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City of Westminster

Committee Agenda

Title:	**Audit and Performance Committee**
Meeting Date:	**Thursday 17th June, 2021**
Time:	**6.30 pm**
Venue:	**Room 18.01-18.02, 18th Floor, 64 Victoria Street, London, SW1E 6QP**
Members:	**Councillors:** Ian Rowley (Chairman) David Boothroyd Danny Chalkley Antonia Cox

Members of the press and public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda

Admission to the public gallery is by ticket, issued from the ground floor reception from 6.30pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.

An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Artemis Kassi, Lead Scrutiny Advisor.

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Corporate Website: www.westminster.gov.uk

Note for Members: Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Director of Law in advance of the meeting please.

AGENDA

PART 1 (IN PUBLIC)

1.	**MEMBERSHIP** To note any changes to the membership.	
2.	**DECLARATIONS OF INTEREST** To receive declarations by Members and Officers of the existence and nature of any pecuniary interests or any other significant interest in matters on this agenda.	
3.	**MINUTES - TO FOLLOW** To approve the minutes of the meeting on 2 March 2021.	
4.	**2020 -2021 YEAR END PERFORMANCE REPORT** To receive and review a report on the performance and progress at the end of 2020 – 2021.	**(Pages 5 - 70)**
5.	**REVENUE AND CAPITAL OUTTURN 2020 - 2021** To receive and review a report on the Revenue and Capital Outturn 2020 -2021, examining the General Fund revenue position against the approved budget.	**(Pages 71 - 94)**
6.	**REPORT ON TREASURY MANAGEMENT STRATEGY OUTTURN FOR 2020/21** To note a report on the annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21, in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.	**(Pages 95 - 108)**
7.	**EXTERNAL AUDIT CERTIFICATION OF CLAIMS AND RETURNS ANNUAL AUDIT 2019/20** To note the report on the annual external review of the grants claimed by the City Council through a grants certification process.	**(Pages 109 - 112)**

This report provides a summary of the review of the Housing Benefit Subsidy claim for 2019/20.

8. REPORT ON THE 2020/2021 AUDIT PLAN FOR WESTMINSTER CITY COUNCIL **(Pages 113 - 138)**

To receive a report on the 2020/2021 Audit Plan, outlining the planned scope and timing of Westminster City Council's statutory audit by the external auditors, Grant Thornton.

9. REPORT ON THE 2020/2021 AUDIT PLAN FOR THE WESTMINSTER PENSION FUND **(Pages 139 - 156)**

To receive a report on the 2020/2021 Audit Plan for the City of Westminster's Pension Fund, outlining the planned scope and timing of the statutory audit by the external auditors, Grant Thornton.

10. WORK PROGRAMME **(Pages 157 - 166)**

To consider the Committee's Work Programme for the municipal year 2021 – 2022.

Stuart Love
Chief Executive
9 June 2021

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Audit and Performance Committee Report

Meeting or Decision Maker:	Audit and Performance Committee
Date:	17 June 2021
Classification:	General Release
Title:	2020/21 Year End Performance Report
Key Decision:	Review performance and challenge officers on the contents of the report

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Purpose:
This performance report summarises the Council's performance and progress at the end of 2020/21. It presents the latest cumulative outturns available for each KPI at year end where possible (April 2020 – March 2021). Availability of results for some KPIs vary and may not align to the quarterly performance reporting cycle. In these cases, the latest position available is reported for year-end.

Recommendations:
- Committee to note the performance updates at year-end.
- Committee to indicate any areas where they require more information or clarification.

New additions and changes to the report from the previous quarter:
- We have added a top pressures and future impacts section.
- We have added additional KPI and risk analysis.
- We have added additional Covid-19 related information.
- We have added narrative to address queries received surrounding the consistency of risk scoring.

Report content:
The **main body** of the report consists of:
- Headline messages including top achievements, issues, risks and KPIs at the end of 2020/21.
- Top pressures for the Council and their future impacts.
- High-level update on the Council's strategic and operational risks.
- Summary of the Covid-19 impacts to date.

The **appendix** includes detailed performance information by directorate (achievements, issues, KPIs and risk).

1. Headline Achievements

This section highlights the Council's headline achievements both this quarter and over the course of the full 2020/21 year. The Council's key achievements across all services can be read in more detail in the appendix.

The Council continued its **response to the Covid-19 pandemic**, including:

- **The successful return to school following the easing of restrictions**. Attendance figures have been positive and in line with or above national averages for both primary and secondary schools.
- **Since March 2020, the Council has addressed effects of the pandemic** in many ways, such as:
    - Our mortuary team facilitating research–based post-mortems with St Mary's Hospital, contributing to our understanding of the virus and aiding the fight against Covid-19.
    - Working alongside partners to develop and implement just under 100 public realm schemes.
    - Supporting over 1,000 businesses in the hospitality sector through fast tracking licensing applications and pavement licences when the City reopened in April 2021.
    - Supported 22,000 shielding residents through Westminster Connects phone calls and signposting; delivered 80,000 meals to those in need and registered 4,000 volunteers on our platform.
    - Accommodating 266 individuals in the first phase of the 'Everyone in' programme, and then successfully moving on over 75% from hotel accommodation. We have now accommodated over 800 individuals in emergency accommodation as a result of Covid-19 since March 2019.
    - Successfully negotiated the first major phase of reopening the City.
    - Significantly engaged/supported over 12,000 businesses through the Business Unit and WCC delivered or commissioned business support programmes.

The Council continues to address the **Climate Emergency**. Over the course of the year, some examples of achievements include:

- Retrofitted four 26-tonne diesel waste collection trucks with electric motors.
- Initiated a food waste recycling service across 7500 households.
- Achieved an estimated 79% reduction in operational day-to-day emissions in the King Street footway pilot.
- Replaced streetlighting across the City with energy efficient LED lighting.
- Continued to have the highest level of on-street EV chargers per capita in the country.
- Started improving the energy performance of our leisure centres.
- Launched the Property Carbon Management Programme. During 2020/21, this programme has seen procurement and appointment of a new contractor to work with the Council in achieving our sustainable building ambitions.

Other achievements include:

- Delivered over 4,000 laptops to disadvantaged children. When schools closed during the first Covid-19 national lockdown in March last year, it became clear there was a digital divide between children with many not having access to their own device to complete home learning. Around nine per cent of children in the UK do not have access to a laptop or device at home. To further tackle digital exclusion in Westminster, we set up the Digital Futures scheme with the Young Westminster Foundation through an ambitious partnership between local charities, businesses and schools aiming to provide devices and connectivity to communities.
- Westminster being the most connected borough in London based on full fibre availability with over half of its total premises able to access full-fibre broadband. This successful roll out of high-speed internet will not only help to support local businesses, learning and training, but will also ensure that the people of Westminster can stay connected with friends, family, and loved ones when it is of the upmost importance.
- Completing the rollout of a new 20mph speed limit across the City. Limiting speeds reduces the severity of accidents and make it safer to travel on foot or by cycle, helping to improve public space and to encourage healthier, more active lifestyles. It also contributes to the Council's commitment to tackling road traffic pollution.
- Helping unemployed residents into jobs, including priority NHS vacancies through the Westminster Employment Service (WES). WES has met targets set pre-pandemic and supported 320 people into work. This includes 39 people into employment at mass testing sites and filling roles at vaccination hubs.

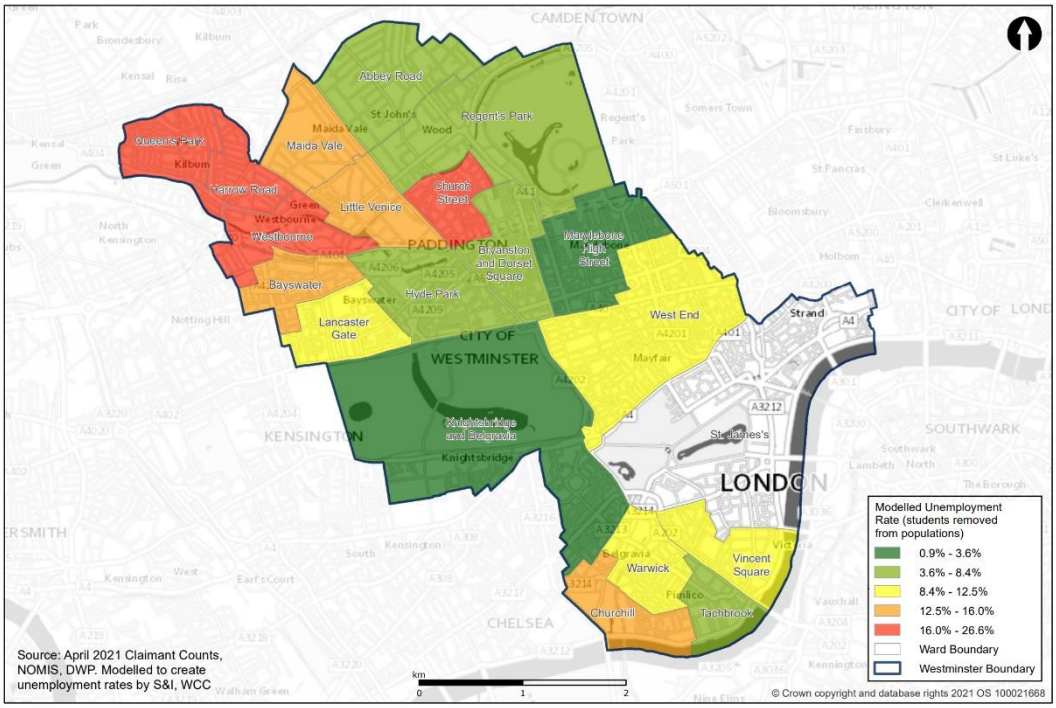
2. Top pressures faced by the Council

This section captures our top pressures, which have been informed by the Council's top risks and issues. Additional assurance has been provided over the course of Quarter 4 to ensure that all risks are scored consistently.

The Covid-19 pandemic continues to cause issues for the Council to address, such as:

- **Rising youth unemployment –** Unemployment among young people has increased rapidly since the Covid-19 pandemic struck and continued to increase until the end of the financial year. According to Nomis, the number of young people aged 16-24 claiming out of work benefits in Westminster has increased by 384% since the beginning of lockdown, from 415 to 1,585 (March 2021). Increases have been seen across all wards, but the highest increase in numbers have occurred in wards with high levels of deprivation, where the working assumption is that jobs are more likely to have been in lower skilled sectors (especially hospitality and retail) which are particularly vulnerable to Covid-19 restrictions. The rates range from around 1% in Knightsbridge and Belgravia to 26.6% in Church Street. 4 wards are above 20%, 9 wards between 10-20%, and 7 wards under 10%. (St James's modelled figures are currently considered unreliable due to uncertainties around the high numbers of students in the area - although the claimant count rate is similar to the Westminster average).

Modelled Youth Unemployment Rates (18-24 year olds)



- Unemployment more widely continues to be a pressure, impacting on financial, physical and mental wellbeing across all groups. Older unemployed people will suffer more loneliness and poor mental and physical health from not being in work, while children of parents who are not in work have poorer outcomes. Older workless residents account for more than 75% of all job seekers in the borough including large numbers of long-term unemployed residents.
- **Outbreak management** – Variants of Concern could impact Westminster. There is a Surge Plan to respond to any increased infection rates.
- **Financial impact -** Revenue from Council Tax and Business Rates has been significantly impacted following Covid-19, primarily due to the economic position caused by the pandemic and the inability to hold court hearings which enforce recovery action. The Government announcement of a third nationwide lockdown from January 2021 impacted budgets. Some services within Environment and City Management, for example, leisure centres, generate significant commercial income to fund services which were affected by lockdowns. There remains a risk of long-term scarring to income streams across the Council, such as paid for parking and permits, registrar income and many more. Finance and Resources has reported the negative financial impact of the pandemic in quarters 2 and 4. The effects of this can be seen in the results of some KPIs. These include:
    - Less than £5m variance between budget and full year forecast – this is not meeting target as the pandemic has meant the Council has lost large amounts of income, some of which are not reclaimable under the income compensation scheme.
    - The collection of council tax and business rates is not meeting target due to residents facing an uncertain financial situation given the pandemic and the restriction on courts which has suspended recovery action for unpaid bills.
- **Funding at risk -** The government made additional funding available to local authorities in 2020/21 to mitigate income reduction, but this did not fully fund the reductions experienced by the Council. In 2021/22, much of this support ceases after quarter one.

while the economic impact of Covid-19 on the City continues. This will continue to put council resources under pressure in 2021/22 and beyond. Additionally, the levelling-up agenda looks set to significantly reduce core funding for London and may require reductions in expenditure to retain a balanced budget position.

- **Reopening the City -** We are preparing for the planned wider reopening on 17 May when indoor hospitality is scheduled to recommence. This is likely to require additional resourcing as we see more people returning to Westminster.

Increased demand for services continues to be a significant issue:

- **An increasing demand for services to support children with special educational needs or disabilities (SEND).** The prevalence of SEND in Westminster schools is higher than the national average. Children's Services reported the increase in the prevalence of SEN in Quarters 2, 3 and 4. This has not yet affected the performance of the service's KPIs measuring EHCP assessments. However, further increases could mean that this is unsustainable. The service is having to divert resources within the service to manage the peak of referrals from January that will require EHCPs in May. This is reducing our review capacity. Our commissioning plans for SEN provision are to develop additional in-borough resources to meet the demand for places.
- The rising pressures and number of children with SEND are trends that pre-exist COVID-19. In Westminster, we have seen an increase in the number of children and young people with an Education Health and Care Plan (EHCP) every year for the past five years. Nationally, the number of children and young people with an EHCP increased by 10% between January 2020 and January 2021. In a national DfE survey around the impact of COVID-19, local authorities have reported increases in the numbers of requests for assessment for an EHCP during the past year and this has been noted locally, particularly at pre-school age. With many referrals being received in December / January and during the spring term, the full picture for this will not be known until we have data for the full academic year. An increase in requests for assessment will impact on capacity of the SEN Service.
- **Increased placement demand for Looked After Children.** There is increasing demand for placements from Unaccompanied Asylum Seeker Children (UASC) which could potentially lead to financial overspend without proper controls in place. The Council regularly monitors current placement costs and several measures are in place to mitigate against this risk.
- **Increased demand in Adult Social Care.** Adult social care may see an increase in costs to the delivery of services, caused by NHS pressures (NWLCCG is in financial deficit), market fragility and a bounce back from the suppressed demand of services due to Covid-19. An increase in demand may mean increases in the acuity of client needs (higher packet costs), increases in the number of service users, potential budget overspends and the inability to meet agreed savings targets. The Council is closely monitoring demand for homecare and care home support and regularly reviewing finance and performance information in this area.

The delivery of our affordable homes has experienced delays:

- **Delays in delivery of affordable homes.** Two Registered Provider (RPs) schemes will not be completed by 2023 as anticipated. RPs are contributing 42% of total homes within the 1,850 City for All target. We are exploring the scope for some schemes to be brought forward to ensure the 1,850 target is met by the end of 2023.

3. Key Performance Indicators overview

At 2020/21-year end:
24% of KPIs are exceeding their target, while 37% are achieving their target.
17 measures are not meeting target, equating to 22% of all KPIs included in the performance report. You can see more detail on these measures in section 3.3. Of these measures, the Covid-19 pandemic has been cited as a contributing factor of underperformance in 13 (72%). Some examples of Covid-19 impacts include:

- only emergency home repairs were taking place, affecting satisfaction rates
- physical inspections to remove hazards from dwellings were only taking place when a significant risk was identified
- visits to libraries, the Sayers Croft service and participation in leisure and sports activities were affected due to various lockdowns
- work to improve houses of multiple occupation stopped to comply with government advice
- less debt was collected as residents faced uncertain financial circumstances, recovery action through courts were suspended
- projects were delayed, resulting in the Capital Budget being underspent

When comparing this to year-end 2019/20, there were 10 KPIs not meeting target, equating to 14% of all KPIs included in the performance report at that time. The Covid-19 pandemic began affecting the Council's performance during March 2020, just before the end of the financial year. Noting this, there are some areas of the Council that were underperforming at year end 2020 and 2021, regardless of Covid-19 impact, for example, debt collection results and the percentage of streets passing the street score survey for litter have been off track both years.

Conversely, some indicators off-track a year ago have improved at year end 2020/21, such as children receiving a development review, satisfaction with ASB case handling and residents helped into jobs through the Westminster Employment Service.
Below is a summary of the performance of our indicators for the last three years:

	Total number of KPIs reported	Number exceeding target	Number meeting target	Number not meeting target
2018/19	70	29 (41%)	20 (29%)	6 (9%)
2019/20	69	21 (30%)	26 (38%)	10 (14%)
2020/21	83	20 (24%)	31 (37%)	18 (22%)

As seen above, the proportion of KPIs not meeting target is increasing, with 9% at 2018/19 year-end, in comparison to 18% at 2020/21 year-end. The number meeting target has also increased (29% 2018/19 vs. 37% in 2020/21), while the number exceeding target is consistently decreasing.

The below table show KPIs not meeting targets at year-end 2020/21 that also were not meeting target in an additional year out of the last three.

KPI	2018/19 year-end	2019/20 year-end	2020/21 year-end
2% increase in real and virtual visits to libraries compared to the same period last year	Target not met	Target achieved	Target not met
Streets in Westminster that pass the street score survey for litter	Target not met	Target not met	Target not met
11 to 70 days taken to collect debt	New KPI	Target not met	Target not met
91% of council tax collected by the Council	Exceeded target	Target not met	Target not met
91% of business rates collected by the Council	Minimum standard met	Target not met	Target not met

3.1 Overachieving KPIs

The indicators presented below are reported by the service are currently exceeding aspirational target levels for the year. Detail on each KPI assessment can be found in the relevant directorate's section of the appendix.

	Directorate KPIs *Aspirational target positions are provided in the descriptions below for each KPI)*	**2019/20-year end position**	**2020/21 ideal target**	**Year end 2020/21 result and target assessment**	
ADULTS SOCIAL CARE AND PUBLIC HEALTH					
1	New permanent admissions to residential/nursing care of people aged 65 years and over	**56**	**95**	**72** (lower than target means a better result)	Exceeding target
CHILDREN'S SERVICES					
2	Education, Health and Care assessments finalised	**New KPI**	**40**	**19** (lower than target means a better result)	Exceeding target
3	Education, Health and Care assessments which are completed within 20 weeks, excluding exceptions	**68%**	**100%**	**100%**	Exceeding target
4	Referrals to social care	**New KPI**	**500**	**452** (lower than target means a better result)	Exceeding target
Service commentary: Our numbers of looked after children (except for unaccompanied asylum-seeking children) have been falling over the past 5 years. This is a direct result of the investment we have made in a systemic practice model – enabling our practitioners to develop skills in engaging and getting alongside families to make improvements in their lives without blaming or shaming them and having a framework of change management that allows them to manage risk with confidence. Whilst other local authorities have seen an increase in family breakdown that has resulted in more children coming into care, our practitioners have continued to engage with families during Covid-19 times and to work with them in such a way to avoid the need for care placements. There is also the possibility that referrals to social care have been slightly repressed due to the pandemic. The lack of direct contact by some key referral partners at various points over the last year, including schools and health, may have impacted on these figures.					
5	Looked after children number	**New KPI**	**187**	**168** (lower than target means a better result)	Exceeding target
Service commentary: we have an older care population and therefore, while Looked After numbers are reducing, our Care Leaver number are increasing as they age out at 18. This picture will also have been impacted in the last 12 months by the reduction of arrivals of Unaccompanied Asylum-Seeking Children due to the Covid-19 pandemic and travel restrictions.					
ENVIRONMENT AND CITY MANAGEMENT					
6	Total licences issued within 28 days from the publication date of the Licensing Sub-Committee decision	**90%**	**90%**	**90%**	Exceeding target
7	% of licensed premises that are safe and well managed following a single inspection (Covid-19-secure)	**90%**	**90%**	**100%**	Exceeding target
8	Vulnerable residents supported to continue living in their homes	**1,057**	**500**	**659**	Exceeding target
9	% of women accessing specialist domestic abuse services who report a reduction in abuse	**92%**	**75%**	**96%**	Exceeding target

	Directorate KPIs *Aspirational target positions are provided in the descriptions below for each KPI)*	2019/20-year end position	2020/21 ideal target	Year end 2020/21 result and target assessment	
GROWTH, PLANNING AND HOUSING					
10	Cases of homelessness prevented (Defined as outcomes from a combination of Housing Solutions and Shelter work)	**573**	**520**	**621**	Exceeding target
11	Planning appeals determined in favour of the Council (Excluding telephone boxes)	**77%** (331/432)	**63%**	**73%** (107 of 147)	Exceeding target
12	1,000 businesses significantly engaged (including vouchers issued, Corporate Social Responsibility activity)	**1,320**	**1,000**	**7,257**	Exceeding target
13	345 Westminster residents supported into Interims (Work trials, training, work placements & volunteering)	**New KPI**	**345**	**1,078**	Exceeding target
PEOPLE SERVICES					
14	14% of staff turnover is managed at appropriate benchmark levels (excluding redundancies)	**13%** (306 leavers from 2403 employees)	**14%** (206 leavers from 2501 employees)	**8%**	Exceeding target
15	Hampshire target – HR transactions made via self-service	**92%**	**95%**	**98%**	Exceeding target
16	2.3% of apprenticeship starts in the Council in relation to the public sector target of 2.3% of total headcount	**4.6%** without schools/**3.7%** with schools	**2.3%**	**5.4%** without schools/**3.4%** with schools	Exceeding target
17	Engagement: To increase the Employee Engagement Index across WCC (measured through Our Voice staff survey)	**New KPI**	**73%**	**78%**	Exceeding target
18	WCC staff feel valued by Westminster	**New KPI**	**55%**	**62%**	Exceeding target
19	WCC staff feel the Council cares about my health and wellbeing	**New KPI**	**57%**	**70%**	Exceeding target
20	WCC staff feel they have the opportunity to improve our services by seeking and using feedback from users.	**New KPI**	**62%**	**66%**	Exceeding target

3.2 PIs 'off track' at Q3 2020/21 that have since improved to 'meeting target'

The table below provides an update on KPIs that were missing their target at the end of the last quarter that have now improved. Of the 17 KPIs that were off track in quarter three, two have improved to meeting their target in quarter four.

	Directorate KPIs *Ideal target positions are provided in the descriptions below*	Quarter 3 2020/21 result and target assessment		Year-end 2020/21 result and target assessment		Service commentary
FINANCE AND RESOURCES						
1	Less than 5% calls abandoned (Agilisys)	**6.5%**	Target off track	**4.9%**	Target met	
ENVIRONMENT AND CITY MANAGEMENT						
2	Complete 100% of high-risk food premises inspections (category A-B)	**68%**	Target off track	**100%**	Target met	All Category A and B premises due for inspection in 2020/21 which were open for business during the lockdown have been inspected.

3.3 Underperforming KPIs and related risks

The indicators presented below are critical to the Council's performance and have been highlighted for the attention of the committee. Target information for some of these KPIs are currently under review in order to ensure they reflect the current operating environment. The table below also shows the highest scoring risks reported by directorates that would threaten the performance of the KPI (listed below) if a risk were to be realised. Please see the appendix for detail on the full list of KPIs and top risks from each directorate.

	Directorate KPIs *Ideal target positions are provided in the descriptions below for each KPI)*	**Year-end 2019/20 result**	**Year-end 2020/21 result and target assessment**		**Service commentary**	**Mitigating actions to manage KPI performance during the pandemic**
CHILDREN'S SERVICES						
1	15% of re-referrals to social care within 12 months	**New KPI**	**108 (24% re-referral rate)**	Target not met	This is the number of referrals in quarter four who had been previously referred within the last 12 months. The result for the full year was also 24%, with 470 total re-referrals. This is a provisional figure before we receive statutory returns.	We have set ourselves a challenge in our target range. There is a range of quality assurance activities taking place to scrutinise the reasons for re-referrals and to ensure the right services are offered at the right time.
2	80% of care leavers in education, training or employment (at age 19, 20, 21) (excluding those not in touch)	**68%** (target achieved)	**69.3%**	Target not met	Covid-19 has had a considerable effect on youth unemployment hence the % of care leavers in EET may be lower than usual. We compare favourably to national and London figures on this generally.	We have set ourselves a challenge in our target range rather than this being an indication that we are drastically under-achieving.
	Directorate risks that could impact the performance if risk materialises:	**Covid-19 pandemic -** Covid-19 may continue to impact youth unemployment.				
3	% of Looked After Children placed in external foster placements Measure is as a % of total number of LAC.	**New KPI**	**29%**	Target not met	There is a lack of availability of foster carers through the tri-borough fostering service (run by Hammersmith and Fulham) who are approved to care for mother and baby and adolescents.	Our action plan to recruit more foster carers, in particular mother and baby carers and carers for adolescents, is part of our ongoing plan. We have offered for scheme carers to convert to mother and baby carers with additional training.
4	Number of surplus school placements in Westminster primary schools	**New KPI**	**20% surplus**	Target not met	We are operating with a surplus school capacity of 20.0% (with caps) in Westminster primary schools. This is not financially viable for schools or the Council in the long term.	There are several strategies in progress with interim measures in place, such as informally capping the Published Admission Numbers (PANs) for schools with falling rolls.
	Directorate risks that could impact the performance if risk materialises:	**School Budget Deficits** - Schools with falling rolls and those with budget reductions of pupils are at risk of developing budget deficits. Shortage of pupils presents a funding challenge as costs are less flexible and variable, that makes it difficult for schools to balance budgets and could ultimately lead to future school closures / mergers.				

	Directorate KPIs *Ideal target positions are provided in the descriptions below for each KPI)*	Year-end 2019/20 result	Year-end 2020/21 result and target assessment		Service commentary	Mitigating actions to manage KPI performance during the pandemic
5	2% increase in real and virtual visits to libraries compared to the same period last year	**5%** (target achieved)	**-61%**	Target not met	Our visits are down 61% compared to last year. Numbers have been down because of the pandemic.	During the most recent lockdown period, eight of our 12 libraries remained open with a service offer in line with current government guidelines which ensures that social distancing can be maintained.
	Directorate risks that could impact the performance if risk materialises:	**Covid-19 pandemic -** Covid-19 may continue to impact footfall and service usage at our libraries.				
6	95% of appointments to register births available within 5 days of enquiry	**96%** (target achieved)	**68%**	Target not met	The target wasn't met due to the most recent lockdown. Customers have been reluctant to attend the office to register their babies. At the same time, the service was balancing resources across several areas, which meant the number of appointments offered for birth registration were not at the level to meet the KPI.	As the deaths are returning to more normal levels, we can redeploy registrars to births, and are seeing increasing numbers being registered as parents start to venture out. Delays to registrations can affect how far back the parent can claim a child benefit, as payments can only be backdated by 3 months and they usually require a birth certificate as evidence of the birth. Child benefits can currently be claimed without a birth certificate in acknowledgement of the significant national back logs in birth registrations caused by lockdowns, but these easements are to be ended shortly.
	Directorate risks that could impact the performance if risk materialises:	**Covid-19 pandemic –** Increasing death registrations due to Covid-19 and pent up demand for birth registrations, marriage and civil partnership ceremonies postponed due to lockdowns				
ENVIRONMENT AND CITY MANAGEMENT						
7	Improve 65 Houses of Multiple Occupation (buildings with more than one household including shared facilities)	**62** (target achieved)	**32**	Target not met	The pandemic resulted in proactive and licensing inspections stopping for much of the year in line with government guidance which in turn has resulted in a lower number of HMO's improved.	The proposed additional HMO licensing scheme should assist in identifying many HMO's requiring improvement throughout the second half of 2021.
	Directorate risks that could impact the performance if risk materialises:	**Covid-19 pandemic** - This target continues to be threatened by further Covid-19 restrictions.				
8	Remove 375 hazards from residential dwellings which pose a serious and immediate threat to people's health or safety	**592** (target achieved)	**247**	Target not met	Due to the pandemic, physical inspections were only taking place when a significant risk was identified and where remote resolution could not be achieved.	It is proposed that routine HHSRS assessments will resume on April 12 and any reactive inspections that have been delayed will be undertaken to ensure there are no outstanding hazards.
	Directorate risks that could impact the performance if risk materialises:	**Covid-19 pandemic -** The pandemic and future lockdowns may continue to hinder the completion of works in properties at times and may continue to impact on enforcement activities.				

	Directorate KPIs *Ideal target positions are provided in the descriptions below for each KPI)*	Year-end 2019/20 result	Year-end 2020/21 result and target assessment		Service commentary	Mitigating actions to manage KPI performance during the pandemic
9	Achieve 3.7m participation in Council sports, leisure and wellbeing activities	**4.7m** (target exceeded)	**2,413,885 (59% annual target)**	Target not met	The Q4 number was 455,626 (44% pre-covid-19 target for Q4). Use of Leisure facilities was increasing between lockdown periods. Following the third lockdown resulting in all leisure facilities closing between January – 12 April 2021, overall usage has been affected.	Following multiple lockdowns, the government roadmap has led to swimming and fitness being re-opened to users, further to outdoor sports being allowed in the first phase. We are now awaiting the third phase on 17 May to allow full access to group fitness and other activities, and then opening of spa facilities after 21 June.
	Directorate risks that could impact the performance if risk materialises:	**Covid-19 pandemic -** Covid-19 may continue to impact participation in Council sports, leisure and wellbeing activities.				
10	98% of streets in Westminster pass the street score survey for litter	**97%** (target not met)	**97%**	Target not met	In the initial months of the pandemic, there was less movement of people due to lockdown. This meant that the sweepers had increasing amounts of work to do, particularly around parked cars which were not regularly moved. If the first tranche results had been higher, then the annual target would have been met.	Full-year results were affected because of the early effects of Covid-19. Action was taken to rectify this (e.g. paying more attention to the areas under and around parked cars).
11	% of visits to Sayers Croft services compared with 2019/2020	**N/A**	**2% 432 visitors**	Target not met	Numbers have dropped this quarter due to the latest lockdown restrictions closing the service completely.	We are putting in place processes to ensure the centre is Covid-19 safe when reopening.
	Directorate risks that could impact the performance if risk materialises:	**Covid-19 pandemic -** Covid-19 may continue to impact visits to Sayers Croft Services.				

	Directorate KPIs *Ideal target positions are provided in the descriptions below for each KPI)*	Year-end 2019/20 result	Year-end 2020/21 result and target assessment		Service commentary	Mitigating actions to manage KPI performance during the pandemic
FINANCE AND RESOURCES						
12	11 to 70 days taken to collect debt	**108.08 days** (target not met)	**114.20 days**	Target not met	Debtor days increased substantially from 92.48 days in P9 to 114.70 in P12.	There are factors that remain uncontrollable with this measure, the main being that income is not raised evenly throughout the year. There will be spikes in some months, where a large value or volume of invoices are raised which will increase the debtor days for payment.
	Directorate risks that could impact the performance if risk materialises:	**Financial risk due to Covid-19 and uncertainty regarding future government funding,** the government's compensation scheme to reduce the loss for councils is not enough and only covers around 75% of the Council's budgeted income levels. The scheme aims to compensates councils for reduced tax base growth and increased reliefs for 2020/21 following the COVID19 outbreak.				
13	On budget - Variance between capital budget and FY forecast	**£71.527** (target achieved)	**£121.753m underspent**	Target not met	Capital budget is underspent due to many projects being delayed due to the Covid-19 pandemic. They will be reprofiled to next year (2021/22).	Budgets will be reprofiled to 2021/22 for completion of projects.
	Directorate risks that could impact the performance if risk materialises:	**Covid-19 pandemic –** if the pandemic continues, projects maybe be further delayed and project expenditure budgets will need to be reprofiled into future years to reflect project delays. Schemes fully funded by third parties such as TfL or developers are especially likely to be impacted.				
14	91% of council tax collected by the Council	**94.5%** (target not met)	**£107,751,741.30 88.7%**	Target not met	The February 2021 Council tax collection rate to date is 88.68% which is 5.84% lower than the same month last year. The collection of council tax has been impacted by the Covid-19 outbreak as residents face an uncertain financial situation. The restriction on courts has suspended recovery action for unpaid bills.	There will be a programme of initiatives implemented to get collection back on track once the current restrictions are lifted.
	Directorate risks that could impact the performance if risk materialises:	**Financial risk due to Covid-19 and uncertainty regarding future government funding,** the government's compensation scheme to reduce the loss for councils is not enough and only covers around 75% of the Council's budgeted income levels. The scheme aims to compensates councils for reduced tax base growth and increased reliefs for 2020/21 following the COVID19 outbreak.				
15	91% of business rates collected by the Council	**95.5%** (target not met)	**£1,398,337,223.15 84.8%**	Target not met	The business rates collection rate for February 2021 is 84.84%, 10.69% lower than the same month last year. The collection of business rates has been impacted by the Covid-19 outbreak as businesses face an uncertain financial situation. The restriction on courts has suspended recovery action for unpaid bills.	There will be a programme of initiatives implemented to get collection back on track once the current restrictions are lifted.
	Directorate risks that could impact the performance if risk materialises:	**Financial risk due to Covid-19 and uncertainty regarding future government funding -** The government's compensation scheme to reduce the loss for councils is not enough and only covers around 75% of the Council's budgeted income levels. The scheme aims to compensates councils for reduced tax base growth and increased reliefs for 2020/21 following the COVID19 outbreak.				

