<b>Non-housing capital commitment total</b>	<b>181,815</b>
3,928	Multiple suppliers – Ebury*	111,673
2,465	Wilmott Dixon construction Ltd - 300 Harrow road.	38,285
34,381	Geoffrey Osbourne Ltd - Ashbridge, Ashmill & Cosway Street.	17,428
18,494	United Living Ltd - Lisson Arches.	8,654
-	Wates Construction Ltd - Luxborough.	7,673
10,502	Phillip Pank Partnership - West End Gate.	-
5,429	Geoffrey Osbourne Ltd - Parsons North.	-
1,766	Neilcott Construction Ltd - Lanark Road.	-
<b>76,956</b>	<b>Housing capital commitment total.</b>	<b>183,713</b>
<b>235,955</b>	<b>Total</b>	<b>365,528</b>

\*Ebury Main contract started on site September 2021



## Note 18b Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years with the remainder indexed where possible. Sanderson Weatherall undertook valuations on behalf of the Council in 2021/22 for operational property and investment property. HRA stock was valued at 31 March 2022. Heritage assets were valued on an insurance basis in 2019/20.

The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations concerning vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices, with consideration given for the condition of the asset.

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Investment Property	Heritage Assets	Vehicles, Plant, Furniture and Equipment	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>	-	-	27,808	-	-	23,155	527,991	30,211	<b>609,165</b>
<b>Different Valuations are applied to different asset classes.</b>									
31 <sup>st</sup> March 2022	1,667,069	94,924	569,734	462,801	-	-	-	-	<b>2,794,528</b>
31 <sup>st</sup> March 2021	-	3,968	25,967	-	-	-	-	-	<b>29,935</b>
31 <sup>st</sup> March 2020	-	-	15,333	-	44,578	-	-	-	<b>59,911</b>
31 <sup>st</sup> March 2019	-	1,049	6,453	-	-	-	-	-	<b>7,502</b>
31 <sup>st</sup> March 2018	-	-	3,594	-	-	-	-	-	<b>3,594</b>
<b>Total Cost or Valuation</b>	<b>1,667,069</b>	<b>99,941</b>	<b>648,889</b>	<b>462,801</b>	<b>44,578</b>	<b>23,155</b>	<b>527,991</b>	<b>30,211</b>	<b>3,504,635</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 (RICS).

## 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

## Note 18c Property, Plant and Equipment (continued)

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.

### Infrastructure Assets

Infrastructure assets are measured on a depreciated historical cost basis. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only reliably includes expenditure of acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed before the end of the 1993/94 financial year.

## Note 18c Property, Plant and Equipment – Closing Balances

	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022
	£'000	£'000
Infrastructure Assets	295,723	328,883
Other PPE Assets	2,485,503	2,685,431
<b>Total PPE Assets</b>	<b>2,781,226</b>	<b>3,014,314</b>

## Note 18c Infrastructure Assets – Movement of Balances

	2020/21	2021/22
	£'000	£'000
<b>At 1 April</b>	<b>265,239</b>	<b>295,723</b>
Additions	60,503	66,933
Depreciation	(30,202)	(33,773)
Impairments	-	-
Disposals and Decommissioning	-	-
Other Movements	183	-
<b>At 31<sup>st</sup> March</b>	<b>295,723</b>	<b>328,883</b>

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. All replaced infrastructure components are determined to have fully depreciated and have a net amount of nil.

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

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction **	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<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>25,101</b>	<b>152,803</b>	<b>2,443,789</b>	<b>14,745</b>
Prior Year Adjustment*	-	-	-	(24,565)	-	-	(24,565)	-
<b>At 1 April 2020 Restated</b>	<b>1,549,344</b>	<b>118,957</b>	<b>557,064</b>	<b>15,955</b>	<b>25,101</b>	<b>152,803</b>	<b>2,419,224</b>	<b>14,745</b>
Additions	64,754	79	25,899	1,372	2,283	83,620	178,007	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(45,531)	(1,298)	18,843	-	-	-	(27,986)	72
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(15,528)	(744)	(15,199)	-	-	-	(31,471)	-
Derecognition – Disposals	(3,536)	(8,661)	(5,393)	-	-	(7,902)	(25,492)	(8)
Derecognition – Other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from assets held for sale	-	-	-	-	-	(11,351)	(11,351)	-
Other movement in Cost or Valuation	12,533	(10,871)	15,908	650	307	(18,869)	(342)	
<b>At 31 March 2021</b>	<b>1,562,036</b>	<b>97,462</b>	<b>597,122</b>	<b>17,977</b>	<b>27,691</b>	<b>198,301</b>	<b>2,500,589</b>	<b>14,809</b>

\*The council has derecognised IT Equipment with a £0 net book value but a £24.565m gross book value. This change does not affect the balance sheet. This prior year adjustment better reflects the timings of these assets ceasing to be used by the council.

\*\*Of the £198.301m balance of AUC Assets at 31 March 2022, £184.527m represents HRA assets under construction and £13.773m represents GF assets under construction.

## Note 18c Other 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	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
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2020	-	(1)	(1)	(30,886)	-	(716)	(31,604)	(5,138)
Prior Year Adjustment*	-	-	-	24,565	-	-	24,565	-
<b>At 1 April 2020 Restated</b>	-	(1)	(1)	(6,321)	-	(716)	(7,039)	(5,138)
Depreciation Charge	(17,364)	(2,774)	(23,129)	(3,718)	-	-	(46,985)	-
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	-	-	-	-	-	-	-	-
Other Movements in Depreciation and Impairments	-	(26)	389	-	-	-	363	-
<b>At 31 March 2021</b>	-	(156)	(4,891)	(10,039)	-	-	(15,086)	(5,138)
<b>Net Book Value:</b>								
<b>At 31 March 2021</b>	<b>1,562,036</b>	<b>97,306</b>	<b>592,231</b>	<b>7,938</b>	<b>27,691</b>	<b>198,301</b>	<b>2,485,503</b>	<b>9,671</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>25,101</b>	<b>152,087</b>	<b>2,412,185</b>	<b>9,607</b>

\*The council has derecognised IT Equipment with a £0 net book value but a £24.565m gross book value. This change does not affect the balance sheet. This prior year adjustment better reflects the timings of these assets ceasing to be used by the council.



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

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction*	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost of Valuation</b>								
<b>At 1 April 2021</b>	1,562,036	97,462	597,122	17,977	27,691	198,301	2,500,589	14,809
Additions	65,279	407	48,079	3,287	2,520	103,171	222,743	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	24,002	5,536	4,329	-	-	-	33,867	568
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(8,813)	(508)	(3,037)	-	-	-	(12,358)	-
Derecognition – Disposals	(5,132)	(185)	(3,010)	-	-	-	(8,327)	-
Derecognition – Other	-	-	(805)	-	-	-	(805)	-
Assets reclassified (to)/from assets held for sale	-	-	(2,790)	-	-	(33,768)	(36,558)	-
Other movement in Cost or Valuation	29,697	(2,771)	9,001	1,891	-	(34,811)	3,007	(122)
<b>At 31 March 2022</b>	<b>1,667,069</b>	<b>99,941</b>	<b>648,889</b>	<b>23,155</b>	<b>30,211</b>	<b>232,893</b>	<b>2,702,158</b>	<b>15,255</b>

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

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

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2021</b>	-	(156)	(4,891)	(10,039)	-	-	(15,086)	(5,138)
Depreciation Charge	(18,093)	(1,471)	(14,164)	(3,886)	-	-	(37,614)	(164)
Depreciation written out on revaluations recognised in the Revaluation Reserve	18,093	1,137	12,817	-	-	-	32,047	164
Depreciation written out on revaluations recognised in the Surplus/Deficit on the Provision of Services	-	219	2,856	-	-	-	3,075	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	30	-	-	-	30	-
Derecognition - Other	-	-	805	-	-	-	805	-
Other Movements in Depreciation and Impairments	-	121	16	(121)	-	-	16	123
<b>At 31 March 2022</b>	-	(150)	(2,531)	(14,046)	-	-	(16,727)	(5,015)
<b>Net Book Value:</b>								
<b>At 31 March 2022</b>	<b>1,667,069</b>	<b>99,791</b>	<b>646,358</b>	<b>9,109</b>	<b>30,211</b>	<b>232,893</b>	<b>2,685,431</b>	<b>10,240</b>
<b>At 31 March 2021</b>	<b>1,562,036</b>	<b>97,306</b>	<b>592,231</b>	<b>7,938</b>	<b>27,691</b>	<b>198,301</b>	<b>2,485,503</b>	<b>9,671</b>

# 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
Balance at 1 April 2021	39,920	4,658	44,578
Revaluations	-	-	-
<b>Balance at 31 March 2022</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. The next valuation is due in 2024/25. 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:

2020/21			2021/22			
HRA Commercial Properties	General Fund Investment Properties	Total		HRA Commercial Properties	General Fund Investment Properties	Total
£'000	£'000	£'000		£'000	£'000	£'000
6,851	29,689	36,540	Rental income from investment property	8,344	31,633	39,977
(1,445)	(9,451)	(10,896)	Direct operating expenses arising from investment property	(1,565)	(12,233)	(13,798)
<b>5,406</b>	<b>20,238</b>	<b>25,644</b>	<b>Net gain</b>	<b>6,779</b>	<b>19,400</b>	<b>26,179</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.

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

2020/21				2021/22		
HRA Commercial Properties	General Fund Investment Properties	Total		HRA Commercial Properties	General Fund Investment Properties	Total
£'000	£'000	£'000		£'000	£'000	£'000
150,439	348,943	499,382	Balance at 1 April	137,202	330,184	467,386
Additions:						
410	1,336	1,746	Subsequent expenditure	1,346	1,591	2,937
(347)	-	(347)	Disposals	-	(3,114)	(3,114)
(12,626)	(19,559)	(32,185)	Net gains/losses from fair value adjustments	(4,448)	(2,415)	(6,863)
Transfers:						
-	-	-	Assets reclassified (to)/from HRA & GF	(919)	919	-
(674)	(536)	(1,210)	Assets reclassified (to)/from Property, Plant and Equipment	2,025	430	2,455
<b>137,202</b>	<b>330,184</b>	<b>467,386</b>	<b>Balance at 31 March</b>	<b>135,206</b>	<b>327,595</b>	<b>462,801</b>

Please see fair value disclosures in Note 38.

# Note 21 Financial Instruments

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

## Financial Liabilities

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

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

## Financial Assets

Financial assets are classified as below:

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments of interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
- Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and

unrealised) are recognised in the CIES as they occur.

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

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



## Note 21a Financial Instruments

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

31 March 2021 Restated*			31 March 2022	
Long term	Short term		Long term	Short term
£'000	£'000		£'000	£'000
<b>Fair Value Through Profit and Loss – Financial Assets</b>				
26,384		Investments	27,737	
<b>Financial assets at amortised cost</b>				
18,230	237,853	Investments	80	383,429
89,957	82,261	Debtors*	132,034	101,164
-	80,402	Cash and Cash Equivalents	-	64,998
<b>134,571</b>	<b>400,516</b>	<b>Total Financial Assets</b>	<b>159,851</b>	<b>549,591</b>
<b>Financial liabilities at amortised cost</b>				
(200,695)	(7,128)	Borrowing	(237,616)	(62,229)
(7,317)	(72,505)	Creditors	(1,269)	(92,857)
(16,025)	(1,182)	Service concession and finance lease liabilities	(15,847)	(1,197)
<b>(224,037)</b>	<b>(80,815)</b>	<b>Total Financial Liabilities</b>	<b>(254,732)</b>	<b>(156,283)</b>

\*The 2020/21 Debtors balance has been restated to include loans to the Council's subsidiaries, Westminster Housing Investments Ltd and Westminster Community Homes. See Note 27 Debtors for further detail.

The loans were previously excluded as they were interpreted to be an interest in an entity within the group and disclosed elsewhere within the accounts, and consider outside the scope of IFRS 9 Financial Instruments. However, interests refers to investments and equity and not other relationships, in this case a loan. Therefore, the loans need to be treated as a financial asset.

## Note 21b Financial Instruments

### Income, Expense, Gains and Losses

2020/21			2021/22			
Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost	Financial Assets Measured at Fair Value through Profit and Loss		Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost	Financial Assets Measured at Fair Value through Profit and Loss
£'000	£'000	£'000		£'000	£'000	£'000
-	-	1,099	Net loss on financial assets at fair value through profit and loss			(1,354)
9,289	-	-	Interest Expense	8,536		
<b>9,289</b>	<b>-</b>	<b>1,099</b>	<b>Total Expense in Surplus/Deficit on the Provision of Service</b>	<b>8,536</b>		<b>(1,354)</b>
-	(6,475)	-	Interest Income		(5,792)	
<b>-</b>	<b>(6,475)</b>	<b>-</b>	<b>Total income in Surplus/Deficit on the Provision of Services</b>		<b>(5,792)</b>	
<b>9,289</b>	<b>(6,475)</b>	<b>1,099</b>	<b>Net Gain/(Loss) for the Year</b>	<b>8,536</b>	<b>(5,792)</b>	<b>(1,354)</b>

## 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

\*The 2020/21 Debtors balance has been restated to include loans to the Council's subsidiaries, Westminster Housing Investments Ltd and Westminster Community Homes. See Note 27 Debtors for further detail.

The loans were previously excluded as they were interpreted to be an interest in an entity within the group and disclosed elsewhere within the accounts, and considered outside the scope of IFRS 9 Financial Instruments. However, interests refers to investments and equity and not other relationships, in this case a loan. Therefore, the loans need to be treated as a financial asset.

31 March 2021 Restated*			31 March 2022	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
<b>Fair Value Through Profit and Loss</b>				
26,384	26,384	Investments	27,737	27,737
<b>Financial Assets Held at Amortised Cost</b>				
256,083	256,674	Investments	383,509	383,509
172,217	174,724	Debtors*	233,198	234,212
80,402	80,402	Cash and Cash Equivalents	64,998	64,998
<b>535,086</b>	<b>538,184</b>	<b>Total Financial Assets</b>	<b>709,442</b>	<b>710,456</b>
<b>Financial liabilities at amortised cost</b>				
Borrowing				
(136,909)	(164,967)	Public Works Loan Board	(131,469)	(148,376)
(70,914)	(102,246)	Lender Option Borrower Options	(70,814)	(93,361)
-	-	Private Placement Borrowing	(37,547)	(40,181)
-	-	Local Authority	(60,014)	(58,584)
<b>(207,823)</b>	<b>(267,213)</b>		<b>(299,845)</b>	<b>(340,502)</b>
(79,822)	(79,822)	Creditors	(94,126)	(94,126)
(17,207)	(29,255)	Service concession and finance lease liabilities	(17,044)	(25,595)
<b>(304,852)</b>	<b>(376,290)</b>	<b>Total Financial Liabilities</b>	<b>(411,015)</b>	<b>(460,223)</b>

# Note 22 Cash and Cash Equivalents

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

31 March 2021		31 March 2022	
£'000		£'000	
7,997	Cash held by the Authority	7,080	
(5,396)	Cash at bank	(13,596)	
77,801	Short-term liquid deposits	71,515	
<b>80,402</b>	<b>Total Cash and Cash Equivalents</b>	<b>64,998</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.

