

Annual Accounts

Westminster City Council • 2019/20



Contents

1. MEMBER PREFACE AND ANNUAL GOVERNANCE STATEMENT 2019/20

Member Preface
Page 005

Annual Governance Statement 2019/20
Page 006

2. WRITTEN STATEMENTS AND EXECUTIVE DIRECTOR'S NARRATIVE REPORT

Executive Director's Narrative Report
Page 014

Independent Auditor's Report to the Members of Westminster City Council
Page 028

Statement of Responsibilities for the Statement of Accounts
Page 030

3. CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement
Page 032

Movement in Reserves Statement
Page 034

Balance Sheet
Page 036

Cash Flow Statement
Page 038

4. NOTES TO THE ACCOUNTS

Supporting the Core Financial Statements
Page 039

Supporting the Comprehensive Income and Expenditure Statement
Page 049

Supporting the Movement in Reserves Statement
Page 074

Supporting the Balance Sheet
Page 083

Supporting the Cash Flow Statement
Page 127

Other Notes
Page 131

5. GROUP ACCOUNTS

Group Accounts and Explanatory Notes
Page 142

6. SUPPLEMENTARY ACCOUNTS AND NOTES

Housing Revenue Account (HRA) Statements
Page 162

Housing Revenue Account (HRA) Explanatory Notes
Page 165

Collection Fund Accounts
Page 167

Collection Fund Explanatory Notes
Page 170

Pension Fund Accounts and Explanatory Notes
Page 174

7. GLOSSARY AND CONTACTS

Glossary of Terms
Page 211

Note References
Page 217

Contact Information
Page 219

The Statement of Accounts for Westminster City Council for the year ended 31 March 2020 has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Board.



1.
Member
Preface
and Annual
Governance
Statement
2019/20

Member Preface

INTRODUCTION TO THE 2019/20 STATEMENT OF ACCOUNTS BY CABINET MEMBER FOR FINANCE PROPERTY AND REGENERATION, COUNCILLOR MELVYN CAPLAN

The 2019/20 financial year proved a challenging, but successful year with a lot of change as the Council appointed a new leader and cabinet in January 2020. The Covid-19 pandemic impacted at the very end of the year and therefore the full impact of this is not reflected in these statement of accounts. However, the Council are expecting significant challenges in the year ahead as it deals with the on-going crisis.

The Council have also updated its City for All priorities to focus on our vibrant communities, being cleaner and greener environment and a smart city

Headlines of our achievements in the year include:

- Remaining on course to build more than 1,850 new affordable homes by 2023.
- Funded 106 local organisations, through the MyWestminster Fund, to the tune of £600,000 for local projects to benefit their communities
- Improved our planning system to make it more transparent and easier for residents to use, including introducing live video streaming of our planning committees
- Created 110 apprenticeship opportunities with Westminster-based employers

- Inspired 800 young people to become interested in the creative industries through our City Lions programme, which is particularly targeted at those from underprivileged backgrounds. In addition to the above, for 2019/20 we have set a deliverable budget which includes circa £36m of financial savings through efficiency programmes and income generation activities, with minimal impact to front line services.

In 2020 we took the tough decision to increase council tax by 1.43%, in line with inflation, in addition to the 2% precept for adult social care. This increase will help to deliver services for all of our residents. However, our Band D council tax (the average for most people) remains the lowest in the country.

COUNCILLOR MELVYN CAPLAN, CABINET MEMBER FOR FINANCE, PROPERTY AND REGENERATION

Annual Governance Statement 2019/20

INTRODUCTION

Local authorities are responsible for ensuring that:

- business is conducted in accordance with all relevant laws and regulations
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to deliver agreed priorities and benefit local people.

The CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) also expects local authorities to put in place proper governance arrangements to ensure that these responsibilities are being met.

The Council's Audit and Performance Committee reviews governance arrangements, risk registers and quarterly performance reports. Their role is to recommend improvements or interventions if expected performance is not being achieved, or if gaps in current arrangements have been identified.

KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

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

Council, Cabinet and Leader

- Provide leadership, develop and set policy
- Develop and set policy to maintain the City's global standing
- Uphold Codes of Corporate Governance and expected standards of behaviour
- Support the City's diverse communities and distinctive neighbourhoods

Decision making

- All meetings are held in public
- Scrutiny committees review policy and can challenge Council decisions
- Cabinet members cannot scrutinize their own decisions
- All decisions and minutes of meetings are recorded on the Council website

Risk management

- Risk registers identify operational and strategic risks and explain how these are being addressed
- Key risks are considered by ELT and Audit and Performance Committee
- Officers monitor activities of group companies and key partnerships

Executive Leadership Team (ELT)

- Head of Paid Service is the Chief Executive who is responsible for all Council staff and for leading an effective corporate management team (ELT)]
- Executive Director of Finance and Resources is the Council's s.151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money.
- Monitoring Officer is the Council's Director of Law who with the Chief Executive is responsible for ensuring legality and promoting high standards of public conduct

Annual Governance Statement (continued)

HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

The Council has arrangements in place to meet all relevant requirements of the CIPFA/Solace Framework. The 7 “core principles” underpinning the Framework are set out below together with a summary of new or enhanced arrangements introduced in 2019/20.