	Directorate KPIs *Ideal target positions are provided in the descriptions below for each KPI)*	Year-end 2019/20 result	Year-end 2020/21 result and target assessment		Service commentary	Mitigating actions to manage KPI performance during the pandemic
GROWTH, PLANNING AND HOUSING						
16	1,850 affordable housing units delivered by 2023	**491** (target achieved)	**230**	Target not met	1,023 total units built to date since the start of the programme). Slippage to three affordable housing projects have contributed to the 2020/21-year minimum target of 271 not being achieved. These schemes are now expected to be delivered in Q1, Q2 and Q3 2021/22.	We are exploring the scope for replacement schemes, including spot purchases to be brought forward to achieve the 1,850 City for All target. We are also engaging regularly with providers to ensure any slippage is factored into our supply figures.
	Directorate risks that could impact the performance if risk materialises:	**Covid-19 pandemic** – if the pandemic continues, projects maybe be further delayed, and project expenditure budgets will need to be reprofiled into future years to reflect project delays.				
17	% satisfaction with repairs service	**83%** (minimum standard met)	**81%** (2,156/2,657)	Target not met	81% (2,156/2,657). During the pandemic lockdowns, and following Government guidelines, we carried out only emergency repairs in tenants' homes.	Many routine repairs were held and carried out months later when Government guidelines permitted, which still affected tenant satisfaction.

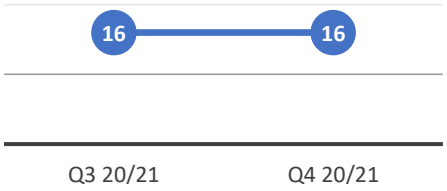
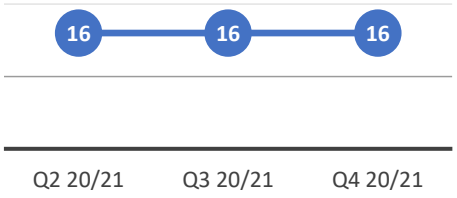
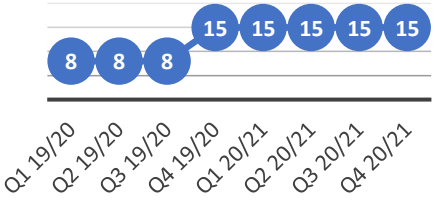
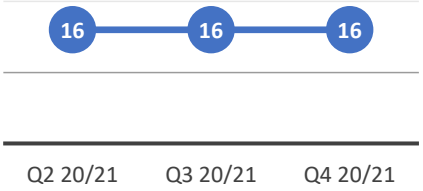
4. Risk Assurance and Analysis

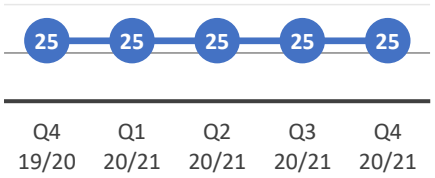
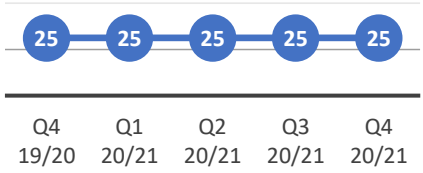
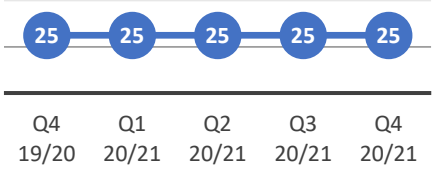
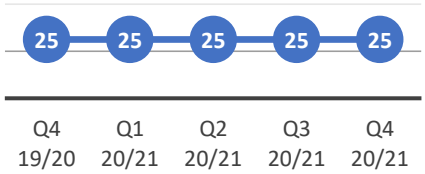
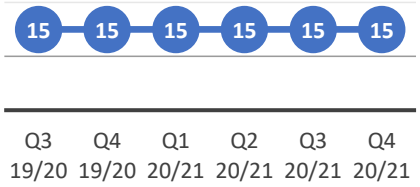
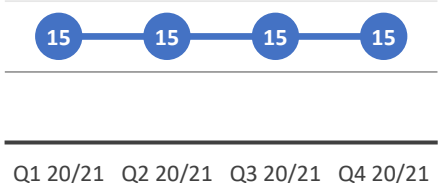
At a directorate level, the Strategy & Intelligence team have introduced new measures to ensure risks are assessed consistently across the Council at a directorate level. Last quarter, we provided:

- A training session on risk management, including guidance around scoring. The recording of the session is available for Westminster City staff members to access anytime.
- Communications on how risks should be assessed using the scoring criteria.
- Additional scrutiny on scoring as part of quality assurance.

All directorate risks in this report, available in the appendix, have been reviewed with services ahead of publication, with particular attention paid to scoring.

Each directorates' highest scoring risk(s) can be found in the table below. Risks are assigned a value between 1-25, which is achieved by multiplying the scores assigned against the impact criteria (1-5) and likelihood criteria (1-5).

Risk title and description	Directorate	Score (out of 25) over 2019/2021
Widening Health Inequalities There is a risk that health inequalities will widen in Westminster.	**Adult Social Care & Public Health**	
Extreme Weather There is a risk of increased morbidity due to significant periods of hot and cold weather.	**Adult Social Care & Public Health**	
Failure to achieve registrars increased income targets There is a risk that registrars will not meet its increased income targets due to disruption caused by Covid 19.	**Children's Services**	
Reduction in income and grant funding across Environment and City Management There is a risk that the Council experiences a reduction in income and grant funding across Environment and City Management due to the impact of Covid-19 on directorate budgets, which may mean savings are needed to be made elsewhere.	**Environment & City Management**	

Risk title and description	Directorate	Score (out of 25) over 2019/2021
Covid-19 (Operational) There is a risk that the Council does not provide a Covid secure environment in which to work or receive services.	**Finance & Resources**	
Covid-19 Investment Property There is a risk that the Council experiences loss of income, as tenants may not be able to generate sufficient income to continue trading.	**Finance & Resources**	
MTP Savings Linked to income growth linked to acquisitions and rent review As part of the Medium Term Planning savings income was to be increased by rent reviews, which is unlikely to materialise given the effect of Covid-19 on businesses.	**Finance & Resources**	
Financial risk due to Covid-19 and uncertainty regarding future government funding There is a risk that insufficient government funding will lead to income losses. The funding for the financial impact of the pandemic excludes rental income and must be related to the delivery of services.	**Finance & Resources**	
Change in direction from government on EEA nationals or Vagrancy Act There is a risk that we will not be able to support EEA nationals away from the streets.	**Growth, Planning & Housing**	
Building Regulations – Part B & Draft Building Safety Bill There is a risk that the Council will be unable to meet the demands of Building Regulations – Part B & Draft Building Safety Bill, particularly in regards to resourcing.	**Growth, Planning & Housing**	

As the direction of travel graphs indicate, there has been no movement in terms of scoring for these risks over the course of the 2020/2021 financial year. All risks listed above are dictated by either forces external to the Council, such as Covid-19, public health, climate change, or parties external to the Council, such as the UK Government. Only one risk increased in scoring, Children's services's top risk, "Failure to achieve registrars increased income targets", which rose from an 8 in quarter 3 2019/2020 to quarter 4 2020/2021 due to additional pressures applied by Covid-19.

5. Strategic Risks

The strategic risks outlined below are considered to be of strategic significance as they could impact the sustainability and delivery of the Council's statutory and non-statutory services and operations. If these risks were realised, there could be serious legal, financial or reputational impacts to the Council. Each strategic risk is contextualised and detailed with existing mitigation measures provided by services across the Council.

#	Title	Description
1	**Subsequent health protection incidents could compound the impact of Covid-19 and hinder the local response – Public Health**	Covid-19 has affected us all, our residents, communities, public institutions, businesses, and voluntary and community organisations. Resources across the Council are fully mobilised in reducing the risk of exposure, through effective outbreak managements, as well as reducing the risk of complications and death among our residents. Recovery planning is underway to tackle the short, medium- and long-term adverse effects on physical and mental health, economic challenges and environmental impact. Risks which still need to be mitigated in this context are as follows: • Low uptake of vaccines will lead to outbreak situations, with particular risk to our most ethnically diverse communities, in areas of highest deprivation and amongst care staff. A vaccination plan has been implemented to ensure engagement across the system to maximise uptake and reduce inequality. As of 12/5/21, the current uptake of vaccines among all eligible residents is 37.02%. • Accountability is with the NHS to manage vaccine uptake. However, the Council is giving robust support to NHS colleagues to encourage and increase uptake, including through GP practices and the call centre hub, vaccine bus, community pop ups, increasing provision via pharmacies and improving access through a blended model on council estates. • The Council is also supporting the CCG with their approach to reaching those who are uncontactable. • The Pfizer vaccine is available now to all including younger cohort from 12/5/21, which will also reduce hesitancy. • Further work is underway on vaccine take up with care home staff. • Failure to have a robust approach to winter planning and flu vaccination could lead to a surge in flu and Covid infections. An approach to targeting flu vaccinations to vulnerable groups and children is being developed by Public Health. We are awaiting the outcome of clinical guidance to potentially administer Covid-19 and flu vaccines at the same time.
2	**The Council fails to meet its safeguarding responsibilities for a child, young person or adult – Adult Social Care and Children's Services**	Independent scrutiny is provided by the Local Safeguarding Children's Board and the Safeguarding Adults Executive Board to ensure robust policies are in place, drive improvement in practice and support the implementation of lessons from case reviews. We monitor our recruitment process and staff are asked to attend safeguarding training as part of their induction and ongoing professional development. In the event of an incident, there would be a co-ordinated and multi-agency response to ensure appropriate and timely action is taken. Additional measures are also in place to protect and safeguard individuals. Community development, communications and public engagement workstreams are established to prevent potential incidents. Learning outcomes are also discussed with the London Resilience Forum to feed future action plans.
3	**Financial pressures resulting in an inability to fund services for residents, businesses and visitors – Finance and Resources**	A range of wider market dynamics contributes to increasing financial pressures placed on the Council, including changing levels of service demand, the impacts of Covid-19, Brexit, and central government policy. These affect services across the Council in different ways; however, ultimately, they could impact service quality and delivery and therefore residents and businesses, our overall financial position and reputation. 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.

4	**Serious information or cyber security incident due to data breach, malware outbreak, phishing, ransomware attack – Finance & Resources**	Increased numbers of cyber-attacks, combined with the pressure to respond quickly to the emergency and the unprecedented rise in working from home (while data protection requirements remain unchanged) potentially increases the risk of unauthorised disclosure, data loss and wrongful use of personal data. Critical business systems could be taken offline leading to financial loss through ransomware or outages on revenue generating systems as well as data compromise, leading to Information Commissioners' Office (ICO) fines, putting vulnerable residents' data at risk with associated reputational damage or the Council being unable to undertake business. To date, there is no increase in staff reporting data breaches since Covid-19. We continue to focus on improving system availability and reducing the risk of data loss. Improvements around information security and data breach management are being made, such as the full migration to Windows 10 and the design of new policies, with the support of our Data Protection Officer. Cybersecurity is also being improved via mandatory training completion and corporate guidance on data handling when working from home, whilst maintaining existing controls such as secure email.
5	**Failure of a major contract or an inability to secure alternative provision resulting in the Council being unable to provide services or meet its statutory obligations – Finance and Resources**	The Council depends on a range of contracted partners to deliver its services. This supply chain could be disrupted by several factors such as the Covid-19 pandemic, Brexit, and the economic fallout and uncertainties arising. This could ultimately delay or disrupt critical services or service delivery, resulting in non-compliance of contractual obligations, non-compliance of legal obligations, financial loss or impact the Council's reputation. Covid-19 has had a disproportionate impact on some sectors, notably social care affecting services for adults, children, and wider public health. The financial impact of this has affected providers in different ways, increasing operational costs (for example additional health and safety measures, increased use of temporary labour) and also through loss of income (for example the increased level of voids in care homes) or utilisation of vehicles for transport services. Some third sector organisations are also seeing normal funding streams disrupted. The Council has the following control measures in place: Procurement Code, the Supply Chain Resilience Forum, Contract Management Framework, scrutiny of all new contracts worth more than £100k, performance monitoring, periodic financial checks/enhanced financial checks pre-and post-contract award, a contract segmentation now applied to all contracts (risk and value). The Procurement Code has been updated and the Procurement Governance Process has been improved. The Council plans to enhance monitoring and awareness across contract managers to recognise early warning signs that might indicate supplier distress and embed contractual mechanisms to ensure formal early warning of changes to the suppliers' financial wellbeing.
6	**A significant incident occurring in Westminster (e.g. weather event, fire, terror attack, etc.) – Environment and City Management**	To help ensure Westminster's sustainability and resilience, we work closely with other local authorities, the emergency services and partner organisations. This coordination enables us to respond quickly if potential threats such as terrorism or extreme weather were realised. Terrorism Future controls are detailed within Prevent, Protect and Emergency Planning and Business Continuity. In addition to carrying out test exercises, the Council participates fully in Safer City, a pan-London annual exercise, and engages in partnership working with the Metropolitan Police Service. For flooding the Council follows the GLA's London Strategic Flood Framework and Environment Agency Guidance, the Serpentine Reservoir Inundation Plan, and it also has its own Westminster Plan for Major Emergencies, WCC Staff 10 Point Plan for Business Continuity, and test exercises. The Thames Barrier is also a major existing control against flood events.
7	**The impact of Brexit on Council services and communities across Westminster – Environment, City and Management**	Britain left the EU on 31 January 2020 and Her Majesty's Government agreed a trade deal with the EU27 on 24th December 2020, avoiding a "No Deal" scenario. The impacts of Brexit are far-reaching and have an influence on many parts to the Council's service delivery and objectives both medium and long term. In the short term, Brexit may mean potential workforce shortages, particularly in key sectors with fragile markets, and potential supply chain disruption. Officers are monitoring the key issues that will impact Westminster and regular meetings are being held with the WCC EU Exit Strategic Board to mitigate risks. The Council has also been advised that regional EU Exit response will be rolled into the current London Strategic Coordination Group and Delivery Coordination Group arrangements.

6. Overview of Covid-19 Impacts in Westminster

At the start of quarter four, infections across the country had started to increase dramatically driven by new strains of Covid-19. By 4 January, the UK had abandoned the regionalised tier system and entered a second national lockdown.

On 8 March, schoolchildren started returning to classrooms, but most university students (of which there are usually around 20,000) in Westminster remained at home. A combination of Covid-19 restrictions and vaccination roll-out had eased pressures on health services in quarter four, as the death toll fell to a fraction of previous levels. At this stage, the immediate health risks to Westminster residents and health services have subsided, but the economic impacts are still on-going. The below is a summary of issues specific to Westminster:

Deaths
Up until 16 April 2021, 385 coronavirus deaths had been registered in Westminster since the beginning of the pandemic and infection rates had fallen to just over 20 per 100,000 residents. Most residents who have died from Covid-19 have had an underlying health condition. Risks of infection and death were highest in areas of deprivation and amongst the BAME community.

Vaccinations
By 6 May 2021, over 80,000 first vaccinations had been administered, and 30,000 second doses to Westminster residents. Take-up rates amongst the over 70s are around 80%, which is low compared to other areas. The rate is driven down by a combination of vaccine refusal, and an even greater issue of people registered with GPs but not present in Westminster to be vaccinated. Through Westminster Connects, the Council have attempted to contact every non-vaccinated resident in that group, with absenteeism proving to be the single biggest challenge.

Across Westminster, vaccination take-up has been extremely varied across community groups. The Bangladeshi community, followed by White British, have been the most likely to take up a vaccine offer. Challenges remain in the Black, Chinese and “other” communities (likely to be predominantly Arab).

Footfall
Hospitality and retail businesses have been disproportionately impacted by a loss of footfall in the City. This is caused by a combination of office-workers remaining at home and a restriction on travel. Office workers make up around 40% of the City’s usual day time population, and non-worker visitors a further 20%. Note that in many outer London boroughs, footfall has recovered almost entirely. All Cities have suffered more that there surrounding areas, but Central London has proved particularly vulnerable

Footfall and expenditure data (at the end of April) suggests that busy-ness at “worker” designated tube stations is down by 75% and “tourist” linked stations is down by 71%. In the long-term, the lack of workers remains a major concern for businesses. Mobile phone data suggests that over 80% of workers who also live in London are still to return.

Unemployment
Unemployment rates have slightly risen since the last report. There are just over 11,150 residents actively looking for work. The expectation is that these numbers will reduce as the economy recovers and businesses re-open. However, with 16,000 residents furloughed, (and the scheme extended until September) it will be months before employment recovery can be fully gauged. The increase in unemployment amongst BAME residents is significantly higher than for white residents

Financial impact summary

The impact of the pandemic has been felt across all local government. The financial impact on Westminster City Council includes significant falls in income from sales, fees and charges, additional expenditure and saving proposals being delayed or considered no longer deliverable. The impact of the pandemic has been mitigated by the support provider to local authorities by Central Government. The most considerable of these is the general Covid-19 grant funding and the income compensation scheme. Collectively these two sources of funding have provided the Council with c£55m of income during the year which means along with other service specific Covid-19 grants the net impact on the general fund is c£3.8m.

The year-end finance report provides more detail on the financial impact of Covid-19.

The following provides a summary of how the pandemic has affected each directorate over the course of the year:

Adult Social Services

The service became a 7 day a week service and had to recruit temporary staff to increase available resources. Fully mobilising the department to respond to the pandemic has meant that non-essential programmes were delayed e.g. health worker pilot at Churchill Gardens. Services like place-based day support were suspended and online alternatives were developed. This also led to an amended business plan to include programmes on Covid-19 delivery, and some deliverables in our plan have been moved into 2021/22. Many reporting schedules were paused at a national level, however most of these are now coming back online again. The highlighting of inequalities during the pandemic has allowed for a focus on targeting services to address health disparities e.g. Health checks, Covid-19 vaccination uptake.

Performance has dropped in those services where face to face contact is necessary (e.g. Health Checks, carers assessments). However, this will be reflected in a national picture. The anticipated impact of reductions in service provision will become clear in future months and years. For example increase/decrease in unplanned pregnancies, STIs, or those diagnosed with diabetes. Services have shown initiative where possible and moved to online delivery to ensure targets are met (e.g. Stop Smoking services, day services), or reviewed KPIs to align with the need of residents. Provision of some services had to be stopped during the pandemic (e.g. Mental health trainers, Oral Health Promotion). Our partner organisations have seen reductions in screening and immunisations. We are working with them to understand the effect that the pandemic has had on uptake locally and to support the delivery of recovery plans.

Children's Services

We worked to ensure the least amount of disruption during the pandemic. Services such as face to face social work to support vulnerable children continued through national lockdown and vulnerable children were all seen on a regular basis. We ensured that schools were open to children of key workers and to vulnerable children throughout the pandemic. To support remote education, digital devices were delivered to children to enable them to continue to learn.

We have also used digital platforms effectively throughout the pandemic. Our SEND local offer websites have acted as a crucial hub of information for parents and professionals. We also established a virtual SENCO Forum for all schools across Westminster which enabled us to maintain regular communication with schools and identify concerns quickly. In addition, libraries introduced a programme of regular online after-school activities to support literacy and learning.

Environment and City Management

The impact of Covid-19 on Environment and City Management (ECM) was seen through the diversion of resources to different functions to accommodate different needs. Our services adapted throughout the year quickly and effectively to provide the required resources in an ever-changing environment. Some services continued delivering at the same level as pre-pandemic times and in areas such as waste and cleansing, demand increased in areas such as parks and open spaces. The pandemic has also affected ECM budgets and lowered commercial income.

ECM have responded to the pandemic by working alongside partners to develop and implement just under 100 public realm schemes, supporting over 1000 businesses in the hospitality sector through fast tracking licensing applications and pavement licences when the City reopened in April 2021. ECM also successfully negotiated the first major phase of reopening the City. The performance of the directorate has been affected as inspections usually undertaken were stopped for a time in line with government guidance. For example, Houses of Multiple Occupancy improved, hazards removed from residential dwellings and high-risk food premises visited.

Growth, Planning and Housing

Services in Growth, Planning and Housing faced a major reduction in activity levels during the first lockdown, which led to subsequent stress on services as we moved out of lockdown and volumes increased. This includes:

- the Housing Call Centre (which had to deal with record levels of calls in October) and the Housing Repairs Service.
- The first lockdown led to an increase in the number of anti-social behaviour cases reported (overall +33% year on year). This affected performance and satisfaction levels (see KPIs), although overall service performance has been maintained at a high level.
- Our Rough Sleeping Services accommodated 266 individuals in the first phase of the 'Everyone in' programme, and then moved over 75% from hotel accommodation.
- The HRA has seen income from commercial rents, residential tenancies, service charges for leaseholders and fees and charges income all decline over the financial year. Universal Credit claims rose by 76%.
- Some areas were affected by social distancing measures such as Development schemes (some construction sites being temporarily closed), Capital Programmes works, and planning applications and appeal processing which require site visits.
- In Westminster Adult Education Service (WAES), the greatest effect of the pandemic was on our retention rate, with 85% of learners being retained on programmes, compared to 94% in 18/19, with learners from vulnerable communities being most affected.

People Services

There has been an increased demand on several services provided by People Services over the last year, but the directorate has continued to perform well. There has been stronger focus on the Everyone is Valued pillar with an enhanced offer on the wellbeing agenda and agile policies.

We have progressed and launched our new recruitment branding despite challenges to shooting final videos due to Covid-19. We transferred all our learning and development online. Engagement and take up of learning has increased during the 12 months compared to previous years via the Learning Zone, OD Hub and Career Zone.

There has been an increase to employee relations case workload over the past year. There has been the need for increased support on achieving and maintaining positive mental health and wellbeing for our staff. This has included focused and targeted interventions where required.

Finance and Resources

There has been an increased level of reporting and service support required due to the pandemic but no impact as such on ability to deliver business as usual activities.

The Revenue & Benefits team administrated the payment of the government Business Support grants, paying out 5,600 grants totalling £99m in Round 1 (March 2020 to Sept 2020) and 5,500 grants totalling £100m so far in Round 1 (November 2020 to date). The team also administered the payment of 492 Discretionary Grants of £10,000 in the summer; provided NNDR Hardship Relief totalling just short of £1m; administered new applications under the government's Enhanced Retail, Hospitality & Leisure scheme which resulted in £1Billion of relief awarded; supported Westminster Connects on the Connect Food shopping project and set up a new scheme to make £500 payments to residents who lost income through isolation. Most teams in Revenue & Benefits were able to continue with Business as Usual activities, with NNDR (Business Rates) absorbing the additional work created by Covid-19. The prohibition of court hearings, along with the economic conditions, has had a major impact on business as usual for this team.

The Procurement team faced an increased number of requests from the Council's providers for support and a heightened risk of service interruption and provider failure. The Supply Chain Resilience Forum was created to review claims for relief as they arose. The assessment of each supplier's circumstances was undertaken at speed by a cross functional team. Over the period, the value of the relief provided by Westminster through this process is £1.7m if which just over half has been in additional funding. Initial working from home issues with the Pension Fund's administrator, Surrey County Council, caused some issues during the external audit of the accounts and financial statements, and members may have experienced some minor governance issues at the very start.

The Government's support to the UK economy, accommodating monetary policy and further quantitative easing have led to excellent pension fund investment performance following a severe drop in valuations in February 2020, but the valuation of the Fund's liabilities have risen accordingly, so the equation has balanced out, with little change to the ongoing funding level predicted in March 2019. There was no risk on demand for service on the pension fund, given that COVID-19 would not cause increased demand. All service delivery from the Pension Fund team was implemented according to plan and achieved remotely.

For the Treasury team, cashflows were much more unpredictable in the year, particularly around timings of Government grants receipts and periods of larger emergency grant payments and Covid-19 related emergency expenditure. In light of the cashflows and a diminished illiquidity premium, Westminster City Council Treasury has kept cash investments liquid with less exposure to term deposits in local authorities and banks. It is crucial that an appropriate resource is available is able to cover the daily treasury operations of the three Tri-Borough authorities. The distribution of new banking hardware and software to banking online users benefitted from excellent project management for remote training, distribution and user acceptance testing.

Appendix – Directorate Performance

Detailed performance information for each Council Directorate area.

Adult Social Care and Public Health

Achievements

Delivery of the Social Work and Occupational Therapy Degree in Adult Social Care

The degree establishes a clear career pathway and development for staff to meet their goals and to achieve positive outcomes for adults. It also helps in retaining good staff and identifies potential within the workforce. We successfully recruited and are now supporting four Social Work Apprentices and two Occupational Therapists Apprentices in the first year. This includes a diverse group who have previous experience working in the Council, all of whom are on track to pass and continued to be supported. We have also formed partnerships with two university providers to deliver this new and innovative programme in the workplace. We aim to sustain the programme offer for Adult Social Services staff. We will offer the opportunity to more staff in the second year. The feedback from unqualified staff is that this has provided new hope and opportunities for their career development. Managers have also fed back that having an apprentice in the team far outweighs the extra work.

Safeguarding Adults Model for Adult Social Care

The remodelling of Safeguarding Adults across both WCC and RBKC ensures that the principles of positive risk management and making safeguarding personal are embedded in practice and strengthens partnership work. It will achieve better consistency in practice and improve both the experience and outcomes for adults at risk. A compelling case for change was developed following a combination of internal/external review and self-assessments against national guidance; data analysis of demand, together with feedback from staff, managers and partners.

Summary of outputs delivered from the achievement are:

- An in-depth review of the existing model, which included feedback from over 70 staff and partner representatives. The findings informed the design of a new model, particularly in relation to the handling of S42 Duty under the Care Act (2014).
- Creation of a specialist centralised Safeguarding Adults Operational team and additional roles with no additional funding needed. The project will be funded using base budgets.
- Systems have been implemented to monitor and evaluate the new model when it begins operating in May.
- KPIs have been identified to measure meaures outcomes such as: closer scrutiny of service user outcomes, dedicated time for the oversight of enquiries and assurance that there is specialist service with a Head of Safeguarding who holds the accountability at a senior level and gives robust management oversight.

Change4Life programme

The Change4Life programme evaluated the Naturally Active summer grants offered in the Summer 2020 and delivered between July and October 2020. The grants supported nine local organisations in RBKC and ten in WCC to deliver projects to engage families to be physically active utilising their local environment and green spaces. The grants are a significant achievement for the council because they support local organisations to deliver initiatives that best serve their local families. The initiatives are led by the community and aim to encourage children, young people and families to move more and eat well. There were a variety of activities delivered ranging from outdoor fitness and play, to nature volunteering and buggy walks. The projects address key issues raised by the local community and stakeholders of the impact of Covid-19 after the first lockdown, including: low levels of physical activity, increasingly sedentary behaviours and the impact on emotional health and anxiety about leaving the house.

The Change4Life funded 19 projects that proactively engaged 1,118 children and young people and 828 families in activities supporting physical activity in RBKC and Westminster. The development of the Healthy Weight Care Pathway (a document showing the referral pathways to access the service) created excellent collaboration with relevant stakeholders such as paediatricians, dietitians and GPs, and enabled the promotion of the healthy weight management service. Outcomes supported are: universal improvement proportional to need, reduced health inequalities, reduced weight of children who are overweight and obese and maintained healthy weight, improved mental health, emotional wellbeing, physical activity and healthy eating. We have produced a data collection plan to evaluate both process and outcomes of the programme and outcomes.

Issues

There were no issues reported for this quarter.

Key performance indicators

Adult Social Care

The table below presents the latest cumulative outturns available for each KPI at year end (April 2020 – March 2021).

Target range definitions		
	Minimum	The minimum level for the KPI that will still allow the service to deliver
	Ideal	A level which is acceptable for service continuity
	Aspirational	The level at which the service is improving beyond current capability

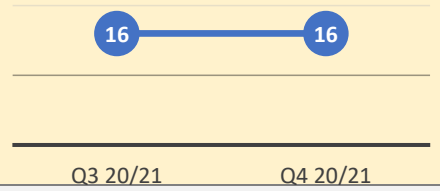
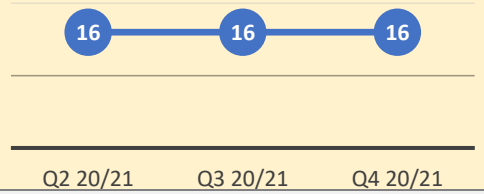
Target assessment definitions		
	Target off track/target not met	Failed to meet target
	Target exceeded	Aspirational target reached
	Target on track/target met	Ideal target achieved
	Minimum standard met	Met the minimum target below ideal level

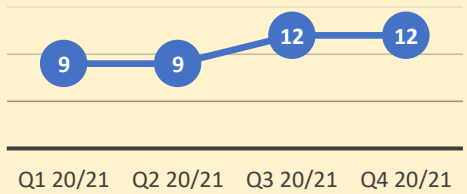
Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
1. Total number of new permanent admissions to residential/nursing care of people aged 65 years and over	46	105	➡	95	➡	85	**72**	Target Exceeded	The Covid-19 pandemic has had a strong impact on this indicator, as residents (and their families) are reluctant to move into residential settings.
2. % of carers (caring for an adult) who have received an assessment or review of their needs	66%%	77%	➡	87%	➡	92%	**89%**	Target met	
3. % of service users receiving an assessment/review	65%	80%	➡	90%	➡	95%	**94%**	Target met	

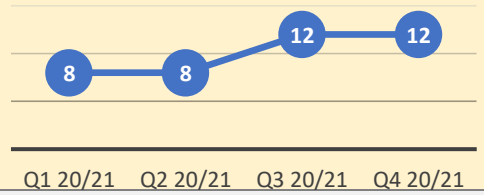
Public Health

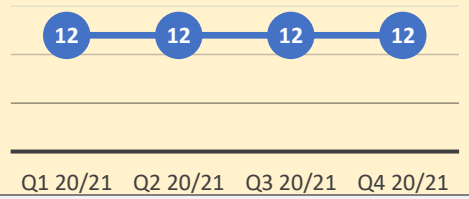
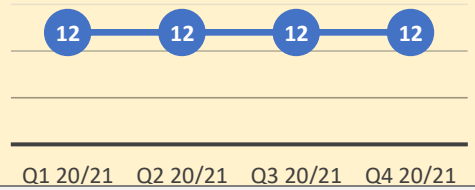
Key performance indicator	19/20 Position	Q3 2020/21 position	2020/21 target ranges			Position at YE	Target assessment	Other contextual insight
			Minimum	Ideal	Aspirational			
1. % of children who receive a 2-2.5-year development review	68.5%	69.8% (Q2)	65%	70%	75%	70.5% (Q3)	Target on track	Q4 figures available mid-May.
2. % of alcohol misusers in treatment, who successfully completed treatment and did not re-present within 6 months	36.92%	38.72% (Q2)	30%	35%	40%	37.56% (Q3)	Target on track	This is the Q3 published figure. With the 6 months of monitoring that takes place, this means that these are for completions for July 19 – June 20. Q4 figures available mid-May.
3. Community champions - number of community champions active	77	84 (Q2)	70	80	90	89 (Q3)	Target on track	This is a new indicator that reflects the service's ability to retain volunteers and engage with the community. Q4 figures available mid-May.
4. Stop smoking services – number of 4 week quits	1,107	451(Q1-Q2)	600	800	1,000 (annually)	741(Q1-Q3)	Target on track	In this service, indicators are looked at by calendar year, and in 2020 they achieved 1158 quitters against a target of 1000. Q4 figures available mid-May.
5. Total routine contraception delivered through e-services	N/A	N/A	TBC	TBC	TBC	164	N/A	This is a new indicator as the E-service has recently started providing contraception. This will be refined and adjusted where necessary.

Top scoring departmental risk

YE Score	Risk			
16	**Widening Health Inequalities** There is a risk that health inequalities will widen in Westminster. Local data shows a widening of health inequalities, which is best illustrated by the gap in life expectancy between the most and least deprived areas in the borough. Westminster has the fourth highest gap (for women Westminster ranks similar to England average).			
	Impact	The gap in health inequality between the most and least deprived areas will continue to widen.		
	Existing controls	• Recovering planning underway to support initiatives which reduce health disparities. • Public Health Intelligence is implementing population health monitoring to support early identification and prevention initiatives • BAME action plan being drafted to respond to the disparities identified by Covid-19.	Future controls	Director of Public Health's annual report to focus on Health Inequalities, due to be published on the 21st of May.
16	**Extreme weather** Significant periods of hot weather, and prolonged periods of cold weather can lead to excess deaths and increased morbidity.			
	Impact	• On average, there are around 25,000 excess winter deaths each year in England. In the recent past, the rate of winter deaths in England was twice the rate observed in some northern European countries, such as Finland. Even with climate change, cold related deaths will continue to represent the biggest weather-related cause of mortality. • Population health and wellbeing and impact on demand for ASC and NHS health services.		
	Existing controls	• National alert systems in place which Westminster City Council would respond to. • Heat health watch alerts are in place. • Local Health Protection plans outlines local response for both hot and cold weather. • Communications plan in place.	Future controls	Continue with existing controls and monitor.