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

After this main principle, the Council will ensure that:

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

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

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

The Council takes into account the following relevant matters when proposing counterparties:

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

In respect of the recognition and measurement of anticipated losses on investments held with financial institutions these were third-party tested on investments held at 31st March 2022, however given the high credit rating and low duration of the Council's strategy the amount of expected losses is small at just over £34k.

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

A summary of the credit quality of the Council's investments at 31 March 2022 is shown below:

31 March 2021			31 March 2022	
Fair Value through Profit & loss	Amortised Cost	Fitch Rating	Fair Value through Profit & loss	Amortised Cost
£'000	£'000		£'000	£'000
-	77,801	AAA	-	71,515
-	-	AA+	-	0
-	5,001	AA	-	4
-	175,815	AA-	-	178,198
-	77,638	A+	-	198,711
-	-	A	-	-
26,384	139,219	N/A	27,737	154,431
<b>26,384</b>	<b>475,474</b>	<b>Total</b>	<b>27,737</b>	<b>602,859</b>

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 2021		31 March 2022	
£'000		£'000	
73,625	Less than three months	96,812	
1,648	Three to six months	526	
1,091	Six months to one year	563	
5,897	More than one year	3,263	
<b>82,261</b>	<b>Total</b>	<b>101,163</b>	



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

### IMPAIRMENT OF FINANCIAL ASSETS

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

#### Trade Receivables

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

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

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

### Parking

Parking service area has highest share in total impairment allowance for WCC, approx. 22% for year 2021-22. Parking creates an impairment allowance based on average recovery rate for the last 3 years (Rate A) and adjustments made for any unique or one-off events like COVID-19. For debt related to last 12 months, Total recoverable debtor is calculated by deducting Total recovery till date from Total expected recovery (@ rate A).

On the above basis, the expected loss allowance for Parking as at 31 March 2022 is as follows:

Issued by Marshall							
Total	Paid to date	Expected Recovery	To collect	No. of tickets at £59	No. of tickets at £100+	£59	£135
		0.695					
<b>290,369</b>	<b>191,564</b>	<b>201,807</b>	11,967	1,959	10,009	<b>115,262</b>	<b>1,350,262</b>
<b>2021/22 Recoverable Debtor 31st March 2022</b>							<b>1,465,829</b>
Issued by Camera							
Total	Paid to date	Expected Recovery	To collect	No. of tickets at £65	No. of tickets at £100+	£65	£163
		0.855					
<b>39,636</b>	<b>30,244</b>	<b>33,889</b>	3,645	1,018	2,627	<b>66,180</b>	<b>428,218</b>
<b>2021/22 Recoverable Debtor 31st March 2022</b>							<b>494,398</b>
<b>Total 2021/22 Recoverable Debtor 31st March 2022</b>							<b>1,960,227</b>

	Vol	£
PCN Debtor-Prior Years	113,552	18,393,961
PCN Debtor-Current Year 2021/22	92,259	12,761,020
<b>Total PCN Debtor as at 31st March 2022</b>	<b>205,811</b>	<b>31,154,981</b>
<b>2021/22 Recoverable Debtor 31st March 2022</b>		<b>(1,960,227)</b>
<b>Provision for Bad Debts - Current</b>		<b>29,194,754</b>
PCN Debt Write off		(4,932,612)
<b>Provision for Bad Debts Closing balance</b>		<b>24,262,142</b>

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

### Business Rates

For Business rates, the Authority applies a simplified approach permitted under IFRS 9 and creates an impairment allowance based on recovery stage & age of debt per the following percentages. The total impairment allowance is then increased for 75% of the recoverable costs carried forward.

Bad Debt Provision	2017/18 & Prior	2018/19	2019/20	2020/21	2021/22
No Recovery	100%	50%	40%	25%	20%
Reminder/Final	100%	75%	60%	50%	30%
Enforcement	100%	100%	100%	70%	50%

Debt over four years old is provided for at 100%

On the above basis, the expected impairment allowance for Business rates at 31 March 2022 is as follows:

Recovery Stage	2017/18 & Prior	2018/19	2019/20	2020/21	2021/22	Total
No Recovery	943,168	1,133,667	3,524,228	10,808,795	31,862,887	48,272,745
Reminder/Final	1,412,166	3,631,438	8,625,700	27,697,781	79,455,070	120,822,155
Enforcement	3,439,054	5,968,000	16,608,386	17,674,522	26,837,628	70,527,590
<b>Total</b>	<b>5,794,388</b>	<b>10,733,105</b>	<b>28,758,314</b>	<b>56,181,098</b>	<b>138,155,585</b>	<b>239,622,490</b>

Applying above percentages gives

Recovery Stage	2017/18 & Prior £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Total £
No Recovery	943,168	566,833	1,409,691	2,702,199	6,372,578	11,994,469
Reminder/Final	1,412,166	2,723,579	5,175,420	13,848,890	23,836,521	46,996,576
Enforcement	3,439,054	5,968,000	16,608,386	12,372,165	13,418,814	51,806,419
<b>Total</b>	<b>5,794,388</b>	<b>9,258,412</b>	<b>23,193,497</b>	<b>28,923,254</b>	<b>43,627,913</b>	<b>110,797,464</b>

Bad Debt Provision	£
Bad Debt Provision	110,797,464
Court Cost	430,608
<b>Total</b>	<b>111,228,072</b>
WCC Share @ 30%	33,360,000
GLA @ 37%	41,144,000
CLG @ 33%	36,696,000

## 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 2021					31 March 2022						
PWLB	LOBO*	Mortgage Annuity	Other	Total		PWLB	LOBO*	Private Placement	Local Authority	Mortgage Annuity	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000		£'000	£'000	£'000
(6,264)	(816)	(48)	-	(7,128)	Less than one year	(774)	(814)	(576)	(60,014)	(51)	(62,229)
-	-	(50)	-	(50)	Between one and two years	-	(10,000)	(544)	-	-	(10,544)
(17,000)	(10,000)	-	-	(27,000)	Between two and five years	(21,000)	-	(1,721)	-	-	(22,721)
(35,700)	-	-	-	(35,700)	Maturing in five to ten years	(41,700)	-	(3,196)	-	-	(44,896)
(77,945)	(60,000)	-	-	(137,945)	Maturing in more than ten years	(67,945)	(60,000)	(31,510)	-	-	(159,455)
				<b>(207,823)</b>	<b>Total</b>						<b>(299,845)</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.

Private Placement refers to two new annuity loans totalling £37.5m. These have been set up under an annuity structure and form part of the Council's larger forward borrowing strategy.

Local Authority refers to cashflow loans arranged for very short term liquidity totalling £60m. These had all been repaid by May 2022.

## 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.

2020/21	GF	HRA		2021/22	GF	HRA
£'000	£'000	£'000		£'000	£'000	£'000
<b>830,186</b>	<b>536,351</b>	<b>293,835</b>	<b>Capital Financing Requirement at 1 April</b>	<b>891,800</b>	<b>597,965</b>	<b>293,835</b>
-	-	-	Adjustment to opening CFR*	(9,324)	(15,124)	5,800
<b>830,186</b>	<b>536,351</b>	<b>293,835</b>	<b>Revised Opening CFR</b>	<b>882,476</b>	<b>582,841</b>	<b>299,635</b>
<b>Capital investment</b>						
238,510	98,903	139,607	Property, Plant and Equipment	289,676	126,882	162,794
1,746	1,746	-	Investment Properties	2,937	1,591	1,346
1,893	1,893	-	Intangible Assets	3,078	3,078	-
15,832	15,832	-	Revenue Expenditure Funded from Capital under Statute	6,037	6,037	-
16,913	16,913	-	Long-term Investments	49,660	49,660	-
-	-	-	Abortive Project Costs	(284)	(284)	-
<b>Sources of finance</b>						
(60,796)	(9,214)	(51,582)	Capital Receipts	(58,626)	(20,553)	(38,073)
(108,569)	(45,152)	(63,417)	Government grants and other contributions	(131,814)	(58,219)	(73,595)
<b>Sums set aside from revenue</b>						
(733)	(733)	-	Direct Revenue Contributions	(125)	(125)	-
-	-	-	Leaseholders Contributions (HRA)	-	-	-
(24,608)	-	(24,608)	Major Repairs Allowance	(25,842)	-	(25,842)



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

2020/21	GF	HRA		2021/22	GF	HRA
£'000	£'000	£'000		£'000	£'000	£'000
<b>Debt repayment</b>						
(18,213)	(18,213)	-	Minimum Revenue Provision	(18,318)	(18,318)	-
(361)	(361)		Minimum Revenue Provision PFI and Finance Lease	(141)	(141)	
-	-	-	Loan Repayment	(939)	(939)	-
<b>891,800</b>	<b>597,965</b>	<b>293,835</b>	<b>Capital Financing Requirement at 31 March</b>	<b>997,775</b>	<b>671,510</b>	<b>326,265</b>
<b>Explanation of movements in year</b>						
80,188	80,188	-	Increase /(decrease) in underlying need for borrowing (unsupported by government financial assistance)	134,697	108,067	26,630
(18,213)	(18,213)	-	Statutory provision for repayment of debt (Minimum Revenue Provision)	(17,738)	(17,738)	-
(361)	(361)	-	Statutory provision for PFI and Finance Lease debt (Minimum Revenue Provision)	(141)	(141)	-
-	-	-	Loan Repayment	(10,843)	(10,843)	-
-	-	-	Reversal of Appropriation *	-	(5800)	5800
<b>61,614</b>	<b>61,614</b>	-	<b>Total</b>	<b>105,975</b>	<b>73,545</b>	<b>32,430</b>

\*The opening balance includes two restatements for the prior year and the explanation of movements in year includes the adjustments to this year's opening balance. The adjustments include:

- In 2016/17, the site at Luxborough was appropriated from the HRA to the General Fund with the intention of proceeding with a residential development scheme, a value of £5.8m was assigned to the site. Following the appropriation, the proposed scheme was subsequently put on hold. However, the original appropriation was not reversed. An alternative development proposal has subsequently been brought forward in 2021/22 and the prior appropriation has been reversed to reflect the accounting treatments in this financial year.
- Capital loan repayments in prior years have been correctly recognised in the balance sheet, reducing the loan balance in long term debtors. However, the loan repayments in prior years had not been reflected in this note. An adjustment has been processed to reflect the repayments, this includes £5,842k repayment for the Moberly/Jubilee development, £2,226k for SLM and £1,836k for Westminster Community Homes.

# 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 2021		31 March 2022	
£'000		£'000	
103,811	Other Land and Buildings	100,881	
<b>103,811</b>	<b>Total</b>	<b>100,881</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 2021				31 March 2022		
Minimum Lease Payment	Finance Charges	Present Value		Minimum Lease Payment	Finance Charges	Present Value
£'000	£'000	£'000		£'000	£'000	£'000
904	883	834	Not later than one year	904	881	834
3,617	3,516	2,737	Later than one year and not later than five years	3,617	3,509	2,737
39,693	29,148	7,096	Later than five years	38,789	28,274	7,075
<b>44,214</b>	<b>33,547</b>	<b>10,667</b>	<b>Total</b>	<b>43,310</b>	<b>32,664</b>	<b>10,646</b>

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

31 March 2021		31 March 2022	
£'000		£'000	
3,388	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 2021		31 March 2022	
£'000		£'000	
51,755	Not later than one year	52,208	
12,989	Later than one year and not later than five years	4,763	
525,223	Later than five years	583,253	
<b>589,967</b>	<b>Total</b>	<b>640,224</b>	

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

31 March 2021		31 March 2022	
£'000		£'000	
57,421	Minimum lease payments	59,546	
648	Contingent rents	717	
(27,956)	Sublease payments receivable	(33,078)	
<b>30,113</b>	<b>Total</b>	<b>27,185</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 2021		31 March 2022	
£'000		£'000	
29,450	Not later than one year	30,084	
107,299	Later than one year and not later than five years	106,685	
1,029,294	Later than five years*	1,340,635	
<b>1,166,043</b>	<b>Total</b>	<b>1,477,404</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.

\*Minimum lease payments receivable greater than 5 years has significantly increased due to a new 998 year lease on Moxon Street Car Park and an 80 year lease extension on Beachcroft.

# 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 2023/24. Under the contract, the operator provides a fleet of vehicles subject to a renewal programme approved by the Authority for the sole use of the contract. During the contract period to date, the vehicle fleet was completely renewed in April 2012 at a cost of £5.015m. At the end of the contract, the Authority has the option to purchase the vehicles at net book value, which is currently estimated to be £nil. The contract provides for the Authority's depots to be leased to the operator for the duration of the contract and returned to the Authority in good condition at the end of contract. The contract specifies the routes and to whom the services are provided, minimum standards of service with deductions from the fee payable if performance falls below the minimum standards.

## Haven Contract

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

## Penfold Contract

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

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

#### **Sport and Leisure Management Ltd contract**

2021/22 was the sixth year of a ten-year service concession contract with Sport and Leisure Management Ltd which commenced on 1 July 2016, to take over the operation and maintenance of the Council's eight leisure centres, including an upgrade of the facilities over the first two years of the contract. Under the contract, the contractor will retain all income generated, but in addition there is a profit share in the event the financial performance targets are exceeded. The contractor will pay a management fee of £35.4m to the Council over the life of the contract.