PRINCIPLE A Behaving with integrity, and respecting the rule of law	The Council has a robust Code of Corporate Governance for elected members and officers, this was updated and revised for 2019/20. Specific guidance for Members involved in planning matters was also revised during the year. Another key change has been the appointment of Safecall as an independent whistleblowing provider in 2019/20.
PRINCIPLE B Ensuring open and comprehensive stakeholder engagement	The Open Forum is a new way for residents and community organisations to exchange ideas, collaborate, and let the Council know their views by participation in: <ul style="list-style-type: none"> • 3 public meetings each year • an online community and new community knowledge bank.
PRINCIPLES C AND D Defining, optimising and achieving outcomes	A key change in 2019/20 has been the development of the Corporate Change Programme Board to ensure that all new initiatives are strategically consistent, financially viable and delivered in line with Council plans. This maximises value for money and avoids potential duplication or waste.
PRINCIPLE E Developing capacity and capability	The Council has continued to develop the capacity and capability of its staff by: <ul style="list-style-type: none"> • launching an innovative Personal Development framework • implementing new parental leave and transitioning at work policies • rolling out new technology that supports agile working. • introducing new HR systems so that teams can be managed in a much more effective way.
PRINCIPLE F Managing risks and performance	2019/20 has seen significant improvements to IT governance arrangements and Data Protection arrangements. Other improvements include: <ul style="list-style-type: none"> • better option appraisal and financial management processes for capital schemes • a corporate Performance Dashboard.
PRINCIPLE G Implementing transparent decision making, reporting, and accountability	All Committee meetings open to the public are now broadcast live on the Council website. Smarter use of Business Intelligence technology is streamlining Council processes, improving accessibility to data and supporting evidence-based decision making.



REVIEW OF EFFECTIVENESS

The Council uses several ways to review assess the effectiveness of governance arrangements, as set out below:

Inspections and assessments

Children’s Services across the Council have been given a clean sweep of outstanding ratings by Ofsted . Inspectors highlighted that:

- excellent services for vulnerable children result in long-term positive changes for children and families
- early intervention and a sensible approach means that more children can remain safely with their families.
- when children do need to come into care, the service does this at the right time, sensitively and mirroring what birth families provide

Assurances from Internal and External Audit

The annual report and opinion of the Head of Internal Audit for 2019/20 states that the Council’s internal control environment and systems of internal control in the areas audited were adequate except for the following areas

Issues Identified for 2019/20

Planned Action

Improvements to controls and clarity on roles and responsibilities in respect of Adult Social Care finances.

Improvements to be considered as part of a wider review of Adult Social Care which is expected to report during 2020.

Housing complaints are not fully integrated with corporate systems and reporting.

Improvements will integrate Housing complaints within corporate management and reporting.

The Council’s external auditor, Grant Thornton, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. The most recent Audit Letter, issued in August 2019, confirmed that they had been able to give an unqualified audit opinion in respect of the Council’s 2018/19 Statement of Accounts and to issue an unqualified opinion in respect of value for money, subject to some recommendations which are detailed in the 2018/19 audit findings report.

Annual Governance Statement (continued)

Self-assessment and review of key performance indicators

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

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

Key performance indicators	Outcomes 2019/20
Reports by s151 or Monitoring Officer	None issued
Proven frauds by councillors or members of staff	None in 2019/20
Ombudsman referrals 2018/19	50% (9) of referrals upheld (national average 58%)
Objections from local electors	None in 2019/20
Internal audit reports	2 high risk areas identified as shown above
Group activities	No governance issues to address in 2019/20
Complaints about elected members	One complaint (dealt with by informal resolution)

Annual Governance Statement (continued)

KEY GOVERNANCE ISSUES

Last year's Annual Governance Report highlighted three key areas for improvement. The table below sets out action taken to address these issues during 2019/20:

Issues Identified in 2018/19

Actions to date

A number of shared service (s113) areas transitioned from a Tri-Borough to a bi-borough arrangement.

Successful s113 arrangements have been identified and will remain. Assurance reviews of services which transitioned from Tri-Borough to bi-borough or in-house arrangements will continue to take place to ensure these are delivering expected outcomes.

The housing contract with City West homes was terminated with effect from 1 April 2019.

Social housing has been brought back under Council control with responsibilities assigned to Council committees, Executive Directors and Cabinet Members in line with existing constitutional arrangements. Work has been completed to incorporate these new functions into existing corporate governance arrangements, improve service delivery and establish regular engagement with council tenants.