YE Score	Risk			
12	**Financial Pressures and increased demand in Adult Social Care** Whilst we are still amid the pandemic and the extent of the full impact is yet to be known, there are three reasons why we might expect an increase in costs to the delivery of Adult Social Care: • Suppressed demand of services • NHS pressures • Market fragility There is a clinical concern that delay in elective interventions will inevitably lead to health deterioration in many, especially those with critical conditions i.e. cancer, heart disease, people with long term conditions. This in turn will create pressure on Adult Social Care services. During the surge period, there was a priority to vacate hospital beds to enable more admissions. In Westminster, we have been successful in managing the pressures on beds. However, it is fair to say that most people were discharged early into care homes, or other step-down facilities. As social care professionals, our aim is to provide timely and safe discharges, but these principles were regrettably overtaken. The risks were mitigated by placing patients in care homes which are often more costly then supporting people in their own home. If pressure on hospital beds arise once again this scenario could be repeated. NWLCCG is in financial deficit, and their plans for the next 5 years is to achieve savings, by equalising funding allocations between the 8 NWL boroughs. Central London Health Committee (previously CLCCG) is earmarked to save £10M over the next 5 years. So far for 21-22 financial year we have not seen any financial strategy or plan to detail how this savings will be achieved however there is a risk that reductions in health provision will result in additional demand for Social Care.			
	Impact	• Increases in acuity of client needs (higher package costs). • Increases in numbers of service users (demand increases). • Need to support providers at risk of failure, and/or develop new markets. • Inability to meet agreed savings targets. • Potential budget overspends.		
	Existing controls	• Close monitoring of demand for homecare and care home support. • Supplier resilience support mechanism in place. • Savings plans developed to plan for reduction of funding that are costed and achievable • Monthly finance and performance information to look at trends and potential impacts on budgets. • Improved financial and performance monitoring in place to ensure alignment of service provision and financial commitments • Winter-plans in place and funded to meeting seasonal demands	**Future controls**	None reported.

YE Score	Risk			
12	**Fragility of the Care Market and pressures on the local care market** Pressures on the local care market including staffing, training and development and financial pressures are resulting in the local markets being "fragile". Number of people being admitted to care homes has reduced and the long term outcome of the market is uncertain.			
	Impact	• Reduction in demand for residential care could lead to provider failure • Potential staff shortages that could lead to lower market capacity. • Training and development could lead to impacts on the quality of care provided to residents. • Financial pressures could lead to provider viability issues and ultimate failure. • COVID-19 has resulted in fewer people in residential care and higher levels of voids for providers.		
	Existing controls	• Establishment of a Quality Team across Westminster and Kensington and Chelsea to work with local providers with a focus on quality. • A more cohesive relationship with the care regulator, the Care Quality Commissioning (CQC) including bi-monthly meetings. • Bidders required to provide a copy of their business/service continuity plans and confirmation when last tested for major contracts asked for in tender submissions. • CreditSafe alerts received when a provider's rating drops to below 50%. CQC provide alerts for providers in the Market Oversight Scheme. • Business critical contracts identified - targeted programme of regular financial monitoring and strategic engagement at all levels • New indexation clause designed for contracts that takes account of staff costs and wider factors and pressures affecting the sector • Programme of Provider Partnership engagement events in place with targeted engagement at homecare and care home sectors. Share commissioning intentions and collaborative approaches to support supplier resilience • Proactive pre-procurement market engagement to identify sector characteristics • In the short term supporting of the market through the supplier resilience forum, although not sustainable in the long term. • On staffing shortages: we undertake daily monitoring of staff absences. The data does not show an immediate concern and has not dropped below 80% throughout the pandemic. • We also distribute the Workforce Capacity Fund and Infection Prevention Control Fund. Our distribution of these national grants was undertaken in line with prescribed conditions, which included providers' agreement that the money would be used to anticipate and mitigate staff absences due to the pandemic. • We are also promoting and encouraging the uptake of wider offers and benefits including the "Proud to Care" discount scheme for social care staff, and training programmes for care home workers.	Future Controls	• Ensure Risk registers for all procurement projects above £100k are in place. • Service continuity plans for all contracts awarded above £100k.

YE Score	Risk			
12	**Health Protection (Pandemic Flu)** There is a risk of a flu pandemic which may impact residents and workers.			
	Impact	• A pandemic Flu may mean community champions resources will need to be focused on supporting vulnerable residents who will have to isolate. This would reduce their capacity to run all of their programmes		
	Existing controls	• Public Health have developed a Health Protection Protocol and supporting awareness raising sessions. • A programme to get front line staff vaccinated for flu is in place. • A flu communication plan has been developed.	Future controls	• Health Protection Protocol and supporting awareness raising sessions • A programme to get front line staff vaccinated for flu is in place. • The flu communication plan.
12	**Immunisation uptake (excluding Covid-19)** Low uptake of vaccinations could see an increase in other infectious diseases.			
	Impact	Herd immunity to infectious diseases may be threatened.		
	Existing controls	• Immunisation is a priority undertaken by the NHS, with the Public Health Department serving as a support function. • Communications plan in place. • Uptake being monitored quarterly • In Westminster, NHS England have presented at the Audit and Performance committee in September 2020 to outline the local response to improve uptake.	Future controls	• Continue with existing controls and monitor

Children's Services

Achievements

Completion of the Bi-Borough Inclusion Strategy

In Westminster, published permanent and fixed term exclusion rates are above national and inner London averages. We have developed an inclusion strategy to keep these young people in school, intervening and providing support early. The strategy will be published this month. We are using a collaborative trauma-informed and area-based approach to preventing school exclusions. 16 schools have been participating in a pilot, with 83 teachers trained and a total of 59 young people on the programme. No young people on the programme have been permanently excluded. An award scheme is being finalised to reward schools who develop the whole school approach and share the learning with other schools.

Successful return to school following the easing of restrictions

We have had a successful return to school in spring term following the easing of restrictions. Attendance figures have been positive and in line with or above national averages for both primary and secondary schools. Average attendance for primary schools was 92.3% (91.6% nationally) and for secondary schools was 86.7% (86.6% nationally). Our attendance figures were also above the national level for children with EHCP in both primary and secondary schools: 89% for local primary schools (88% nationally), and 84% (80% nationally) for local secondary schools.

We continue to provide effective support and guidance to schools in Westminster on attendance. Early Help is working closely with all schools and supporting individual cases where there are concerns about attendance. During reopening of schools to all pupils at the start of 2020/2021 academic year, Family Navigators offered support to parents concerned about children returning to school. The Education advisers in the School Standards team are also working with school leaders to help advise them on their education recovery programmes and to share best practice through networking and central training.

Roll out of the DfE Programme and the Digital Futures Project

Through the Digital Futures project, the Council and the Young Westminster Foundation have been working in partnership to support disadvantaged children attending our schools to have better access to digital devices and stronger broadband connectivity. Schools which have been forced to close classes due to Covid-19 cases have been prioritised through the project. A total of 5249 digital devices have now been distributed to children across Westminster schools. The Digital Futures sourced devices met the need identified by all Westminster primary, secondary and special schools between November and January 2021 and included devices funded by Westminster City Council, refurbished Council laptops and donations from businesses.

Issues

Rising youth unemployment

Unemployment among young people has increased rapidly since the Covid-19 pandemic struck. According to Nomis, the number of young people aged 16-24 claiming out of work benefits in Westminster has increased by 384% since the beginning of lockdown, from 415 to 1,585 (March 2021).In tracking recent NEET figures, we have observed an increase, particularly among young people of Year 12 age. This is due to a combination of young people not having a settled destination at the end of summer 2020, not achieving the required grades and resitting GCSE subjects in November, and those starting a study programme but dropping out.

The Council is prioritising work to support education, employment and training for young people anticipating that NEET numbers may increase even more. Schools have expressed concern regarding the levels of progress that current Year 11 students have been able to make during the lockdown periods. Education services have identified current Year 11 'at risk' of becoming NEET, around 6% of the cohort. Follow-up meetings with schools will identify progress made by schools working with these students and arrange for data to be shared with Early Help services to

support ongoing engagement with these young people as they exit statutory education. This cohort of students will be supported to encourage the 'Mastering my futures' series of events run by 2-3 Degrees.

Education Services continue to work with the Economy Team to present opportunities arising for schools and young people to work with industry and business, either directly though the council or indirectly by encouraging schools and young people to link to existing resources. Education Services also continue to link career leads in schools to progression pathways at local FE colleges.

WES are continuing to scan for funding opportunities that will support existing work and allow this to be scaled up. This includes the draft bid prepared for the "Youth Futures Foundation". The Spring grant window has not yet opened. Meanwhile, the Kickstart programme is available for young people aged 18-24 in receipt of benefits. WCC is also acting as a gateway for local employers, with expressions of interest to create placements received from 45 organisations. Placements are currently progressing through the approvals process before vacancies are promoted.

Rising emotional wellbeing and mental health support needs and youth unemployment in light of Covid-19
There has been a significant and negative mental health impact on young people due to Covid-19. A survey by Young Minds indicates that 83% of young people say their mental health has worsened during the pandemic. Further research conducted in November – December 2020 by the Mental Health Foundation indicates that the mental health of teenagers is under severe pressure across a range of indicators. On the ground, our local NHS mental health provider CNWL are reporting that CAMHS referrals are now approximately 20% higher than pre-pandemic levels and that young adults (18-25) referrals are growing quickly, particularly among BAME residents.

We are developing an innovative integrated wellbeing and employment service as a two-year pilot to support more young people into education and work. The service will focus on enabling the independence of 16-25 year olds by meeting a wide range of needs in one place but particularly by addressing the increasing and substantially overlapping mental health and employability needs of young adults in the borough. The project has funding for two years from the MyWestminster fund and will bring together mental health practitioners and WES inside existing youth provision in the borough. For primary schools, our library lead has developed the 1066 resilience workshop, which will be rolled out across schools in May.

Increasing demand for services to support children with SEND
There is still a present need for expansion of services supporting children with SEND in Westminster. SEND children and young people (CYP) have Tresham as the only dedicated centre for children with disabilities. We're aiming to expand into floors 2 and 3 of Tresham to improve services for young people, ready for Autumn 2021. In the meantime, we are working with local youth clubs to support South Westminster CYP during the holiday period.

The prevalence of SEN in England continues to rise, having reached 15.4% of all school pupils, with 3.3% of all pupils now subject to Education Health and Care Plans (EHCPs). A DfE short Covid-19 survey (completed by 85% of authorities) showed a significant rise nationally in the number of reported new requests for EHC needs assessments in February 2021; 6,073 compared to 5,266 in January 2021. The prevalence of SEN in WCC schools is higher than the national average (15.5%) and at the start of the autumn term 2020 the number of EHCPs had reached 1249.

Recent referrals for assessment of pre-school aged children mirror the national spike in referrals due to Coronavirus. Although we can meet the statutory timescales in 100% of cases, an increase could mean that this is unsustainable. Moreover, we are having to divert resources within the service to manage the peak of referrals from January that will require EHCPs in May. This is reducing our review capacity. Our commissioning plans for SEN provision are to develop additional in-borough resources to meet the demand for places. We will continue to monitor pressure on our short breaks service. We are also in the early stages of updating our SEND Strategy.

Key Performance Indicators

The table below presents the latest cumulative outturns available for each KPI at year end (April 2020 – March 2021).

Target range definitions		
	Minimum	The minimum level for the KPI that will still allow the service to deliver
	Ideal	A level which is acceptable for service continuity
	Aspirational	The level at which the service is improving beyond current capability

Target assessment definitions		
	Target off track/target not met	Failed to meet target
	Target exceeded	Aspirational target reached
	Target on track/target met	Ideal target achieved
	Minimum standard met	Met the minimum target below ideal level

NOTE: results for KPIs 7-14 are provisional figures which may change once statutory returns are completed over the next few months.

Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
1. Number of Education, Health and Care assessments finalised	26	50 (max)	➡	40	➡	25	19	Target exceeded	
2. Increased proportion of Education, Health and Care assessments which are completed within 20 weeks, excluding exceptions	100%	80%	➡	90%	➡	100%	100%	Target exceeded	
3. Number of fixed-term exclusions	5.4%	8%	➡	5%	➡	0%	2.9%	Target met	There have been 348 fixed term exclusions during the 2020/21 academic year. The percentage is based on the current Westminster cohort of 12,046 secondary school pupils.
4. % of young people who are not in employment, education or training	2.28%	3.5%	➡	2.5%	➡	1.5%	2.63%	Minimum standard met	Based on young people of year 12-13 age. This represents 65 young people. Covid-19 has had a considerable effect on youth unemployment hence the % of young people who are not in employment, education, or training may be higher than usual.
5. Number of first-time entrants to the criminal justice system	9	20 (max)	➡	10	➡	5	6	Target met	There were 3 young people who were first-time entrants with a caution and 3 young people who were first-time entrants with a conviction. This indicator measures the number of First time Entrants [FTEs] to the Youth Justice System. FTEs are defined as young people aged 10-17 who receive their first substantive outcome. Data for this measure is derived from the Youth Offending Team's Case Management System. The most recent data covering the period up to March 2021 shows a reduction for young people becoming a first-time entrant through caution (4 to 3) and a reduction through convictions at Court (8 to 3). This breakdown counts 37 FTEs in last twelve months.

Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
6. Number of Serious Youth Violence (SYV) Offences	11	20 (max)	➡	10	➡	5	6	Target met	The Youth Justice Board defines SYV as any drug, robbery or violence against the person offences that has a gravity score of five or more (scores range from 1 -8). There were 6 offences committed by 2 offenders during the last quarter. Throughout the 2020/21 year in total, there were 43 serious youth violence offences.
7. Number of referrals to social care	517	545 (max)	➡	500	➡	480	452	Target exceeded	This is a provisional figure before we receive statutory returns.
Service commentary: Our numbers of looked after children (except for unaccompanied asylum-seeking children) have been falling over the past 5 years. This is a direct result of the investment we have made in a systemic practice model – enabling our practitioners to develop skills in engaging and getting alongside families to make improvements in their lives without blaming or shaming them AND having a framework of change management that allows them to manage risk with confidence. Whilst other local authorities have seen an increase in family breakdown that has resulted in more children coming into care, our practitioners have continued to engage with families during Covid-19 times and to work with them in such a way to avoid the need for care placements. There is also the possibility that referrals to social care have been slightly repressed due to the pandemic. The lack of direct contact by some key referral partners at various points over the last year, including schools and health, may have impacted on these figures.									
8. Number of re-referrals to social care within 12 months	130 (25% re-referral rate)	20% re-referral rate (max)	➡	15% re-referral rate	➡	10% re-referral rate	108 (24% re-referral rate)	Target not met	This is the number of referrals in quarter four who had been previously referred within the last 12 months. **The result for the full year was also 24%, with 470 total re-referrals.**
Service commentary: This is a provisional figure before we receive statutory returns. **Mitigating action:** We have set ourselves a challenge in our target range rather than this being an indication that we are drastically under-achieving. There is a range of quality assurance activities taking place to scrutinise the reasons for re-referrals and to ensure the right services are offered at the right time.									
9. Looked after Children numbers	192	201	➡	187	➡	181	168	Target exceeded	This includes unaccompanied asylum-seeking children (58). This is a provisional figure before we receive statutory returns.
Service commentary: We have an older care population and therefore, while Looked After numbers are reducing, our Care Leaver number are increasing as they age out at 18. This picture will also have been impacted in the last 12 months by the reduction of arrivals of Unaccompanied Asylum-Seeking Children due to the COVID-19 pandemic and travel restrictions.									
10. Number of Care Leavers	272	N/A	➡	N/A	➡	N/A	293		This is a provisional figure before we receive statutory returns.
Service commentary: No target assessment to be provided for this KPI. There are not many opportunities to lower this number in the short or medium term. Our cohort of looked after children become our care leavers. New legislation will support care leavers until the age of 25 and it is an indication of good corporate parenting that our carers want to engage and that we offer good support. This is included as a KPI as it has a direct relationship to our budget pressures.									
11. % Care Leavers in appropriate accommodation	93%	90%	➡	94%	➡	96%	94.5%	Target met	This is a provisional figure before we receive statutory returns.
12. % care leavers in education, training or employment (at age 19,	69%	70% (min)	➡	80%	➡	90%	69.3%	Target not met	This is a provisional figure before we receive statutory returns.

Key performance indicator	Q3 2020/21 position	2020/21 target ranges			Position at YE	Target assessment	Other contextual insight
		Minimum ➡	Ideal ➡	Aspirational			
20, 21) (excluding those not in touch)							
Service commentary: Covid-19 has had a considerable effect on youth unemployment hence the % of care leavers in EET may be lower than usual. Though we are off track, we compare favourably to national and London figures on this generally. For example, in 2017/18, 51% of care leavers were in EET nationally and 53% in London, compared to 71.6% in Westminster. **Mitigating action:** We have set ourselves a challenge in our target range rather than this being an indication that we are drastically under-achieving. We compare favourably to national and London figures on this generally.							
13. % of Looked After Children placed in foster care	62%	60% ➡	65% ➡	70%	**64%**	Minimum standard met	This is a provisional figure before we receive statutory returns. Measure is as a % of total number of LAC.
14. % of Looked After Children placed in external foster placements	25%	25% ➡	23% ➡	21%	**29%**	Target not met	This is a provisional figure before we receive statutory returns. Measure is as a % of total number of LAC.
Service commentary: There is a current lack of availability of foster carers through the tri-borough fostering service (run by Hammersmith and Fulham) who are approved to care for mother and baby and adolescents, these are the primary groups that Westminster are currently needing placements for. **Mitigating action:** Our action plan to recruit more foster carers, in particular mother and baby carers and carers for adolescents, is part of our ongoing plan and more recently we have offered for scheme carers to convert to mother and baby carers with additional training and support.							
15. Number of surplus school placements in Westminster primary schools	1839 (with caps) (16.9% surplus)	15% ➡	10% ➡	5%	2233 (with cap) (20.0% surplus)	Target not met	
Service commentary: We are operating with a surplus school capacity of 20.0% (with caps) in Westminster primary schools. This is not financially viable for schools or the Council in the long term. **Mitigating action:** There are several strategies in progress with interim measures in place, such as informally capping the Published Admission Numbers (PANs) for schools with falling rolls. To support the School Organisation and Asset Strategy work, the Schools Forum commissioned the ISOS Partnership to carry out detailed analysis of school capacity and budgets in collaboration with schools, the Catholic and Church of England Diocese and Officers. Further to ISOS's findings, a Strategic Working Group has been established to consider what actions are required. We expect to see a final report of recommendations towards the end of the summer term.							
16. % increase in real and virtual visits to libraries	-58%	1% ➡	2% ➡	3%	**-61%**	Target not met	Our visits are down 61% compared to last year.
Service commentary: Visiting numbers have been down over the last year because of the pandemic. Libraries were initially closed for the from April to June 2020 and are now operating with reduced opening hours and offering reduced services. **Mitigating action:** During the most recent lockdown period, eight of our twelve libraries remained open with a service offer in line with current government guidelines which ensures that social distancing can be maintained, and our residents continued to have the opportunity to read, learn and connect. The offer included: PC access, select and collect, home library service and virtual library events. Barriers to membership and blocked accounts were removed to ensure that the most vulnerable residents can access the service. We are working in partnership with IT and Customer Experience & Digital colleagues on plans to enhance the website to align with a long-term vision of ensuring the service can connect to communities and engage new audiences.							

Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
17. % of appointments to register births available within 5 days of enquiry	81%	95%	➡	95%	➡	98%	68%	Target not met	

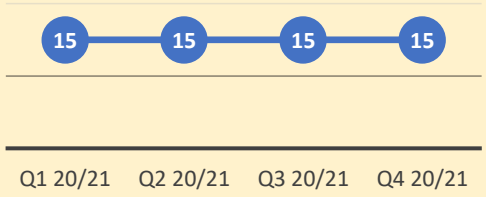
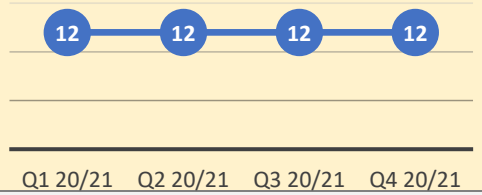
Service commentary: The target wasn't met due to the most recent lockdown. Customers have been reluctant to attend the office to register their babies. At the same time, the service was balancing resources across several areas, which meant the number of appointments offered for birth registration were not at the level to meet the KPI – see more details below:

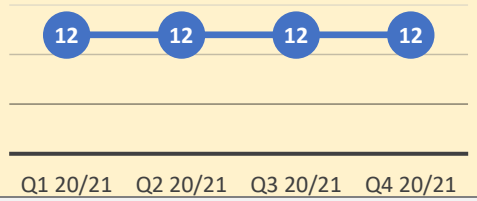
1. Increased death registrations due to Covid-19 as well as other conditions (deaths are always prioritised above all other services, to support the bereaved and ensure that the overall death management process is not compromised by late registration of a death).
2. Increased pent up demand for marriage and civil partnership ceremonies which had been postponed due to lockdowns March to July 2020 and November 2020.
3. Increased customer enquiries relating to changing Government guidance and restrictions on ceremonies.
4. Increased pent up demand for Citizenship ceremonies due to the Home Office recommencing the issue of naturalisation certificates.

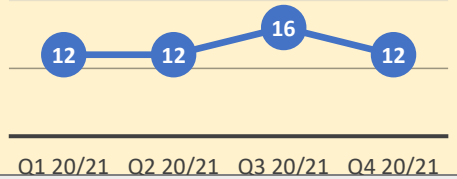
Births are required by law to be registered within 42 days, but it is good practice to offer an appointment within 5 days of the parent making contact to ensure they can register within 42 days. Delays beyond the 42 days do not mean a birth cannot be registered but may impact how far back the parent can claim a child benefit, as payments can only be backdated by 3 months and they usually require a birth certificate as evidence of the birth. Child benefits can currently be claimed without a birth certificate in acknowledgement of the significant national back logs in birth registrations caused by lockdowns, but these easements are to be ended shortly.

Mitigating action: As the deaths are returning to more normal levels, we can redeploy registrars to births, and are seeing increasing numbers being registered as parents start to venture out.

Top scoring directorate risks

YE Score	Risk			
15	**Failure to achieve registrars increased income targets** The largest proportion of registration income is generated by ceremonies. The pandemic has meant the cessation of ceremonies during lockdowns. Those permitted have restricted circumstances/numbers. Many couples have chosen to cancel or postpone until 2021 or 2022.			
	Impact	Failure to meet target income of £2.3m. Over 70% of registration service income is related to ceremonies, which have been adversely affected by the pandemic. Income forecast to be £1.4m against £2.3m budget which included 50k savings target.		
	Existing controls	We are undertaking monthly monitoring to allow mitigation where possible and accommodating as many ceremonies within Covid-19 secure boundaries to maximise income.	Future controls	• Fee strategy in place, set 2 years ahead. • Diversification of services, to create multiple income streams. • Additional availability to satisfy increased demand due to pandemic. • Marketing strategy to increase demand, and to drive couples to book with WCC.
12	**Rates of fixed-term exclusions in secondary schools continuing to rise**			
	Impact	This would cause disruption to the progression in the learning of young people, their educational and life outcomes and increased risk of being criminally exploited. Schools could also receive a negative Ofsted inspection rating.		

YE Score	Risk			
	Existing controls	• There is targeted multi-agency work with those schools where exclusions are an issue, including meetings with heads over the next few weeks involving School Standards, Early Help and alternative provision behaviour outreach support is already in place and we are piloting inclusion work with a small number of schools in encompassing more than 20 pupils. Our intention is to expand this to more schools and more than three times the number of young people – subject to a successful outcome of an external funding bid to the Home Office's Youth Endowment Fund submitted on 23 July. • October: All secondary schools in WCC being offered Trauma Informed training by the Early Help Service in WCC. Plans underway for this offer to be made in RBKC schools. • November: Evidence from school visits of fixed term exclusions down on previous year. Local data to be pulled together to confirm current picture. • June: Permanent exclusions were down by a significant amount in both boroughs compared to the same time the previous year (RBKC 2 in Autumn 2019 compared to 7 in Autumn 2018, WCC 5 in Autumn 2019 compared to 10 in Autumn 2018). Fixed term exclusion %'s were lower (than previous year) but only one term's data was available and due to COVID19 lockdown it's impossible to know how this would have changed over the year. • The Bi Borough Inclusion strategy is now in its final draft and agreed by Children Services Senior Leadership team in March 2021. The next steps are to launch the strategy with schools and partners and to develop an action plan. • Since 8th March 2021, schools have opened fully for all children and mandatory attendance at school was reinstated. It is recognised that some children may find it more challenging to managing the return and this is a current focus for schools and the multiagency network	Future controls	• Keep risk under review
12	**Increased placement demand for Look After Children** Looked after Children numbers are rising, due to an increase in Unaccompanied Asylum Seeker Children (UASC) and there is an increasing demand for placements.			
	Impact	The increased demand in placements creates a financial pressure on the Council as well as pressure on our capacity to manage this demand. Without mitigations, this will lead to financial overspend.		
	Existing controls	• Regular review and monitoring of current placement costs including a breakdown of how these costs are made up. • In response to this, some additional capacity has been created by other councils. Thresholds have been increased to 0.08% to support primarily Croydon, where most arrivals present due to the location of the Home Office arrivals unit.		Future controls

YE Score	Risk			
		• Implementation of a new Placement Strategy in 2019/20 as part of a wider review of Looked After Children Placements. • The Lead Member is kept informed on a regular basis as to the current position and potential financial implications • A Looked after Children tracker and financial placement models are in place to monitor numbers, need and cost. • Forecasting future demand and sufficiency planning are in place over the medium term to 2022/23. • Regular lobbying of government regarding this issue. • Ensuring the consultation on the Spending Review for Local Government has a robust response regarding the financial pressures created by Looked After Children and in particular rising UASC numbers in Westminster to ensure the final settlement meets the needs of the borough. • Local authorities have continued to lobby government in light of the lack of success of the National Transfer Scheme in relieving pressure on local authorities with high numbers of spontaneous arrivals, however there are no current planned legislative changes. Local authority regions are collectively working on a proposal for a national rota however this is still in the developments stage and it remains unclear whether all authorities would voluntarily commit to this. • The spending increase announced by the Home Office is helping reduce the financial demands on the service. A paper is due to be presented for a capital 'invest to save' bid to acquire new accommodation to satisfy the demand for UASC placements.		• Keep risk under review. • Monitoring of current placement costs. • Forecasting future demand and sufficiency planning in place • Continue lobbying government regarding issue.
12	**Ongoing pressures with SEN service** Growing number of young people in need of SEND support, causing increasing pressure on capacity and resources.			
	Impact	• Increased demand places financial pressure on the high needs block and has the potential to impact on capacity and resources. • The implications of Covid-19 are likely to include an increased demand for support available for pupils with SEN. This includes requests to repeat an academic year, enhanced levels of specialist input and pressure to commission health services such as therapies.		
	Existing controls	• The SEND Strategies were published in April 2018 and work is in hand to refresh these following consultations with a range of stakeholders. The multi-agency Children and Families Act (CFA) Executive Board provides oversight of delivery through targeted work streams. Self-evaluation is updated quarterly for the CFA Board. • Schools are engaged in review of high needs and proposals for reducing expenditure and ensuring the funding is used in the most effective way will be presented to the Schools Forum. In WCC, the high needs block is under pressure but not in deficit. Funding announced by the DfE has partly reduced the in-year pressure and a deficit management plan has reduced a forecast unfavourable variance.	**Future controls**	• Regular management oversight of local area inspection preparations, with management actions taken where necessary. • Review of current contracts to identify potential future financial opportunities moving forward • Strengthening our approach to early intervention to mitigate the need for ongoing lengthier therapy support (where appropriate) • Ensuring appropriate funding from across the system including health through effective partnership working. • Introducing Independent Travel Training and Personal Transport Budgets

Environment and City Management

Achievements

Addressing the Climate Emergency

To meet the challenge set by the Leader's City for All vision, Environment and City Management (ECM) has commenced initiatives across a range of activities all aimed at addressing climate change.

Over the year we:

- retrofitted four 26-tonne diesel waste collection trucks with electric motors.
- initiated a food waste recycling service across 7500 households.
- achieved an estimated 79% reduction in operational day-to-day emissions in the King Street footway pilot and started developing a low carbon delivery model for highways and public realm works.
- promoted sustainable modes of travel and safer mobility across the city.
- replaced streetlighting across the City with energy efficient LED lighting, resulting in 50% less energy consumption. This reduced carbon emissions by over 55%.
- Used resident requests for electric vehicle (EV) charging points to determine the location of this year's roll out. 98.5% of requestors are now within a three-minute walk of a charging point.
- Started improving the energy performance of our leisure centres and within new refurbishments.
- Continued to lead the way with the highest level of on-street EV chargers per capita in the country. We have now installed 1002 EV charge points on the highway equating to:
    - 1 EV charge point for every 252 residents, 1 for every 31 resident permit holders in Westminster and 1 for every 3.5 Eco Vehicle (electric, gas, hybrid, fuel cell) permit holders.

Response to the Pandemic & Reopening of the City

Since February 2020, ECM have played an integral part in supporting the city to continue running and addressing the effects of the pandemic on the borough. Examples include:

- Our mortuary team facilitated research–based post-mortems with St Mary's Hospital, contributing to our understanding of the virus and aiding the fight against Covid-19. We set up the first testing site in June 2020 in Hyde Park, and three rapid test sites in December. Volunteers and redeployees from across ECM and the Council helped in running sites. As of April 2021, over 60,000 tests have been carried out. The work and practices developed are considered best practice in London.
- ECM worked alongside partners to develop and implement just under 100 public realm schemes, such as the movement strategy to support social distancing, introducing 11km of additional cycle lanes across the city, 11 school street zones to make walking to school safer and 19,000m^2 of extra pavement space.
- We promoted virtual activities through our #StayInWorkOut webpage signposting to a range of activities including change for life targeted towards specific populations within Westminster. Online visits to online Activity Finder exceeded 3600 views and nearly 185,000 views on our wider ActiveWestminster site between 1 January 2020 and 31March 2021.
- We supported over 1000 businesses in the hospitality sector through fast tracking licensing applications and pavement licences when the City reopened in April 2021. Al fresco hospitality has resulted in the licensing team processing 708 pavement licences with the support of the consultation team, on top of the recommencement of normal licensing applications that we would expect.
- We successfully negotiated the first major phase of reopening the City, because of the efforts and joined up work between PPL, City Highways, CPEF and Cleansing and the Police and other external partners, as well as close liaison with the hospitality industry. The funding of 36 Covid-19 marshals has allowed our City Inspectors to concentrate on proactive compliance and enforcement issues as well as the smooth running of the al fresco hospitality scheme. The establishment of a Borough Control Centre has enabled us to deal quickly with incoming enquiries.

Addressing the diversity & inclusion agenda in Environment & City Management to achieve a diverse workforce

ECM have been working together on our inclusion and diversity priorities for staff focusing on the drivers behind our pay gap, retention and recruitment, reward and development and staff engagement. Action plans have been developed and are monitored monthly with over 200 actions to deliver. Specifics achievements include:

- Created a recruitment support panel to support hiring managers to develop and innovate our recruitment practices, e.g. to extend opportunity and remove any barriers for development.

- Looking to embed our diversity and inclusion ideals within our contracted services. An equality statement has been included within our ActiveWestminster mark criteria and six community organisations have been identified to pilot equality action plans with our support.
- Prioritising extending training and development across the services to encourage an inclusive culture. This will give insight into understanding bias within teams and how this can be overcome.

Issues

Financial pressures for Environment and City Management

The Government announcement of a third nationwide lockdown from January 2021 had a further impact on ECM budgets**.** The services within ECM generate significant commercial income to fund services and these will be further impacted by further lockdowns. The government is making additional funding available to local authorities to mitigate the income declines, but this will not fully fund the income declines. There is also a risk that external funding from TFL and developers will be reduced, and this may impact schemes in the capital programme.

Management of on-street issues

Park Lane is a major rough sleeping hotspot and is an ongoing issue that we are very aware of and have been trying to resolve for some time. This area is privately owned and managed by a separate highway's authority, creating some specific difficulties with the types of interventions the council can lawfully take in trying to reach a solution. This challenge is further compounded with the significant deficiencies in the powers that the council and our partners have when trying to support individuals, to remove tents, or in tackling behaviours that are having a direct impact on the community. TfL have now accepted legal responsibility, and the land is governed by a Legal Writ giving the Metropolitan Police Service (MPS) greater powers to remove anyone found sleeping on the site. We continue to work with our partner Outreach who are in the area regularly to offer assistance where required, often before the need to remove anyone on the site. Since this Writ, there have been no records of anyone being removed. We have yet to see a return of rough sleepers to this site, despite the recent lockdown conditions lifting, but daily monitoring continues, and Section 61 notices can be issued to anyone who returns in the future.

Reopening the City

Whilst we continue to see high demand on our officers as we continue with the reopening of non-essential retail, personal care and outdoor hospitality, we are preparing for the planned wider reopening on 17 May when indoor hospitality is scheduled to recommence. This is likely to require additional resourcing as we see more people returning to Westminster coupled with warmer weather as we move into Spring/Summer. In addition, there are key events taking place over the summer such as Euro 2020 which will likely see additional visitors to Westminster and further pressure on our main hospitality areas such as Soho and the West End. We will maintain close liaison with our City Planning Events and Filming team to ensure this and the increasing numbers of protests and demonstrations are well managed. Even with extra external resources we are having to bring in officers on overtime to maintain the coverage needed to manage the City and this is likely to continue in the short term at least.

Outbreak Management

The Outbreak Management Teams (OMT) has been working at pace responding to and investigating outbreaks and common exposures managing the risks posed by the pandemic to people who live, work, and go to school in Westminster. A total of 260 cases have been investigated by the different OMTs during 2020/21.