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

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

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

#### **Property, Plant and Equipment**

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

#### **Payments**

The Authority makes agreed payments each year to the operators, increased in line with inflation where stated in the contract and similarly reduced if performance falls below minimum standards in any year. Payments remaining to be made under the Service Concession contracts at 31 March 2022 (including an estimate of inflation) are as follows:

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

## Note 26 Service Concessions (continued)

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>

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:

	2020/21	2021/22
	£'000	£'000
<b>Balance outstanding at start of the year</b>	6,861	6,517
Payments made during the year	(344)	(119)
<b>Balance outstanding at year end</b>	<b>6,517</b>	<b>6,398</b>



# Note 27 Debtors

31 March 2021			31 March 2022			
Long Term	Short Term	Total		Long Term	Short Term	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	437,577	437,577	Westminster Share of Business Rate	-	256,113	256,113
-	15,660	15,660	Property	-	44,839	44,839
-	27,297	27,297	Sundry Debtors	-	35,427	35,427
-	29,061	29,061	City of London	-	43,741	43,741
-	24,975	24,975	Parking Fines	-	27,170	27,170
-	19,422	19,422	Westminster Share of Council Tax	-	22,238	22,238
-	14,573	14,573	VAT	-	18,172	18,172
-	15,276	15,276	Housing Benefits overpayments	-	16,878	16,878
-	15,526	15,526	Adults Services	-	14,331	14,331
-	16,501	16,501	Business Rates Supplement - GLA	-	7,693	7,693
-	5,442	5,442	Housing - Temporary Accommodation	-	7,499	7,499
-	5,453	5,453	HRA Rent & Lessee Service Charges	-	5,600	5,600
-	-	-	HRA Capital Receipts	-	4,569	4,569
-	12,582	12,582	Covid-19 Grant	-	-	-
-	11,103	11,103	Section 106	-	-	-
24,916	-	24,916	Westminster Housing Investments Ltd	71,562	-	71,562
21,040	4,768	25,808	HRA Major Works	17,676	6,141	23,817
20,154	-	20,154	Local Government Association	19,154	1,000	20,154
6,398	-	6,398	City Hall Rent	8,226	-	8,226
8,222	6,757	14,979	Westminster Community Homes	7,283	-	7,283
6,650	-	6,650	Moberly Loan	7,059	-	7,059
2,577	-	2,577	Other Long-term Debtors	2,577	-	2,577

## Note 27 Debtors (continued)

31 March 2021				31 March 2022		
Long Term	Short Term	Total		Long Term	Short Term	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	(101,104)	(101,104)	Less: Provision for irrecoverable debts (see below)	-	(112,478)	(112,478)
<b>89,957</b>	<b>560,869</b>	<b>650,826</b>	<b>Total</b>	<b>132,034</b>	<b>398,933</b>	<b>530,967</b>

\*The GLA's share of the business rates deficit has reduced as the overall business rates deficit reduced in 2021/22

\*\* The significant change of £27.3m relates partly to the capital acquisition of 211-221 Vauxhall Bridge Road, which completed in early April

\*\*\* The Council disposed of Parsons North at the end of year, the cash was in transit as at 31 March 2022

\*\*\*\* WHIL is wholly owned subsidiary of WCC. Additional loan drawdowns occurred in year including acquisition loans at Farm Street and West End Gate as well as additional drawdowns for the development works at Luton Street.

### Impairment allowance for doubtful debts

31 March 2021		31 March 2022	
£'000		£'000	
(26,820)	Business Rates	(33,360)	
(22,608)	Parking Fines	(24,262)	
(15,462)	Housing Benefits overpayments	(15,910)	
(10,219)	Council Tax	(11,536)	
(4,814)	Housing - Temporary Accommodation	(5,918)	
(3,359)	Property	(2,900)	
(3,052)	Adults Services	(2,675)	
(2,492)	HRA Major Works	(3,203)	
(1,678)	HRA Rent & Lessee Service Charges	(1,721)	
(10,600)	Other Provisions	(10,993)	
<b>(101,104)</b>	<b>Total</b>	<b>(112,478)</b>	

# Note 28 Creditors

31 March 2021			31 March 2022			
Long Term	Short Term	Total		Long Term	Short Term	Total
£'000	£'000	£'000		£'000	£'000	£'000
	(333,073)	(333,073)	Amount owed by WCC to Government - Business rates*		(306,615)	(306,615)
	(58,261)	(58,261)	Sundry Creditors**		(74,981)	(74,981)
			Covid Additional Relief Fund owed to Preceptor and Government***		(62,299)	(62,299)
	(42,358)	(42,358)	WCC share of Business Rate prepayments		(61,455)	(61,455)
	(75,443)	(75,443)	Amounts owed by WCC to Government - Business & Residents Covid Grants****		(22,165)	(22,165)
	(18,357)	(18,357)	Receipts in advance*****		(20,001)	(20,001)
	(13,328)	(13,328)	Major Works**		(13,673)	(13,673)
	(5,725)	(5,725)	WCC share of Council Tax prepayments		(4,544)	(4,544)
	(3,476)	(3,476)	PAYE & NI		(4,429)	(4,429)
	(3,959)	(3,959)	HRA Rent Prepayments		(4,263)	(4,263)
	(917)	(917)	Capital Pooling**		(4,204)	(4,204)
	(1,989)	(1,989)	HRA Service Charge Prepayments		(1,764)	(1,764)
(7,317)		(7,317)	Long term Creditors*****	(1,269)		(1,269)
<b>(7,317)</b>	<b>(556,886)</b>	<b>(564,203)</b>	<b>Total</b>	<b>(1,269)</b>	<b>(580,393)</b>	<b>(581,662)</b>

\* The Council has a reduced business rates deficit in 2021/22, this is further offset by Section 31 income provided by Government

\*\* These balances were included in Sundry Creditors in 2020/21 and have been disclosed separately in 2021/22 due to their value

- Major Works and revenue repairs for maintenance of existing HRA stock, which has been grouped into Major Works
- The Capital Pooling payments relates to the Local Government Right to Buy Scheme. DLUHC's payment process changed from quarterly to annually in 2021/22

\*\*\* The Council received £88,712k of Covid Additional Relief Funding for themselves, GLA and DLUHC. The reliefs were not awarded until April 2022

\*\*\*\*Funding received from Government to provide grants to local businesses to assist with covid restrictions. £20,001k funding is remaining as at 31 March 2022

\*\*\*\*\*Receipts in advance includes: £7,410K property rental income relating to 2022/23 (£7,240K in March 2021)

\*\*\*\*\*Income paid in advance has moved to short term including Leaseholder Major Works where works become "practically complete" and parking suspension income.

# 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 2021/22.

	Balance at 1 April 2021	Transfers between long-term and short-term	Additional provisions made in 2021/22	Amounts used in 2021/22	Unused amounts reversed in 2021/22	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Short Term Provision</b>						
Business Rates Appeals	-	-	(79,808)	37,914	-	(41,894)
Compensation, Property and Contractual Claims	(210)	-	-	28	-	(182)
Other	(761)	-	(511)	104	376	(792)
<b>Total</b>	<b>(971)</b>	<b>-</b>	<b>(80,319)</b>	<b>38,046</b>	<b>376</b>	<b>(42,868)</b>
<b>Long Term Provision</b>						
Compensation, Property and Contractual Claims	(1,614)	-	(377)	472	-	(1,519)
Insurance Claims	(4,999)	-	(307)	-	-	(5,306)
Business Rates Appeals	(101,795)	-	19,047	-	-	(82,748)
Other	(580)	-	(1,768)	-	-	(2,348)
<b>Total</b>	<b>(108,988)</b>	<b>-</b>	<b>16,595</b>	<b>472</b>	<b>-</b>	<b>(91,919)</b>
<b>Grand Total</b>	<b>(109,959)</b>	<b>-</b>	<b>(63,722)</b>	<b>38,518</b>	<b>376</b>	<b>(134,787)</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. 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.

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

2020/21 (restated)		Note	2021/22
£'000			£'000
(10,668)	Lease Liabilities*	Note 24	(10,646)
(6,517)	Service Concessions	Note 26	(6,398)
(704,941)	Pension Liability. For further detail, please refer to Note 41 – Prior Period Adjustment	Note 31	(560,553)
<b>(722,126)</b>	<b>Total</b>		<b>(577,597)</b>

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

# Note 31 Pension Schemes

## PARTICIPATION IN PENSIONS SCHEMES

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

## POST-EMPLOYMENT BENEFITS

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

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

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

Under IAS 19 and Code requirements, the Council recognises the cost of post-employment benefits in the reported cost of services when they are earned by employees rather than when the benefits are eventually paid as pensions.

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



# Note 31a Pensions Schemes Accounted for as Defined Contribution Schemes

## TEACHERS' PENSIONS SCHEME

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the cost by making contributions based on a percentage of scheme members' pensionable salaries. The Scheme itself is a defined benefit scheme but however is unfunded. The Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The notional fund is valued every four years. However, this is a multi-employer scheme and the number of participating employers makes it impossible to identify the Council's share of the financial position and performance attributable to its own employees with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, they are therefore accounted for on the same basis as a defined contribution scheme. In 2021/22, the Council paid £5.455m million (£7.897m in 2020/21) to the Teachers Pensions Agency in respect of teachers' retirement benefits. The expected contributions to the Teachers' Pension Scheme for 2022/23 are £5.455m million, unchanged from 2021/22.

## 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 2021/22, the Council paid £0.051m million (£0.055 m in 2020/21) to the NHS Pension Scheme in respect of former NHS staff retirement benefits. The Council expects contributions to the NHS Pension scheme for 2022/23 to remain unchanged from 2021/22, at £0.051m 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
- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Contributions paid to the pension fund are charged to the General Fund via an entry in the Movement in Reserves Statement to replace the service cost items above.

## DISCRETIONARY BENEFITS

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

## DESCRIPTION OF THE WESTMINSTER FUND

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

## NOTE 31B NET PENSIONS LIABILITY

\*Changes in effect of the asset ceiling were included under Obligations in the prior year. The disclosure has been updated to include these amounts under Assets. There is no impact to the net opening and closing position.

\*\*The Pension Liability at 31 March 2022 is £560.6m and the Pension Reserve is £661.6m, £101.0m more than the liability. The difference relates to £102.7m upfront pension contributions to reduce the pension fund deficit to £0, £22.7m was paid in 2020/21 and a further £80.0m was paid in 2021/22. The contributions will be amortised over 13 years, including £1.7m amortised in 2021/22.

## Note 31b (i) – Net Pensions Liability

2020/21			2021/22		
Assets	Obligations	Net Liability	Assets	Obligations	Net Liability
£000s	£000s	£000s	£000s	£000s	£000s
924,717	(1,549,505)	(624,788)	1,237,516	(1,942,457)	(704,941)
-	-	-	(2,355)	2,355	-
924,717	(1,549,505)	(624,788)	1,235,161	(1,940,102)	(704,941)
<b>Service Cost &amp; Interest</b>					
-	(39,395)	(39,395)	-	(64,150)	(64,150)
-	(125)	(125)	-	(559)	(559)
11,341	(7,603)	3,738	-	-	-
(992)	-	(992)	(28)	-	(28)
22,005	(36,116)	(14,111)	25,264	(38,984)	(13,720)
<b>32,354</b>	<b>(83,239)</b>	<b>(50,885)</b>	<b>25,236</b>	<b>(103,693)</b>	<b>(78,457)</b>
<b>Contributions &amp; Benefits Paid</b>					
8,841	(8,841)	-	9,561	(9,561)	-
41,234	-	41,234	101,730	-	101,730
(51,012)	51,012	-	(50,244)	50,445	201
<b>(937)</b>	<b>42,171</b>	<b>41,234</b>	<b>61,047</b>	<b>40,884</b>	<b>101,931</b>
<b>Remeasurements</b>					
-	(397,404)	(397,404)	-	106,449	106,449
-	25,484	25,484	-	(914)	(914)
-	21,583	21,583	-	(4,814)	(4,814)
281,362	-	281,362	23,338	-	23,338
-	(1,527)	(1,527)	(3,145)	-	(3,145)
281,362	(351,864)	(70,502)	<b>20,193</b>	<b>100,721</b>	<b>120,914</b>
<b>1,237,516</b>	<b>(1,942,457)</b>	<b>(704,941)</b>	<b>1,341,637</b>	<b>(1,902,190)</b>	<b>(560,553)</b>

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

**LOCAL GOVERNMENT PENSION  
SCHEME ASSETS COMPRISED**

WCC Pension Scheme 31 March 2021			WCC Pension Scheme 31 March 2022		
£'000	%		£'000	%	
-	-	Equity securities - Other (Unquoted)	107	0%	
-	-	Debt Securities - Other (Unquoted)	66,977	5.1%	
166,551	13.7%	Corporate Bonds - Overseas	-	-	
859,498	70.7%	Equities - Overseas	-	-	
48,628	4.0%	Property (UK - unquoted)	94,962	7.2%	
-	-	Investment Funds and Unit Trusts	-	-	
-	-	Equities	860,602	65.0%	
-	-	Bonds	162,481	12.3%	
-	-	Infrastructure (Unquoted)	54,785	4.1%	
-	0%	Other	36,756	2.8%	
30,392	2.5%	Infrastructure	-	-	
66,863	5.5%	Multi Asset Credit	-	-	
43,765	3.6%	Cash/Temporary Investments	46,680	3.5%	
<b>1,215,697</b>	<b>100%</b>	<b>Total</b>	<b>1,323,350</b>	<b>100%</b>	
LPFA Pension Scheme 31 March 2021			LPFA Pension Scheme 31 March 2022		
£'000	%		£'000	%	
11,855	54.3%	Equities	13,232	55.5%	
5,135	23.5%	Target Return Portfolio	5,236	22.0%	
1,849	8.5%	Infrastructure	2,436	10.2%	
-	-	Commodities	2,134	9.0%	
1,985	9.1%	Property (Unquoted)	793	3.3%	
994	4.6%	Cash	-	-	
<b>21,818</b>	<b>100%</b>	<b>Total</b>	<b>23,831</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 2021	LPFA Pension Scheme 31 March 2021		WCC Pension Scheme 31 March 2022	LPFA Pension Scheme 31 March 2022
		Mortality assumptions:		
		Longevity at 65 for current Pensioners (years):		
21.6	20.9	Men	21.4	20.9
24.1	24.2	Women	24.1	24.3
		Longevity at 65 for future Pensioners (years):		
22.9	22.5	Men	22.9	22.6
25.3	25.6	Women	26.1	25.7
3.2%	3.4%	Rate of Inflation (RPI)	3.9%	4.0%
2.8%	2.9%	Rate of Inflation (CPI)	3.3%	3.5%
3.9%	3.9%	Rate of Increase in salaries	4.2%	2.6%
2.9%	2.9%	Rate of increase in pensions	3.2%	3.5%
1.9%	1.9%	Rate for discounting scheme liabilities	2.7%	4.5%

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

### Sensitivity Analysis

This table is different to last year's disclosure due to the information provided in an alternate fashion by the actuary.

	WCC Pension Scheme	WCC Pension Scheme
Change in assumptions at 31 March 2022	Approx % increase to Defined Benefit Obligation	Approx monetary amount
		£'000
0.1% decrease in Real Discount Rate	2.0%	34,037
1 year increase in member life expectancy	4.0%	75,356
0.1% increase in the Salary increase rate	0%	4,610
0.1% increase in the Pension interest rate	2.0%	29,127

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

### IMPACT ON THE COUNCIL'S CASH FLOWS

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council achieved a funding level of 100% by 31 March 2022. The next triennial valuation will be completed during 2022/23.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council anticipates paying £20.846m (main scheme) employer contributions in 2022/23, 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, 2021/22 (20 years 2020/21).

The weighted average duration of the defined benefit obligation for the LPFA scheme members is 12 years, 2021/22 (12 years 2020/21).