Since the inception of Local Contact Tracing on 18 November 2020, 2065 positive cases have been notified, ensuring self-isolation and referring residents for support when needed. This has helped in reducing the transmission of Covid-19. Contact Tracing was previously delivered by NHS Test & Trace (the national tracing system) and combined with the local contact tracing delivered by the Local Authority. Local-0 project (finishing end of April 2021), sees the local authority taking over both these functions and doing all the contact tracing except for Tier 1 and 2* cases. This will have resource consideration going forward as delivery is through redeployed staff.

*Tier 1 & 2 cases are where the settings in institutions such as hospitals, prisons which are dealt with by specialist teams with the expertise to address these settings and therefore not dealt with by the Local Authority.

Variants of Concern* could impact Westminster. There is a Surge Plan to respond to this. There is a Surge Plan to respond to this, though other external factors could affect this, such as lab capacity, if a number of London Local Authorities are affected simultaneously. *VOC are mutations in the virus that gives rise to a variant of the virus type.

Key performance indicators

The table below presents the latest cumulative outturns available for each KPI at year end (April 2020 – March 2021).

Target range definitions		
	Minimum	The minimum level for the KPI that will still allow the service to deliver
	Ideal	A level which is acceptable for service continuity
	Aspirational	The level at which the service is improving beyond current capability

Target assessment definitions		
	Target off track/target not met	Failed to meet target
	Target exceeded	Aspirational target reached
	Target on track/target met	Ideal target achieved
	Minimum standard met	Met the minimum target below ideal level

Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
1. % of urgent lighting defects made safe within agreed timescale	100%	95%	➡	98%	➡	100%	99.5%	Target met	
2. % of carriageway and footway defects repaired or made safe within 24 hours	99%	95%	➡	98%	➡	100%	99.3%	Target met	
3. % of total licences issued within 28 days from the publication date of the Licensing Sub-Committee decision.	95%	70%	➡	80%	➡	90%	90%	Target exceeded	
4. To complete all high-risk food premises inspections (category A-B)	68%	100%	➡	100%	➡	100%	100%	Target met	All Category A and B premises due for inspection in 2020/21 which were open for business during the lockdown have been inspected.
5. Number of Houses of Multiple Occupation (HMOs) improved (buildings with more than one household including shared facilities)	30	50	➡	65	➡	75	32	Target not met	

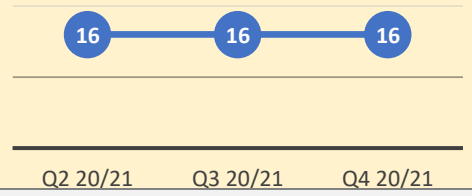
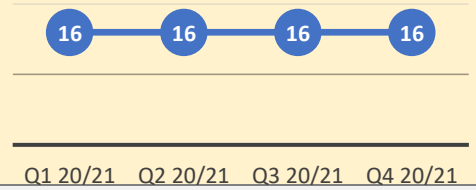
Service commentary: To formally recognise an HMO as improved, a physical inspection and HHSRS assessment is required. The majority of this work is undertaken through proactive inspections as well as licensing inspections. The pandemic resulted in proactive and licensing inspections being paused for much of the year in line with government guidance, which in turn has resulted in a lower number of HMO's improved. Residential officers have continued to dedicate time and resource into HMO type properties over the course of the year, being high risk settings during the pandemic. This has involved proactively engaging with building owners and licence holders to ensure appropriate measures are in place. Officers have also responded to 112 outbreak situations and case clusters in HMO's and blocks of flats.

Mitigating action: The proposed additional HMO licensing scheme should assist in identifying a large number of HMO's requiring improvement throughout the second half of 2021.

Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
6. Number of hazards removed from residential dwellings which pose a serious and immediate threat to people's health or safety	173	300	➡	375	➡	450	**247**	Target not met	
Service commentary: In order to identify and remove a Category 1 hazard, a physical Housing Health and Safety Rating System (HSSRS) assessment must take place. Due to the pandemic, physical inspections were only taking place when a significant risk was identified and where remote resolution could not be achieved. Residential officers have continued to receive a high volume of complaints about housing conditions, with over 1700 requests for assistance over the full year. Remote resolution has been achieved in a large proportion of cases. However, without a physical HHSRS inspection, it is not possible to formally record hazards removed. **Mitigating action:** It is proposed that routine HHSRS assessments will resume in April 21 and any reactive inspections that have been delayed will be undertaken to ensure there are no outstanding hazards.									
7. % of licensed premises that are safe and well managed following a single inspection (Covid-19-secure)	85%	80%	➡	90%	➡	100%	**100%**	Target exceeded	As a result of the pandemic licensed premises have not been operating for portions of the year. However, the target was met, due to premises that were visited being closed in compliance with the regulations.
8. Number of vulnerable residents supported to continue living in their homes	615	400	➡	500	➡	600	**659**	Target exceeded	During the first lockdown, no handyperson visits or adaptations works were carried out. This result reflects a strong performance supporting highly vulnerable residents in a difficult year.
9. % of women accessing specialist domestic abuse services who report a reduction in abuse	96%	75%	➡	75%	➡	80%	**96%**	Target exceeded	
10. Total participation in Council sports, leisure and wellbeing activities	705,214 (68% of projected pre-Covid-19 target for Q3)	3.5m	➡	3.7m	➡	3.8m (annually)	**Q4: 455,626 (44% pre-covid-19 target for Q4)**	Target not met	The annual position to date is 2,413,885 (59% annual target)
Service commentary: Use of Leisure facilities was increasing between lockdown periods. Following the third lockdown resulting in all leisure facilities closing between January – 12 April 2021, overall usage has been affected. Paddington Recreation Ground casual usage has an annual increase of 20% compared to 2019. **Mitigating action:** Following multiple lockdowns, the government roadmap has led to swimming and fitness being re-opened to users, further to outdoor sports being allowed in the first phase. We are now awaiting the third phase on 17 May to allow full access to group fitness and other activities, and then further opening of spa facilities after 21 June. We are having weekly usage and booking information reviews to ensure that we are doing everything to ensure users are happy to return to our sites.									

Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
11. Ensuring parking compliance across the City is over 97%	98%	97%	➡	98%	➡	99%	This is biannual reporting, so there is no result for YE.		The next result will be available for Q1 2021/22.
12. Availability of residents parking in Westminster (Ratio of residential permits issued against parking bays available on the street)	85%	85%	➡	90%	➡	95%	86%	Minimum Target Met	
Service commentary: Increased demand for the suspension of resident parking bays as part of the Covid-19 movement strategy continues to effect bay availability in some parking zones. **Mitigating action:** If required, pay to park bays will be made available for resident use.									
13. % of streets in Westminster that pass the street score survey for litter	98%	98%	➡	98%	➡	98%	97%	Target not met	
Service commentary: In the initial months of the pandemic, there was less movement of people due to lockdown. This meant that the sweepers had increasing amounts of work to do, particularly around parked cars which were not regularly moved. This was highlighted to Veolia after the first tranche of data, and the issue was addressed. If the first tranche results had been higher, then the annual target would have been met. **Mitigating action:** Action was taken to rectify the early effects of the pandemic (e.g. paying more attention to the areas under and around parked cars).									
14. % of visits to Sayers Croft services compared with 2019/2020	11% 2,246 visitors	32	➡	2,037	➡	3,000	2% 432 Visitors	Target not met	
Service commentary: Numbers have dropped this quarter due to the latest lockdown restrictions closing the service completely, and Government restrictions in place throughout the pandemic reducing the number of services allowed to operate. **Mitigating action:** We are putting in place processes to ensure the centre is Covid-19 safe when reopening.									
15. Number of emergency planning exercises completed	9	6	➡	7	➡	10	9	Target met	

Top scoring directorate risks

YE Score	Risk			
16	**Reduction in income and grant funding across Environment and City Management** There is a risk that the Council experiences a reduction in income and grant funding across Environment and City Management due to impact of Covid-19.			
	Impact	Impact on directorate budgets which may mean savings are needed to be made elsewhere.		
	Existing controls	• ECM services generate commercial income of circa £140m to offset costs of service provision. There continues to be a risk that the level of income and grant could reduce significantly due to the third lockdown announced by the Government on January 2021. This could continue beyond 2020/21 due to future lockdowns and potential downturn in the economic environment. We are experiencing reductions in parking, road management, commercial waste and licensing income. Some funding has been made available to mitigate the impacts, but this is not expected to be fully funded.	Future controls	Monthly ECM budget challenge monitors income and agrees strategies to reduce spend and increase income to mitigate any shortfall.
16	**Continued decline in demand for Paid for Parking and Permits** There is a risk that the Council experiences continued decline in parking revenue as a consequence of lockdown restrictions and a reduction in vehicles coming into the city.			
	Impact	A decline in revenue across most parking income streams is expected this financial year resulting in a net risk to the Parking Service budget.		
	Existing controls	Full city-wide rollout of Diesel Surcharge in 2019/20 Q2 and surplus revenue generated from suspensions has helped mitigate the current deficit. Charging increases via the 2020 Corporate Fees & Charges Review should also have a positive effect.t	Future controls	A number of commercial opportunities investigated in order to help mitigate the expected deficit across various income streams.

YE Score	Risk			
16	**The current threat level of a terrorist attack** The current threat level of a terrorist attack. The threat level to the United Kingdom from terrorism is currently 'Substantial'. This means that a terrorist 'attack is 'likely'. The level is set by the Joint Terrorism Analysis Centre.			
	Impact	• Injury/Loss of Life • Financial impact • Community tensions • Legal/Reputational Damage if the Council is seen to be at fault		
	Existing controls	Work ongoing across three strands of CONTEST to seek to reduce the likelihood, vulnerability and impact of a terrorist attack in Westminster	**Future controls**	Detailed within business plans for Prevent, Protect and EP & Business Continuity. Continue to carry out test exercises. Joint partnership working with the MPS. Protective security schemes being implemented in a number of vulnerable iconic locations.

Finance and Resources

Achievements

Responsible Investment statement and Pension Fund Business Plan
The purpose of the Responsible Investment (RI) Statement is to make clear the Pension Fund's approach to investing responsibly. This includes the integration of environmental, social and governance (ESG) factors as part of the Pension Fund's investment strategy. The statement covers in detail:

- The investment horizon of the Fund: this highlights the Fund's long-term investment priorities.
- Carbon journey: over the last 18 months, the Pension Fund has taken significant steps to reduce its carbon footprint by transitioning equities into ESG focused funds and diversifying into renewable infrastructure. Since June 2019, the Fund's average carbon to value invested has fallen by circa 60%.
- Voting and engagement: collaboration with key stakeholders in the investment community will be key.

Several investment cases study examples have also been included in the RI statement to demonstrate how the Pension Fund has been implementing the policy. This statement will be subject to regular, ongoing review. This is the first time a business plan has been presented to the Pension Fund Committee and sets out the medium-term objectives and a financial forecast for 2021/22.

Launching the Property Carbon Management Programme
During 2020/21, this programme has seen procurement and subsequent appointment of a new contractor Vital Energy, from the GLA Refit Framework, to work alongside Westminster in achieving our sustainable building ambitions.

We have attracted £13m in central government grant funding from BEIS to deliver decarbonisation of our operational buildings over the next year. This funding will enable a reduction in our operational buildings carbon footprint of around 20% within a 12-month period and ongoing. The exact reduction will be known after May 2021 when the 45 decarbonisation surveys for each building have been undertaken and the data assessed.

Furthermore, the reduction in gas usage and introduction of energy capture technologies will mean lower energy consumption and therefore lower ongoing building running costs. Westminster have championed their strong commitment to Greener and Cleaner in the City for All Strategy. This is an impactful part of the built estate journey towards net zero carbon emissions across Westminster City Council by 2030.

Grants Round 1 and Round 2
Since April 2020, the Council have administered many grants to support businesses following Covid-19. Across Round 1 and Round 2 we have paid £200M. The team, together with the contractor, have worked at pace to ensure grant payments have been efficiently paid to keep Westminster businesses who have been severely impacted by Covid-19 a-float.

Delivering the first steps of our ambitious Smart City programme
Smart City is one of the pillars of the council's City for All strategy. Over the past few months, the Smart Cities programme team have confirmed a clear programme of work shaped into thematic areas through which we will deliver our outcomes. Following Cabinet and ELT approval of the programme's Vision, the team are preparing to share this externally – giving us the opportunity to share with our residents, businesses and partners our aims and ambitions for the City. The programme is being developed collaboratively across the organisation, and will be enabling positive change to support the City for All pillars.

Our approach is about being inclusive, participatory and experimental. This is demonstrated through areas of work such as: our Digital Inclusion activity, early mobilisation of projects to improve air quality, generating excitement around visitors returning to the City, and creating collaborative and innovative working space in City Hall.

Key outcomes to date have been:

- Receiving interest and proactive engagement from a range of partners, from SMEs to larger organisations such as Microsoft, BT, Hitachi and O2 who are keen to work with us on delivering against Smart City.

- Held a Call for Ideas session in March, which had over 100 attendees. Following the session, 115 submissions were received for solutions to improve outcomes in the city, and we are sifting through these to identify the best opportunities to take forward.
- Mobilised some of our early projects around air quality, as well as supporting colleagues across the council on smart solutions to deliver their projects.
- Putting a team in place and beginning delivery of our early projects which will be delivering their first outputs before the summer.
- Started developing a Smart City Strategy, Blueprint and active roadmap.

Procurement code

The Procurement team launched the updated Procurement Code in April, following a successful engagement exercise across all services in the Council. The Procurement Code is published as part of the Constitution and supersedes the last version dated September 2017. The Procurement Code provides the legal and procedural framework for the procurement of works, goods and services. It serves as a guide to Officers, giving practical effect to Council priorities whilst at the same time mitigating against commercial and compliance risk.

The updated Procurement Code will contribute to providing a fundamental shift in the way we work, transforming how we deliver Procurement, being recognised as an enabler and providing a centre of expertise to our stakeholders. The updates in this latest version of the Procurement Code reflect the changes to the department's operating model and governance procedures, as well as reflecting wider Council priorities such as City for All and the Climate Change agenda. The structure of the Procurement Code is also now much easier to follow and understand. The new Code has already been rolled out and training conducted within F&R, and education sessions across the Council will continue in April and May, as part of a wider stakeholder education and engagement programme by the Procurement team.

Issues

Significant work required to ensure the Pension Fund continues to meet its investment targets while taking into account climate change impact

Opportunities exist to consider the need to address climate change impact within the pension fund's investment strategy. Recent investments undertaken by the pension fund committee into renewable energy infrastructure assets are expected to enhance and preserve future fund valuations, as well as providing Customer Price Index inflation protected income and generating uncorrelated investment returns. The resultant income from these assets will be required by the pension fund to cover its operational cash deficit (contributions versus pensions paid). The investments cover projects which have already been developed, and construction risk is mitigated to a large extent. The allocation will result in further diversification of the portfolio, reducing overall investment risk. The investment will also provide ancillary benefits of carbon offset. These substantial benefits will help the pension fund to meet its investment targets while considering climate change impact, thus satisfying the fiduciary duty of the pension fund committee to the pension fund beneficiaries. In summary, the investment case must be proven when assessing assets whose existence is to assist in the lowering of climate change impact.

The Pension fund has currently allocated 6% of its portfolio to renewable infrastructure, appointing Quinbrook and Macquarie to manage £50m each in December 2020. This paves the way for £100m of renewable energy infrastructure investment, with capital drawdowns starting in early 2021. The two managers will buy direct renewable energy infrastructure assets, which are intended to enhance and preserve future fund valuations as well as providing CPI protected income. Investments will be predominantly operational assets, as well as greenfield construction assets, where the projects have been developed and construction risk is mitigated to a large extent. The allocation will result in further diversification of the portfolio, reducing overall investment risk and increase cash flows to the fund required to pay pensions. The Pension Fund's investment consultant, Deloitte, was fully supported of the move to renewable infrastructure as a genuine diversifying asset which will increase the risk return expectations of the Pension Fund.

Covid-19 and impact on income

Covid-19 has impacted all areas of Westminster. In Finance and Resources, this impact has manifested in income reduction. The Property Investment Portfolio generates surplus income to support council services and has increased debt provision, with some tenants becoming insolvent. There have also been rental credits issued to

tenants when businesses are unable to trade. This aligns to the Government recommended approach to tenants and any rental credits have tracked lockdown periods and tiered restrictions. Revenue from Council Tax and Business Rates has been significantly impacted following Covid-19, primarily due to the economic position caused by the pandemic and the inability to hold court hearings. The financial impact is likely to remain for 2021/22.

Whilst most of the financial impact has been felt in 2020/21 and we are on a roadmap out of the current restrictions, there will be further and ongoing impacts on businesses over future months.

Key performance indicators

The table below presents the latest cumulative outturns available for each KPI at year end (April 2020 – March 2021).

Target range definitions		
	Minimum	The minimum level for the KPI that will still allow the service to deliver
	Ideal	A level which is acceptable for service continuity
	Aspirational	The level at which the service is improving beyond current capability

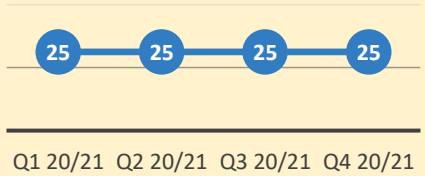
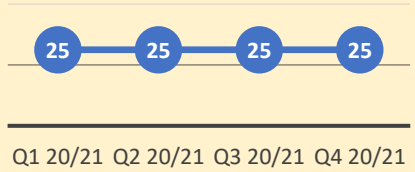
Target assessment definitions		
	Target off track/target not met	Failed to meet target
	Target exceeded	Aspirational target reached
	Target on track/target met	Ideal target achieved
	Minimum standard met	Met the minimum target below ideal level

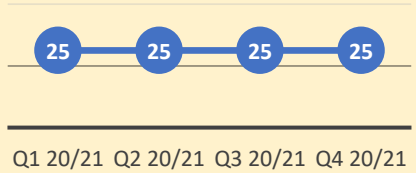
Key performance indicator	Q3 2020/21 position	2020/21 target ranges: Minimum	Ideal	Aspirational	Position at YE	Target assessment	Other contextual insight
1. Number of days taken to collect debt	92.48 (Dec P9)	71 to 90 days	61 to 70 days	1 to 60 days	114.70 (March P12)	Target not met	
Service commentary: Debtor days increased substantially from 92.48 days in P9 to 114.70 in P12. **Mitigating action:** "Debtor Days" for sundry and adult social care. There are factors that remain uncontrollable with this measure, the main being that income is not raised evenly throughout the year. There will be spikes in some months, where a large value or volume of invoices are raised which will increase the debtor days for payment at the date of the measure. A spike in debtor days is always expected in P12, as in most years large value and volumes of in voices are raised in P12. P12 debtor days in 2019/20 was 108.08. The largest contributing factors to the debt position relate to RBKC's outstanding total of £5.4m, of which £5.2m was raised in P12. NHS Central and West London have a combined balance of £8.3m, £2.9m raised in P12, £2.8m raised in P11, £700k from P8. A total of £12.4m was raised in P12, the largest value in a single period for 2020/21.						
2. Debt position 90-day change	£19.787m Total debt (Feb P11)	90 to 180 days 2% Increase	181 to 365 days 10% decrease	>365 days 4% decrease	£26.605m Total debt (March P12)	Target met	
Service commentary: Debts aged 90 to 180 saw a small increase, 181 to 365 & >365 days all decreased. There was an increase from £19.787m to £26.605m across all debts. **Mitigating action:** Given that our average debtor days are 92, we would expect invoices in 0 to 29, 30 to 59 and 60 to 89 to be paid within the time frame. Anything not paid will start to fall into 90 to 180, which is where our KPI identifies performance. The largest contributing factor to the increase in debts aged 90 to 180 days was £703k over three invoices to NHS, which have become over 3 months in age. Contributing factors to the total debt figure £26.605 are: RBKC have an outstanding total of £5.4m, NHS Central and West London have a combined balance of £8.3m, £1.2m has now become a year old and is being disputed by the CCG. The largest client group of debtors are the ASC debtors contributing to £4.3m, of which £3.1m is over a year old. There are 11 ASC clients owing approx. £1.3m over 1 year, all of whom are being closely monitored and most are working with legal.						
3. Variance between budget and full year forecast	£60.8m overspent as at P9	Overspend	< £5m underspent	As per ideal	£3.851m overspent	Target met	This is not the final figure; this will be given once the outturn is finalised.
Service commentary: The coronavirus pandemic has meant the Council has lost large amounts of income, some of which are not reclaimable under the income compensation scheme. **Mitigating action:** The Council has claimed as much as possible through the income compensation scheme and has applied many grants to reduce the overall overspend the figure above is gross of the grants. The net position is much lower. Once available, both figures will be shared.							

Key performance indicator	Q3 2020/21 position	2020/21 target ranges			Position at YE	Target assessment	Other contextual insight
		Minimum	Ideal	Aspirational			
4. Variance between capital budget and FY forecast	£111.091m underspent as at P9	On budget based on forecast	On budget based on forecast	On budget based on forecast	**£122.753m underspent**	Target not met	The Council will reprofile its capital budgets for 2021/22.
Service commentary: Capital budget is underspent due to many projects being delayed due to the Covid-19 pandemic. The underspend will be reprofiled into 2021/22 and beyond to align with what is now considered achievable. **Mitigating action:** Budgets will be reprofiled into future years to provide financing to complete the projects that have been rescheduled.							
5. Percentage of council tax collected	£85,645,526.99 as at Period 9 **79.3%**	90%	91%	96.5%	£107,751,741 **88.7%**	Target not met	The February 2021 Council tax collection rate to date is 88.68% which is 5.84% lower than the same month last year.
Service commentary: The collection of council tax has been impacted by the Covid-19 outbreak as residents face an uncertain financial situation. The restriction on courts has suspended recovery action for unpaid bills and reduced cash receipts. **Mitigating action:** There will be a programme of initiatives implemented to get collection back on track once the current restrictions are lifted.							
6. Percentage of business rates collected	£1,413,162,632.86 as at P9 **74.87%**	90%	91%	98.5%	£1,398,337,223 **84.8%**	Target not met	The business rates collection rate to date February 2021 is 84.84%, 10.69% lower than the same month last year.
Service commentary: The collection of business rates has been impacted by the Covid-19 outbreak as businesses face an uncertain financial situation. The restriction on courts has suspended recovery action for unpaid bills and reduced cash receipts. **Mitigating action:** There will be a programme of initiatives implemented to get collection back on track once the current restrictions are lifted.							
7. Percentage of stage 2 responses signed by Chief Executive with no need to return	**97% (1/32)**	95%	98%	100%	**100%**	Target met	No stage 2 complaints drafted by the complaints team (completed to date) have been returned requiring amendments.
8. Number of major business impact priority 1 incidents per quarter (could affect more than 100 people)	2	22	18	12	**2**	Target met	In February, a routing issue in the data centre caused an issue with Domain Name System. This was resolved with a switch over to alternate hardware which restored services. In March, users were unable to access Orchard due to an issue with a Remote Desktop Gateway Server. Network services made a configuration change and restored the service.

Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
9. Significant incident attracting fines under new GDPR legislation such as Information Commissioner intervention regarding handling of data protection	0	0	➡	0	➡	0	**0**	Target met	We have not had any major incidents that would attract large fines. Target ranges have been reduced to zero to reflect a zero tolerance on GDPR fines because we can't predict what they would be.
Service commentary: Organisations are required to evidence how they manage data breaches to ensure lessons are learned and that information risks are significantly reduced. In a wider context, organisations also need to understand that any breach of the GDPR requirements could result in penalties. The service, in conjunction with the council's Data Protection Officer, will work to deliver a framework to enable the organisation to easily meet these evidence requirements. This will be done by embedding accountability solutions in all aspects of the council's data handling processes.									
10. Less than 4% calls abandoned (Agilisys)	6.5%	<5%	➡	<5%	➡	<4%	**4.9%**	Target met	
11. Number of high-risk incidents reported to the ICO	0	0	➡	0	➡	0	**0**	Target met	GDPR Incident reporting rules only apply if they meet the criteria set by the ICO.
Service commentary: Reporting incidents to the IT Help desks continues to be the main way of capturing these types of events. However, none met the threshold for reporting to the ICO, or have been reported by complainants that would lead to self-reporting by the organisation.									
12. Percentage of staff who have completed mandatory data protection & cyber security online training per year	71%	70%	➡	90%	➡	95%	**70%**	Minimum standard met	
Service commentary: The staff who have carried out training continues to stay steady at 70%, although this is following a reduction down to 68% as a number of staff who carried out the training over 12 months ago failed to redo the training. **Mitigating action:** Considerable effort continues in increasing the number of staff trained through attendance in meetings, competitions, and direct contact. IT is now utilising their Business Partners to help push out training.									

Top scoring directorate risks

YE Score	Risk			
25	**Covid-19 (Operational)** The Government has placed upon employers and service providers a statutory responsibility to provide a Covid-19 secure environment in which to work or receive services.			
	Impact	Failure to do so risk the health of colleagues and service users. Some of these are classified as vulnerable people. This in addition carries reputational, financial and legal risk particularly if the Health and Safety Executive deem us to have breached our responsibilities.		
	Existing controls	Measures have been put in place to create a Covid-19 secure workplace or place to receive services including where appropriate putting in place additional measures to protect vulnerable service users. Focusing resources where there is a need e.g. deep cleaning in the case of reported Covid-19 cases.	**Future controls**	Measures are reviewed regularly to ensure that we are compliant and continue to be compliant in the face of changing scientific advice and government guidance and regulations.
25	**Covid-19 Investment Property** Loss of income resulting from the impact of Covid-19 on tenants who may not be able to generate sufficient income to continue trading.			
	Impact	Loss of tenants' income who may not be able generate sufficient funds to cover all overheads and continue trading. Where businesses go out of business the City Council then are responsible for the property costs. Lockdowns mean this risk will not be fully understood until businesses are able to re-open and then required to honour their rental payments.		
	Existing controls	The first quarters rents were waived for certain businesses that were impacted by the lockdown e.g hospitality, health, beauty and non-essential retail. Other support is considered on a case by case basis. Further similar support was provided to those genuine cases affected by the November 2020 restrictions and further similar support has been proposed for the current lockdown until businesses are able to re-open. This will be reviewed with Members to identify what is appropriate to support businesses and our own income streams. Where businesses terminate their lease or go out of business. we may be able to realise some of the lost income e.g. from any deposits.	**Future controls**	With businesses now able to re-open it is assumed financial assistance they have received in the interim plus turnover will mean rent demands will be paid. There may be instances where tenants will initially struggle so more concessions may be required.

YE Score	Risk			
25	**MTP Savings linked to income growth linked to acquisitions and rent review** As part of the MTP savings, income was to be increased by rent reviews, this is unlikely to materialise given Covid-19's effect on businesses.			
	Impact	Covid-19 makes it difficult to grow income from rent reviews. It also increases the risks associated with acquisitions. This means that it may not be possible to grow income to meet the MTP savings target of £0.65m.		
	Existing controls	Continuing to negotiate with tenants where there is an outstanding rent review in order to generate additional income whilst also protecting existing income streams. There will need to be a recognition that all businesses will not be able to afford an increase in liabilities in the short term as lockdown is lifted and they start to re-open.	**Future controls**	The service will continue see what opportunities exist for acquisitions as businesses may be seeking to address weaknesses in their balance sheets.
25	**Financial risk due to Covid-19 and uncertainty regarding future government funding** The Covid-19 pandemic has created significant financial risks due to additional expenditure the Council incurred to support its communities and reduced income that has resulted from a drop in activity in the city from the lockdown and social distancing measures. The Council have received approximately £30m in government funding to mitigate against the financial impact of the pandemic. The government will also reimburse authorities for 75% of income losses occurring in 2020-21 as a result of Covid-19 after the first 5% of losses is absorbed by local authorities. To qualify, income losses must be related to the delivery of services, while commercial and rental income are excluded. The Council have claimed c£15m from the first two rounds of submissions.			
	Impact	If government funding for the financial impact of the pandemic is not sufficient, this would cause overspends and a subsequent reduction in the general fund balance. The uncertainty around the future of local government funding could lead to significant budget gaps in the medium term.		
	Existing controls	• Rigorous monthly monitoring which scrutinises forecast projections and challenges material movements against budgeted targets • Regular and detailed monitoring of COVID 19 impact on fees and charges, however this will only record not influence impact. • The council will seek to maximise the recovery of lost income through the government's income compensation scheme. It is unknown what the scale of impact from a potential second wave and further government action would be at this stage. • Medium Term Financial Planning which reviews the Council's financial position over the next three years to ensure the Council are pro-active in finding savings, and therefore ensuring financial resilience.	**Future controls**	The Council will seek to maximise the any income it can receive from government and ensure strong medium-term financial planning – reviewing both expenditure and income.

Growth, Planning and Housing

Achievements

Funding and development of Affordable Housing

During Quarter 4, we submitted a bid for additional grant funding under the GLA's new Affordable Housing Programme 2021-26. The total bid potential is in the region of £77m, with £35m subject to an exemption of the ballot requirement.

During March, Westmead achieved planning consent. The Westmead scheme includes 65 new homes (24 of which are affordable), to be delivered on the site of the former Westmead care home, where residents have now moved into the newly completed Beachcroft care scheme. The market rent homes will be retained by the Council's development company Westminster Builds and revenue from these units will be reinvested to support Council services. The proposals have been developed following extensive engagement with residents and the community. Public realm enhancements to the nearby open space include improved north-south pedestrian access, an accessible route for disabled visitors, a new seating area, and more space has been made available to the public. The proposal is targeting as close to carbon neutral as possible.

In March, the first round of pre-planning consultation for Church Street was completed. Despite the Covid-19 restrictions, levels of engagement have been high with over 300 responses. In April, planning permission was granted for Ebury Bridge. Contractors have commenced an early works package. This work has been made possible by the voluntary re-housing of all households in Phase 1 blocks and a number of residents in Phase 2A. Ebury Bridge will create 781 homes, half of which will be affordable.

The Carlton Tavern public house

The Carlton Tavern public house reopened in April 2021, six years after it was demolished without consent. The reopening received media coverage due to the Council's unique success in achieving reinstatement of the original unlisted building. The Planning Enforcement team led a team of planning, design and conservation officers from across the Town Planning service to ensure the pub was rebuilt in facsimile. This involved serving an enforcement notice, defending this decision at a public inquiry in 2016 and ensuring the notice was fully complied with.

Housing Customer Services Team Award

In March, Westminster Council's Housing Contact Centre received the Bronze Award for 'Responding in a Crisis – Supporting Customers' at the European Contact Centre and Customer Service Awards (ECCCSAs), meaning Westminster was in the top three performance across Europe. The awards are the largest programme in the customer contact centre industry and recognise organisations that value their people and continually innovate to improve their customers' experience. The Contact Centre was also a finalist in the 'Responding in a Crisis – Supporting Colleagues' category. Our submission detailed the efforts that the Council had made to sustain our service to customers and to keep staff safe, including moving the contact centre to remote working, replacing the unstable telephony platform with a cutting edge, best in class, multi-channel offer. Examples were given of vulnerable residents receiving a fully supportive and empathetic response.

Launch of the new Oxford Street District framework and 'spades in the ground' in March 21

The Council launched the new Oxford Street District (OSD) framework in February. This vision includes a new Marble Arch visitor attraction and a reimagining of the capital's iconic high street. We aim to secure the long-term future of the high street as the greenest, smartest, and most sustainable district in the world. The project will create a competitive centre for innovative retail, commercial activities, culture and living, with goals such as:

- Focusing investment on three areas – Oxford Circus & Bond Street, Marble Arch and East Oxford Street. This will also benefit the surrounding areas.
- Cleaner air across the district through cutting-edge sustainability initiatives.
- Exploring new models of living and working.
- Delivering a world-class public realm with a focus on play.
- Strengthening the area's position as a global centre for culture, arts, leisure, and creative industries.

The scheme broke ground in March 21 with the first phase of temporary public realm improvements completed in time for reopening on 12 April. The works, which will be completed by June, include wider footway and pedestrian space, 40% increase in the number of trees, 1500 new species, double the amount of seating as well as new lighting installations, cycle parking, and pocket parks throughout the Oxford Street District. Works have also started on the construction of the district's first permanent scheme – Soho Photography Quarter, with phase 1 set to be open to public in summer 21.

The OSD works also include Marble Arch Mound. The 25m high hill received planning approval in March 21 and is set to open to public in summer 21. It is expected to attract 200,000 visitors into the West End. Further works are planned for the remained of 2021 including the Zero Carbon Demonstrator programme, smart cities as well as major schemes including Manchester Square and Oxford Circus.

Issues

Affordable Housing target challenge – due to issues with Registered Provider/private sector delivery

During Quarter 4, we were advised that two Registered Provider (RPs) schemes linked to private sector led s106 developments will not be completed by 2023 as anticipated. RPs are contributing 42% of total homes (including those affordable homes being delivered in partnership with the private sector) within the 1,850 City for All target. The management and decision making on these schemes is largely outside of the council's control, which creates risk to delivery of affordable housing in Westminster if schemes are delayed or do not come forward as forecast. There is no one common factor at play, although economic uncertainty caused by the pandemic is having some effect, with one developer advising us that it is in *the process of revising its strategy for Central London and what this means for development across its portfolio.* We continue to engage regularly with providers to identify and mitigate any further slippage.

Presently, 650 new homes are under construction across the WCC Development programme, with over 2,500 further homes in the future pipeline. We are exploring the scope to bring schemes forward, including spot purchases to mitigate delays and achieve the 1,850 target by the end of 2023. We continue to engage regularly with providers to identify and mitigate any further slippage.

Key performance indicators

The table below presents the latest cumulative outturns available for each KPI at year end (April 2020 – March 2021).

Target range definitions		
	Minimum	The minimum level for the KPI that will still allow the service to deliver
	Ideal	A level which is acceptable for service continuity
	Aspirational	The level at which the service is improving beyond current capability

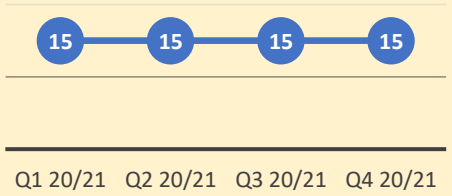
Target assessment definitions		
	Target off track/target not met	Failed to meet target
	Target exceeded	Aspirational target reached
	Target on track/target met	Ideal target achieved
	Minimum standard met	Met the minimum target below ideal level

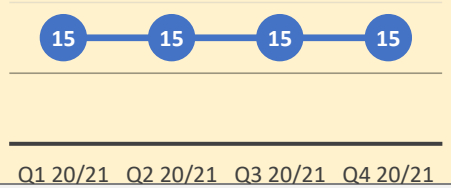
Key performance indicator	Q3 2020/21 position	2020/21 target ranges: Minimum	Ideal	Aspirational	Position at YE	Target assessment	Other contextual insight
1. Number of cases of homelessness prevented (Defined as outcomes from a combination of Housing Solutions and Shelter work)	458	500	520	550	621	Target exceeded	There were 163 preventions in Q4.
2. Affordable Housing units delivered in 20/21 (1,850 by 2023)	201 (994)	271 (1,064)	293 (1,086)	326 (1,119)	230 (1,023)	Target not met	
Service commentary: Slippage to three affordable housing projects have contributed to the 2020/21-year minimum target of 271 not being achieved. These are Farm Street (14 units), Parsons House (19), and spot purchases (8). However, these three schemes are now expected to be delivered in Q1, Q2 and Q3 2021/22. **Mitigating action:** It is anticipated that replacement schemes, including spot purchases can be brought forward to ensure the 1,850 City for All target can be achieved by 2023. We are also engaging regularly with providers to ensure any slippage is factored into our supply figures.							
3. % satisfaction with repairs service	82%	82%	84%	86%	81%	Target not met	81% (2,156/2,657)
Service commentary: During the pandemic lockdowns, and following Government guidelines, we carried out only emergency repairs in tenants' homes. **Mitigating action:** Many routine repairs were held and carried out months later when Government guidelines permitted, which still affected tenant satisfaction.							
4. Satisfaction with anti-social behaviour (ASB) case handling	65%	62%	64%	66%	65%	Target met	(201/309)
5. Contact centre - % calls answered in 30 seconds	65%	65%	70%	75%	65%	Minimum standard met	The housing contact centre received a total of 223,433 calls in 2020/21 and answered 65% within 30 seconds.

Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
Service commentary: In October, the highest volume of calls since go live were received. Over the winter months, staff were deployed to support Westminster Connects, which reduced capacity and staff resources were impacted by sickness and the lockdown, including caring and home-schooling responsibilities. Despite this, the team were able to successfully deploy a new telephony platform which eradicated the connection issues of the previous system. **Mitigating action:** At the start of the year, the contact centre recruited a new team of customer service advisors who had to complete their induction and trained remotely, against the backdrop of deploying home working and creating a virtual contact centre. Within the first week, the contact centre team had successfully moved to remote working and ensured that the service to customers was maintained without disruption.									
6. % of 'non-major' planning applications determined within 8 weeks	67%	68%	➡	68%	➡	80%	**70%**	Target met	1,771 out of 2,534 in target during the year.
7. % of 'major' planning applications determined within 13 weeks i.e. larger scale development.	64%	60%	➡	60%	➡	79%	**77%**	Target met	26 out of 35 in target during the year.
8. % planning appeals determined in favour of the Council (Excluding telephone boxes)	74%	60%	➡	63%	➡	67%	**73%**	Target exceeded	107 of 147 appeals determined in favour of WCC.
9. 1,000 businesses significantly engaged (including vouchers issued, Corporate Social Responsibility activity)	5,073	4,000	➡	4,500	➡	5,000	**12,330**	Target exceeded	7,257 businesses significantly engaged in Q4.
Service commentary: The figure includes a range of engagement, including unique business enquiries, business uptake of business support programmes/initiatives, hardship rates relief pre-screening appointments, connection vouchers, education-business collaborations to support the borough's young people and LA administration of central government discretionary grant schemes (ARG).									
10. 350 Westminster residents into jobs through our Westminster Employment Service (WES)	179	320	➡	350	➡	400	**320**	Minimum standard met	The 320 jobs represent those residents that we have data on having started work. It is likely that there are other jobs to be confirmed from the NHS for 20/21.

Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
Service commentary: At the beginning of Q4, we supported the NHS with the recruitment of a significant number of emergency response roles for NHS Test & Trace and NHS Mass Vaccination roles. We received over 500 applications for 200 jobs available for the Mass Vaccination roles but have experienced delays in obtaining information from the NHS about respective jobs secured. During the year, WES also worked with colleagues in the Rough Sleeping Team, Housing and 3 homelessness charities on The Stepping Stones Programme. We helped 16 ex-rough sleepers into work who were moved into temporary accommodation during the first lockdown. None of these individuals were entitled to any public funds, so helping them to secure work was the only way to get them off the streets. **Mitigating action:** During 20/21, the service significantly supported Westminster Connects with staffing resources for 2 separate redeployment exercises.									
11. 345 Westminster residents supported into Interims (Work trials, training, work placements & volunteering)	707	293	➡	345	➡	380	**1,078**	Target exceeded	At the beginning of the year, we reconfigured our service to place more emphasis on interims, i.e. significant steps on a resident's journeys towards employment, including work trials, training, qualifications, work placements and volunteering. This reflected our increased focus on helping residents to reskill and upskill in order to prepare for the new emerging jobs market.
Service commentary: At the beginning of Q4, we supported the NHS with the recruitment of a significant number of emergency response roles for NHS Test & Trace and NHS Mass Vaccination roles. We received over 500 applications for 200 jobs available for the Mass Vaccination roles but have experienced delays in obtaining information from the NHS about respective jobs secured. During the year, WES also worked with colleagues in the Rough Sleeping Team, Housing and 3 homelessness charities on The Stepping Stones Programme. We helped 16 ex-rough sleepers into work who were moved into temporary accommodation during the first lockdown. None of these individuals were entitled to any public funds, so helping them to secure work was the only way to get them off the streets. **Mitigating action:** WES moved support online and has been able to continue working with many clients. It has focused on new opportunities e.g. NHS vacancies and sustaining people in work via furlough.									
12. 1,000 young people engaged in enterprise and sector-based experiences	541	750	➡	1,000	➡	1,250	**1,036**	Target met	495 in Q4. Business & Enterprise service partnered with 36 Westminster employers (7 new) to deliver effective education-business collaborations.
13. Reduction in new rough sleepers spending more than one night out	67%	75%	➡	85%	➡	92%	**80%**	Minimum standard met	Overall position across London is 78%.
Service commentary: 286 new rough sleepers counted in Q4, 228 were rough sleepers with no second night out. **Mitigating action**: There has been an increase in new rough sleepers joining the living on the streets population across London (up 19% since the same period in 2019/20). As reported in Q3, we are looking to develop a new KPI for 2021/22 which is more representative of the wider rough sleeping picture.									

Top scoring directorate risks

YE Score	Risk			
15	**Change in direction from government on EEA nationals or Vagrancy Act** There is a risk that we will not be able to support EEA nationals away from the streets. 60% of people on the streets in Westminster are EEA nationals without access to benefits and, depending on the progression of the Immigration and social security co-ordination (EU Withdrawal) bill, Westminster may not have sufficient powers to support this people. While there was a reduction in the percentage of new rough sleepers who had no second night out in Q4, there was also a significant reduction in the total number of new rough sleepers over the quarter. There are seasonal factors that impact the number of new rough sleepers including the operation of Crisis at Christmas, as well as the impact of the second lockdown. Any changes to the Vagrancy Act are not forthcoming; lobbying from campaigning organisations has been delayed due to the response to COVID-19. Regarding the governments' approach to EEA nationals, "The Government has made clear that the new rough sleeping rule will apply on a discretionary basis where a person refuses offers of support and is engaged in persistent anti-social behaviour. It does not apply to those protected under the Citizens' Rights provisions of the Withdrawal Agreement with the European Union, those granted indefinite leave or those granted leave under a protection route (for example as a refugee or on the grounds of human rights or for humanitarian protection)." [Letter from Home Secretary to Independent Anti-Slavery Commissioner]			
	Impact	There will be growing numbers of EEA nationals on the streets which the Council would be unable to support.		
	Impacted KPIs	• Number of cases of homelessness prevented (Defined as outcomes from a combination of Housing Solutions and Shelter work). If we are not able to support EEA nationals, it is likely that members of this community will continue to be homeless. • Reduction in new rough sleepers spending more than one night out. If we are not able to support EEA nationals, it is likely that members of this community will continue to sleep rough on the streets.		
	Existing controls	• Consistent communication with Ministry for Housing, Communities and Local Government and Westminster City Council's strategic group monitoring any changes.	Future controls	• Risk of challenge to our operational approach to be minimised by legal advice as/when required. If a change in direction occurs, discussions around funding and availability of bed spaces. • Statutory guidance detailing how LAs respond has yet to be released; the government have also indicated any enforcement will not begin until after 30th June 2021 when the European Union Settled Scheme closes.

YE Score	Risk			
15	**Building Regulations – Part B & Draft Building Safety Bill** Building Regulations - Part B has been re-written following an independent review of the building regulations and fire safety following Grenfell. The buildings in scope have extended to cover most of the properties within Westminster. The new draft bill sets requirements for competence and resource of the local BC team. It has far reaching impact across the Council with the requirements safety cases for Council and private sector properties.			
	Impact	Significant cost to local authority - high call on resources to inspect buildings and legal responsibility for licensing of buildings. Insufficient qualified staff in the industry leading to difficulties in recruiting.		
	Impacted KPIs	• No KPIs will be impacted if this risk is realised.		
	Existing controls	• 4 surveyors (including 1 agency) have passed new Local Authority Building Control (LABC) (the national representative association) competency exams. Currently developing 2 Senior surveyors who may be able to fill principal posts. WCC has signed up to the LABC Quality Management System. • WCC has signed up to the LABC Quality Management System	Future controls	Looking to recruit: • 1 Fire Engineer post • 1 Quality and Regulations Manager • 2 Principal Surveyors.

Innovation and Change

Achievements

Adoption of the City Plan
We received the independent Planning Inspectors' final report on the examination of the City Plan in March. The examination has been ongoing since 2019 and (virtual) public hearings were held in September and October 2020. The Inspectors' report found that the City Plan meets all legal requirements and has been found 'sound'. It is therefore a positively prepared, justified and effective plan in line with national and regional planning policies. The City Plan was formally adopted at April Full Council. This marks a step-change in the council's approach to planning decisions, as the adoption of the new plan will replace the previous framework of policies, some of which date back to 2007.

Launched our updated City for All Vision and Strategy
In March 2020, Westminster launched its City for All Vision and Strategy, and shortly afterward, the Covid-19 pandemic struck, which prompted a complete overhaul of our way of working and programme of work. Recognising this, the council published an updated City for All Vision and Strategy in March 2021, which was presented by the Leader of the Council in a virtual event. The updated version features a new fourth pillar called Thriving Economy that focuses on economy recovery and complements other priorities related to the climate emergency, health inequalities and digital inclusion.

New Westminster City Council website
A new and improved Westminster City Council website successfully and seamlessly launched in January, providing a smoother, highly-accessible, and more intuitive online experience. Visitors are able to find exactly what they need, quickly, whilst enjoying a bright and contemporary design. There are colourful month-views of what's on in Westminster showcasing exciting local events, the latest news, and opportunities to connect within the community.

The launch followed an intensive period of in-depth research, testing, iterating, and collaborative working. Council staff were integral to the process, and the needs of residents, businesses and other user groups were placed firmly at the heart of every decision with multiple rounds of testing with local people.

Since launch, the overall website bounce rate (the percentage of people who visit, and immediately leave) has dropped, and the homepage bounce rate is particularly low. There are indications that visitor numbers have increased significantly, and in-site searches for a number of key terms have fallen, indicating that information is easier to find. Feedback both internally and externally has been highly positive, alongside some constructive points and areas to update post-launch - these have been actioned swiftly, and the team is continually monitoring data and rolling out updates and improvements.

Issues

No issues were reported this quarter.

Key performance indicators

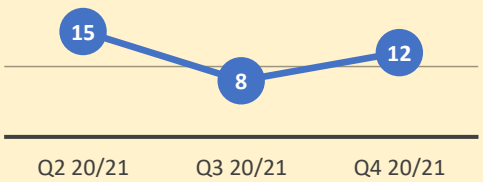
The table below presents the latest cumulative outturns available for each KPI at year end (April 2020 – March 2021).

Target range definitions		
	Minimum	The minimum level for the KPI that will still allow the service to deliver
	Ideal	A level which is acceptable for service continuity
	Aspirational	The level at which the service is improving beyond current capability

Target assessment definitions		
	Target off track	Failed to meet target
	Target exceeded	Aspirational target reached
	Target on track	Ideal target achieved
	Minimum standard met	Met the minimum target below ideal level

Key performance indicator	Q2 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
1. Residents feel informed about services and benefits	N/A	64%	➡	69%	➡	74%	70%	Target on track	28% did not feel informed about services and benefits.
2. Residents feel informed about plans for your local area	N/A	64%	➡	69%	➡	74%	66%	Minimum standard met	31% did not feel informed about plans for their local area.
3. Residents have seen the Westminster Reporter	N/A	51%	➡	56%	➡	61%	59%	Target on track	This is the highest proportion of views for a council communication channel.

Top scoring directorate risks

YE Score	Risk			
12	**Size of change agenda that the organisation is facing** The organisation needs to assess whether it can handle amount of change that is scoped under various strategic programmes currently being defined and whether we are equipped to deliver on all projects in a sustainable way and within timescales that will allow the Council to achieve financial savings and to plug the financial gap.			
	Impact	If there are too many competing demands the organisation may not be able to deliver on all the strategic ambitions set out in City for All which in turn may have impact on benefit/savings realisation. Failure to deliver on change agenda will have impact on the ability to achieve financial savings.		
	Existing controls	• There is an organisational wide review on the approach we take as organisation to deliver programmes and projects ensuring alignment with strategic objectives and value for money.	Future controls	• Undertake impact assessment and introduce corporate level oversight and assurance.

People Services

Achievements

New Policies

We continuously review our people policies to ensure that they align with our Westminster Way of Working. Events of the past year have pushed employee wellbeing to the forefront. This is demonstrated in the creation of three new policies - the disability, discrimination bullying and harassment, and women's reproductive health policies:

- Disability Policy: Following representatives of the ABLE Network meeting with members of ELT to discuss their ideas surrounding disability at WCC, a disability policy and reasonable adjustments guide was drafted by the ABLE Network. People Services also worked to create a living document that fits with the Westminster Way; empowering people leaders to take responsibility, facilitating open conversations about disability, and championing dignity and respect for all employees. The ABLE Network and unions were invaluable in this collaborative process, contributing their insight, and lived experience.
- Discrimination, Bullying and Harassment Policy: Until September 2020, the focus of the discrimination, bullying and harassment policy was on external and third-party encounters. The policy was also not aligned to the Westminster Way. WCC is committed to creating a work environment where everyone is treated with respect, dignity and free of any kind of discrimination, bullying or harassment. This is reflected in the new policy; everyone must take responsibility for calling out bad behaviour and people leaders should be setting an example for the rest of their team to follow. An informal route for resolution has now been promoted in the policy, encouraging constructive conversations between colleagues to understand different perspectives and experiences.
- Women's Reproductive Health Policy: In late summer last year, the Chief Executive mentioned that he felt there was a need for a policy around the topic of menopause. There are in fact many other health issues which can impact upon female staff in the workplace. As a result, the Women's Reproductive Health Policy was drafted, reviewed and amended in line with input from various WCC stakeholders (including the Women's Network). The policy was launched during Women's History Month (March 2021).

Increased Career Development and advancement opportunities and take up

Career Zone is an online platform with the primary aim to support people in their career development and advancement. In January 2021, we introduced new career advancement support tools including Elevator Pitch builder, Interview Simulator and the Pulse Assessment tool (aligned to The Westminster Way pillars). To further promote Career Zone, we have been delivering connect and learn sessions for teams, resulting in a 12% increase in regular users and the accessing of career development activities this quarter. The aim is to further increase the number of regular users accessing the Career Zone in the next quarter via Learning at Work week.

We also launched the *Create your own future* campaign promoting several workshops, including *Goal Setting* and *Pathfinder*, all designed to help people gain the skills they need to progress in their career. Via our Organisational Development offer, staff events such as Loop Live, and Yammer/Wire/OD Newsletter, we continue to promote our career development offer. We have introduced webinars and workshops such as *Plan your future with the Career zone, Interview techniques*, and *Creating a Winning CV*.

Recruitment Brand - Extraordinary Stories

A recruitment brand is the offer we make to the outside talent market in return for their talent to help us attract and retain a more diverse workforce that represents both our staff and the whole of our community to deliver our City for All. The old brand didn't represent Westminster as it is today.

After extensive consultation, Extraordinary stories was created. The core message 'All kinds of Extraordinary..' are the stories told by our staff, unlike others told by local authorities elsewhere. They show this organisation to be one where people can truly be themselves, be proud and make a deeper impact. The extraordinary stories told by our Brand Ambassadors are simple, powerful and are specific to the employee in question. In April, the brand was launched. Virtual Roadshows and internal marketing will continue into May, ensuring we embed the brand across the whole of the council's hiring community.

Issues

There were no issues reported this quarter.

Key performance indicators

The table below presents the latest cumulative outturns available for each KPI at year end (April 2020 – March 2021).

Target range definitions		
	Minimum	The minimum level for the KPI that will still allow the service to deliver
	Ideal	A level which is acceptable for service continuity
	Aspirational	The level at which the service is improving beyond current capability

Target assessment definitions		
	Target off track/target not met	Failed to meet target
	Target exceeded	Aspirational target reached
	Target on track/target met	Ideal target achieved
	Minimum standard met	Met the minimum target below ideal level

Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
1. % of staff turnover is managed at appropriate benchmark levels (excluding redundancies)	9%	16%	➡	15%	➡	14%	**8%**	Target exceeded	206 leavers out of an average headcount of 2501 employees
2. % of BAME employees in senior leadership roles (band 5 and above)	16%	16%	➡	17%	➡	20%	**19%**	Target met	Recruitment of BAME senior leaders has increased and there have also been individuals who have completed their ethnic origin on IBC. There has also been an increase in the overall number of senior leaders (the denominator) resulting in the percentage only slightly increasing from Q3. 33 out of 177 band 5 and above employees are BAME.
3. Hampshire target – HR transactions made via self-service	98%	90%	➡	95%	➡	97%	**98%**	Target exceeded	
4. Increase the number of women in senior leadership roles (band 5 and above)	44.4%	44%	➡	46%	➡	50%	**45%**	Minimum standard met	Both the numerator (by 5) and the denominator (by 8) resulting in a small increase in the % of women in senior leadership roles since Q3. 80 out of 177 band 5 and above employees are women.
5. % of apprenticeship starts in relation to the public sector target of 2.3% of total headcount	3.7% without schools/2.4% with schools	2% including schools	➡	2.3% excluding schools	➡	2.3% including schools	**5.4% without schools/3.4% with schools**	Target exceeded	The breakdown is that 124 of the apprenticeship starts are for existing staff; and 14 are new staff. There were no apprenticeships in schools. The headcount numbers used were 2573 without schools, 4002 with schools.
6. Positive action - % of Band 4 roles which have BAME candidate on the shortlist	97%	95%	➡	97%	➡	100%	**97%**	Target on track	

Key performance indicator	Q3 2020/21 position	2020/21 target ranges					Position at YE	Target assessment	Other contextual insight
		Minimum	➡	Ideal	➡	Aspirational			
7. Engagement: To increase the Employee Engagement Index across WCC	78%	72%	➡	73%	➡	76%	**78%**	Target exceeded	
8. Engagement: Do you feel valued by Westminster	62%	53%	➡	55%	➡	60%	**62%**	Target exceeded	
9. My line manager gives me constructive feedback on my performance	69%	67%	➡	68%	➡	72%	**69%**	Target on track	
10. Staff survey - I am optimistic about my opportunities for career development	45%	43%	➡	44%	➡	47%	**45%**	Target on track	
11. Staff survey - The Council cares about my health and wellbeing	70%	56%	➡	57%	➡	61%	**70%**	Target exceeded	
12. Staff survey – measure around bullying and harassment	19%	19%	➡	18%	➡	15%	**19%**	Minimum standard met	
Service commentary: Although only the minimum target was met, there was a 1% improvement from 2019. **Mitigating action:** There will continued focus on this across the council as part of the work done within directorates to understand their results and make improvements.									
13. Staff survey – in order to meet my objectives I have the freedom to work in the most productive way	78%	77%	➡	78%	➡	85%	**78%**	Target on track	
14. Staff survey - Different teams work well together	51%	50%	➡	57%	➡	66%	**51%**	Minimum standard met	
Service commentary: Although only the minimum target was met, there was a 4% improvement from 2019. **Mitigating action:** There will continued focus on this across the council and within directorates to further increase collaboration between teams.									
15. Staff survey - I have the opportunity to improve our services by seeking and using feedback from users.	66%	61%	➡	62%	➡	66%	**66%**	Target exceeded	

Top scoring risks

No risks for People Services met the minimum scoring threshold to be included in this report.

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City of Westminster

Audit and Performance Committee Report

Meeting or Decision Maker:	Audit and Performance Committee
Date:	17 June 2021
Classification:	General Release
Title:	Revenue and Capital Outturn – 2020/21
Key Decision:	No
Report of:	Gerald Almeroth, Executive Director of Finance and Resources.

1. Executive Summary

1.1. The General Fund (GF) revenue position is a net outturn of £3.8m (2.1%) overspend against an approved budget of £180m. This compares to a P9 overspend forecast of between £10-20m. This improvement was mainly due to some additional application of specific Covid grants, a release of funding from the insurance reserve and some smaller improvements in income. The Council has used its general reserve balance to absorb this final year-end position.

The Council has built up its general reserve position over a number of years to allow it to manage any unforeseen circumstances particularly for any economic shock. While the 2020/21 revenue overspend reduces the Council's general reserve to £59.5m, this accounts for 6% of the total balance.

1.2. It has always been acknowledged that the Council is particularly sensitive to recessions due to its reliance on fees and charges, but the current level of general reserves remains robust which should enable it to withstand any short-term volatility while the UK moves through the roadmap out of lockdown. Reserves will be important to ensure the Council can maintain resources for its services over the medium term as the national and local economic conditions remain uncertain over this period.

1.3. The HRA outturn is a surplus of £2m against a budgeted deficit of £4.3m. Further details of the variations are given later in this report.

1.4. The general fund capital outturn is a gross expenditure variance of £122m against a budget of £257m. The HRA capital outturn is an expenditure variance of £68m, against a budget of £207m.

2. Recommendations

2.1. That the Committee note the 2020/21 outturn position.

3. Background to 2020/21 Outturn Position

3.1. The last year has been unprecedented for the Council, the country and the world as it has faced a global pandemic. The national economic output fell by nearly 10% and recent figures from the Office of Budget Responsibility estimates public sector net borrowing to have totalled £303bn in 2020/21, roughly double the amount at the height of the financial crisis in 2009/10 and an increase of £246bn on 2019/20.

3.2. While shops and hospitality are now opening up and economic activity slowing picking up footfall in Westminster is unlikely to recover to pre-pandemic levels until office workers and international tourists return.

3.3. Since the first lockdown in March 2020 the Council has been impacted in several ways:

- support for vulnerable communities and those shielding in line with government regulations, through the creation of Westminster Connects – which has supported 27,000 residents and with over 4,000 volunteers;
- supporting rough sleepers off the streets;
- leading on the pan London Mortality Management Group (MMG);
- supporting our care homes and care home providers throughout the pandemic;
- support for the City's schools through the various Covid-19 restrictions;
- creating new community forums to engage with key stakeholders, and;
- supporting businesses within the City by paying out grants provided by the Government.

3.4. The financial impact of the pandemic is three-fold:

- additional costs incurred as a supporting vulnerable people in our communities;
- the effect on the local economy and reduced activity in the City has led to significant reductions in income from sales, fees and charges, and;
- saving proposals are delayed or no longer considered deliverable.

4. Government's Financial Support

4.1. The financial support the Government has provided is summarised in appendix 1. The total general Covid-19 funding received by the Council in 2020/21 is £29.3m, excluding any amounts due from the income compensation scheme. In addition to various other grants there is also passported funding to support residents and businesses.

4.2. The Government continued to reimburse authorities for 75% of Covid-related income losses in 2020/21 (after the first 5% of losses is absorbed by local authorities). To qualify, income losses must be related to the delivery of services. The compensation scheme excludes commercial and rental income. The Council is estimated to receive £28m for 2020/21 (with £15.4m already received), reducing the overspend in this year's outturn and is higher than previously expected.

4.3. The 75% compensation scheme has been extended to June 2021 after which the Council could face financial pressures should income levels remain significantly reduced. The Council has factored an estimate of these pressures into its medium-term financial planning for 2021/22 and has modelled income levels increasing in line with national forecast for economic recovery.

4.4. The Government's financial support so far can be categorised into the following areas:

- grant funding, both general and specific, for local authorities to cover expenditure and income losses arising from the pandemic;
- grant funding provided to local authorities as intermediary that then needs to be passed on to businesses and individuals;
- grants funding to help with Test & Trace, contain outbreak management and local enforcement, and;
- cashflow support for local authorities, including the deferral of certain payments to Government and the bringing forward of grants.

4.5. The latest position on Government support is summarised on the following pages:

- General support - £57m
- Support for Test and Trace and Local Enforcement - £11m
- Other Specific Grants - £5.5m
- Support for Care Providers - £3.4m
- Support for residents - £2.7m
- Support for Businesses - £1.2bn

4.6. Approximately £4m of grants the Council received for Test and Trace related activities during the year is being carried forward into 2021/22. Details of all grants are provided in Appendix 1.

5. Revenue Budget

Summary

5.1. The table below summarises the year end revenue position:

ELT	2020/21 Net Budget £m	2020/21 Net Outturn £m	2020/21 Net Variance £m
Adults	54.550	55.823	1.273
Public Health	(1.029)	(1.029)	0.000
Children's	41.800	44.030	2.229
Environment & City Management	(3.380)	34.278	37.658
Growth, Planning & Housing	24.440	29.676	5.236
Finance and Resources	19.208	18.632	(0.576)
Innovation & Change	6.006	8.324	2.318
Chief Exec and People Services	8.408	7.855	(0.553)
Corporate Items	29.973	(13.760)	(43.733)
Total	**179.977**	**183.829**	**3.851**

5.2. The final outturn position for 2020/21 is a net overspend of £3.851m. This is inclusive of the general Covid grant funding and income compensation scheme as set out below:

Item	£m
Gross Variance	61.068
General Covid Grant	(29.210)
SFC Compensation	(28.007)
Net Variance	**3.851**

5.3. The gross variance for the year of £61m is broadly within the range that has been reported during the year with approximately £50m due to income losses and the remainder from additional expenditure – primarily in response to the pandemic.

5.4. Since the last reported position to the committee at P9 the net variance has improved by approximately £7m. This is due to:

- the final claim for the SFC compensation scheme being £5m more than previously estimated, and;
- the application of specific Covid grants from the Government to fund relevant expenditure within services during the year.

5.5. The final position means the Council will be required to drawdown £3.8m from its unallocated reserves – reducing the balance to £59.5m. This is positive compared to early estimates this year and leaves the Council's general fund reserve in a relatively healthy position. This enables the Council to weather the impact of any

further restrictions and/or possible medium-term ongoing impact on Council budgets resulting from the pandemic.

Income

5.6. The biggest impact on the Council's 2020/21 position has been due to reductions in income. The year-end variance based on the largest income streams is £49.1m. However, a number of income losses have been mitigated by the Government's 75% Sales, Fees and Charges (SFC) compensation scheme through which the Council has received £28m.

5.7. The table below summarises the main income variances

Top Income Streams

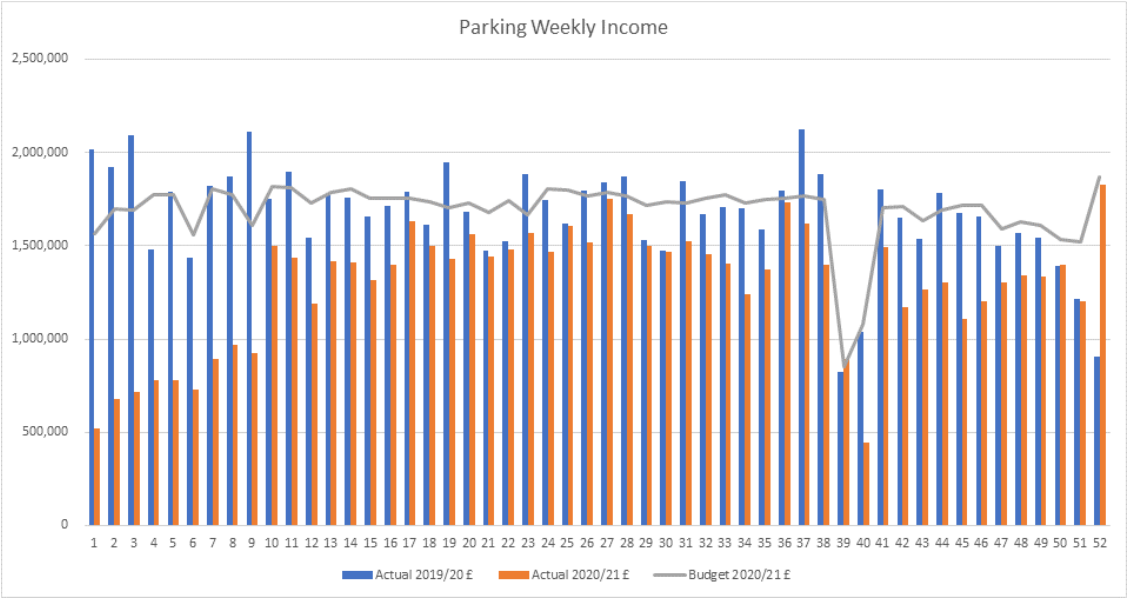
ELT	Major Income Streams with Losses	Full Year Budget £m	Full Year Actuals £m	Full Year Variance £m
Environment and City Management	Parking - Paid for Parking	39.866	30.456	9.410
Environment and City Management	Parking - PCNs	19.912	12.473	7.439
Environment and City Management	Parking - suspensions and dispensations	23.092	18.643	4.449
Environment and City Management	Parking - Resident Permits	4.471	4.491	(0.021)
Environment and City Management	Commercial Waste	18.199	7.684	10.515
Environment and City Management	Licensing (top two income streams)	3.650	1.641	2.009
Environment and City Management	Road Management	8.810	8.644	0.166
Environment and City Management	Community Services	5.974	0.113	5.861
Children's Services	Registrars	2.302	1.261	1.041
Growth, Planning & Housing	Planning	7.336	4.867	2.469
Innovation and Change	City Promotions, Events and Filming	4.704	0.830	3.874
Other Corporate Directorates	Local Land Charges	1.794	1.105	0.689
Finance and Resources	Property Income - General Fund	30.333	30.946	(0.613)
Finance and Resources	Court costs recovery income	1.908	0.000	1.908
	Total	**172.349**	**123.155**	**49.194**

Parking

5.8. The key income streams within parking are:

- Paid for Parking
- Penalty Charge Notices (PCNs)
- Suspensions and dispensations
- Resident Permits

5.9. Weekly parking income is summarised in the graph below:



5.10. Overall, parking income has raised £67.3m against a budget of £87.9m. This represents a variance to budget of approximately a quarter. Paid for Parking and PCN income are the largest elements of this variance, with PCN income down by a third.

5.11. Parking income has varied during the year with significant reductions during the first lockdown but a recovery during the summer. However, further restrictions in the autumn and winter led to a further fall in income levels, which have seen some recovery towards the end of the financial year.

5.12. The year-end variance of 23.5% represents a recovery in comparison to the start of the financial year. At the start of lockdown measures parking income had reduced by 65% and at the midway point of the year was down by 30%. However, the final year end variance of 23.5% is the lowest it has been at any point during 2020/21, and income in week 52 was within 97% of profiled weekly income.

5.13. Although a positive trend, it should be noted that parking income is highly dependent on continued activity in the City and should any further restrictions be implemented income could reduce. The Government have committed to continue its income compensation scheme for the first quarter of 2021/22 which will alleviate some adverse movements, but thereafter reduced income could be a pressure on the Council's budgets.