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:

2020/21		2021/22
£'000		£'000
(7,866)	Interest received	5,652
9,392	Interest paid	8,567
<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>		
(77,516)	Depreciation and Amortisation	(72,346)
(28,620)	Impairment and downward valuations	(11,778)
(39,278)	Increase/(decrease) in creditors	(73,416)
56,579	Increase/(decrease) in debtors	63,130
14	Increase/(decrease) in inventories	8
(9,651)	Movement in pension liability	23,474
(32,702)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(22,830)
(70,158)	Other non-cash items charged to the net surplus or deficit on the provision of services	(30,309)
<b>(201,332)</b>	<b>Sub-total of non-cash movements</b>	<b>(124,067)</b>
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>		
50,593	Capital Grants credited to surplus or deficit on the provision of services	112,005
71,466	Proceeds from the sale of property plant and equipment, investment property and intangible assets	45,544
<b>122,059</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>157,549</b>
<b>(79,273)</b>	<b>Total</b>	<b>33,482</b>

## Note 33 Cash Flows from Investing Activities

2020/21		2021/22
£'000		£'000
243,659	Purchase of property, plant and equipment, investment property and intangible assets	287,412
947,656	Purchase of short and long-term investments	3,680,256
(65,334)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(45,540)
(1,291,052)	Proceeds from short and long-term investments	(3,550,050)
(68,716)	Capital Grants Received	(110,389)
<b>(233,787)</b>	<b>Total Cash Outflows from Investing Activities</b>	<b>261,689</b>

## Note 34 Cash Flows from Financing Activities

2020/21		2021/22
£'000		£'000
-	Cash receipts of short- and long-term borrowing	(97,452)
21	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	142
15,044	Repayments of short- and long-term borrowing	5,400
240,955	Net Council Tax & NNDR due from Preceptors*	<b>(157,665)</b>
<b>256,020</b>	<b>Net Cash Inflows from Financing Activities</b>	<b>(249,575)</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 2021/22:

Councillors Acton, Butler-Thalassis and Mitchell 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 a trustee of One Westminster – The charity has various contracts with the Council aimed at delivering voluntary sector and volunteering support. The Council spent £317,043 with One Westminster in 2021/22.

Councillor Jacqui Wilkinson is a trustee of the Abbey Centre. The Charity receives funds from the council to provide support the communities of south Westminster to improve their quality of life. The council spent £274,775 with the Abbey Centre in 2021/22.

Councillor Ian Adams is a trustee of Age UK Westminster. The charity receives funds from the council to provide support to the elderly in Westminster. The Council Spent £41,387 with Age UK Westminster in 2021/22.

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 2021/22 the value of

in-kind services provided was £10,304 (2020/21: £4,970).

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 2021					
Name	Amounts owed by Subsidiary (Long Term)	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	-

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

\*Loans to Westminster Community Homes are included in the Council's balance sheet within long term debtors and long-term investments, £7,283k and £86k respectively.

\*\*Loans to Westminster Housing Investment Ltd are included in the Council's balance sheet within long term debtors and long-term investments, £50,715k and £5,219k respectively.

## Note 35 Related Party Transactions (continued)

In addition to the above transactions there were acquisitions and disposals of assets between group entities.

- The Council sold affordable housing units at Farm Street and West End Gate sites to Westminster Builds for intermediary housing, £2,750k and £6,870k respectively.
- Westminster Community Homes purchased housing units on behalf of the Council. These were transferred to the Council in-year at a cost of £8,478k.

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 - James Green, Neil Fredrick Wightman, Kenni Balogun, Cllr Jacqueline Wilkinson

Westminster Housing Development Ltd - James Green, Neil Fredrick Wightman, Kenni Balogun, Cllr Jacqueline Wilkinson

Two entities controlled or significantly influenced by the Council were dissolved in year:

The associate Hub Make Lab CIC was dissolved on 8 June 2021.

The subsidiary Westminster Procurement Services was dissolved on 4 January 2022.



## 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.	<p>For PWLB loans payable, PWLB new loan rate</p> <p>For non-PWLB loans payable, prevailing market rates</p> <p>For loans receivable, prevailing market rates</p> <p>No early repayment is recognised</p> <p>Where instruments have a maturity of less than 12 months or are trade or other receivable, fair value is taken to be the carrying amount or billed amount</p>	Not required.
Freehold and Leasehold investment properties	Level 2	Valued at Fair Value at the year-end using the investment method of valuation by Sanderson Weatherall. The valuations have been prepared in accordance with the RICS Valuation – Global Standards (January 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.	<p>Assumed void periods</p> <p>Estimated Rental Value (ERV)</p> <p>Capitalisation Rate (Equivalent Yield)</p>	<p>All variables listed are observable inputs and susceptible to market change.</p> <p>The portfolio experiences high occupancy levels with most assets capable of generating good levels of tenant demand in the current market. Consequently, the total Fair Value reported for the portfolio has a low level of sensitivity to significant changes in the assumed void period input.</p> <p>In contrast, the total Fair Value of the portfolio has a much higher level of sensitivity to significant change 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%.</p>
Investment in closed pooled property fund	Level 3	The valuation is based on the fair value of the council's share of the net asset value of the fund based on the December 2021 unit price. The funds valuation is provided quarterly by the asset manager and monitored by the Council	<p>NAV based on the latest available quarterly unaudited accounts.</p> <p>External fund manager prepared statements</p> <p>Fund managers own data open to interpretation which might result in a higher or lower NAV than reported</p>	<p>All variables listed are inputs and susceptible to market change. The portfolio sensitivity to the inputs has been assessed by the property funds investment manager and measured at +7%/-1%</p> <p>Material economic events occurring between 31 December 2021 and 31 March 2022</p>

## Note 38 Fair Value (continued)

### 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 assets and liabilities of the Council grouped into the level at which fair value is observable.

31 March 2021			31 March 2022		
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>					
-	-	26,384	-	-	27,737
80,402	398,170	-	64,998	538,874	-
-	467,386	-	-	462,801	-
2,202	-	-	21,581	-	-
<b>82,604</b>	<b>865,556</b>	<b>26,384</b>	<b>86,579</b>	<b>1,001,675</b>	<b>27,737</b>
<b>Liabilities at Amortised Cost*</b>					
-	164,967	-	-	148,376	-
-	102,246	-	-	93,361	-
-	-	-	-	40,181	-
-	-	-	-	58,584	-
-	79,822	-	-	94,126	-
-	29,255	-	-	25,595	-
-	<b>376,290</b>	-	-	<b>460,223</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.

## 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

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

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

## Note 39 Events After the Reporting Period

The Executive Director authorised the Statement of Accounts on 12th July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing as of 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There is one event that took place after the reporting period that merits disclosure. i.e. the council has successfully recovered c£13m from a developer in relation to a S106 agreement which had been due as of 31st March 2022 but not received.



## Note 40 Assets Held for Sale

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

	Current	
	2020/21	2021/22
	£000s	£000s
<b>Balance Outstanding at start of the year</b>	-	<b>2,202</b>
Assets newly classified as held for sale:		
Property, plant and equipment	11,351	36,558
Assets Sold	(9,149)	(17,179)
Other Movements*	-	(2,495)
<b>Balance Outstanding at year-end</b>	<b>2,202</b>	<b>19,086</b>

\*The carrying value of two assets were written down after reclassification to AHFS to reflect them at fair value less costs to sell.

# Note 41 Prior Period Adjustment: Pension Liability

During 2020/21 payments totalling £22.7m were made from the General Fund to the Pension Fund as an up-front payment toward the Pension Fund Deficit. This will be amortised over 13 years from 2021/22. An adjustment was put through the 2020/21 statements, which related to the Council's secondary rate deficit payment to its pension fund. This resulted in the Pension Reserve being understated and the General Fund being overstated by £22.7m. This adjustment has been reversed in 2020/21 resulting in a transfer to Earmarked Reserve of £22.7m. This has a net nil impact on the Council's Total Reserves balance.

The restatements are summarised below.

<b>Movement in Reserves Statement- General Fund Balance</b>			
	<b>2020/21 as previously stated</b>	<b>Restatements Pension Liability</b>	<b>2020/21 Restated</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Balance at 01 April 2020</b>	<b>(63,312)</b>	-	<b>(63,312)</b>
(Surplus)/Deficit on provision of services	35,446	-	35,446
<b>Total Comprehensive Income and Expenditure</b>	<b>35,446</b>	-	<b>35,446</b>
Adjustments between accounting basis & funding basis under regulations	(501,633)	(22,700)	(524,333)
<b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>	<b>(466,187)</b>	<b>(22,700)</b>	<b>(488,887)</b>
Transfers to/(from) Earmarked Reserves	470,067	22,700	492,767
(Increase)/Decrease in Year	3,880	-	3,880
<b>Balance at 31 March 2021</b>	<b>(59,432)</b>	-	<b>(59,432)</b>

<b>Movement in Reserves Statement- Earmarked General Fund Balance</b>			
	<b>2020/21 as previously stated</b>	<b>Restatements Pension Liability</b>	<b>2020/21 Restated</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Balance at 01 April 2020</b>	<b>(301,066)</b>	-	<b>(301,066)</b>
Transfers to/(from) Earmarked Reserves	(467,060)	(22,700)	(489,760)
<b>(Increase)/Decrease in Year</b>	<b>(467,060)</b>	<b>(22,700)</b>	<b>(489,760)</b>
<b>Balance at 31 March 2021</b>	<b>(768,126)</b>	<b>(22,700)</b>	<b>(790,826)</b>

## Note 41 Prior Period Adjustment: Pension Liability (continued)

<b>Movement in Reserves Statement- General Fund Total</b>			
	<b>2020/21 as previously stated</b>	<b>Restatements Pension Liability</b>	<b>2020/21 Restated</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Balance at 01 April 2020</b>	<b>(366,126)</b>	-	<b>(366,126)</b>
(Surplus)/Deficit on provision of services	35,446	-	35,446
<b>Total Comprehensive Income and Expenditure</b>	<b>35,446</b>	-	<b>35,446</b>
Adjustments between accounting basis & funding basis under regulations	(501,633)	(22,700)	(524,333)
<b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>	<b>(466,187)</b>	<b>(22,700)</b>	<b>(488,887)</b>
Transfer (to)/from Earmarked Reserves	1,808	-	1,808
<b>(Increase)/Decrease in Year</b>	<b>(464,379)</b>	<b>(22,700)</b>	<b>(487,079)</b>
<b>Balance at 31 March 2021</b>	<b>(830,505)</b>	<b>(22,700)</b>	<b>(853,205)</b>

<b>Movement in Reserves Statement- Usable Reserves</b>			
	<b>2020/21 as previously stated</b>	<b>Restatements Pension Liability</b>	<b>2020/21 Restated</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Balance at 01 April 2020</b>	<b>(831,306)</b>	-	<b>(831,306)</b>
(Surplus)/Deficit on provision of services	12,160	-	12,160
<b>Total Comprehensive Income and Expenditure</b>	<b>12,160</b>	-	<b>12,160</b>
Adjustments between accounting basis & funding basis under regulations	(422,532)	(22,700)	(445,232)
<b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>	<b>(410,372)</b>	<b>(22,700)</b>	<b>(433,072)</b>
<b>(Increase)/Decrease in Year</b>	<b>(410,372)</b>	<b>(22,700)</b>	<b>(433,072)</b>
<b>Balance at 31 March 2021</b>	<b>(1,241,678)</b>	<b>(22,700)</b>	<b>(1,264,378)</b>

## Note 41 Prior Period Adjustment: Pension Liability (continued)

<b>Movement in Reserves Statement- Unusable Reserves</b>			
	<b>2020/21 as previously stated</b>	<b>Restatements Pension Liability</b>	<b>2020/21 Restated</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Balance at 01 April 2020</b>	<b>(1,843,980)</b>	<b>-</b>	<b>(1,843,980)</b>
(Surplus)/Deficit on provision of services	-	-	-
Other Comprehensive Income and Expenditure	65,046	-	65,046
<b>Total Comprehensive Income and Expenditure</b>	<b>65,046</b>	<b>-</b>	<b>65,046</b>
Adjustments between accounting basis & funding basis under regulations	422,532	22,700	445,232
<b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>	<b>487,578</b>	<b>22,700</b>	<b>510,278</b>
<b>(Increase)/Decrease in Year</b>	<b>487,578</b>	<b>22,700</b>	<b>510,278</b>
<b>Balance at 31 March 2021</b>	<b>(1,356,402)</b>	<b>22,700</b>	<b>(1,333,702)</b>

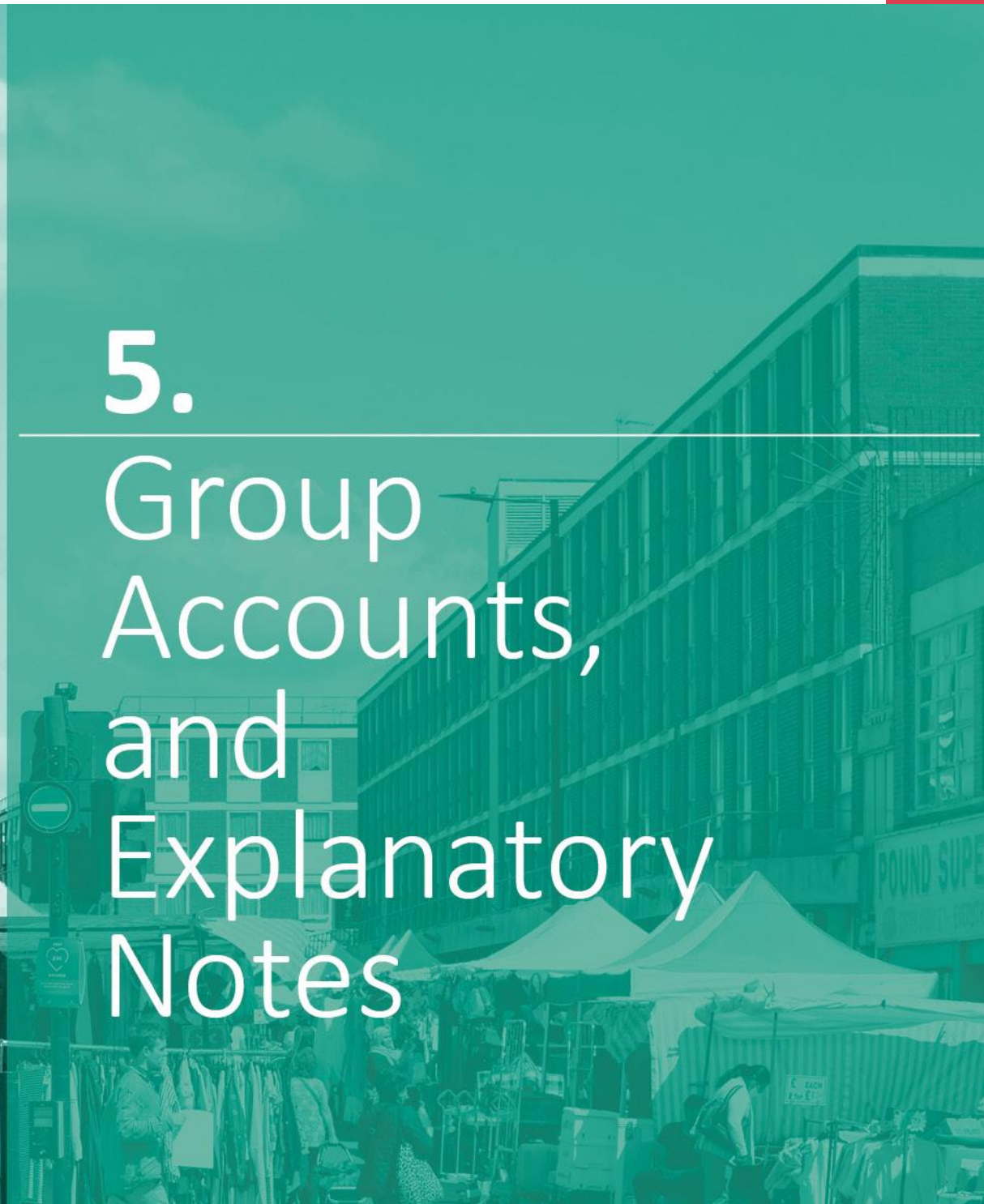
<b>Effect on Balance Sheet at 31 March 2021</b>			
	<b>2020/21 as previously stated</b>	<b>Restatements Pension Liability</b>	<b>2020/21 Restated</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Net Assets</b>	<b>2,598,080</b>	<b>-</b>	<b>2,598,080</b>
Earmarked GF Reserves	(768,126)	(22,700)	(790,826)
<b>Total Usable Reserves</b>	<b>(1,241,678)</b>	<b>(22,700)</b>	<b>(1,264,378)</b>
Pensions Reserve	704,943	22,700	727,643
<b>Total Unusable Reserves</b>	<b>(1,356,402)</b>	<b>22,700</b>	<b>(1,333,702)</b>
<b>Total Reserves</b>	<b>(2,598,080)</b>	<b>-</b>	<b>(2,598,080)</b>