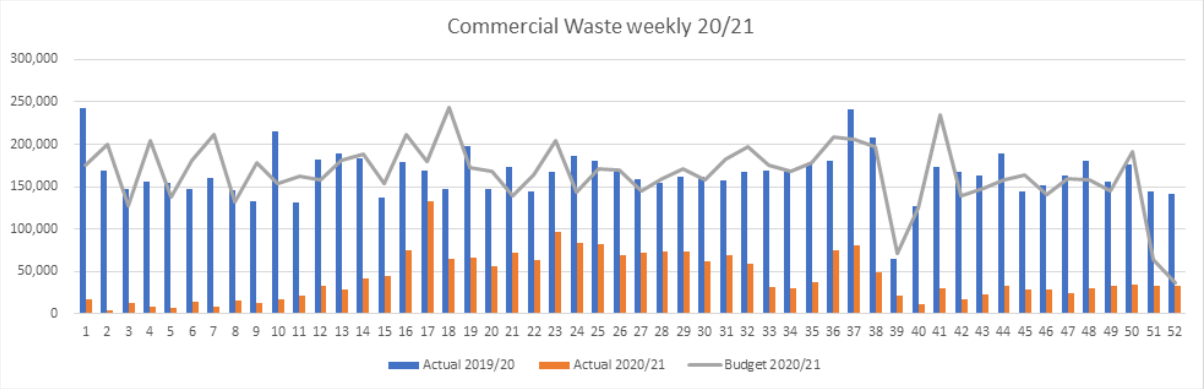
Commercial Waste

5.14. Commercial waste income was significantly impacted by Covid-19 in 2020/21 with an outturn of £7.684m compared to a budget of £18.199m.

5.15. Business customers reduced or paused their contracted container collection frequencies and bought less pre-paid commercial waste bags due to the forced closure of offices, service providers, retail and hospitality premises.

5.16. Reduced trading levels and revenue businesses led to reduced commercial waste collections and less pre-paid commercial waste bags. As a result, income for the year was 58% (£10.515m) below budget and 59% (£11.001m) below 2019/20 income.

5.17. The table below summarises the commercial waste income over the course of the year, in comparison to budget and previous years actuals.



Licensing

5.18. The shortfall in licensing income was due to the lockdown measures and other Covid-19 restrictions. The introduction of pavement licences has also led to a reduction in premises applying for standard table and chairs licences.

Road Management

5.19. Road management income was reduced by £0.166m in comparison to budget and primarily due to reduction in activity levels in comparison to previous years.

Community Services

5.20. The Council received no income from the leisure contract throughout the year because of the pandemic. Leisure sites were either closed or operating under strict restrictions. The Council's outdoor learning centre in Surrey has also been closed for residential courses for the entire year, generating no income. The total year end variance was £5.861m.

Registrars

5.21. Income shortfalls were due to lockdown measures and restrictions on wedding ceremonies, with customers either cancelling their wedding outright or rescheduling their ceremony to 2021/22 financial year, leading to a variance against budget of just over £1m.

Planning

5.22. Income was below budget due to the closure of development sites and the cautious market response to the pandemic.

City Promotions, Events and Filming

5.23. Income from Outdoor Media suffered a loss of £2.831m due to the impact of the pandemic on two advertising sites and falls in banner income. The Council negotiated a revenue share agreement for both sites but the continued restrictions led to a loss of £2.7m, with the remaining variance due to banner income.

5.24. In Events and Filming, major events in parks and film premieres were cancelled leading to a total loss of £1.042m.

Local Land Charges

5.25. There was a negative income variance of £0.689m resulting from the impact of the Covid pandemic. Actual income year on year fell by £0.307m. The main income activity around Local Land Charges 1 (LLC1) income register and searches year on year fell from 6,373 transactions in 2019/20 to 4,859 in 2020/21.

Property Income – General Fund

5.26. Income exceeded budget primarily due to £0.850m of historic service charge demands that were effectively one-off windfalls in 2020/21 which more than offset the £0.690m of Covid-19 credits that were issued against invoices raised for GF properties. The balance related to a small number of completed rent reviews and additional income covering service charge expenditure and tenant recoverable expenditure.

Court Cost Recovery

5.27. Courts were closed in 2020/21 and the Council was unable to recover any costs from debt collection activity, which led to a £1.9m shortfall in income.

Expenditure

Adults

Adults: BAU

5.28. Adult Social Care reports an underspend of £0.439m against an annual budget of £54.550m, based on business as usual activities. The underspend is equivalent to 0.8% of annual budgets.

5.29. During the pandemic, there was client/family reluctance to put the elderly into care settings and clients remained in health settings for longer, in particular those awaiting Continuing Healthcare (CHC) assessments. This meant that the number of placements in 2020/21 was 9.47% lower compared to the previous year. This is equivalent to a reduction in spend of £1.718m and 50 placements.

5.30. Homecare hours during the first lockdown started to reduce as clients refused/suspended service, coupled with providing greater family support. However, as the first lockdown restrictions were lifted, demand for homecare started to increase and despite further lockdown measures, during the year, demand and higher complexity of some care demands resulted in homecare continuing to grow. Overall, homecare hours in 2020/21 were on average 8% greater than 2019/20. This equates to 65,628 more hours and an increase in expenditure of £1.192m.

5.31. Overall, the main drivers for the underspend remain the same as reported previously which is lower placement and packages costs within physical support, dementia and learning disability services, however, this is partly offset by an overspend in mental health.

Adults: Covid-19

5.32. As a result of Covid, additional spend of £0.987m was incurred mainly on PPE, increased staffing and support for the provider market. Furthermore, financial savings of £0.725m were deferred into financial year 2021-22.

5.33. Overall, actual outturn is a £0.027m lower than the period 10 forecast. This is due to lower Covid spend of £0.088m which is partly offset by £0.061m increase in homecare expenditure.

Children's Services

5.34. Children's Services (CHS) are reporting an outturn overspend of £2.2m of which £2m is related to general Covid-19 pressures incurred across the services. The outturn excluding Covid-19 impacts is an overspend of £0.217m.

5.35. The position has improved since the last reported forecast due largely to movements in SEN Transport, which saw a significant reduction in spend (£0.800m) caused by the impact of ad-hoc supplier relief payments (made in lieu of contract payments due to Covid). Positive movements across the rest of CHS account for the balance. The table below summarises the activity data on SEN Transport.

SEN Transport	P12	P10 Forecast	Movement
No of Completed Trips	93,365	104,335	(10,970)
Reported Variance £m	(0.620)	0.180	(0.800)

2019/20
122,480
0.080

5.36. Placement spend on Former UASC Care Leavers amounted to £3.048m, with income covering just 47% of this. Funding for this cohort is paid by the Home Office at a rate of £240 per week, compared to £1,001 per week for UASC Looked After Children. Total pressures, including a recharge for salary-related costs, came to approx. £2.2m and were mitigated by underspends elsewhere across budgets for Looked After Children (LAC) and Care Leavers. Former UASC Care Leavers currently represent 59% of the total Care Leaver population.

5.37. Pressures in this area are expected to be ongoing as the cohort of UASC Looked After Children – currently 35% of the total LAC population – ages and continues to impact spend Care Leaver spend disproportionately, when compared to the general population. This is due to both underfunding and the requirement in more cases for higher cost placements to support those with more complex needs. Unbudgeted spend on Care Leavers with no recourse to public funds is also a factor and work to clearly quantify the impact of this and the drivers is ongoing. (This data is currently included as part of Former UASC Care Leaver numbers). The table below summarises the activity data on USAC:

Looked After Children

Looked After Children No's	2020/21	2019/20	2018/19
UASC	58	90	82
General	110	131	127
Total	**168**	**221**	**209**

Care Leavers

Care Leaver No's	2020/21	2019/20	2018/19
Former UASC	172	118	82
General	121	102	101
Total	**293**	**220**	**183**

Growth, Planning & Housing

Housing – GF

5.38. Temporary Accommodation has a gross overspend £4.485m. However, once the budgeted funding from the Homelessness Prevention Grant (previously known as Flexible Housing Support Grant) is accounted for the net overspend is £1.852m.

5.39. At the end of March 2021 there were 2,770 TA tenancies, a small reduction from the 2,793 at the end of March 2020. Most tenancies (2,057) are within properties rented from the private sector; each tenancy costs WCC on average £4,083/annum net although this figure varies widely according to location. There are 175 tenants in B&B properties (net cost to WCC £4.3k) and 314 in Nightly booked properties (net cost to WCC £8.4k), with the rest in properties owned by WCC, either in regeneration areas or properties purchased specifically for use for Temporary Accommodation.

5.40. On-going funding from the Homelessness Prevention Grant is not guaranteed and the TA reduction strategy is working on a number of initiatives including targeted purchases to house high-cost tenants, reducing the level of voids and working with tenants to identify private sector tenancies. This is alongside additional prevention activities to avoid local residents at risk of becoming homeless.

Rough Sleeping

5.41. The Council has incurred gross costs of £1.5m during the year to support rough sleepers off the streets. However, this has been largely offset by specific grant funding received by the Government. As such the net overspend is £0.100m.

5.42. This has been one of the Council's most significant operational areas in its response to the pandemic and the Council has higher costs and demand due to the number of rough sleepers in the City. About 266 rough sleepers were housed in hotels in response to Covid-19 during phase 1 and by the end all hotel residents had been offered a solution and left hotel accommodation with the Council fully funding all accommodation costs. Food and sundry items were paid for until the middle of May, when costs were handed over to charity partners. Charity partners on behalf of the Council have also been able to place an additional 400 rough sleepers found in Westminster into GLA commissioned hotels at no extra cost to the Council.

5.43. The Council also bid for and were successful in receiving £1.7m of the Government's transition funding for rough sleepers. The funding is being used to continue the Council's current strategy to actively move people off the streets.

6. 2020/21 Savings

6.1. In March 2020 (prior to the pandemic) Full Council approved savings of £18.9m to be delivered in 2020/21. However, the impact of the pandemic has meant that a number of these savings have been delayed or are no longer considered deliverable.

6.2. A total of £5.6m of savings which were due in 2020/21 were not delivered due to the pandemic. This represents approximately a third of all savings – therefore two thirds of savings were still delivered.

6.3. The majority of these undelivered savings were related to income from the Council's leisure management contract, growth in property income and outdoor media advertising.

6.4. As part of the Council's Medium-Term Financial Plan approved by Full Council in March of this year, the pressures from these undeliverable/delayed savings were included in 2021/22 budget.

7. HRA

7.1. The HRA outturn is a surplus of £2m against a budgeted deficit of £4.3m.

Summary

7.2. The overall position on the HRA is an underspend of £6.3m. This movement is driven by:

7.2.1. Pressures due to Covid-19 account for £3m of costs / lower income, with the biggest driver being the loss of £1.6m income from commercial property, plus an increase in arrears in this area, resulting in an increased contribution to the bad debt provision of £0.7m.

7.2.2. The remaining variance is due to a number of underspends across the service that are partly offset by reduced income and additional costs in other parts of the service with the BAU variance being a £3.2m underspend.

7.2.3. The main variances contributing to this underspend are:

- £3.3m extra service charge income from leaseholders,
- £1.2m staffing underspends across Housing Management and Repairs Management
- £1.4m lower than budgeted support service charges
- £2.2m lower interest charges to the HRA, and
- £1.3m one-off benefit from the Council's insurance fund.

7.2.4. These underspends are partially offset by pressures across the HRA, including:

- £2.1m lower rent and tenant service charge income than budgeted due to voids, primarily those linked to regeneration schemes,
- £0.4m lower income from non-dwelling rents,
- £1m more expenditure on the commercial portfolio than budgeted

7.2.5. There are also a number of smaller variances across the HRA which make up the balance.

8. Capital

8.1. The Council's capital programme was approved by Council in March 2020, with an expenditure budget of £257m (including slippage from the previous year). The delivery of schemes and capacity for planning projects were significantly affected by the pandemic and the response to it, further details follow in this report.

8.2. Although the level of slippage is significant, there were also a number of projects that spent within a reasonable tolerance of the original budget. These included the following projects - LED Lighting Rollout, Lisson Grove Refurbishment, Corporate Property Landlord Responsibilities, Footway Programme Maintenance and the LED Lighting Rollout.

8.3. The table below summarises the General Fund capital outturn position for 2020/21:

General Fund Capital Programme

ELT	2020/21 Expenditure Budget £m	2020/21 Income Budget £m	2020/21 Net Budget £m	2020/21 Expenditure Outturn £m	2020/21 Income Outturn £m	2020/21 Net Outturn £m	2020/21 Expenditure Variance £m	2020/21 Income Variance £m	2020/21 Net Variance £m
Adult's Services	1.251	(1.251)	0.000	0.830	(0.830)	0.000	(1.168)	1.168	0.000
Children's Services	20.998	(15.181)	5.817	9.294	(6.898)	2.396	(11.704)	8.283	(3.421)
Growth, Planning & Housing	76.273	(22.853)	53.420	38.484	(7.752)	30.732	(37.789)	15.101	(22.688)
Environment & City Management	81.567	(39.885)	41.682	52.069	(25.756)	26.313	(29.498)	14.129	(15.369)
Finance and Resources	31.672	0.000	31.672	14.210	(0.390)	13.820	(17.462)	(0.390)	(17.852)
Westminster Builds	45.521	0.000	45.521	21.169	(4.256)	16.913	(24.352)	(4.256)	(28.608)
Total for Council	**257.282**	**(79.170)**	**178.112**	**135.309**	**(45.135)**	**90.174**	**(121.973)**	**34.035**	**(87.938)**

8.4. In total the general fund capital programme has gross expenditure slippage of approximately £122m. The majority of slippage is related to the following reasons:

- Acquisitions not becoming available
- Covid-19 related delays
- External factors – e.g. Crossrail
- Delays in internal decisions
- On site issues and delays

8.5. The table below summarises the projects with the largest variance to budget:

Project	2020/21 Variance to Budget £m	Comments
Westminster Builds	(15.425)	Acquisitions from Council developed schemes have not taken place this financial year and reflects £7.6m of underspend. The remaining underspend relates to the company's pipeline programme, the impact of Covid-19 and the Jubilee acquisitions budget. The pipeline programme is live, but no suitable sites have been identified yet and therefore the budget has slipped.
Temporary Accommodation Acquisitions	(14.765)	Due to Covid-19 no activity took place on two of the Council's acquisition programmes.
St Marylebone Bridge Special School	(9.403)	There was a delay in the start date of construction caused by issues of disconnecting gas and electrics, amplified by Covid 19.
Luton Street	(8.926)	A new plan was agreed with the Limited Liability Partnership (LLP) after the budget was set and some element of delay was caused by Covid restrictions and uncertainty at the start of the first lockdown.
Ceremonial Streetscape	(4.433)	A revised programme of works has identified that some of the largest schemes will start in 2021/22 rather than the earlier planned start dates as legal agreements have not yet been secured with landowners.
Huguenot House - Strategic Acquisition	(4.000)	There have been a reduced level of acquisitions compared to what was originally anticipated.
Oxford Street District	(4.399)	The original budget of £10.5m was based on a delivery programme which has since been re-prioritised. An underspend against budget has been forecast since P2 to reflect this. As a result, some work packages which were expected to be delivered in 2020/21 have been moved to future years, with the focus for 2020/21 being on the economic recovery of the District. Some work packages have entered the implementation stage, including the Showcase Scheme and Ramillies Place. There is an underspend of £4.4m across the programme which will be re-profiled to 2021/22.
Place Shaping's Enterprise Programme	(4.017)	The majority of the budget was to cover works to create Enterprise Space along the Grand Union Canal. These works have been delayed as the land is required for Crossrail works by Network Rail. Discussions are ongoing with them over the best course of action going forward. Other smaller pots of funding were due to be utilised on schemes such as Somerset House, but these discussions have been postponed due to the pandemic. Additionally, the Street Markets Wi-Fi scheme has also underspent this year as there was a delay in getting the procurement process started..
Piccadilly Underpass	(3.529)	There have been discussions about the design costs which has delayed the scheme this year. As a result any planned start date will not be until 2021/22 at the earliest.
Church St Green Spine Project	(3.518)	The programme was revised early on in 2020/21 after delays in planning the scheme. Final expenditure was more than forecast at P10 because utility companies billed earlier than anticipated.

Queensway Streetscape	(3.314)	When reconciling the overall scheme costs to date, it was identified some costs had already been paid for in previous or will be invoiced in future stages of the scheme when works have been completed.
TfL Local Improvement Plan Scheme & Cycle Schemes	(3.089)	As a result of the COVID 19 pandemic TFL Reduction in TFL LIP funding and cycling funded compared to what was built into the budget.
Total	**(78.818)**	

8.6. As can be seen in the table above, fifteen projects contribute towards two thirds of the total slippage for the year.

8.7. The expenditure forecast from P9 to outturn has moved by approximately £11m. The schemes with the largest movement over the last quarter of the year are:

Project	**2020/21 Variance to P9 Forecast £m**	**Comments**
Ceremonial Streetscape	(3.810)	A revised programme of works from the contractor has identified that some of the largest schemes will start in 2021/22 rather than the earlier planned start dates as legal agreements have not yet been secured with landowners.
Westminster Builds	(3.478)	Delays to the approval of an additional loan facility has slipped £640k of costs into next year. The money has been spent by the contractor at risk and the additional loan will allow the LLP to repay the contractor. There was an omission of one payment of £1.085m due to be paid to the Developer in the P9 forecast. Subsequently, an additional payment of £1.085m was paid in P12. Payments are linked to milestones on site and this payment was originally profiled for April 2021.
Street Cleansing Zero Emissions	(3.046)	There was a significant delay in the delivery of the vehicles the UK and Italy. This is a result of covid lockdowns and restrictions across Europe impacting supply chains and production.
Total for the top three projects	**(10.334)**	

9. Housing Revenue Account – Capital

9.1. The HRA capital budget and out-turn position is summarised in the table below:

HRA Capital Programme	2020/21 Revised Budget £m	2020/21 Out-turn £m	2020/21 Budget Variance £m
Housing Planned Maintenance	54.057	31.309	(22.748)
Housing Regeneration	112.727	80.547	(32.180)
Other Projects	40.639	27.750	(12.889)
Total	**207.423**	**139.607**	**(67.816)**

9.2. The HRA out-turn of £139.607m represents an underspend for the year of £67.816m. This is mainly due to the continued Covid-19 restrictions and lockdown, particularly on projects that are in community engagement stages. The impact of Covid-19 has caused delays to project completion and prevented access to properties in line with the Government guidelines. The schemes have been re-profiled into future years, however there was some pick up in the final months of the year on some regeneration projects that were already on site.

9.3. The main variances on individual projects are set out in the tables below:

Regeneration Project	2020/21 Variance to Budget £m	Comments
Church Street Acquisitions	(11.414)	Underspend caused by impact of Covid-19 on the property market. The team saw a reduced number of units that could be acquired this financial year due to restrictions and guidelines on Covid-19.
Ebury Acquisitions	(10.170)	The out-turn position has been affected in a similar way to the Church Street project, in that Covid-19 has resulted in a reduction in the number of units that could be acquired.
Cosway	(8.194)	Re-profiling of the scheme into future years as contractors revised their work schedule to incorporate social distancing and the Government guidelines.
Small Sites (Infill)	(5.561)	All the small sites have been reprofiled into future years as some of the sites had procurement issues which caused delays.
Ashbridge	(4.711)	The discovery of asbestos at this site delayed the start on site date.
Total	**(40.049)**	

Planned Maintenance Project	2020/21 Variance to Budget £m	Comments
Vale Royal House	(2.362)	Initially delayed due to COVID-19 with Service Provider staff members furloughed. Thorough consultation with the resident association has slowed down the design process. Revision to the leases to more fairly represent resident leaseholders over commercial property further delayed progress. We have now issued a commencement order with a start date of July 2021.
Avenue Gardens roof & balcony surfacing & ventilation	(2.962)	A delay arising from a change in safe systems of working in line with government COVID-Secure practices increased costs after notice of estimates had been issued. The change in access increases scaffold costs by approximately £500k and the council had been working to try and mitigate this liability. Subsequently Axis Europe issued a notice to terminate the contract which will now be delivered by United Living subject to consultation, moreover there has been cause to review this and commence and complete an initial block (Birch House) under a different Job Number prior to the main works.

Fire Doors South	(2.577)	Initially delayed due to COVID-19 with Service Provider staff members furloughed. Subsequently unclear legislation about the testing of fire doors and the 'field of variation' led to a delay in progressing with this project. The issue is now resolved and has taken several months' working with Building Control and the Fire Safety team. Our Service Providers have now started the on-site survey process and site set up
Total	**(7.901)**	

9.4. The out-turn position is £10.623m higher than had been projected at period 9. This movement is made up of Housing Planned Maintenance of £(4.220)m, Regeneration of £10.477m and Other Projects of £4.365m.

9.5. The main reasons for the movement in forecast are shown below:

Housing Regeneration Project	**2020/21 out-turn vs P9 Forecast Variance £m**	**Comments**
Ebury	3.632	The impact of the Stamp Duty holiday ultimately allowing better progress on acquisitions than had been expected (£2.898m) coupled with enabling works being brought forward from 2021/22 (£0.734m).
Parsons North	1.592	Increase due to contractor making better than expected progress on site (due to Covid-19) which has enabled the recovery of some lost time. Cost b/fwd. from 2021/22.
Church St Phase 2	2.386	The positive impact of the Stamp Duty holiday combined with the impact of internal costs not previously included in the P9 projection.
Cosway	1.079	Increase due to contractor making better than expected progress on site (due to Covid-19) which has enabled the recovery of some lost time. Cost b/fwd. from 2021/22.
Other	2.522	Improved out-turn compared to P9 primarily due to better progress being made on projects than had been anticipated, including £0.710m at Luton Street, £0.770m at Ashbridge
Total	**10.477**	

Other Project	**2020/21 out-turn vs P9 Forecast Variance £m**	**Comments**
Self-financing	1.625	Improvement linked to the impact of the Stamp Duty holiday allowing better than anticipated progress on acquisitions.
Infills	1.045	Increase due to contractor making better than expected progress on site (due to Covid-19) which has enabled the recovery of some lost time. Cost b/fwd. from 21/22.
Other	1.695	Again, the improved position is a result of better progress being made on projects than had been anticipated at P9, including £1.021m at Warwick Community Hall, and £0.669m at Kemp House/Berwick St.
Total	**4.365**	

10. Business Rates and Council Tax

Overview

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

- Gross Council Tax (including GLA share): £98m
- Gross Business Rates (after retail relief given by government during COVID): £1.4bn

10.2. However, the Council only retains £185m of this income (Council Tax £60m & NNDR £120.5m) for its own use. If there is a reduced business rates income as witnessed through Covid the maximum the council will lose is £6.8m, protected by Government, reducing our recognised income from £120.5m to £113.7m.

10.3. The Council were compensated during 2020/21 for the business rates reliefs provided to businesses following the first lockdown. This compensation (known as s31 grant) is to cover losses in the Collection Fund but is recognised in the General Fund upon receipt. However, due to accounting rules Collection Fund losses are realised the year after they occur. Therefore, this will increase earmarked reserves by £361m in 2020/21, but this reserve will then be used in 2021/22 to cover the corresponding Collection Fund loss, which will feed into the General Fund balance in 2021/22.

Collection Rates

10.4. The collection of business rates and council tax has been impacted by the Covid-19 outbreak as residents and businesses face an uncertain financial situation. The restriction on courts has in effect suspended recovery action for unpaid bills and reduced cash receipts.

10.5. The 2020/21 council tax collection rate for the year is 91.1% which is 5.6% lower than last year.

10.6. The restriction surrounding courts therefore continues to have a negative effect on income collected to date. There will be a programme of initiatives implemented to get collection back on track once conditions turn back to normal.

10.7. The collection rates and comparison to last year are shown below

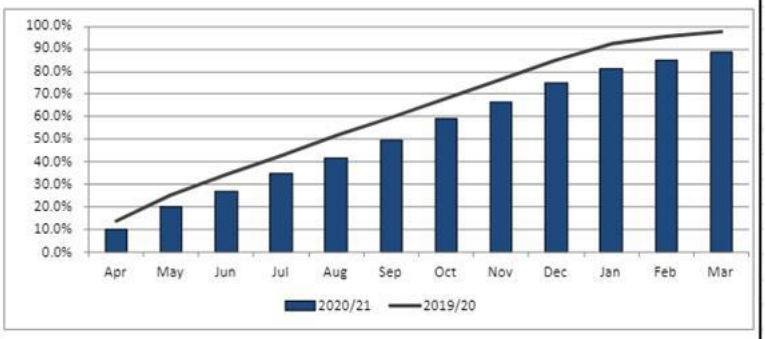
	March 2021 Collection Rate	March 2020 Collection Rate	Difference
Business Rates	88.8%	97.6%	-8.8%
Council Tax	91.1%	96.7%	-5.6%

BUSINESS RATES

Revenues Dashboard - March 2021

Current Year Bills - Collection Rates

	2019/20	2020/21
Apr	13.6%	9.7%
May	25.4%	19.9%
Jun	34.1%	26.7%
Jul	42.9%	34.7%
Aug	51.5%	41.8%
Sep	59.6%	49.8%
Oct	68.3%	59.1%
Nov	76.5%	66.7%
Dec	84.8%	74.9%
Jan	92.5%	81.6%
Feb	95.5%	84.8%
Mar	97.6%	88.8%



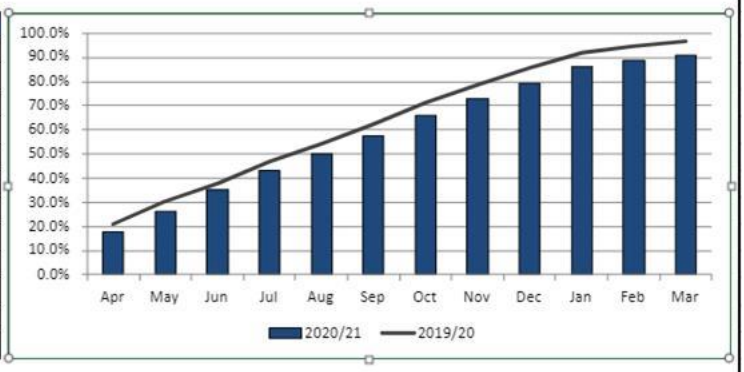
Collectable Balance	£1,391m	Amount Collected	£1,234m	Balance Owing	£156m	11.2%

COUNCIL TAX

Revenues Dashboard - March 2021

Current Year Bills - Collection Rates

	2019/20	2020/21
Apr	20.9%	17.9%
May	30.5%	26.4%
Jun	38.1%	35.3%
Jul	47.0%	43.3%
Aug	54.4%	50.0%
Sep	62.1%	57.3%
Oct	71.1%	66.0%
Nov	78.5%	72.6%
Dec	85.4%	79.4%
Jan	91.9%	86.1%
Feb	94.5%	88.7%
Mar	96.7%	91.1%



Collectable Balance	£107.7m	Amount Collected	£98.0m	Balance Owing	£9.6m	8.9%

Appendix 1 – Government Grants

Scheme	National Funding	WCC Share (2020-21)	Purpose
General Support for Councils			
General Support	£4,600m	£29.3m	Un-ringfenced funding to help councils respond to the pandemic. Four tranches of payments have been made by Government.
New Burdens Grants	Unknown	£0.246m	New burdens funding to help with the administration cost of processing the grants
New Burdens Allocation	Unknown	£0.038m	New Burdens Payments for Council Tax Hardship Fund and Business Rate Reliefs.
High Street Funds	£50m	£0.233m	Reopening High Streets Safely Fund
Sales, Fees and charges scheme	Unknown	£28.007m	Councils may claim 75p in the pound after absorbing the first 5% of losses against budget on reduced income from sales, fees and charges.
Support for Test & Trace and Local Enforcement			
Local Authority compliance and enforcement grants	£30m	£0.192m	This is to support the council with the enforcement of Covid-19 restrictions or to encourage individuals within the borough to comply with the measures.
Scheme	**National Funding**	**WCC Share**	**Purpose**
Contain Outbreak Management Fund	Unknown	£6.310m	Set of payments for local authorities to help support and maintain proactive containment and intervention measures. Circa £2m of funding will be used in 2021-22.
Track and Trace	£300m	£2.890m	Funding to support the test and trace service and to implement outbreak control plans.
Payments for Community Test Funding	Unknown	£1.737m	Funding to support asymptomatic community testing in the City. Rolling forward from previous year.
Other Specific Purpose Grants for Councils			
Support programme for extremely clinically vulnerable.	£32m	£0.309m	New guidance for clinically vulnerable residents at second lockdown has led Government to pledge over £32m funding for local councils in support.

Covid Winter Grant Scheme	£170m	£0.776m	Covid Winter Grant Scheme used to support children, families and the most vulnerable over winter during the second wave of the pandemic.
Local authority Emergency Assistance Grant for Food and Essential Supplies	£63m	£0.284m	Help people struggling to afford food and other essentials
Emergency Support for Rough Sleepers	£3.2m	£0.250m	Funding to help rough sleepers self-isolate during the pandemic.
Next Steps Accommodation Programme	£105m	£1.721m	For interim accommodation and support for the 15,000 vulnerable people accommodated during the pandemic.
Protect Programme: the next step in winter rough sleeping plan	£15m	£1.000m	The £15 million funding is on top of the £91.5 million allocated to 274 councils in September to fund their individual plans for rough sleepers over the coming months.
Rough Sleeping Drug and Alcohol Treatment Grant Scheme 2020-21	Unknown	£1.125m	To provide additional support to people who are experiencing or have recently experienced rough sleeping. Rolling forward from previous year.
Support for Care Providers			
Infection Control (2 Tranches)	£1,146m	£2.576m	Infection Control in care homes. 75% of the funding must be passed straight to care homes within our geographical area – even if the Council does not have a contract with them. Councils can decide how to allocate the remaining 25% based on needs, but it must be used for infection control.
Scheme	**National Funding**	**WCC Share**	**Purpose**
Social Care Funding - Increased Care Home Testing	£149m	£0.148m	To support increased care home testing of residents and staff.
Social Care Funding - for local authorities to boost staffing levels	£120m	£0.662m	This funding has been provided for local authorities to boost staffing levels. In particular: - Provide additional care staff where shortages arise - Support administrative tasks so experienced and skilled staff can focus on providing care - Help existing staff to take additional hours as overtime or help with covering childcare costs.

Support for Businesses and Council Taxpayers (Council distributes)			
Council tax Hardship Fund	£500m	£2.2m	Help residents with council tax payments by £150. The council has supported 1,413 households so far and is considering other schemes to support residents and fully utilise the fund.
Test and Trace Support Grants	£70.53m	£0.538m	This is to be paid to residents who need financial support when self-isolating due to either being infected or potentially being infected.
Business Rates Retail Relief	£10,000m	£945m	Retail relief given to businesses and fully supported by the Government. The relief is expected to be more than the grant paid but more funding will be paid by central Government to recognise the additional relief.
Small Businesses	£12,000m	£98.555m	Grants paid to businesses of £10k or £25k each depending on their rateable value. The Council has paid out all the funding it has received and paid approximately 5,612 businesses.
Discretionary Local Authorities Grants	£617m	£4.840m	Additional to the above £12bn to help businesses who did not benefit from the first round of business grants.
Additional Restrictions Support Grant allocations	Unknown	£7.547m	Additional Grants to support local restrictions for lockdown period dating 5th November to 2nd December and a top-up to this fund for the national lockdown commencing 5th January.
Local Restrictions Support Grants (Open)	Unknown	£7.208m	Two Grants to support the nation's economy and its businesses in response to Coronavirus and specifically for businesses that were still open but have been severely impacted by Local Covid Alert Levels and restrictions during 1st August to 4th November 2020 and 2nd December to 18th December.
Local Restrictions Support Grants (Closed) Addendum	Unknown	£54.806m	Three Grants to support local businesses closed by restrictions for lockdown period dating 5th November to 2nd December, for tier restrictions entered into on 2nd December and under the national lockdown from 5th January onwards.
Scheme	**National Funding**	**WCC Share**	**Purpose**

Closed Business Lockdown Grant (January)	Unknown	£65.565m	The Closed Businesses Lockdown Payment will be in addition to LRSG (Closed) Addendum: 5th January onwards scheme payments. Funding to deliver a one-off payment for businesses that have been required to close from 5th January 2021 due to the introduction of national restrictions. This funding is not retrospective.
Christmas Support Payment for wet-led pubs	Unknown	£0.250m	To support the nation's economy and its businesses in response to Covid-19.
Cashflow support			
Deferred Rates	£2,600m	£192m	The deferral of local authority Q1 payments of the Central Share of retained business rates until the second half of the financial year.
Advance payment of reliefs	£1,800m	£90m	Up-front payment of business rates reliefs

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City of Westminster

Decision Maker:	**Audit and Performance Committee**
Date:	**17 June 2021**
Classification:	**General Release**
Title:	**Treasury Management Strategy Outturn 2020/21**
Wards Affected:	**All**
Policy Context:	**To manage the Council's finances prudently and efficiently**
Cabinet Member:	**Cabinet Member for Finance and Smart City**
Financial Summary:	**This report forms part of the monitoring of the treasury function as recommended in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice. It reviews the implementation of the strategy and final outturn position.**
Report of:	**Gerald Almeroth** **Executive Director for Finance and Resources**
Report Author:	**Mathew Dawson** **Strategic Finance Manager**

1. EXECUTIVE SUMMARY

1.1. This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.2. The purpose of this report is to:

- Present the Council's annual Treasury Management outturn report for 2020/21 in accordance with the Council's treasury management practices. It is a regulatory requirement for this outturn report to be presented to Council by the 30 September of each year.