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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 2021/22, the company's results showed a profit of £0.394m (£0.701m profit in 2020/21), and net assets of £10.415m (£10.021m at 31 March 2021). Loans outstanding from the Council to the company total £7.283m (£8.222m at 31 March 2021).

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 loss of £0.213m (£3.943m profit in 2020/21), the group has net liabilities of £0.309m (£4.159m in 2020/21).

### 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 £0.079m in 2021/22 (£0.190m in 2020/21) and had net assets of £0.716m (£0.807m at 31 March 2021).

- 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 £0.473m in 2021/22 (£1.058m in 2020/21).
- Two entities controlled or significantly influenced by the Council were dissolved in year:
  - The associate Hub Make Lab CIC was dissolved on 8 June 2021.
  - The subsidiary Westminster Procurement Services was dissolved on 4 January 2022.

## Group Accounts and Explanatory Notes (continued)

### Going Concern

For the reasons set out below, the Council is satisfied that all consolidated entities are going concerns and the Group financial statements for 2021/22 have been prepared on this basis accordingly.

- 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.
- All consolidated entities have a neutral or net worth position at 31 March 2021, apart from Westminster Housing Investments Limited (WHIL) and Westminster Housing Development Limited both of which are showing small net liability positions for 2021/22.
- WHIL's long term creditors of £25m relate to acquisition loans with matching property assets held by the company and development loans from the Council which have been used to support the Luton St Joint Venture (for which WHIL is a 50% partner) and there is matching debtors on the company's balance sheet. The company has relatively few third party creditors and its short-term liquidity position at 31 March 2021 is supported through access to a £2m working capital facility that has been made available by the Council. As such WHIL is not expected, at any point, to show a negative cash position or to be unable to meet its loan obligations in full as they fall due.



# Group Account Statements

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2020/21				2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
104,924	(41,158)	63,766	Finance & Resources	106,805	(33,413)	73,392
10,698	(5,190)	5,508	Innovation and Change	21,294	(9,899)	11,395
157,449	(88,221)	69,228	Adults' Services	149,280	(88,560)	60,720
183,630	(125,820)	57,810	Children's Services	188,942	(130,082)	58,860
176,671	(99,522)	77,149	Environment and City Management	187,806	(138,455)	49,351
410,693	(377,813)	32,879	Growth, Planning & Housing	413,753	(365,904)	47,849
<b>1,044,065</b>	<b>(737,724)</b>	<b>306,341</b>	<b>Cost of Services – Continuing Operations</b>	<b>1,067,880</b>	<b>(766,313)</b>	<b>301,567</b>

## Group Comprehensive Income and Expenditure Statement (continued)

2020/21			2021/22		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	£'000	£'000	£'000
		(33,457)			(14,151)
		24,968			(3,756)
		(289,280)			(308,470)
		-			27
		<b>8,572</b>			<b>(24,783)</b>
-	-	-	-	-	-
-	-	449	-	-	(1,570)
-	-	<b>9,021</b>	-	-	<b>(26,353)</b>
-	-	(6,250)	-	-	(70,915)
-	-	70,502	-	-	(120,914)
-	-	<b>64,252</b>	-	-	<b>(191,829)</b>
-	-	<b>73,273</b>	-	-	<b>(218,182)</b>

## GROUP MOVEMENT IN RESERVES STATEMENT

2020/21 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	
<b>Balance at 31 March 2020</b>	<b>(63,313)</b>	<b>(301,065)</b>	<b>(1,748)</b>	<b>(366,126)</b>	<b>(17,364)</b>	<b>-</b>	<b>(17,364)</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>
<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>
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*	(524,334)	-	-	(524,334)	23,077	-	23,077	(2,099)	58,123	(445,232)	445,232	-	-	-
<b>Net Increase / Decrease before Transfers to Earmarked Reserves*</b>	<b>(488,888)</b>	<b>-</b>	<b>-</b>	<b>(488,888)</b>	<b>(209)</b>	<b>-</b>	<b>(209)</b>	<b>(2,099)</b>	<b>58,123</b>	<b>(433,072)</b>	<b>509,485</b>	<b>76,412</b>	<b>(3,141)</b>	<b>73,272</b>
Transfers to / (from) Earmarked Reserves*	492,768	(489,760)	(1,199)	1,808	(1,808)	-	(1,808)	-	-	-	-	-	-	-
<b>Increase / Decrease in Year*</b>	<b>3,880</b>	<b>(489,760)</b>	<b>(1,199)</b>	<b>(487,080)</b>	<b>(2,017)</b>	<b>-</b>	<b>(2,017)</b>	<b>(2,099)</b>	<b>58,123</b>	<b>(433,072)</b>	<b>509,485</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>(790,825)</b>	<b>(2,947)</b>	<b>(853,206)</b>	<b>(19,382)</b>	<b>-</b>	<b>(19,382)</b>	<b>(97,953)</b>	<b>(293,838)</b>	<b>(1,264,378)</b>	<b>(1,275,861)</b>	<b>(2,540,239)</b>	<b>(116,552)</b>	<b>(2,656,791)</b>

\*For further detail, please refer to Note 41 – Prior Period Adjustment.

## Group Movement in Reserves Statement (continued)

2021/22				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 2021</b>	<b>(59,433)</b>	<b>(790,825)</b>	<b>(2,947)</b>	<b>(853,206)</b>	<b>(19,382)</b>	<b>-</b>	<b>(19,382)</b>	<b>(97,953)</b>	<b>(293,838)</b>	<b>(1,264,378)</b>	<b>(1,275,861)</b>	<b>(2,540,239)</b>	<b>(116,552)</b>	<b>(2,656,791)</b>
<b>Movement in reserves during 2021/22</b>														
(Surplus) or deficit on provision of services (accounting basis)	(20,277)	-	-	(20,277)	(9,914)	-	(9,914)	-	-	(30,192)	-	(30,192)	2,150	(28,042)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	(191,830)	(191,830)	-	-	(191,830)
<b>Total Comprehensive Income and Expenditure</b>	<b>(20,277)</b>	<b>-</b>	<b>-</b>	<b>(20,277)</b>	<b>(9,914)</b>	<b>-</b>	<b>(9,914)</b>	<b>-</b>	<b>-</b>	<b>(30,192)</b>	<b>(191,830)</b>	<b>(222,022)</b>	<b>2,150</b>	<b>(219,872)</b>
Adjustments between group accounts and authority accounts	87	-	-	87	-	-	-	-	-	87	(1,122)	(1,035)	1,727	1,691
<b>Net increase before transfers</b>	<b>(20,190)</b>	<b>-</b>	<b>-</b>	<b>(20,190)</b>	<b>(9,914)</b>	<b>-</b>	<b>(9,914)</b>	<b>-</b>	<b>-</b>	<b>(30,105)</b>	<b>(192,952)</b>	<b>(223,057)</b>	<b>4,877</b>	<b>(218,181)</b>
Adjustments between accounting basis & funding basis under regulations	143,106	-	-	143,106	9,915	-	9,915	17,336	19,806	190,163	(190,163)	-	-	-
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>122,916</b>	<b>-</b>	<b>-</b>	<b>122,916</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>17,336</b>	<b>19,806</b>	<b>160,058</b>	<b>(383,115)</b>	<b>(223,057)</b>	<b>4,877</b>	<b>(218,181)</b>
Transfers to / (from) Earmarked Reserves	(120,784)	121,679	(895)	-	-	-	-	-	-	-	-	-	-	-
<b>Increase / Decrease in Year</b>	<b>2,131</b>	<b>121,679</b>	<b>(895)</b>	<b>122,916</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>17,336</b>	<b>19,806</b>	<b>160,058</b>	<b>(383,115)</b>	<b>(223,057)</b>	<b>4,877</b>	<b>(218,181)</b>
<b>Balance at 31 March 2022</b>	<b>(57,302)</b>	<b>(669,146)</b>	<b>(3,842)</b>	<b>(730,290)</b>	<b>(19,381)</b>	<b>-</b>	<b>(19,381)</b>	<b>(80,617)</b>	<b>(274,032)</b>	<b>(1,104,320)</b>	<b>(1,658,976)</b>	<b>(2,763,296)</b>	<b>(111,675)</b>	<b>(2,874,972)</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 BALANCE SHEET

31 March 2021 Restated*		31 March 2022
£'000		£'000
<b>ASSETS</b>		
<b>Non-current</b>		
2,854,797	Property, plant and equipment	3,109,259
44,578	Heritage Assets	44,578
467,386	Investment property	462,801
2,861	Intangible Assets	4,997
44,575	Long -term investments	27,935
84,191	Long -term debtors	110,263
<b>3,498,388</b>	<b>Total long term assets</b>	<b>3,759,833</b>
<b>Current</b>		
237,998	Short-term investments	383,515
485	Inventories	465
562,441	Short-term debtors	399,076
88,366	Cash and other cash equivalents	70,885
2,202	Assets held for sale	19,086
<b>891,492</b>	<b>Total Current Assets</b>	<b>873,027</b>

## Group Balance Sheet (continued)

31 March 2021 Restated*		31 March 2022
<b>£'000</b>		
<b>LIABILITIES</b>		
(7,128)	Short-term borrowing	(62,229)
(559,760)	Short-term creditors	(582,986)
(1,105)	Short-term provisions	(42,873)
(15,112)	Short-term RIA	(53,691)
<b>(583,105)</b>	<b>Current Liabilities</b>	<b>(741,779)</b>
(7,317)	Long-term creditors	(1,269)
(108,988)	Provisions	(91,920)
(200,697)	Long-term borrowing	(237,620)
(722,126)	Other long-term liabilities - Pensions	(577,597)
(110,195)	Capital Grants - Receipts in Advance	(108,610)
<b>(1,149,323)</b>	<b>Long-term liabilities</b>	<b>(1,017,016)</b>
(661)	Council's share Net Liabilities of Joint Venture	909
<b>2,656,792</b>	<b>Net assets</b>	<b>2,874,974</b>
(1,264,378)*	Total Usable Reserves	(1,104,322)
(1,275,860)*	Total Unusable Reserves	(1,658,976)
(116,554)	Share of Subsidiary reserves	(111,676)
<b>(2,656,792)</b>	<b>Total Reserves</b>	<b>(2,874,974)</b>

\*For further detail, please refer to Note 41 – Prior Period Adjustment.

## GROUP CASH FLOW STATEMENT

2020/21	Group Cash Flow Statement	2021/22
£'000		£'000
	<i>Cash flows from operating activities</i>	
<b>12,160</b>	<b>Operating (surplus)/loss for the financial year</b>	<b>(30,192)</b>
(7,866)	Interest received	(5,652)
9,392	Interest paid	8,567
	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	
(77,516)	Depreciation	(72,346)
(28,620)	Impairment and downward valuations	(11,778)
(39,278)	Increase/(decrease) in creditors	(73,416)
56,579	(Increase)/decrease in debtors	63,130
14	(Increase)/decrease in inventories	8
(9,651)	Movement in pension liability	23,474
(32,702)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(22,830)
(70,158)	Other non-cash items charged to the net surplus or deficit on the provision of services	(30,309)
<b>(201,332)</b>	<b>Sub-total of non-cash movements</b>	<b>(124,067)</b>
	<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>	
71,466	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	45,544
50,593	Any other items for which the cash effects are investing or financing cash flows	112,005
<b>122,059</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>157,549</b>
(4,124)	Subsidiary's Cash Flows from Operating Activities by Group Entities	(13,610)
<b>(71,237)</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(10,320)</b>



## GROUP CASH FLOW STATEMENT (Continued)

2020/21	Group Cash Flow Statement	2021/22
£'000		£'000
	<i>Investing activities</i>	
243,659	Purchase of property, plant and equipment, investment property and intangible assets	287,412
947,656	Purchase of short-term and long-term investments	3,680,256
(65,334)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(45,540)
(1,291,052)	Proceeds from short-term and long-term investments	(3,550,050)
(68,716)	Other receipts from investing activities	(110,389)
<b>(233,787)</b>	<b>Authority's Cash Flows from Investing Activities</b>	<b>261,689</b>
5,616	Subsidiary's Cash Flows from Investing Activities	15,732
<b>(228,171)</b>	<b>Net cash flows from investing activities</b>	<b>277,421</b>
-	Cash receipts of short- and long-term borrowing	(97,452)
21	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	142
15,044	Repayments of short- and long-term borrowing	5,400
240,955	Other payments for financing activities	(157,665)
<b>256,020</b>	<b>Authority's Cash Flows from Financing Activities</b>	<b>(249,575)</b>
(1,217)	Subsidiary's Cash Flows from Investing Financing	(45)
<b>254,803</b>	<b>Net cash flows from financing activities</b>	<b>(249,620)</b>
<b>(44,605)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>17,481</b>
43,761	Cash and cash equivalents at the beginning of the reporting period	88,366
<b>88,366</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>70,885</b>

# 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
- Paddington Recreation Ground Charity

Westminster Procurement Services Ltd/CIC and Hub Make Lab Ltd were dissolved in 2021/22.

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.

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. Valuation according to Depreciated Replacement Cost was not considered appropriate as it is inconsistent with the valuation of the council's own dwellings and there is an established market at which Existing Use prices can be readily estimated.

	31st March 2021	31st March 2022
	£'000	£'000
Infrastructure Assets	295,723	328,882
Other PPE Assets	2,559,074	2,780,377
<b>Total PPE Assets</b>	<b>2,854,797</b>	<b>3,109,259</b>

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. All replaced infrastructure components are determined to have fully depreciated and have a net amount of nil. Please refer to note 18c for further information.

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

2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross book value</b>						
At 1 April 2020	1,608,305	676,020	40,530	25,102	162,913	2,915,003
Prior Year Adjustment	-	-	(24,565)	-	-	(24,565)
<b>At 1 April 2020 Restated</b>	<b>1,608,305</b>	<b>676,020</b>	<b>15,965</b>	<b>25,102</b>	<b>162,913</b>	<b>2,488,305</b>
Additions	67,174	25,978	1,372	2,283	89,444	<b>186,251</b>
Revaluations increases/(decrease) recognised in the Revaluation Reserve	(48,486)	17,545	-	-	-	<b>(30,941)</b>
Revaluations increases/(decrease) recognised in the Surplus/deficit on the Provision of Services	(15,528)	(15,943)	-	-	-	<b>(31,471)</b>
Derecognition - disposals	(4,185)	(14,054)	-	-	(7,902)	<b>(26,141)</b>
Derecognition - other	(78)	-	-	-	-	<b>(78)</b>
Assets reclassified	-	-	-	-	(11,351)	<b>(11,351)</b>
Other Movement in Cost or Valuation	12,471	5,037	652	307	(18,869)	<b>(402)</b>
<b>At 31 March 2021</b>	<b>1,619,673</b>	<b>694,583</b>	<b>17,989</b>	<b>27,692</b>	<b>214,235</b>	<b>2,574,172</b>

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

2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Accumulated depreciation and impairment</b>						
At 1 April 2020	-	(2)	(30,888)	-	(716)	(31,606)
Prior Year Adjustment	-	-	24,565	-	-	24,565
<b>At 1 April 2020 Restated</b>	-	(2)	(6,323)	-	(716)	(7,041)
Depreciation Charge	(18,636)	(25,904)	(3,727)	-	-	(48,267)
Depreciation written out to the Revaluation Reserve	18,487	16,078	-	-	-	34,565
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	-	-	-	-	61
Other Movements in Depreciation and Impairments	-	363	-	-	-	363
<b>At 31 March 2021</b>	-	(5,048)	(10,050)	-	-	(15,098)
<b>Net book value:</b>						
<b>At 31 March 2021 Restated</b>	1,619,673	689,535	7,939	27,692	214,235	2,559,074
<b>At 31 March 2020 Restated</b>	1,608,305	676,018	9,642	25,102	162,197	2,481,264

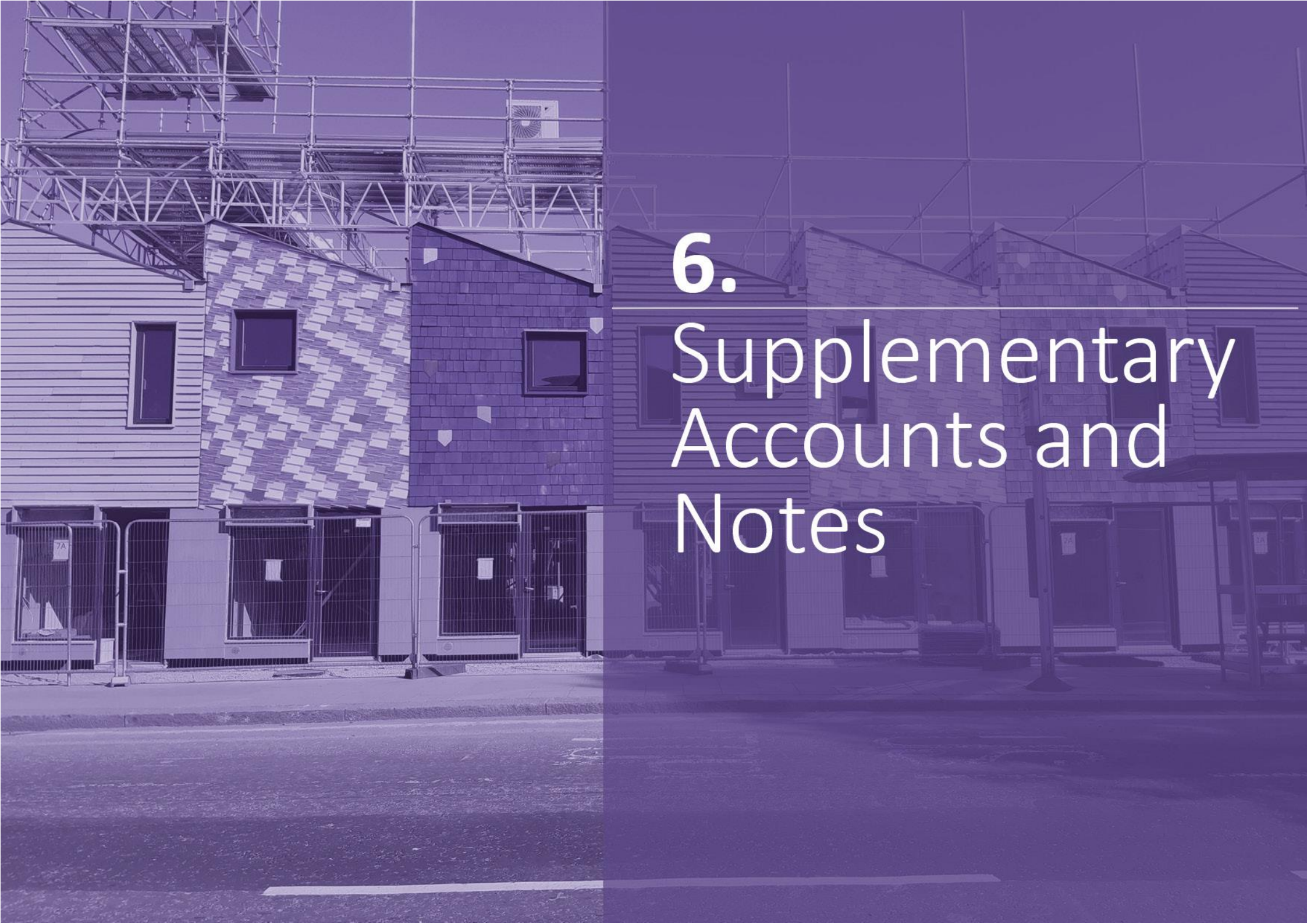
## Note 2 Group Property Plant and Equipment (continued)

2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross book value</b>						
At 1 April 2021	1,619,673	694,583	17,989	27,692	214,235	<b>2,574,172</b>
Additions	67,157	48,486	3,287	2,520	111,965	<b>233,415</b>
Revaluations increases/(decrease) recognised in the Revaluation Reserve	25,567	9,865	-	-	-	<b>35,432</b>
Revaluations increases/(decrease) recognised in the Surplus/deficit on the Provision of Services	(8,813)	(3,545)	-	-	-	<b>(12,358)</b>
Derecognition - disposals	(5,441)	(3,195)	-	-	-	<b>(8,636)</b>
Derecognition	(87)	(805)	-	-	-	<b>(892)</b>
Assets reclassified	-	-	-	-	(27,024)	<b>(27,024)</b>
Other movements	40,693	3,440	1,891	-	(43,017)	<b>3,007</b>
<b>At 31 March 2022</b>	<b>1,738,749</b>	<b>748,829</b>	<b>23,167</b>	<b>30,212</b>	<b>256,159</b>	<b>2,797,116</b>

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

2021/22	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Accumulated depreciation and impairment</b>						
At 1 April 2021	-	(5,048)	(10,050)	-	-	(15,098)
Depreciation Charge	(19,225)	(15,635)	(3,886)	-	-	(38,746)
Depreciation written out to the Revaluation Reserve	18,908	13,954	-	-	-	32,862
Accumulated Impairment written out to the Revaluation Reserve	-	3,075	-	-	-	3,075
Derecognition - disposals	240	30	-	-	-	270
Derecognition - other	77	805	-	-	-	882
Other Movements in Depreciation and Impairments	-	137	(121)	-	-	16
<b>At 31 March 2022</b>	<b>-</b>	<b>(2,682)</b>	<b>(14,057)</b>	<b>-</b>	<b>-</b>	<b>(16,739)</b>
<b>Net book value:</b>						
<b>At 31 March 2022</b>	<b>1,738,749</b>	<b>746,147</b>	<b>9,110</b>	<b>30,212</b>	<b>256,159</b>	<b>2,780,377</b>
<b>At 31 March 2021</b>	<b>1,619,673</b>	<b>689,535</b>	<b>7,939</b>	<b>27,692</b>	<b>214,235</b>	<b>2,559,074</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 managing, maintaining and financing the Council's housing stock (which is ring-fenced under statute). The total cost is met via income from tenant rents, service charges and other rental income (including commercial property). The Council brought the Housing Service back in-house from 2019/20 having previously outsourced it to an Arm's Length Management Organisations (ALMO) called City West Homes. Staff were transferred to the Council under TUPE arrangements and in 2021/22 a comprehensive service redesign was undertaken to optimise staffing structures. The HRA Balance represents the accumulated surplus on the account and is held at a prudent level to manage financial risk (as set out in the HRA Business Plan). The Movement on the Housing Revenue Account Statement shows a £nil movement on this balance in 2021/22 based on the income and expenditure outturn for the year.

## HRA Income and Expenditure Statement

2020/21		2021/22
£'000		£'000
<b>Expenditure</b>		
18,953	Repairs and Maintenance	21,572
52,171	Supervision and Management	52,671
1,402	Rents, Rates, Taxes and Other Charges	1,489
1,179	Increase/(decrease) in Impairment Allowance for Doubtful Debts	1,887
40,718	Depreciation, Impairment and Revaluation losses in relation to non-current assets	28,665
-	Debt Management Cost	152
<b>114,422</b>	<b>Total HRA Expenditure</b>	<b>106,437</b>
<b>HRA Income</b>		
(74,076)	Dwellings Rents	(75,342)
(1,149)	Non-dwellings Rents	(1,306)
(20,316)	Charges for Services and Facilities	(19,957)
(11,266)	Contributions towards Expenditure	(7,527)
<b>(106,806)</b>	<b>Total HRA Income</b>	<b>(104,132)</b>
<b>7,616</b>	<b>Net Cost of HRA services as included in the whole-authority Income and Expenditure Statement</b>	<b>2,304</b>

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

### HRA Income and Expenditure Statement (continued)

2020/21		2021/22
£'000		£'000
101	HRA services share of Corporate and Democratic Core	73
7,716	<b>Net Cost of HRA services including HRA share of costs not allocated to specific services</b>	<b>2,378</b>
(38,473)	(Gain) or loss on sale of HRA non-current assets	(17,181)
-	Payments to government capital receipts pool	4,204
(7,738)	Capital grants and contributions	(6,700)
12,626	Movements in the fair value of investment properties	4,447
9,382	Interest payable and similar charges	8,577
(6,579)	HRA Investment Property income	(8,058)
(221)	HRA Investment Income	(38)
<b>(23,286)</b>	<b>(Surplus) or deficit for the year on HRA services</b>	<b>(12,370)</b>

### Movement on the Housing Revenue Account Statement

2020/21		2021/22
£'000		£'000
(17,364)	<b>Balance on the HRA at the end of the previous reporting period</b>	<b>(19,381)</b>
(23,286)	(Surplus) or deficit for the year on the HRA Services	(12,370)
<b>Adjustments between the accounting basis and funding basis:</b>		
24,608	Transfer to Major Repairs Reserve	25,842
31,610	(Gain) or loss on sale of HRA non-current assets	16,979
(12,626)	Movements in the fair value of investment properties	(4,447)
49	Financial Instrument Adjustment	77
(28,555)	Transfer (to) the Capital Adjustment Account (CAA)	(25,061)
6,868	Contributions to Deferred Capital Receipts Reserve (DCRR)	163
(101)	Transfers to Accumulated Absences Account	(73)
1,224	Transfers to Capital Receipts Reserve (CRR)	(1,109)
(208)	<b>Net (increase) or decrease before transfers to or from reserves</b>	-
(1,808)	Transfers to or (from) the General Fund	-
(2,017)	<b>(Increase) or decrease in year on the HRA</b>	-
(19,381)	Balance on the HRA at the end of the current reporting period	(19,381)
<b>(19,381)</b>	<b>Total HRA Reserves</b>	<b>(19,381)</b>

# Housing Revenue Account (HRA) Explanatory Notes

## HRA 1 Housing Stock

31 March 2021		31 March 2022
£'000		£'000
750	Rented Houses	742
11,074	Rented Flats	11,153
65	Shared Ownership	65
8,947	Leasehold Properties	8,931
<b>20,836</b>	<b>Total Stock</b>	<b>20,891</b>

# HRA 2 Housing Asset Valuation

a) The vacant possession value of HRA tenanted dwellings is £6,605bn.

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 2021		31 March 2022
£'000		£'000
3,199	Rent Arrears	3,430
(1,678)	Bad Debt Provision	(1,721)
<b>1,521</b>	<b>Total</b>	<b>1,709</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.