1.3. Treasury management comprises:

- managing the City Council's borrowing to ensure funding of the Council's future capital programme is at optimal cost;
- investing surplus cash balances arising from the day-to-day operations of the Council to obtain an optimal return while ensuring security of capital and liquidity.

1.4. This report complies with CIPFA's Code of Practice on Treasury Management, and covers the following:

- Review of the Council's investment portfolio for 2020/21 to include the treasury position as at 31 March 2021.
- Review of the Council's borrowing strategy for 2020/21.
- Review of compliance with Treasury and Prudential Limits for year to 2020/21.
- Economic update for 2020/21.

1.5. The Council has complied with all elements of the Treasury Management Strategy Statement (TMSS) apart from one instance (already reported in the 2020/21 mid-year review) which arose because of exceptional banking receipts which were received too late in the day to be moved from the bank until the following day. This resulted in funds in excess of the strategy limit set for the Council's current bank account on one occasion:

- £8.490m on 4th May 2020.

2. RECOMMENDATIONS

2.1. The Committee is asked to note the annual treasury management final outturn 2020/21, noting the one case of non-compliance.

3. TREASURY POSITION AS AT 31 MARCH 2021

3.1. The Council's treasury management debt and investment position is organised by the Tri-Borough Treasury team in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting, and through officer activity detailed in the Council's Treasury Management Practices (TMPs).

3.2. As at 31 March 2021, net cash invested was £127.2m, a decrease of £280.3m on the position at 31 March 2020 as shown below:

	31 March 2021 (£m)	31 March 2020 (£m)
Total Borrowing	(206.1)	(221.2)
Total Cash Invested	333.3	628.7
Net Cash Invested	**127.2**	**407.5**

Investments

3.3. The Council's Annual Investment Strategy which forms part of the annual Treasury Management Strategy Statement (TMSS) for 2020/21 was approved by the Council on 4 March 2020. The Council's policy objective is the prudent investment of balances to achieve optimum returns on investments, subject to maintaining adequate security of capital and a level of liquidity appropriate to the Council's projected need for funds over time.

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

	Investment Balance 31 March 2021 (£m)	Investment Balance 31 March 2020 (£m)	Movement (£m)
Money Market Funds	77.8	30.1	47.7
Notice Accounts	20.0	18.6	1.4
Term Deposits	235.5	580.0	-344.5
Total:	**333.3**	**628.7**	**-295.4**

3.5. Liquid balances are managed through Money Market Funds, providing same day liquidity. Cash has also been invested in less liquid instruments, particularly term deposits. The average level of funds available for investment in 2020/21 was £695.1m.

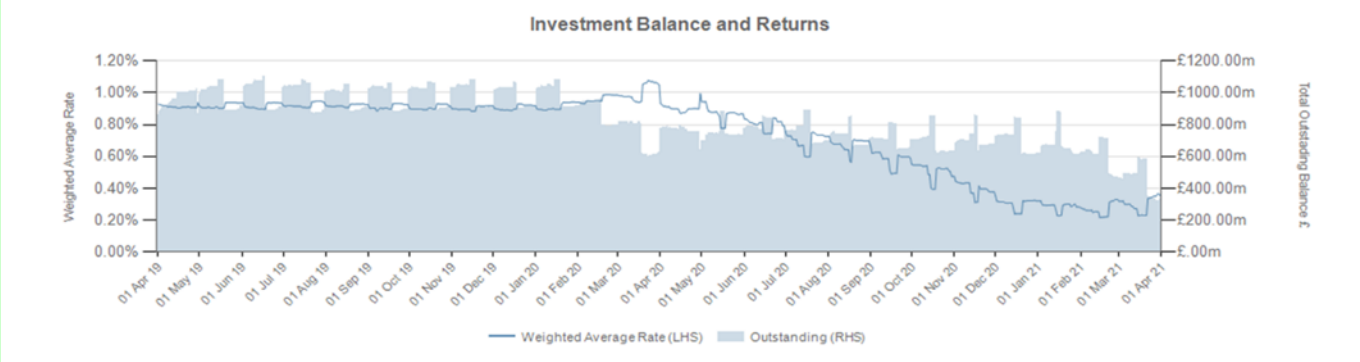
3.6. Daily investment balances have steadily decreased from £628.7m at 31 March 2020 to £333.3m at 31 March 2021.

3.7. The table below provides a more detailed breakdown of the Council's treasury investment position and interest rate received as at 31 March 2021:

	Investment Balance (£m)	Interest Rate (%)
Money Market Funds	77.8	0.01
UK Banks	60.0	0.19
Non UK Banks	20.0	0.31
UK Government	82.5	0.00
Local Authorities	93.0	1.06
Total:	**333.3**	**0.35**

3.8. On 4 August 2016, the Bank of England reduced the bank rate to 0.25%, staying at this level until 2 November 2017 when there was an interest rate increase to 0.50%. On 2 August 2018, there was another rate rise to 0.75% where it stayed until 11 March 2020 when it reduced to 0.25%. This was followed by a second decrease on 19 March 2020 to 0.10%. The bank rate has remained at 0.10% throughout 2020/21.

3.9. Surplus cash for investment and the weighted average rate has reduced. The level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Council's capital programme. Investment returns which had been low during 2019/20, reduced further during 2020/21 to near zero or even into negative territory, though the Council avoided placing any investments at a negative rate in the year.



3.10. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with further quantitative easing so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates reduced accordingly.

3.11. All investment/overdraft limits specified in the 2020/21 investment strategy have been complied with except for one instance of cash received after close of banking business:

- £8.490m on 4th May 2020.

3.12. The table below shows the forecast investment income to be achieved in the year: budget versus actual and the variance. The Council's budgeted investment return for 2020/21 was £5.743m, and performance for the year is £0.526m below budget.

Year 2020/21	Budget £000	Actual £000	Variance £000
Investment Income	5,743	5,217	-526

3.13. Appendix 1 provides a full list of the Council's limits and exposures as at 31 March 2021.

Effect of CPI Inflation on Yield

3.14. The likely effect of CPI inflation on treasury balances against forecast treasury yields from the current year 2021/22 to 2025/26 is set out in the table below.

Financial Year	Forecast Investment Performance (£m)	Forecast if invested at projected CPI Inflation Rate (£m)	Loss on Investment vs CPI Inflation (cumulative) (£m)
2021/22	0.4	6.6	-6.2
2022/23	0.2	4.6	-10.6
2023/24	0.5	4.2	-14.3
2024/25	1.0	4.2	-17.5
2025/26	2.0	4.0	-19.5

3.15. The total difference on forecast total annual yields and CPI inflation is £19.5m over the five-year period. The assumptions employed are:

- Uses forecast cash balances from the most recent funding model.
- Uses forecast interest rates from treasury consultant, Link.
- Uses forecast CPI inflation rates from HM Treasury's forecast.
- Does not include non-Treasury income, e.g., the various housing capital initiatives.
- Assumes a £200m minimum cash balance as per most recent funding model.
- Does not touch on the cost of carry saved by current internal borrowing.

Borrowing

3.16. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2020/21 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

3.17. At £206.1m, the Council's borrowing at 31 March 2021 was within the Prudential Indicator for external borrowing, namely, that borrowing should not exceed the estimated CFR for 2020/21 of £934m. The final CFR for 2020/21 was £892m.

3.18. During 2020/21, the Council maintained an under-borrowed position of £686m. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on the placing of treasury investments also needed to be considered.

3.19. The table below shows the details around the Council's external borrowing as at 31 March 2021, split between the General Fund and HRA.

Total Borrowing	31 March 2020 (£m)	31 March 2021 (£m)
HRA	196.0	181.0
General Fund	25.2	25.1
Total Borrowing	**221.2**	**206.1**

3.20. The breakdown of the existing loans is shown below:

Borrowing Type	Loan Balance 31 March 2020 (£m)	Loan Balance 31 March 2021 (£m)	Movement (£m)
PWLB	151.0	136.0	-15.0
LOBO	70.0	70.0	0.0
Mortgage Annuity	0.2	0.1	-0.1
Total:	**221.2**	**206.1**	**-15.1**

3.21. During 2020/21, the Council repaid £15.045m of loans using investment balances. These consisted of a £15m PWLB long term loan issued in December 2000 and £0.045m principal of mortgage annuity loans.

Forward Borrowing

3.22. As anticipated in the TMSS 2020/21, the Council took no additional borrowing for the financial year due to the high level of cash holdings. Officers are monitoring market conditions and reviewing the need to borrow at current low rates if a requirement is identified for either the General Fund or Housing Revenue Account (HRA). The monitoring process includes the setting of various trigger points, the breaking of which will require officer consideration of borrowing requirements and market conditions.

3.23. Due to the overall financial position and the underlying need to borrow for capital purposes, it is prudent for the Council to lock in affordability by placing some forward borrowing for the amounts it can be relatively certain it will need, while maintaining some forward flexibility as projects may or may not proceed within the expected timeframes.

3.24. During the previous financial year 2019/20, the Council arranged forward borrowing loans totalling £400m. These loans have enabled the Council to agree competitive rates in advance of need which eliminates the “cost of carry”, i.e., the difference between loan interest cost and the rate of return on cash investments.

3.25. An analysis of these loans can be found in the table below.

Counterparty	Amount (£m)	Start Date	Maturity Date	Rate (%)	Profile
Phoenix Group	37.5	15 March 2022	15 March 2062	2.706	Annuity
Barings LLC	150.0	15 August 2022	15 August 2052	1.970	Maturity
Phoenix Group	12.5	15 March 2023	15 March 2066	2.751	Annuity
Rothesay Life Plc	200.0	08 May 2023	08 May 2063	2.887	Equal Instalment of Principal
Weighted average interest rate	**400.0**			**2.579**	

Compliance with Treasury Limits and Prudential Indicators

3.26. During the financial year to 31 March 2021, the Council operated within the Treasury Limits and Prudential Indicators set out in the TMSS approved by Council on 4 March 2020 as set out below.

PI Ref		2020/21 Forecast	2020/21 Actual	Indicator Met?
1	Capital expenditure	£309m	£275m	Met
2	Capital Financing Requirement (CFR)	£934m	£892m	Met
3	Net debt vs CFR	£728m underborrowing	£686m underborrowing	Met
4	Ratio of financing costs to revenue stream	GF 12.88% HRA 34.25%	GF 1.61% HRA 28.99%	Met
5a	Authorised limit for external debt	£934m	£892m	Met
5b	Operational debt boundary	£257m	£287m	Met
6	Working Capital Balance	£0m	£0m	Met
7	Limit on surplus funds invested for more than 364 days (i.e. non specified investments)	£38m	£18m	Met
8	Maturity structure of borrowing	Upper limit under 12 months: 40% Forecast: 9% Lower limit 10 years and above: 35% Forecast: 63%	Upper limit under 12 months: 3% Lower limit 10 years and above: 67%	Met

Capital Expenditure and Borrowing Limits

3.27. Capital expenditure to 31 March 2021 totalled £275m for the General Fund and the HRA against a forecast for the whole year of £309m. Westminster City Council's refreshed vision, City for All, will provide the strategic context for the Capital Strategy and responds to the significant impacts of the COVID-19 pandemic on the city, its communities and the council. Four distinct themes within the City for All shape the approach: Greener and Cleaner, Vibrant Communities, Smart City and Thriving economy. These thematic areas are underpinned and enabled by key plans and programmes, including Westminster's City Plan 2019 to 2040, the Customer Experience and Digital Strategy, Climate Action Programme and the delivery of affordable homes.

3.28. The impact on the Council's Capital Financing Requirement is also shown in the table below:

	2020/21 Indicator (£m)	2020/21 Actual (£m)
General Fund Capital Expenditure	168	135
HRA Capital Expenditure	141	140
Total Capital Expenditure	**309**	**275**
Financed by:		
Capital Receipts	25	61
Capital Grants	145	108
Funded from Revenue	10	1
Major Repairs Allowance	25	25
Prudential Borrowing	104	80
Total Finance	**309**	**275**

	General Fund £m	Housing Revenue Account £m	Total £m
Adjusted Opening CFR 31/03/2020	536	294	830
Prudential Borrowing in 2020/21	89	52	141
Capital Receipts applied to reduce CFR	-9	-52	-61
Minimum Revenue Provision	-18	0	-18
MRP in respect of Other Long Term Liabilities	0	0	0
Closing CFR	**598**	**294**	**892**

3.29. External borrowing was well within the Capital Financing Requirement, Authorised Borrowing Limit and the Operational Boundary:

- The Authorised Limit is a level for which the external borrowing cannot be exceeded without reporting back to Full Council. It therefore provides sufficient headroom such that in the event that the planned capital programme required new borrowing to be raised over the medium term, if interest rates were deemed favourable and a thorough risk analysis determined, the cost of carry was appropriate, this borrowing could be raised ahead of when the spend took place.

- The Operational Boundary is set at a lower level and should take account of the most likely level of external borrowing. Operationally, in accordance with CIPFA best practice for Treasury Risk Management, a liability benchmark is used to determine the point at which any new external borrowing should take place. Officers are monitoring the need for new borrowing in the short/medium term.

3.30. The purpose of the maturity structure of borrowing indicator is to highlight any potential refinancing risk that the Council may be facing if in any one particular period there was a disproportionate level of loans maturing. The table below shows that the maturity structure of the Council's borrowing as at 31 March 2021 was within the limits set and does not highlight any significant issues.

Actual Maturity at 31 March 2021	Duration	Upper Limit	Lower Limit
3	Under 12 Months	40	0
0	12 Months and within 24 Months	35	0
13	24 Months and within 5 Years	35	0
17	5 Years and within 10 Years	50	0
67	10 Years and Above	100	35

3.31. The purpose of the interest rate exposure indicators is to demonstrate the extent of exposure to the Council from any adverse movements in interest rates. The table at paragraph 3.23 shows that the Council is not subject to any adverse movement in interest rates as it only holds fixed interest borrowing.

3.32. The average rate on the fixed interest borrowing is 4.21% with an average redemption period of 19 years. This reflects the historical legacy of borrowing taken out some years ago which is now higher than current PWLB interest rates for comparable loans if they were taken out at today's levels. Officers have considered loan refinancing but premia for premature redemptions are prohibitively high, making this option poor value for money.

3.33. The Council's borrowing portfolio contains £70m of Lender Option Borrower Option loans (LOBOs). These are long-term loans of up to 60 years, which are subject to periodic rate re-pricing. The rates were comparable with loans for similar durations provided by the PWLB. There is some refinancing risk associated with these loans because of the lender option to redeem. Some banks are offering premature repayment or loan conversion for LOBOs to fixed term loans and officers will remain alert to such opportunities as they arise.

3.34. HM Treasury imposed two changes in the margins over gilt yields for PWLB rates in 2019/20 with no advance warning: the first on 9 October 2019, added an additional 1.0% margin over gilts to all PWLB rates. That increase was then partially reversed for HRA associated borrowing on 11 March 2020, at the same time as the Government announced in the Budget a programme of increased spending on infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins.

3.35. A consultation was subsequently held with local authorities and on 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1.0% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets primarily for yield in its three- year capital programme.

Investment limits

3.36. Investment in non-specified investments at £18.0m is well within the limit of £450.0m for such investments. This reflects the fact that 95% of the Council's investments have a life of less than 12 months. The highest level of non-specified investments during the year was £58.0m.

3.37. While the short duration is within approved limits, there is scope within the Investment Strategy to extend the duration of investments for up to five years. Using longer

duration investments and marginally lower credit ratings is likely to increase the yield the Council earns from its investments.

3.38. There is likely to be only a gentle rise in gilt yields and PWLB rates over the next three years as the Base Rate is not forecast to rise from 0.10% by March 2024 as the Bank of England has clearly stated that it will not raise rates until inflation is sustainably above its target level of 2%: this sets a high bar for the Base Rate to start rising.

4. THE ECONOMY AND INTEREST RATES

4.1. The first national lockdown on 23 March 2020 did huge damage to an economy that was unprepared for a pandemic emergency. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09. A short second lockdown in November 2020 did relatively little damage but, by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three-month lockdown, resulting in less damage caused by first one.

4.2. The UK and US have led the world in implementing a fast programme of vaccination which promises to lead to a return to something approaching normal life by the second half of 2021. It has been instrumental in speeding economic recovery and the reopening of the economy. In addition, the household saving rate has been exceptionally high since the first lockdown in March 2020, resulting in pent-up demand and purchasing power stored up for services in depressed sectors such as restaurants, travel and hotels. It is therefore expected that the UK economy could recover its pre-pandemic level of economic activity during quarter 1 of 2022.

4.3. The Monetary Policy Committee cut the Base Rate from 0.75% to 0.25% and then to 0.10% in March 2020 and embarked on a £200bn programme of quantitative easing (QE), the purchase of gilts to reduce borrowing costs throughout the economy by lowering gilt yields. The MPC further increased QE by £100bn in June 2020 and by £150bn in November 2020 to a total of £895bn. While the Base Rate remained unchanged for the rest of the year, financial markets were concerned that the MPC could cut the Base Rate to a negative rate: this was firmly discounted at the February 2021 MPC meeting.

4.4. Average inflation targeting is a major change adopted by the Bank of England in terms of implementing its inflation target of 2.0%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely, that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2.0% inflation target sustainably".

4.5. The phrase seems to say, in effect, that even if inflation rises to 2.0% in the short term, do not expect any action from the MPC to raise the Base Rate – until the MPC can clearly see that level of inflation is going to be persistently above target if it takes no action to raise the Base Rate. This sets a high bar for raising the Base Rate and no increase is expected until at least March 2024, and possibly for as long as five years. Inflation has been well under 2.0% during 2020/21. It is expected to briefly peak at just over 2.0% towards the end of 2021, but this is expected to be a temporary short lived factor and so not a concern to the MPC.

4.6. The Chancellor has implemented repeated rounds of support to businesses by way of cheap loans and other measures, and has protected jobs by paying for workers to be

placed on furlough. This support has come at a cost in terms of the Government's budget deficit increasing in 2020/21 and 2021/22, resulting in the Debt to GDP ratio reaching around 100%. The Chancellor's Budget on 3 March 2021 increased fiscal support to the economy and employment during 2021 and 2022, to be followed by substantial tax rises in the following three years to help to pay the cost for the pandemic. This will further help to strengthen the economic recovery from the pandemic and to return the government's finances to a balanced budget on a current expenditure and income basis in 2025/26.

4.7. It is hoped that such action will prevent the Debt to GDP ratio rising significantly above 100%. An area of concern, though, is that the government's debt is now twice as sensitive to interest rate rises compared with pre-pandemic due to QE operations substituting fixed long-term debt for floating rate debt. There is, therefore, increased incentive for the Government to promote the Base Rate staying low, e.g., by using fiscal policy in conjunction with the monetary policy action by the Bank of England to keep inflation from rising too high, and/or by amending the Bank's policy mandate to allow for a higher target for inflation.

4.8. The final agreement concerning the UK's exit from the EU on 24 December 2020 eliminated a significant downside risk for the UK economy. The initial agreement covered only trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU: that now needs to be formalised on a permanent basis. There was much disruption to trade in January 2020 as new documentation has proved to be a formidable barrier to trade. This appears to have eased somewhat since then but is an area that needs further work to ease difficulties, which are still acute in some areas.

5. BACKGROUND

5.1. The Local Government Act 2003 ("the Act") requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

6. FINANCIAL IMPLICATIONS

6.1. Financial implications are contained in the body of this report.

7. LEGAL IMPLICATIONS

7.1. The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. This report assists the Council in fulfilling its statutory obligation under the Act to monitor its borrowing and investment activities.

7.2. Legal implications verified by Michael Carson, Principal Solicitor Employment, Criminal and Commercial Litigation.

8. BACKGROUND PAPERS

Full Council Report

Treasury Management Strategy Statement 2020/21, including Prudential Indicators and Statutory Borrowing Determinations: 4 March 2020.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

Mathew Dawson, Strategic Finance Manager

Tel: 020 7641 1075 or Email: mdawson@westminster.gov.uk

APPENDIX 1

Limits and exposures as at 31st March 2021

Limits and exposures as at 31st March 2021 Appendix 1

Category	Limit per Counterparty (£m)	Duration Limit	Counterparty Name	Current Exposure (£m)	Interest Rate (%)
UK Local Authorities	£100m per Local Authority; £500m in aggregate	3 years	Cardiff Council	8.0	1.80
				10.0	1.32
			Dudley Metropolitan Borough Council	10.0	1.55
				10.0	1.70
			East Ayrshire Council	30.0	0.30
			London Borough of Brent	5.0	0.22
			London Borough of Croydon	10.0	1.30
			Thurrock Council	10.0	1.55
DMO Deposits	Unlimited	6 months	DMADF	82.5	0.00
Money Market Funds	£70m per fund. £300m in aggregate.	Three day notice	Aberdeen Sterling Liquidity Fund	26.8	
			Deutsche Platinum Sterling Fund	1.0	
			Federated Sterling Liquidity Fund	50.0	
UK Banks (A-/A3/A)	£50m	3 years	Goldman Sachs International	20.0	0.18
			Lloyds Bank	20.0	0.10
			Santander Bank	20.0	0.30
Non-UK Banks (AA-/ Aa2/ AA-)	£50m	5 years	Svenska Handelsbanken	5.0	0.05
Non-UK Banks (A/ A2/ A)	£35m	3 years	Australia and New Zealand Banking Group	15.0	0.40
TOTAL				**333.3**	**0.35**

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City of Westminster

Audit and Performance Committee Report

Decision Maker:	Audit and Performance Committee
Date	17 June 2021
Classification:	General Release
Title:	External Audit Certification of Claims and Returns Annual Audit 2019/20
Financial Summary:	There are no direct financial implications arising from the report.
Report of:	**Director of Revenues & Benefits**

1. Executive Summary

1.1 There is an annual external review of the grants that the City Council claims through a grants certification process. This report provides a summary of the review of the Housing Benefit Subsidy claim for 2019/20.

2. Recommendation

2.1 That the report is noted.

3. Grant Thornton Annual Review

3.1 The City Council is responsible for compiling grant claims and returns in accordance with the requirements and timescales set by central government.

3.2 Grant Thornton, as the Council's external auditor, annually review the grants the City Council claims through a grants certification process.

3.3 There are three returns / claims separately reviewed by Grant Thornton in relation to the 2019/20 financial year:

- Housing Benefit subsidy claim (£192.5M)

- Teachers' Pensions return
- Pooling of Housing Capital Receipts return

The work on the Teacher's Pension return and the Pooling of Housing Capital Receipts return has been reported to this committee as part of the External Audit committee update report in March 2021.

3.4 This year's audit results were good, with only minor issues identified with earned income calculations and manual adjustments. The few errors found have resulted in minor recalculations between cells within the subsidy claim, and the creation of a few small overpayments on individual cases. None of these changes have affected the bottom-line amount of subsidy that has been claimed.

3.5 Due to the small number of manual adjustment cases within the subsidy claim the Council / external auditors were able to undertake 100% check of the cell contents, finding a total of only 5 errors (out of 135 entries). There were just 2 errors identified in earned income assessment testing this year, the first one in initial testing, and then one more once additional testing of a further 40 cases had been completed. None of these changes affected the bottom line amount of subsidy claimed.

3.7 The nature and complexity of the Housing Benefit scheme linked to the volume of claims (currently 22,000 in WCC) means the vast majority of local authorities will have some errors identified through their annual subsidy claim audit. Whilst the audit can be considered as an good outcome, the Council should continuously try to improve its position and as such the following additional measures are being introduced for the 2020/21 and future subsidy claims:-

- A 100% check of the subsidy cells that can be reviewed in late March before the subsidy claim is submitted.

- Additional training and sample checking in each error where issues were found in the 2019/20 claim.

- A rolling review of work practices and in-year checking procedures to help identify and correct errors to insure even greater accuracy of future subsidy claims.

4. Financial Implications

4.1 It is important that grant claim requirements are complied with as they affect funding sources and funding assumptions in the City Council's business plans.

4.2 The bottom-line amount of Housing Benefit subsidy claimed for 2019/20 was not adjusted as a result of the audit and the Council's claim of £192,494,157 will be met in full by the DWP.

4.3 The overall fee for certification of the Council's claim was £36,000.00 – a reduction on last year's fee of £38,000.00.

5. Legal Implications

5.1 As this report comes as part of the annual review by external auditors there are no direct legal implications arising from it.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

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Grant Thornton

External Audit Plan

Westminster City Council

Year ending 31 March 2021

June 2021

Agenda Item 8

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Key matters

Factors	Our response
Impact of Covid-19 pandemic The outbreak of the coronavirus (Covid-19) pandemic has impacted on the normal operations of the Council. The pandemic has led to the largest peacetime shock to the global economy on record, and has led to the imposition of restrictions on economic and social activity. These factors combined have had a huge impact on the economy and public finances. The shock has been unprecedented in that those sectors most reliant on face to face contact such as hospitality, leisure, entertainment and transport have seen the biggest falls in output. Financially, the Covid-19 pandemic has created cost pressures and short-term loss of fees and charges revenue. These have been offset, as the Council has received both a general Covid-19 government grant, and has made claims via the sales, fees and charges income reimbursement scheme. The net loss to the Council was expected to be in the region of £10-£20 million.	• We will consider your arrangements for managing the impact of the Covid-19 pandemic as part of our Value for Money work. • We will ensure that we understand any changes to the Council's control environment as a result of remote working. • We will consider the potential impact of Covid-19 on the individual transactions and balances within the financial statements throughout our audit work.
BREXIT The UK left the European Union on 1 January 2021, and the potential impact that this might have on the Council's activities is still largely unknown. Nationally, there are some concerns in relation to the as yet unknown impact of Brexit (together with the continuing impact of Covid-19) on the construction industry, and the supply and import of materials and labour. There are also potentially significant impacts for local citizens and local businesses.	• We will consider the impact of Brexit on the Council's arrangements, and how this is factored in to the Council's forward planning, as part of our Value for Money work
Financial position 2020/21 has been a challenging year for all public sector bodies, with unprecedented levels of change, both in terms of demand, and at an operational level. The financial pressure placed on the Council as a result of the Covid-19 pandemic is estimated to be £60-70 million, made up of both increased expenditure and a loss of income. This pressure is offset by grants and reimbursements expected to total approximately £50 million, as stated above. The future of local government funding remains uncertain as funding arrangements that were meant to be in place by April 2020 have been delayed until at least 2022. The Council is proposing a balanced budget for 2021/22 but the medium term financial plan includes a total funding gap of £43 million over the course of the two financial years commencing 1 April 2022.	• We will consider your arrangements for managing and reporting your financial resources and assessing your financial resilience as part of our audit in completing our Value for Money work.

Key matters cont.

Factors

Accounting and auditing developments

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM) There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Our Value for Money conclusion for the 2019/20 year (under the old Code of Audit Practice) was unqualified.

International Auditing Standards (ISAs (UK)) which are effective for audits of financial statements for periods beginning on or after 15 December 2019. ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures includes significant enhancements in respect of the audit risk assessment process for accounting estimates. As part of this process auditors also need to obtain an understanding of the effectiveness of the role of those charged with governance relating to accounting estimates adopted by management, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Although the implementation of IFRS 16 has been delayed, audited bodies still need to include disclosures in their 2020/21 statements to comply with the requirements of IAS 8. As a minimum, we would expect the Council to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases. If the impact of IFRS 16 is not known or reasonably estimable, the accounts should state this.

In the prior year the Council's valuer reported a material uncertainty regarding the valuations of properties due to the Covid-19 pandemic. In addition, there was a material uncertainty in relation to the valuation of the pension fund's investments which impacted the net liability position in the Council's balance sheet. We will consider the position for the 31 March 2021 valuations.

Our response

- Where any actions have been agreed in respect of matters identified through previous audit work, either on the financial statements or in respect of work on arrangements to secure VFM, we will assess the progress against previously agreed recommendations.
- The Council's valuer reported a material uncertainty in regards to the valuation of properties in 2019/20 due to the Covid-19 pandemic and we expect significant uncertainty will continue in 2020/21.
  We identified a significant risk in regards to the valuation of properties – refer to page 10.
- We will liaise with the Council's valuer to clarify any potential issues in 2020/21.
- Members of the finance team attended our annual final accounts workshop during February, hosted by our highly experienced public sector assurance team as they help you prepare for your 2021 financial statements audit by highlighting potential risk areas and providing you with practical advice.
- We will continue to provide you with sector updates via our Audit Committee updates.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Westminster City Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Westminster City Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Performance Committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Performance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of:

- Westminster City Council
- Westminster Community Homes Limited
- WestCo Trading Limited
- Westminster Procurement Services Limited
- Soho Create Limited
- Hub Make Lab CIC
- Paddington Recreational Ground Trust
- Westminster Housing Investments Limited
- Westminster Housing Development Limited

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Valuation of operational land and buildings
- Valuation of investment properties
- Valuation of pension fund net liability
- Valuation and completeness of the equal pay liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £16,000k (PY £15,400k) for the group and £15,500k (PY £15,000k) for the Council, which equates to 1.45% of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £775k (PY £750k).

Introduction and headlines cont.

Value for Money arrangements

Our risk assessment procedures regarding the Council's arrangements to secure value for money have not identified any risks of significant weaknesses in arrangements. Our work will focus on the arrangements in each of the following areas:

- Delivery of the planned financial performance in 2020-21, along with the future plans of the Council in 2021-22 and beyond;
- Delivery, monitoring and management of the Council's capital plans;
- Managing the continued impact of Covid-19 on the Council's Service Delivery and Governance Arrangements;
- What arrangements the Council is looking to implement post Pandemic to build on some of the changes which have taken place over the course of the past 18 months; and
- The governance arrangements that the Council has in place around its more commercial ventures and subsidiary companies.

Audit logistics

Our planning visit took place in March 2021 and our final visit will take place in July and August, once the Council's draft accounts are prepared. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our fee for the audit has not yet been confirmed (PY: £207,504, subject to PSAA approval). Due to the changes in approach, we anticipate that a fee variation will be needed for the 2020/21 financial year. We will discuss this with management and those charged with governance in due course.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Audit scope	Risks identified	Planned audit approach
Westminster City Council	Yes		Risks set out on pages 8 to 10 of this report	Full scope audit performed by Grant Thornton UK LLP
Westminster Community Homes Limited	No		We have not identified any significant risks of misstatement of the group financial statements, however the following balances are expected to be material to the group: • Land and Buildings • Deferred Grant	Specific procedures will be completed on these balances by Grant Thornton UK LLP.
Westminster Housing Investments Limited	No		We have not identified any significant risks of misstatement of the group financial statements, however the following balances are expected to be material to the group: • Inventories • Borrowings	Specific procedures will be completed on these balances by Grant Thornton UK LLP.
Other entities as set out on page 5	No		None	Analytical review performed by Grant Thornton UK LLP.

From the completion of our planning procedures, we are not aware of any changes within the group during the 2020/21 financial year.

Audit scope

- Audit of the financial information of the component using component materiality
- Specified audit procedures
- Analytical procedures at group level

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification
Presumed risk of fraud in revenue recognition **ISA (UK) 240**	n/a	Under ISA (UK) 240 there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Having considered the risk factors set out in ISA 240, and the nature of the revenue streams of Westminster City Council, we have determined that it is likely that the presumed risk of material misstatement due to the improper recognition of revenue can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including Westminster City Council, mean that all forms of fraud are seen as unacceptable. Therefore we do not consider this to be a significant risk for the Council at the time of our planning however we will keep this assessment under review, especially in light of the changes to the Council's revenue streams as a result of the Covid-19 pandemic.
Risk of fraud related to expenditure recognition **PAF Practice Note 10**	n/a	In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition. Having considered the nature of the expenditure streams of Westminster City Council, and on the same basis as that set out above for revenue, we do not consider this to be a significant risk for the Council at the time of our planning however we will keep this assessment under review, especially in light of the changes to the Council's services and expenditure as a result of the Covid-19 pandemic.

Significant risks identified cont.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management override of controls **ISA (UK) 240**	Council (and Group)	Under ISA (UK) 240 there is a non-rebuttable presumption that the risk of management override of controls is present in all entities. The Council faces external scrutiny of their spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, and in particular journals, management estimates, and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Valuation of the pension fund net liability	Council (and Group)	The pension fund net liability, as reflected in the balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£625 million in the Council's balance sheet at 31 March 2020) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	We will: • update our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management experts (the actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • assess the accuracy and completeness of the information provided by the group to the actuary to estimate the liabilities; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of the City of Westminster Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the Fund and the fund assets valuation in the Fund's financial statements.