2020/21					2021/22			
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>								
-	-	(107,939)	<b>(107,939)</b>	Council Tax	-	-	(113,608)	<b>(113,608)</b>
(1,316,755)	-	-	<b>(1,316,755)</b>	Non-domestic rates	(1,696,139)	-	-	<b>(1,696,139)</b>
8,593	-	-	<b>8,593</b>	Transitional protection payments - non-domestic rates	9,737	-	-	<b>9,737</b>
-	(44,818)	-	<b>(44,818)</b>	Income collectable in respect of Business Rate Supplements	-	(54,410)	-	<b>(54,409)</b>
<b>(1,308,163)</b>	<b>(44,818)</b>	<b>(107,939)</b>	<b>(1,460,919)</b>	<b>Total amounts to be credited</b>	<b>(1,686,402)</b>	<b>(54,410)</b>	<b>(113,608)</b>	<b>(1,854,420)</b>



## Collection Fund Accounts (continued)

2020/21									2021/22	
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>										
768,652	-	-	<b>768,652</b>	Central Government		700,726	-	-	<b>700,726</b>	
698,774	-	59,704	<b>758,478</b>	City of Westminster Council		637,023	-	62,307	<b>699,330</b>	
861,822	-	44,065	<b>905,887</b>	Greater London Assembly		785,662	-	48,664	<b>834,326</b>	
<b>Business Rate Supplement:</b>										
-	44,156	-	<b>44,156</b>	Payment to levying authority's Business Rate Supplement Revenue Account		-	53,832	-	<b>53,832</b>	
-	103	-	<b>103</b>	Administrative Costs		-	99	-	<b>99</b>	
<b>Charges to Collection Fund</b>										
15,311	558	557	<b>16,427</b>	Write-offs of uncollectable amounts		13,132	479	-	<b>13,611</b>	
58,300	-	4,900	<b>63,200</b>	Increase/(decrease) in allowance for impairment		21,820	-	2,900	<b>24,720</b>	
214,815	-	-	<b>214,815</b>	Increase/(decrease) in allowance for appeals		200,972	-	-	<b>200,972</b>	
3,314	-	-	<b>3,314</b>	Charge to General Fund for allowable collection costs for non-domestic rates		3,258	-	-	<b>3,258</b>	



## Collection Fund Accounts (continued)

2020/21					2021/22			
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>								
23,869	-	-	23,869	Central Government	(351,946)	-	-	(351,946)
48,685	-	1,043	49,728	City of Westminster Council	(333,518)	-	(194)	(333,712)
27,386	-	768	28,154	Greater London Assembly	(394,053)	-	(142)	(394,195)
<b>2,720,928</b>	<b>44,818</b>	<b>111,038</b>	<b>2,876,784</b>	<b>Total amounts to be debited</b>	<b>1,283,076</b>	<b>54,410</b>	<b>113,535</b>	<b>1,451,021</b>
<b>Movements on the Collection Fund</b>								
1,412,766	-	3,099	1,415,865	(Surplus) /deficit arising during the year	(403,325)	-	(71)	(403,399)
(46,256)	-	(2,481)	(48,737)	(Surplus)/deficit brought forward at 1 April	1,366,510	-	618	1,367,128
<b>1,366,510</b>	<b>-</b>	<b>618</b>	<b>1,367,128</b>	<b>(Surplus)/deficit carried forward at 31 March</b>	<b>963,184</b>	<b>-</b>	<b>545</b>	<b>963,729</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:

2020/21			2021/22	
Council Tax	Business Rates		Council Tax	Business Rates
-	33%	Department of Communities & Local Government	-	33%
42.6%	37%	Greater London Authority	43.94%	37%
57.4%	30%	Westminster City Council (General Fund)	56.06%	30%
100.0%	100.0%		100.0%	100.0%

# 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 (£)		2020/21	Multiplier	2021/22	
			Number of chargeable dwellings		Number of chargeable dwellings	Band D equivalent dwellings
	£	£				
A		40,000	1,704	6/9	1,701	939
B	40,001	52,000	6,627	7/9	6,615	4,226
C	52,001	68,000	15,968	8/9	15,793	11,993
D	68,001	88,000	22,866	9/9	22,829	19,882
E	88,001	120,000	23,389	11/9	23,663	25,336
F	120,001	160,000	18,105	13/9	18,527	23,711
G	160,001	320,000	23,376	15/9	23,692	35,622
H	320,001		16,005	18/9	16,216	30,643
			<b>128,040</b>		<b>152,352</b>	
Adjustment for Council Tax Reduction Scheme						(13,435)
<b>Total</b>						<b>138,916</b>
<b>Collection Rate (97%)</b>						<b>133,360</b>
Ministry of Defence Adjustment						458.3
<b>Final Council Tax Base</b>						<b>133,818</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 (51.2p in 2020/21)
<b>Small Business Multiplier</b>	49.9p / £ Rateable Value (49.9p in 2020/21)

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 2022 was £4.927bn (£5.020bn 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 2021/22 is subsequently top-sliced and returned to Business Rates Pool for redistribution across local government.

2020/21	2021/22
£'000	£'000
768,652 Central Government	700,726
698,774 Westminster City Council	637,023
861,882 Greater London Assembly	785,662
<b>2,329,308 Total</b>	<b>2,123,411</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 2022 was £4.379bn (the equivalent figure at 31st March 2021 being £4.478bn). The multiplier has remained at 2.0p / £ since the BRS was introduced.

7.

# Pension Fund Accounts



# Pension Fund Accounts

## FUND ACCOUNT

2020/21		Notes	2021/22
£'000			£'000
<b>Dealings with members, employers and others directly involved in the fund</b>			
<b>Contributions</b>			
(46,660)	From Employers	Note 6	(108,054)
(10,854)	From Members	Note 6	(11,775)
(3,678)	Individual Transfers in from Other Pension Funds		(5,108)
<b>(61,192)</b>			<b>(124,937)</b>
<b>Benefits</b>			
49,146	Pensions	Note 7	49,617
8,677	Commutation, Lump Sum Retirement and Death Benefits	Note 7	6,539
521	Payments in respect of tax		458
<b>Payments to and on Account of Leavers</b>			
5,602	Individual Transfers Out to Other Pension Funds		5,785
130	Refunds to Members Leaving Service		102
<b>64,076</b>			<b>62,501</b>

## Fund Account (continued)

2020/21		Notes	2021/22
£'000			£'000
2,884	<b>Net (Additions)/Withdrawals from Dealings with Members</b>		<b>(62,436)</b>
10,087	Management Expenses	Note 8	13,309
<b>12,971</b>	<b>Net (additions)/withdrawals including management expenses</b>		<b>(49,127)</b>
	<b>Returns on Investments</b>		
(8,656)	Investment Income	Note 9	(7,845)
(9)	Other Income	-	(3)
<b>(8,665)</b>			<b>(7,848)</b>
(432,487)	<b>(Profit) and loss on disposal of investments and changes in the market value of investments</b>	Note 11	(67,446)
(441,152)	<b>Net return on investments</b>		<b>(75,294)</b>
(428,181)	<b>Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year</b>		<b>(124,421)</b>
<b>(1,323,534)</b>	<b>Opening Net Assets of the Scheme</b>		<b>(1,751,715)</b>
<b>(1,751,715)</b>	<b>Closing Net Assets of the Scheme</b>		<b>(1,876,136)</b>



## Fund Account (continued)

### NET ASSETS STATEMENT FOR THE YEAR ENDED 31 MARCH 2022\*

2020/21		Notes	2021/22
£'000			£'000
	<b>Investment assets</b>		
150	Equities	11	150
1,684,306	Pooled Investment Vehicles	11	1,842,280
	<b>Other Investment Balances:</b>		
109	Income Due	11	116
62,788	Cash Deposits	11	15,816
<b>1,747,353</b>	<b>Total Investment Assets</b>		<b>1,858,362</b>
-	<b>Investment Liabilities</b>		-
<b>1,747,353</b>	<b>Net Value of Investment Assets</b>	<b>10</b>	<b>1,858,362</b>
5,198	<b>Current Assets</b>	<b>18</b>	19,094
(836)	<b>Current Liabilities</b>	<b>19</b>	(1,320)
<b>1,751,715</b>	<b>Net Assets of the Fund Available to Fund Benefits at the Period End</b>		<b>1,876,136</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 2022. 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 to 31 March 2023.

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

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

### c) Benefits

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

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

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

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

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

### d) Governance

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

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

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

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

## 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 2021		31 March 2022	
32	<b>Number of employers with active member</b>		31
4,228	Active member		4,740
6,280	Pensioners receiving benefit		6,430
6,856	Deferred Pensioner		6,689
<b>17,364</b>			<b>17,859</b>

## Note 2 Basis of Preparation of Financial Statements

The Statement of Accounts summarise the Fund's transactions for 2021/22 and its position at year end as at 31st March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (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 2021/22.



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

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

## PENSION FUND LIABILITY

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

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £37m. A 0.1% increase in assumed earnings would increase the value of liabilities by approximately £4m and a year increase in life expectancy would increase the liability by about £91m.

# 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

2020/21		2021/22
£'000		£'000
(49,833)	Administering Authority*	(111,291)
(3,679)	Scheduled bodies	(4,037)
(4,002)	Admitted bodies	(4,501)
<b>(57,514)</b>	<b>Total</b>	<b>(119,829)</b>

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

## BY TYPE

2020/21		2021/22
£'000		£'000
(10,854)	Employees' normal contributions	(11,775)
	Employers' contributions:	
(25,048)	Normal contributions	(27,139)
(21,483)	Deficit recovery contributions	(80,030)
(129)	Augmentation contributions	(885)
<b>(57,514)</b>	<b>Total</b>	<b>(119,829)</b>

# Note 7 Benefits Payable

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

## BY TYPE

2020/21		2021/22	
£'000		£'000	
49,146	Pensions	49,617	
7,375	Commutation and lump sum retirement benefits	5,812	
1,302	Lump sum death benefits	727	
<b>57,823</b>	<b>Total</b>	<b>56,156</b>	

## BY AUTHORITY

2020/21		2021/22	
£'000		£'000	
44,272	Administering Authority	43,829	
2,730	Scheduled Bodies	2,216	
10,821	Admitted Bodies	10,111	
<b>57,823</b>	<b>Total</b>	<b>56,156</b>	

# Note 8 Management Expenses

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

2020/21		2021/22
£'000		£'000
981	Administration Expenses	1,617
428	Oversight and Governance	410
8,678	Investment Management Expenses	11,282
<b>10,087</b>	<b>Total</b>	<b>13,309</b>

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

2020/21		2021/22
£'000		£'000
6,211	Management fees	7,688
45	Performance fees	-
54	Custody fees	48
2,368	Transaction costs	3,546
<b>8,678</b>	<b>Total</b>	<b>11,282</b>

# Note 9 Investment Income

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

2020/21		2021/22
£'000		£'000
5,658	Pooled investments - unit trust and other managed funds	7,492
2,406	Pooled property investments	-
404	Infrastructure Income	288
188	Interest and cash deposits	65
<b>8,656</b>	<b>Total before taxes</b>	<b>7,845</b>

# Note 10 Investment Management Arrangements

As at 31 March 2022, the investment portfolio is managed by twelve external managers:

- The UK property portfolio is managed by Abrdn;
- Fixed income mandates are managed by CQS (Multi Asset Credit, via the London CIV), Insight (Bonds) and Northern Trust (short bonds);
- Multi asset is managed by Ruffer (absolute return, via the London CIV);
- Affordable Housing is managed by Man Group
- Alternatives are managed by Pantheon (Infrastructure), Macquarie (Renewable Infrastructure) and Quinbrook (Renewable Infrastructure);
- Equity portfolios are split between Baillie Gifford (active global, managed by the London CIV), Morgan Stanley (active global, managed by the London CIV) and Legal and General Investment Management (passive global).

All managers have discretion to buy and sell investments within the constraints set by the Committee and their respective Investment Management Agreements. Each manager has been appointed with clear strategic benchmarks which place maximum accountability for performance against that benchmark on the investment manager.

The Fund became a shareholder in the London LGPS CIV Ltd (the organisation set up to run pooled LGPS investments in London) in 2015 and holds £150,000 of regulatory capital in the form of unlisted UK equity shares.

Northern Trust acts as the Fund's global custodian. It is responsible for safe custody and settlement of all investment transactions and collection of income. The bank account for the Fund is held with Lloyds Bank.

The market value and proportion of investments managed by each fund manager at 31 March 2022 was as follows:

31 March 2021 Market Value	%	Fund Manager	Mandate	31 March 2022 Market Value	%
£'000				£'000	
<b>Investments managed by the London CIV asset pool:</b>					
3	0.0%	London LGPS CIV Ltd - Majedie	UK Equity (Active)	-	0.0%
150	0.0%	London CIV	Share Capital	150	0.0%
<b>153</b>	<b>0.0%</b>	<b>UK Equity</b>		<b>150</b>	<b>0.0%</b>
429,778	24.6%	London LGPS CIV Ltd - Baillie Gifford	Global Equity (Active)	399,046	21.4%
337,309	19.3%	London LGPS CIV Ltd - Morgan Stanley	Global Equity (Active)	374,723	20.2%
40	0.0%	LGIM Passive	World Equity (Passive)	42	0.0%
398,414	22.8%	LGIM Future World	World Equity (Passive)	434,720	23.4%
<b>1,165,541</b>	<b>66.7%</b>	<b>Global Equity</b>		<b>1,208,531</b>	<b>65.0%</b>
98,641	5.6%	London LGPS CIV Ltd - CQS	Multi Asset Credit	94,055	5.1%
<b>98,641</b>	<b>5.6%</b>	<b>Fixed Income</b>		<b>94,055</b>	<b>5.1%</b>
-	0.0%	London LGPS CIV Ltd - Ruffer	Absolute Return	51,617	2.8%
-	<b>0.0%</b>	<b>Multi Asset</b>		<b>51,617</b>	<b>2.8%</b>
<b>1,264,335</b>	<b>72.3%</b>	<b>Total pooled</b>	<b>Sub-Total</b>	<b>1,354,353</b>	<b>72.9%</b>
<b>Investments managed outside of the London CIV asset pool:</b>					
69,172	4.0%	Longview	Global Equity (Active)	-	0.0%
<b>69,172</b>	<b>4.0%</b>	<b>Global Equity</b>		<b>-</b>	<b>0.0%</b>
-	0.0%	Northern Trust Short ESG Fund	Bonds	49,724	2.7%
240,140	13.7%	Insight Buy and Maintain Bond Fund	Bonds	228,170	12.3%
<b>240,140</b>	<b>13.7%</b>	<b>Bonds</b>		<b>277,894</b>	<b>15.0%</b>

## Note 10 Investment Management Arrangements (continued)

31 March 2021 Market Value	%	Fund Manager	Mandate	31 March 2022 Market Value	%
£'000				£'000	
89	0.0%	Hermes	Property	89	0.0%
71,261	4.1%	Abrdn	Property	103,750	5.6%
<b>71,350</b>	<b>4.1%</b>	<b>Property</b>		<b>103,839</b>	<b>5.6%</b>
-	0.0%	Man Group Community Housing Fund	Affordable Housing	29,514	1.6%
-	<b>0.0%</b>	<b>Affordable Housing</b>		<b>29,514</b>	<b>1.6%</b>
29,728	1.7%	Pantheon Global Infrastructure	Infrastructure	48,970	2.6%
6,004	0.3%	Macquarie GIG Renewable Energy	Infrastructure	9,781	0.5%
7,333	0.4%	Quinbrook Renewables Impact Fund	Infrastructure	18,183	1.0%
<b>43,065</b>	<b>2.4%</b>	<b>Alternatives</b>		<b>76,934</b>	<b>4.1%</b>
<b>423,727</b>	<b>24.2%</b>	<b>Total outside pool</b>	<b>Sub-total</b>	<b>488,181</b>	<b>26.3%</b>
59,291	3.5%	Cash deposits		15,828	0.8%
<b>1,747,353</b>	<b>100%</b>	<b>Total investments at 31 March</b>		<b>1,858,362</b>	<b>100%</b>

# Note 11 Reconciliation in Movement in Investments

2020/21	Market value at 1 April 2020	Purchases during the year	Sales during the year	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 11 Reconciliation in Movement in Investments continued

2021/22	Market value at 1 April 2021	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Equities	150	-	-	-	150
Pooled investments	1,570,009	133,964	(86,200)	43,837	1,661,610
Pooled property investments	71,261	22,077	(1,269)	11,681	103,750
Infrastructure	43,036	34,013	(11,876)	11,747	76,920
<b>Total</b>	<b>1,684,456</b>	<b>190,054</b>	<b>(99,345)</b>	<b>67,265</b>	<b>1,842,430</b>
Cash deposits	62,788			146	15,816
Amounts receivable for sales of investments	-			-	-
Investment income due	109			-	116
Spot FX contracts	-			35	-
Amounts payable for purchases of investments	-			-	-
<b>Net investment assets</b>	<b>1,747,353</b>			<b>67,446</b>	<b>1,858,362</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 2021			31 March 2022	
Market Value	Holding		Market Value	Holding
£'000	%		£'000	%
398,414	22.8%	LGIM Future World	434,720	23.4%
337,309	19.3%	London LGPS CIV Ltd - Morgan Stanley	374,723	20.2%
429,622	24.6%	London LGPS CIV Ltd - Baillie Gifford	399,046	21.4%
240,140	13.7%	Insight Buy and Maintain Bond Fund	228,170	12.3%
95,312	5.5%	London LGPS CIV Ltd - CQS	94,054	5.1%
71,261	4.1%	Abrdn Long Lease Property	103,750	5.6%
<b>1,572,058</b>	<b>90.0%</b>	<b>Total Top Holdings</b>	<b>1,634,463</b>	<b>88.0%</b>
<b>1,747,353</b>		<b>Total Value of Investments</b>	<b>1,858,362</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 20/21	Valuation hierarchy 21/22	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 – Absolute Return	N/A	Level 2	The NAV for each share class is calculated based on the market value of the underlying assets.	Evaluated price feeds	Not required
Pooled investments - Affordable Housing	N/A	Level 3	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.	Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund.	Upward valuations are only considered where there is validation of the investment objectives and such progress can be demonstrated.  Downward valuations are enacted where the manager considers there is an impairment to the underlying investment
Pooled Investments - Infrastructure	Level 3	Level 3	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required.	Manager valuation statements are prepared in accordance with ECVA guidelines	Upward valuations are only considered when there is validation of the investment objectives and such progress can be demonstrated

## 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 2022.

Description of asset	Assessed Valuation Range (+/-)	Value at 31 March 2022	Value on increase	Value on decrease
		£000	£000	£000
Pantheon – Infrastructure (a)	+/-10.0%	48,970	53,867	44,073
Quinbrook - Renewable Infrastructure (b)	+6.1%/-9.1%	18,183	19,292	16,528
Macquarie - Renewable Infrastructure (c)	+/-10.0%	9,767	10,744	8,790
Man Group – Affordable Housing (d)	+10.3%/-11.3%	29,514	32,554	26,179
<b>Total</b>		<b>106,434</b>	<b>116,457</b>	<b>95,570</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 +6.1%/- 9.1% flex range based on the actual valuation range calculated. The % flex will be an implied rate based on the actual valuation range calculated, which in turn will be based on a sensitivity analysis for the current holdings.
- The valuation of the fund is estimated to be within a +/- 10% range and with a lower boundary on the downside i.e. not capturing any potential long-term upsides such as repowering or asset life extensions.
- The valuation of the fund is estimated to be within a +10.3%/-11.3% range. These ranges relate specifically to the valuation of completed sites. They are based on stress tests reflecting potential changes in market environment, particularly changes in house prices and inflation/interest rates.

## Note 13a Fair Value – Basis of Valuation (continued)

As at 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>

a) The inputs used by the General Partner during valuation include, but are not limited to, prices and other relevant information generated by the market transactions, type of security, size of the position, purchase price, purchases of the same or similar securities by other investors, marketability, foreign exchange rates, degree of liquidity, restrictions on the disposition, latest round of financing data, completed or pending third-party transactions in the underlying investment or comparable issuers, current financial position and operating results among other factors.

b) The valuation of the fund is estimated to be within a +/- 9.1% flex range based on the actual valuation range calculated. The % flex will be an implied rate based on the actual valuation range calculated, which in turn will be based on a sensitivity analysis for the current holdings.

c) The valuation of the fund is estimated to be within a +/- 10% range and with a lower boundary on the downside i.e. not capturing any potential long-term upsides such as repowering or asset life extensions.

# 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 2021			31 March 2022		
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>					
-	1,641,271	43,185	-	1,735,846	106,584
<b>Financial Liabilities</b>					
-	-	-	-	-	-
-	<b>1,641,271</b>	<b>43,185</b>	-	<b>1,735,846</b>	<b>106,584</b>
<b>Total</b>					

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

2021/22	Opening balance	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/losses	Realised gains/losses	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Share Capital	150	-	-	-	-	-	-	150
Pantheon - Infrastructure	29,698	-	-	17,546	(6,315)	7,807	234	48,970
Quinbrook - Renewable Infrastructure	7,333	-	-	12,517	(4,788)	3,121	-	18,183
Macquarie - Renewable Infrastructure	6,004	-	-	3,950	(773)	588	(2)	9,767
Man Group - Affordable Housing	-	-	-	31,249	(786)	(949)	-	29,514
<b>Total</b>	<b>43,185</b>	<b>-</b>	<b>-</b>	<b>65,262</b>	<b>(12,662)</b>	<b>10,567</b>	<b>232</b>	<b>106,584</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
Share Capital	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 2021			31 March 2022		
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>					
1,570,159			Pooled Funds	1,661,760	
71,261			UK Unit Trust - Property	103,750	
43,036			Infrastructure	76,920	
	1,224		<b>Cash Balances (held directly by Fund)</b>	13,383	
	109		<b>Other Investment Balances</b>	116	
	62,778		<b>Cash Deposits</b>	15,816	
	3,974		<b>Debtors</b>	5,692	
<b>1,684,456</b>	<b>68,095</b>	<b>-</b>		<b>1,842,430</b>	<b>35,007</b>



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

31 March 2021				31 March 2022		
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><u>Financial Liabilities</u></b>						
-	-	-	Other Investment Balances	-	-	-
-	-	(223)	Creditors	-	-	(694)
-	-	(223)	<b>Total</b>	-	-	<b>(694)</b>
1,684,456	68,095	(223)	<b>Total</b>	1,842,430	35,007	(694)
					<b>1,752,328</b>	<b>1,876,743</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 2021		31 March 2022
£'000		£'000
<b>Financial Assets</b>		
432,617	Designated at fair value through profit and loss	67,265
(100)	Financial assets at amortised cost	181
<b>432,517</b>		<b>67,446</b>
<b>Financial Liabilities</b>		
(30)	Financial liabilities at amortised cost	-
<b>(30)</b>		<b>-</b>
<b>432,487</b>	<b>Total</b>	<b>67,446</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.

On 24 February 2022, Russia invaded Ukraine, a severe escalation in the conflict which had been ongoing since 2014. Subsequently, numerous global powers implemented sanctions against major Russian banks and financial institutions, including freezing of overseas assets and removing access to SWIFT international payments. The Westminster City Council Pension Fund can report that as at 31 March 2022, the value of direct investments to Russia or Ukraine within the Pension Fund's asset classes is zero.

#### 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 7.83% increase or decrease in market price risk is reasonable for 2021/22. 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 2021	10.9%	1,747,353	1,937,814	1,556,891
<b>As at 31 March 2022</b>	<b>7.83%</b>	<b>1,858,363</b>	<b>2,003,873</b>	<b>1,712,853</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	Value	Value on 1% increase	Value on 1% decrease
	£'000	£'000	£'000
Fixed Income - Global Bonds	228,170	209,510	246,830
Fixed Income - Global Multi Asset Credit	94,055	92,587	95,522
Absolute Return	51,617	52,458	51,488
<b>As at 31 March 2022</b>	<b>373,842</b>	<b>354,555</b>	<b>393,840</b>

Assets exposed to interest rate risk	Value	Value on 1% increase	Value on 1% decrease
	£'000	£'000	£'000
Fixed Income - Global Bonds	240,140	220,281	260,000
Fixed Income - Global Multi Asset Credit	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>

## Note 15 Nature and Extent of Risks Arising from Financial Instruments (continued)

### Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than Sterling. The Fund aims to mitigate this risk through the use of hedging, which is applied to the LGIM equities mandate. The Committee recognises that a strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits.

Overseas equities, fixed interest securities and futures, cash in foreign currencies, forward foreign exchange contracts and some elements of the pooled investment vehicles are exposed to currency risk. The following table demonstrates the change in value of these assets had there been a 7.62% strengthening/weakening of the pound against foreign currencies during 2021/22.

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 2021 6.44%	754,503	803,093	705,913
<b>As at 31 March 2022 7.62%</b>	<b>692,844</b>	<b>745,639</b>	<b>640,049</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 2022, liquid assets were £1,648m representing 89% of total fund assets (£1,633m at 31 March 2021 representing 93% of the Fund at that date). The majority of these investments can in fact be liquidated within a matter of days.

# Note 16 Funding Arrangements

The LGPS Regulations require that a full actuarial valuation of the Fund is carried out every three years. The purpose of this is to establish that the Westminster City Council Pension Fund is able to meet its liabilities to past and present contributors and to review the employer contribution rates.

The latest full triennial valuation of the Fund was carried out by Barnett Waddingham, 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%).

Please note during the 2021/22 financial year the Pension Fund changed actuaries from Barnett Waddingham to Hymans Robertson. Therefore the next valuation, as at 31 March 2022, will be undertaken by Hymans Robertson.

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 2022. The figures have been prepared by Hymans Robertson, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension's legislation.

In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

31 March 2021		31 March 2022	
£'000		£'000	
(2,337,834)	Present Value of Promised Retirement Benefits	(2,280,000)	
1,747,353	Fair Value of Scheme Assets (bid value)	1,858,362	
<b>(590,481)</b>	<b>Net Liability</b>	<b>(421,638)</b>	

Please note during the 2021/22 financial year the Pension Fund changed actuaries from Barnett Waddingham to Hymans Robertson.

## ASSUMPTIONS

To assess the value of the Fund's liabilities at 31 March 2022, 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 2021 Model, allowing for a long-term rate of improvement of 1.50% p.a.

Assumed life expectancy from age 65 is:

Life expectancy from age 65 years		31 March 2021	31 March 2022
Retiring today	Males	21.6	21.4
	Females	24.3	24.1
Retiring in 20 years	Males	22.9	22.9
	Females	25.7	26.1

## FINANCIAL ASSUMPTIONS

The main financial assumptions are:

	31 March 2021	31 March 2022
	%	%
CPI Increases	2.80	3.20
Salary increases	3.80	4.20
Pension increases	2.80	3.20
Discount rate	2.00	2.70



## Note 18 Current Assets

31 March 2021		31 March 2022	
£'000		£'000	
<b>Debtors:</b>			
2,608	Contributions due - employers	3,180	
826	Contributions due - employees	1,053	
540	Sundry debtors	1,478	
1,224	Cash balances	13,383	
<b>5,198</b>	<b>Total</b>	<b>19,094</b>	

## Note 19 Current Liabilities

31 March 2021		31 March 2022	
£'000		£'000	
(836)	Sundry creditors	(1,320)	
<b>(836)</b>	<b>Total</b>	<b>(1,320)</b>	

### ANALYSIS OF DEBTORS

31 March 2021		31 March 2022	
£'000		£'000	
1	Central Government Bodies	19	
654	Other entities and individuals	1,472	
3,319	Administering Authority	4,220	
<b>3,974</b>	<b>Total</b>	<b>5,711</b>	

### ANALYSIS OF CREDITORS

31 March 2021		31 March 2022	
£'000		£'000	
-	Administering Authority	(269)	
(613)	Central government bodies	(626)	
(223)	Other entities and individuals	(425)	
<b>(836)</b>	<b>Total</b>	<b>(1,320)</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 2021		Market Value 31 March 2022	
£'000		£'000	
934	Aegon	953	
366	Utmost Life and Pensions	357	
<b>1,300</b>	<b>Total</b>	<b>1,310</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 largest scheme employer, who has paid £98.5m in contributions over the year to 31 March 2022. The Council incurred costs of £0.587m in the period 2021/22 (2020/21: £0.545m) in relation to the administration of the Fund and were reimbursed by the Fund for the expenses. The Fund uses the same Banking and Control Service provider as WCC and no charge is made in respect of this.

## KEY MANAGEMENT PERSONNEL REMUNERATION

The key management personnel of the Fund are the Members of the Pension Fund Committee, the Executive Director of Finance and Resources, the Tri-Borough Director of Treasury and Pensions and the Director of People Services. There were no costs apportioned to the Pension Fund in respect of the Executive Director of Finance and Resources post for 2020/21 and 2021/22. Total remuneration payable to key management personnel from the Pension Fund is set out below:

31 March 2021		31 March 2022	
£'000		£'000	
63	Short-term benefits	74	
132	Post-employment benefits	(37)	
<b>195</b>	<b>Total</b>	<b>37</b>	

## Note 22 External Audit Costs

The external fee payable to the Fund's external auditors Grant Thornton UK LLP was £29k (£25k in 2020/21).

31 March 2021	31 March 2022
<b>£'000</b>	<b>£'000</b>
25 External audit fees	29*
<b>25 Total</b>	<b>29</b>

\*The audit fees for 2021/22 include additional fees for 2019/20, fees for 2021/22 and a S13 grant rebate.

## 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 (£69.6m) to the Pantheon Global Infrastructure Fund III, of this commitment \$27m (£20.5m) was still outstanding at 31 March 2022. Alongside this, the Fund has committed £60m to the Quinbrook Renewables Impact Fund with £41.8m outstanding as at 31 March 2022. The Fund has also committed €55m (£46.3m) to the Macquarie Renewable Energy Fund, €43.4m (£36.6m) of which was outstanding at 31 March 2022. During the year, the Fund committed £50m to the Man Group Affordable Housing Fund, with £20.5m outstanding as at 31 March 2022.



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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<b>Note 24</b>	Contractual Commitments

# Contact Information

This document gives details of Westminster City Council's Annual Accounts and is available on the Council's website at [westminster.gov.uk](http://westminster.gov.uk).

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