Significant risks identified cont.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	Council (and Group)	The Council revalues its land and buildings on a rolling, five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£2,225 million in the Council's balance sheet at 31 March 2020) and the sensitivity of this estimate to changes in key assumptions. Management will need to ensure that the carrying value in the Council's (and group's) financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date. We therefore identified valuation of land and buildings, specifically council dwellings, other land and buildings and surplus assets, as a significant risk of material misstatement, and a key audit matter.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • challenge the information and assumptions used by the valuer to assess the completeness and consistency with our understanding, which will include engaging our own valuer to assess the instructions issued by the Council to their valuer, the scope of the Council's valuers' work, the Council's valuers' reports and the assumptions that underpin the valuations; • test, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register; and • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end.
Valuation of Investment Properties	Council (and Group)	The Council revalues its Investment Properties on an annual basis to ensure that these assets are held at Fair Value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£500 million) and the sensitivity of this estimate to changes in key assumptions. Management have engaged the services of a valuer to estimate the current value as at 31 March 2021. We therefore identified valuation of Investment Properties, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer to confirm the basis on which the valuations were carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, which will include engaging our own valuer to assess the instructions issued by the Council to their valuer, the scope of the Council's valuers' work, the Council's valuers' reports and the assumptions that underpin the valuations; and • test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Council's asset register.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures which* includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

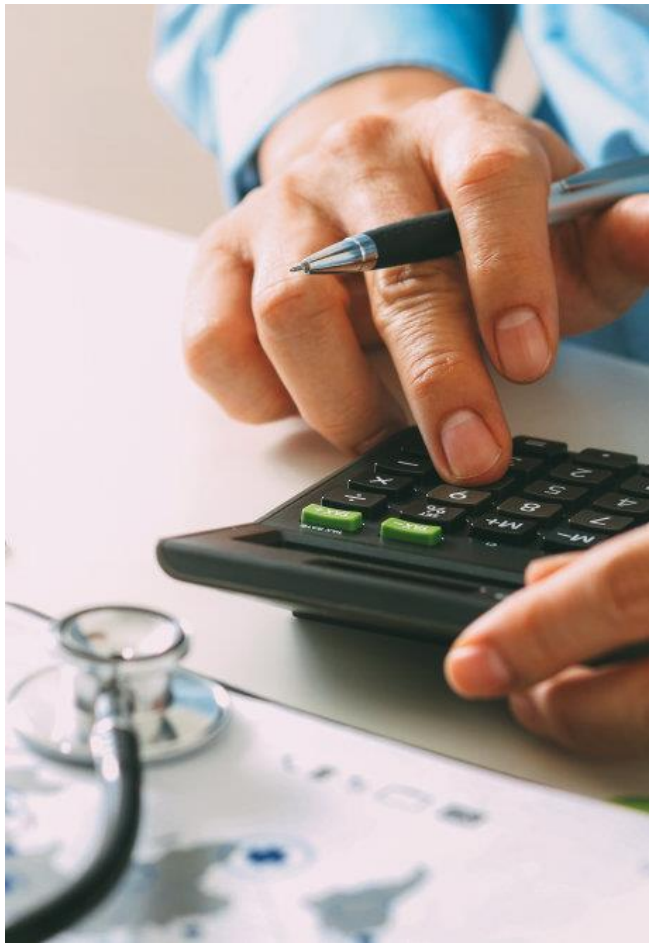
Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Performance Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures cont.

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings and council dwellings
- Valuations of investment properties
- Depreciation
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Accruals of income and expenditure
- Provisions
- Fair value estimates

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainly is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we have shared a questionnaire with Management to obtain their responses over these Accounting Estimates. This document will be presented to the Committee for consideration and approval by those charged with governance once we have received these responses.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
  - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
  - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VFM work) and ensure that our work on going concern is proportionate for public sector bodies.

We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report. We will also need to identify whether any material uncertainties in respect of going concern have been reported for the Council's subsidiaries. If such a situation arises, we will consider our audit response for the group.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Group and Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £16,000k (PY £15,400k) for the group and £15,500k (PY £15,000k) for the Council, which equates to 1.45% of your prior year gross expenditure.

We design our procedures to detect errors in specific accounts at a lower level of precision. In particular, errors noted in disclosures relating to senior officers' remuneration and related party transactions will be considered material if they are greater than £100k.

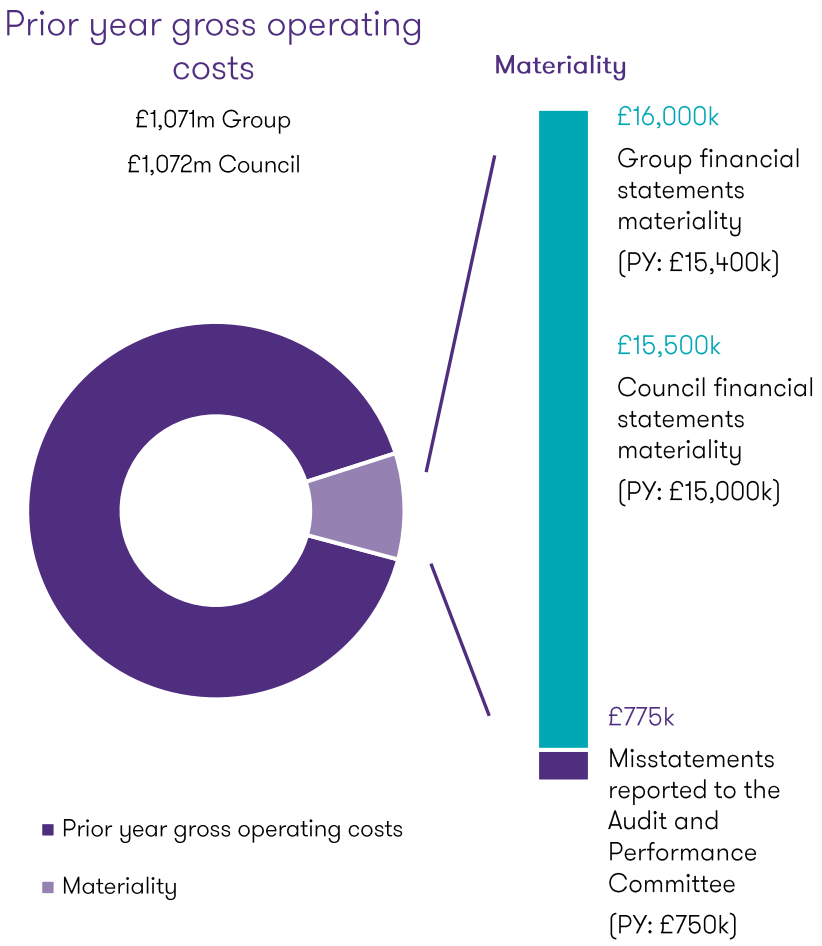
We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit and Performance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Performance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £775k (PY £750k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Performance Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary unqualified approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. Whilst our planning assessment did not identify any significant weaknesses in arrangements at this stage, we have highlighted further key areas of focus which are listed below. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Key areas of focus

Our risk assessment procedures regarding the Council's arrangements to secure value for money have not identified any risks of significant weaknesses in arrangements. Our work will focus on the arrangements in each of the following areas:

- Delivery of the planned financial performance in 2020-21, along with the future plans of the Council in 2021-22 and beyond;
- Delivery, monitoring and management of the Council's capital plans;
- Managing the continued impact of Covid-19 on the Council's Service Delivery and Governance Arrangements;
- What arrangements the Council is looking to implement post Pandemic to build on some of the changes which have taken place over the course of the past 18 months; and
- The governance arrangements that the Council has in place around its more commercial ventures and subsidiary companies.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

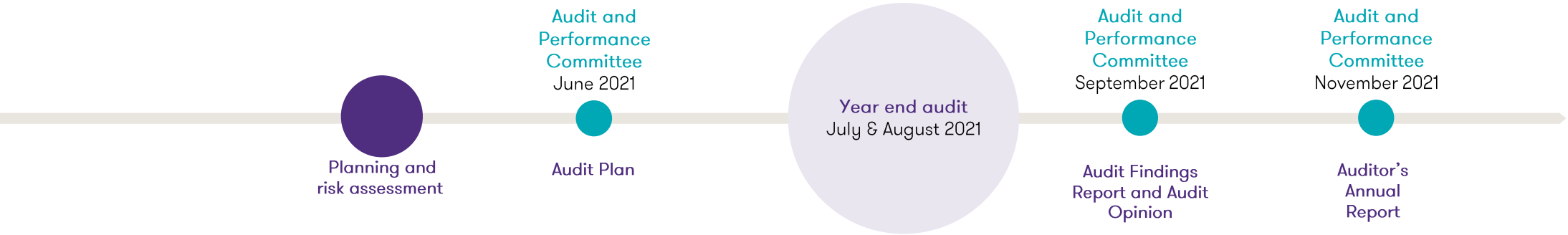
Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



Joanne Brown, Key Audit Partner

Joanne will be the main point of contact for officers and committee members. She will share her wealth of knowledge and experience across the sector providing challenge and sharing good practice, and ensure our audit is tailored specifically to you. Jon is responsible for the overall quality of our audit work, and will sign your audit opinion.

Laurelin Griffiths, Senior Manager

Laurelin will work with senior members of the finance team, ensuring that any issues that arise are addressed on a timely basis. She will be responsible for the delivery of our work on your arrangements in place to secure value for money, will attend Audit and Performance Committee and liaison meetings with Joanne, undertake reviews of the team's work, and ensure that our reports are clear, concise and understandable.

Ciara Donnelly, Audit Incharge

Ciara will lead the onsite team and will be the day to day contact for the audit. She will monitor the deliverables, manage the query log with your finance team and highlight any significant issues and adjustments to senior management. Ciara will undertake the more technical aspects of the audit, coach the junior members of the team and review the team's work.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

In 2018, PSAA awarded a contract of audit for Westminster City Council to begin with effect from 2018/19. The fee agreed in the contract was £143,004. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

The 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years, which will result in an increased fee.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. We have engaged an audit expert to improve the level of assurance we require for our work on property valuations, which has been included in our proposed audit fee. Our proposed work and fee for 2020/21 has not yet been finalised, but due to the changes in approach we anticipate that a fee variation will be needed. We will discuss this with management and those charged with governance in due course.

	Actual Fee 2018/19	Proposed Fee 2019/20	Proposed fee 2020/21
Council Audit	£158,204	£207,504	TBC

Assumptions

In setting these fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2019) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Scale fee published by PSAA	**£143,004**
Ongoing increases to scale fee first identified in 2019/20	
Raising the bar/regulatory factors	£11,500
Enhanced audit procedures for Property, Plant and Equipment	£9,500
Enhanced audit procedures for Pensions	£3,000
Local issues (Group accounts)	£3,000
Elements of audit fee 2019/20 that are ongoing for 2020/21	**£170,004**
New issues for 2020/21	
Additional work on Value for Money (VFM) under new NAO Code	TBC
Increased audit requirements of revised ISAs	TBC
Total audit fees (excluding VAT) Note, at the time of drafting this plan, local audit fees are being discussed nationally with PSAA and MHCLG following publication of the Redmond Review. We will update members on the implications for your audit fee for 2020/21 as soon as we have discussed this with management	**TBC**

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

Other services provided by Grant Thornton were identified as set out below.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of 2019/20 Teachers' Pension return (October – November 2020)	10,000	For these three audit-related services, we consider that the following perceived threats may apply: • Self-Interest (because these are recurring fees) • Self Review • Management	The level of recurring fees taken on their own are not significant in comparison to the confirmed scale fee for the audit of £143,004 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, each is a fixed fee and there is no contingent element to any of them. These factors mitigate the perceived self-interest threat to an acceptable level. Our team have no involvement in the preparation of the form which is certified, and do not expect material misstatements in the financial statements to arise from the performance of the certification work. Although related income and expenditure is included within the financial statements, the work required in respect of certification is separate from the work required to audit the financial statements, and is performed after the audit of the financial statements has been completed. The scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. Our team perform these engagements in line with set instructions and reporting frameworks. Any amendments made as a result of our work are the responsibility of informed management.
Certification of 2019/20 Housing Benefits subsidy (August 2020 – January 2021)	36,500		
Certification of 2019/20 Housing capital receipts (January 2021)	5,000		
Non-audit related			
None identified			

Appendix 1: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance

The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.

	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	✓
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	✓
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	✓
ISA (UK) 230 – Audit Documentation	January 2020	✓
ISA (UK) 240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	✓
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	✓
ISA (UK) 250 Section B – The Auditor's Statutory Right and Duty to Report to Regulators od Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	✓

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	✓
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	✓
ISA (UK) 500 – Audit Evidence	January 2020	✓
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	✓
ISA (UK) 570 – Going Concern	September 2019	✓
ISA (UK) 580 – Written Representations	January 2020	✓
ISA (UK) 600 - Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	✓
ISA (UK) 620 – Using the Work of an Auditor's Expert	November 2019	✓
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	✓

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor's Report	January 2020	✓
ISA (UK) 720 – The Auditor's Responsibilities Relating to Other Information	November 2019	✓
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	✓

Grant Thornton

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Grant Thornton

External Audit Plan

City of Westminster Pension Fund

Year ending 31 March 2021

June 2021

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of the City of Westminster Pension Fund ('the Pension Fund') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the City of Westminster Pension Fund. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Pension Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Performance Committee).

The audit of the financial statements does not relieve management or the Audit and Performance Committee of your responsibilities. It is the responsibility of the Pension Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Pension Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Pension Fund's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- The valuation of Level 3 investment assets

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £13.2m (PY £14.1m) for the Pension Fund, which equates to approximately 1% of your net assets as of 31 March 2020.

We are obliged to report uncorrected omissions or misstatements other than those. which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £660k (PY £709k) for the Pension Fund.

Audit logistics

Our interim visit took place in March 2021 and our final visit will take place in July 2021. Our key deliverables are this Audit Plan and our Audit Findings Report.

Our fee for the audit has not yet been confirmed (PY: £25,000). Due to the changes in approach, we anticipate that a fee variation will be needed for the 2020/21 financial year. We will discuss this with management and those charged with governance in due course.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	

Presumed risk of fraud in revenue recognition
ISA (UK) 240
	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.
	Having considered the risk factors set out in ISA (UK) 240 and the nature of the revenue streams at the City of Westminster Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:
	• there is little incentive to manipulate revenue recognition;
	• opportunities to manipulate revenue recognition are very limited:
	  • the nature of the Pension Fund's revenue is in many respects relatively predictable and does not generally involve cash transactions.
	  • revenue contributions are made by direct bank transfers from admitted and scheduled bodies and are supported by separately sent schedules and are directly attributable to gross pay making any improper recognition unlikely.
	  • transfers into the pension scheme are all supported by an independent actuarial valuation of the amount which should be transferred and which is subject to agreement between the transferring and receiving funds.
	• historically, the split of responsibilities between the Pension Fund, the Custodian and its Fund Managers provide a very strong separation of duties reducing the risk around investment income;
	• the culture and ethical frameworks of local authorities, including the Fund, mean that all forms of fraud are seen as unacceptable
	Therefore we do not consider this to be a significant risk for the City of Westminster Pension Fund.

Significant risks identified (continued)

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management override of controls **ISA (UK) 240**	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
The valuation of Level 3 investment assets	By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (£82 million at 31 March 2020) and the sensitivity of this estimate to changes in key assumptions. Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end. Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2021. We therefore identified valuation of level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • gain an understanding of the Fund's process for valuing level 3 investments and evaluate the design of the associated controls; • review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments to ensure that the requirements of the Code are met; • consideration of the competence, expertise and objectivity of any management experts used; • review the qualification of the expert used to value Level 3 investments at year end and gain an understanding of how the valuation of these investments has been reached; and • for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconcile those values to the values at 31 March 2020 with reference to known movements in the intervening period.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures which* includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

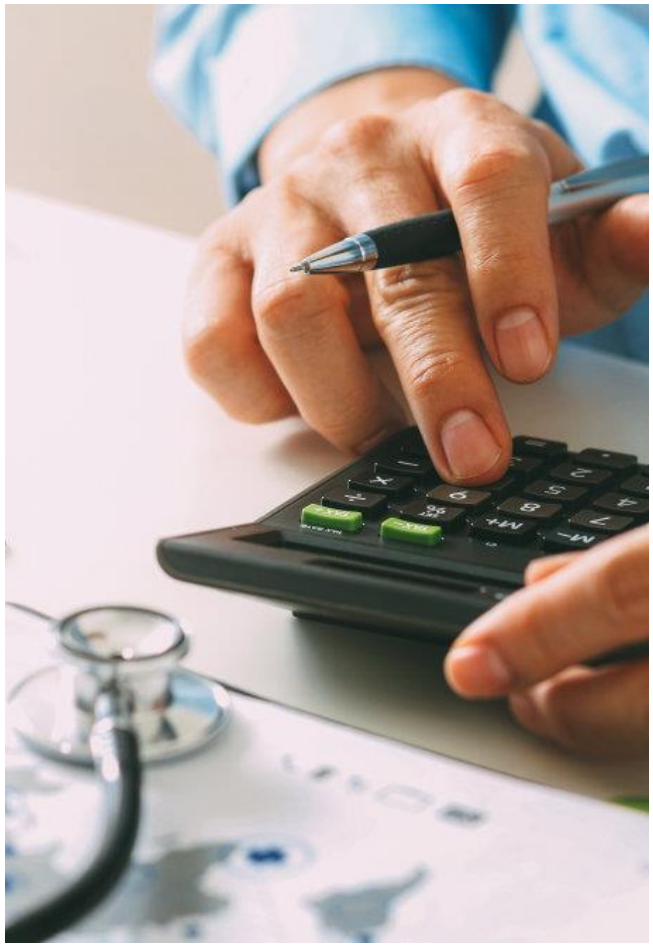
Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Performance Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Pension Fund we have identified the following material accounting estimates for which this is likely to apply:

- Valuation of Level 2 and Level 3 investments

The Pension Fund's Information systems

In respect of the Pension Fund's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Pension Fund uses management experts in deriving some of its more complex estimates, e.g. asset and investment. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Pension Fund (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainly is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we have shared a questionnaire with Management to obtain their responses over these Accounting Estimates. This document will be presented to the Committee for consideration and approval by those charged with governance once we have received these responses.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf

Other matters

Other work

The Pension Fund is administered by Westminster City Council (the 'Authority'), and the Pension Fund's accounts form part of the Authority's financial statements.

Therefore, as well as our general responsibilities under the Code of Practice a number of other audit responsibilities also follow in respect of the Pension Fund, such as:

- We read any other information published alongside the Authority's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.
- We consider our other duties under legislation and the Code, as and when required, including:
    - Giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
    - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
    - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
    - Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience and ensure that our work on going concern is proportionate for public sector bodies.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

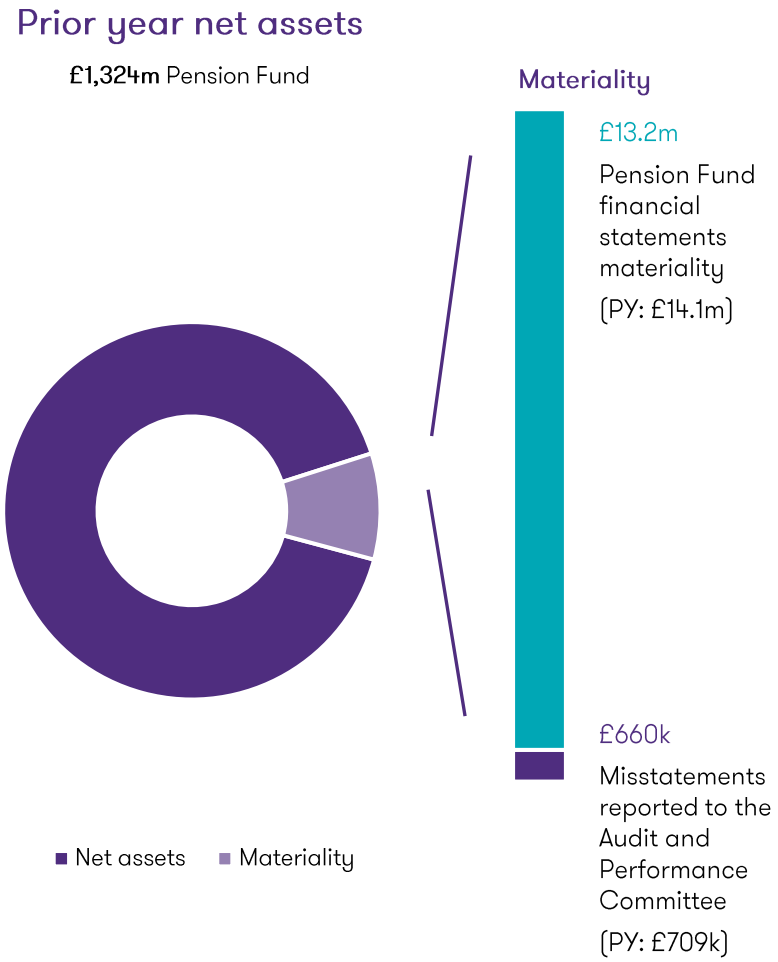
We have determined financial statement materiality based on a proportion of the net assets of the Pension Fund. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £13.2m (PY £14.1m), which equates to approximately 1% of the Fund's net assets at 31 March 2020.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

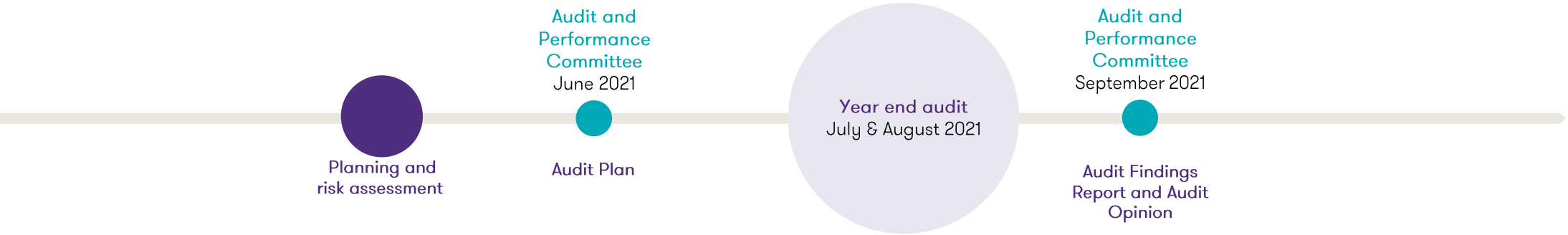
Matters we will report to the Audit and Performance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Performance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £660k (PY £709k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Performance Committee to assist it in fulfilling its governance responsibilities.



Audit logistics and team



Joanne Brown, Key Audit Partner

Joanne will be the main point of contact for officers and committee members. She will share her wealth of knowledge and experience across the sector providing challenge and sharing good practice, and ensure our audit is tailored specifically to you. Jon is responsible for the overall quality of our audit work, and will sign your audit opinion.

Laurelin Griffiths, Senior Manager

Laurelin will work with senior members of the finance team, ensuring that any issues that arise are addressed on a timely basis. She will attend Audit and Performance Committee and liaison meetings with Joanne, undertake reviews of the team's work, and ensure that our reports are clear, concise and understandable.

Tanyaradzwa Chikari, Audit Incharge

Tanyaradzwa will lead the onsite team and will be the day to day contact for the audit. She will monitor the deliverables, manage the query log with your finance team and highlight any significant issues and adjustments to senior management. Tanyaradzwa will undertake the more technical aspects of the audit, coach the junior members of the team and review the team's work.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

In 2018, PSAA awarded a contract of audit for the City of Westminster Pension Fund to begin with effect from 2018/19. The fee agreed in the contract was £16,170. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. We have engaged an audit expert to improve the level of assurance we require for our on the Pension Fund Investments and Pensions Liabilities, which has been included in our proposed audit fee. Our proposed work and fee for 2020/21 has not yet been finalised, but due to the changes in approach we anticipate that a fee variation will be needed. We will discuss this with management and those charged with governance in due course.

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
Pension Fund Audit	£19,170	£25,000	TBC

Assumptions

In setting the above fees, we have assumed that the Pension Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2019) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority.

Other services

No other services provided by Grant Thornton were identified.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

Appendix 1: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance

The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.

	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	✓
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	✓
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	✓
ISA (UK) 230 – Audit Documentation	January 2020	✓
ISA (UK) 240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	✓
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	✓
ISA (UK) 250 Section B – The Auditor's Statutory Right and Duty to Report to Regulators od Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	✓

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	✓
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	✓
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	✓
ISA (UK) 570 – Going Concern	September 2019	✓
ISA (UK) 580 – Written Representations	January 2020	✓
ISA (UK) 600 - Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	✓
ISA (UK) 620 – Using the Work of an Auditor's Expert	November 2019	✓
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	✓

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor's Report	January 2020	✔
ISA (UK) 720 – The Auditor's Responsibilities Relating to Other Information	November 2019	✔
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	✔

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City of Westminster

Audit & Performance Committee Report

Date:	**17 June 2021**
Classification:	**General Release**
Title:	**Work Programme**
Wards Affected:	**N/A**
Financial Summary:	**No direct financial implications arising from this report**
Report of:	**Head of Governance and Committee Liaison**
Report Author:	**Artemis Kassi** **Lead Scrutiny Advisor**

1. Executive Summary

1.1 The Committee is invited to consider its Work Programme for the 2021/22 municipal year attached at **Appendix 1**, and to confirm the agenda items for its next meeting on 14th July 2021.

1.2 The Committee is asked to note the actions which arose from its meeting on 2nd March 2020, as detailed in **Appendix 2**.

2. Recommendations

It is recommended that the Committee:

2.1 agree the agenda items for its next meeting on 14th July 2021, as set out in this report and Appendix 1; and

2.2 consider items for the future work programme for 2021/2022.

3. Choosing items for the Work Programme

3.1 The draft Work Programme for 2021/22 is attached at Appendix 1 to the report.

3.2 Members' attention is drawn to the Terms of Reference for the Audit and Performance Committee (attached to this report as **Appendix 2,**) which may assist the Committee in identifying issues to be included in the Work Programme.

3.3 The Work Programme will be reviewed at each meeting of the Committee and items can be removed or added as necessary.

3.4 The Committee is asked to focus on its meeting of 14th July and to consider receiving the Draft Accounts, the Annual Governance Statement, the Annual Opinion, the Annual Fraud Report and a report on Procurement at that meeting. In addition, officers are preparing a note for the meeting on 14th July on the implementation of the Redmond Review recommendations, including independent members in audit panels. This note will include suggested potential appointees, with the requirement that any suggested independent member will have knowledge of public sector accounts.

4. Task Groups

4.1 There are no Task Groups operating at present.

5. Monitoring Actions

5.1 The actions arising from each meeting are recorded in the Action Tracker attached as Appendix 2. Members are invited to review the work undertaken in response to those actions.

6. Resources

6.1 There is no specific budget allocation for the Audit and Performance Committee.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

Artemis Kassi, Lead Scrutiny Advisor/Statutory Officer

Tel: 078 1705 4991 or email: akassi@westminster.gov.uk

APPENDICES:

Appendix 1 – Work Programme 2021/22

Appendix 2 – Terms of Reference

BACKGROUND PAPERS: None

Work Programme 2021/2022

Audit and Performance Committee

17 June 2021

Agenda Item	Reasons & objective for item	Lead Officer
Performance Report	To review the City Council's performance at the end of the 2020/2021 financial year.	Gerald Almeroth (Finance) Pedro Wrobel/ Mo Rahman / Damian Highwood (Performance)
2020/21 Financial Outturn	To receive a report on the Revenue and Capital Outturn for 2020 - 2021	Gerald Almeroth (Finance)
Treasury Management Strategy Outturn 2020/2021	To note a report on the Treasury Management Strategy Outturn	Gerald Almeroth Phil Triggs (Finance)
External Audit Certification of Claims and Returns Annual Audit 2019/20	To note the annual external review of grants claimed through a grants certification process. This includes a summary of the review of the Housing Benefit Subsidy claim for 2019/20	Gerald Almeroth/ Martin Hinckley (Finance) Grant Thornton
External Audit Plan	To receive an overview of the planned scope and timing of the statutory audits of the City of Westminster and the Westminster Pension Fund	Gerald Almeroth (Finance) Grant Thornton
Work Programme 2021/2022	To review the work programme for the 2021/2022 municipal year	Artemis Kassi

14 July 2022

Agenda Item	Reasons & objective for item	Lead Officer
Period 2 Finance Report	To review and consider the report of the Executive Director of Finance and Resources	Gerald Almeroth (Finance)
Draft Accounts	To receive a report on the Draft Accounts	Gerald Almeroth Jake Bacchus (Finance)
Annual Governance Statement	To receive a report on the Annual Governance Statement for 2021 - 2022	Gerald Almeroth (Finance) David Hughes (Internal Audit)
Annual Opinion	To receive the Annual Opinion report on overall adequacy and effectiveness of the organisation's framework of governance, risk management and control	David Hughes Moira Mackie (Internal Audit)
Annual Fraud Report	To review work undertaken by the fraud service during the period 1 April 2020 to 31 March 2021.	Andy Hyatt (Anti-Fraud)
Work Programme 2021/2022	To review the work programme for the 2021/2022 municipal year.	Artemis Kassi

15 September 2021

Agenda Item	Reasons & objective for item	Lead Officer
Statement of Accounts 2020 / 2021	To receive and review the audited Statement of Accounts for the Council and the Pension Fund following a public inspection period of the accounts from 19th May 2020 to 1st July 2020	Gerald Almeroth (Finance)
Audit Findings Report 2020 - 2021 for the General Fund and Pension Accounts	To receive the report by Grant Thornton	Gerald Almeroth (Finance) / Grant Thornton

29 September 2021

Agenda Item	Reasons & objective for item	Lead Officer
Immunisations	To monitor and review progress (including the Covid-19 vaccination programme) since the previous report to the Committee of 23 September 2020	NHSE/ Anna Raleigh/Natalia Clifford/Jeffrey Lake/Sarah Crouch
Finance & Performance Business Plan Monitoring Report	To monitor the City Council's financial position including revenue forecast outturn, revenue expenditure including key risks and opportunities, capital expenditure and HRA revenue and capital expenditure and reserves. To monitor Quarter 1 performance results against the 2021/2022 business plans	Gerald Almeroth (Finance) Pedro Wrobel/ Damian Highwood/ Mo Rahman (Performance)
Work Programme 2021/2022	To review the work programme for the remainder of the municipal year	Artemis Kassi
	OTHER ITEMS TO BE CONFIRMED	

1 December 2021

Agenda Item	Reasons & objective for item	Lead Officer	
	TO BE CONFIRMED		

16 February 2021

Agenda Item	Reasons & objective for item	Lead Officer
	TO BE CONFIRMED	

13 April 2022

Agenda Item	Reasons & objective for item	Lead Officer
	TO BE CONFIRMED	

Unallocated Work Programme Items

Agenda Item	Reasons & objective for item	Lead Officer
Metropolitan Police Basic Command Unit	To monitor and review the performance of the Metropolitan Police Service Basic Command Unit for Westminster.	Metropolitan Police Service / WCC officer tbc

APPENDIX 2

AUDIT AND PERFORMANCE COMMITTEE TERMS OF REFERENCE

CONSTITUTION

The Audit and Performance Committee is composed of four Members of the Council, three Majority Party Members and one Minority Party Member, but shall not include a Cabinet Member.

TERMS OF REFERENCE

Audit Activity

1. To consider the head of internal audit's annual report including the auditor's opinion on the Council's control environment and a summary of internal audit and anti-fraud activity and key findings.
2. To consider reports, at regular intervals, which summarise: the performance of the Council's internal audit and anti-fraud service provider/s audits and investigations undertaken and key findings progress with implementation of agreed recommendations
3. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
4. To consider specific reports as agreed with the external auditor.
5. To comment on the scope and depth of external audit work and to ensure it gives value for money.
6. To liaise with the Audit Commission over the appointment of the Council's external auditor.
7. To comment on the proposed work plans of internal and external audit.

Regulatory Framework

8. To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
9. To review any issue referred to it by the Chief Executive or a Director, or any Council body.
10. To monitor the effective development and operation of risk management and corporate governance in the Council.

11. To monitor Council policies on ‘Raising Concerns at Work’, the Council’s complaints process and the Antifraud and Corruption Strategy; specifically, the effectiveness of arrangements in place to ensure the Council is compliant with the Bribery Act 2010.

12. To oversee the production of the authority’s Statement on Internal Control and to recommend its adoption.

13. To consider the Council’s arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

14. To consider the Council’s compliance with its own and other published standards and controls.

15. To maintain an overview of the arrangements in place for maintaining High Ethical Standards throughout the Authority and in this context to receive a report annually from the Director of Law and the Chief Finance Officer.

Accounts

16. To review the annual statement of accounts and approve these for publication. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

17. To consider the external auditor’s report to those charged with governance on issues arising from the audit of the accounts.

Performance Monitoring

18. To review and scrutinise the financial implications of external inspection reports relating to the City Council.

19. To receive the quarterly performance monitoring report and refer any issues which in the Committee’s view require more detailed scrutiny to the relevant Policy and Scrutiny Committee.

20. To review and scrutinise personnel issues where they impact on the financial or operational performance of the Council including but not limited to agency costs, long-term sickness, ill health early retirements and vacancies.

21. To review and scrutinise Stage 2 complaints made against the City Council and monitor progress.

22. To consider and advise upon, prior to tender, the most appropriate contractual arrangements where a proposed contract has been referred to the Committee by the Chief Executive.

23. To maintain an overview of overall contract performance on behalf of the Council.

24. To review and scrutinise contracts let by the Council for value for money and adherence to the Council's Procurement Code.

25. To review and scrutinise the Council's value for money to Council tax payers.

26. To scrutinise any item of expenditure that the Committee deems necessary in order to ensure probity and value for money.

Staffing

27. To advise the Cabinet Member for with responsibility for Finance on issues relating to the remuneration of all staff as necessary.

28. In the course of carrying out its duties in respect of 27 above, to have regard to the suitability and application of any grading or performance related pay schemes operated, or proposed, by the Council.

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