Need to ensure compliance with Freedom of Information and Subject Access Requests.

Improvements have been identified and addressed including, reviewing and updating procedures, accurate recording of requests and timely response to enquiries. More detailed information will be included in departmental registers in 2020/21.

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

- Supporting businesses - Rate relief coupled with grants for businesses in the retail, hospitality or leisure sector have to date helped around 4,500 businesses
- Supporting residents – the Council is making contact with vulnerable residents and tenants and is working with partners to proactively support rough sleepers. Residents who have serious underlying health conditions have been identified and there are processes in place to support this highly vulnerable group
- Volunteering opportunities – an interactive map on the Council website provides details of local organisations that are assisting residents through COVID-19, the kinds of support they offer, and how to get in touch

Virtual Council meetings are taking place to maintain open and transparent decision making whilst observing social distancing. COVID-19 pages on the Council website are updated daily and provide further information see <https://www.westminster.gov.uk/coronavirus>

Annual Governance Statement (continued)

Other key strategic risks for 2019/20 have been identified as follows:

Issues Identified for 2019/20 (from risk register)

Planned Response

The impact of Brexit on Council services and communities across Westminster

The Brexit Strategy Board has established a series of contingency plans and there is ongoing liaison with the London Resilience Forum, Government departments and other local authorities to provide joint solutions for any problems caused by Brexit.

A significant incident occurring in Westminster (e.g. weather event, fire, terror attack, etc.)

Plans are in place to safeguard business continuity and respond to major incidents. Learning outcomes from previous major incidents are used to inform future plans.

Providing affordable housing remains a key issue despite a number of successful initiatives to date

To accelerate capacity the Council has set up Westminster Housing Investments Limited to work in partnership with the private sector and deliver a substantial affordable housing programme.

Annual Governance Statement (continued)

CONCLUSION

The Council is satisfied that appropriate governance arrangements have been maintained in 2019/20. It recognises however that these arrangements are designed only to manage risk down to a reasonable level and cannot provide absolute assurance that the Council will successfully deliver all of its policies, aims and objectives.

We remain committed to maintaining and where possible improving these arrangements, by:

- Addressing issues identified by Internal Audit
- Focussing on key risks and areas for improvement
- Continuing regular, open and transparent engagement with local people.



Cllr Rachael Robathan

Leader of Westminster City Council

xxth September 2020



Stuart Love

Chief Executive of Westminster City Council

xxth September 2020



2.

Written Statements and Executive Director's Narrative Report

Executive Director's Narrative Report

WESTMINSTER CITY COUNCIL OVERVIEW AND EXTERNAL ENVIRONMENT

1. THE CITY OF WESTMINSTER

Westminster is the UK's political and cultural centre, containing world-renowned theatres, restaurants, hotels and entertainment. Businesses in the city generate around £54bn of the UK's economic output, more than any other single local authority area.

Westminster is a unique place, home to Monarchy, Government, almost 11,000 listed buildings as well as the West End and Soho, two of the most creative and exciting locations in the world. Westminster is also home to over a quarter of a million people, living in distinctive and well-known neighbourhoods, which are an important part of this great city. Westminster is seen as an affluent place, but it also faces significant challenges: responding to a highly mobile population, tackling wealth and other inequalities, managing increasing demand for services and now dealing with the impact of a global pandemic. Approximately 1 million daytime visitors come into Westminster every day, and whilst bringing significant economic benefit, this level of daily movement places a strain on the City's infrastructure, environment and resources.

2. COVID-19 PANDEMIC

The Covid-19 pandemic has had a considerable impact on the Council. The Government's lockdown, announced on 23rd March 2020, has meant that many of the businesses at the heart of the West End have been forced to close – significantly impacting on

the local economy, which in turn impacts on the Council's commercial income. Furthermore, the Council has had to put considerable resources into ensuring that rough sleepers are safe during this period and that the most vulnerable in our community are cared for. This comes with additional cost pressures.

Financial Impact

These additional costs have not had a dramatic impact on the financial outturn for 2019/20 as the pandemic only started to make a notable impact on the public's and businesses' behaviour in the last two weeks of March. However, the true scale of its impact on the Council's finances will be felt during 2020/21. The Council is expecting substantial losses across many of its largest streams of commercial income. These include parking, commercial waste, licensing fees, registrars and planning fees. As with any recession, investment income is anticipated to reduce which will create further pressures on the Council's finances. On the expenditure front some of the key areas of additional pressure will include accommodation and support for rough sleepers, temporary mortuary costs and additional costs in supporting our most vulnerable adults and children – some of whom may not have required our support previously.

It is difficult to quantify the impact of Covid-19 at this stage with any certainty, but the financial pressure on the Council will be substantial – even after the Government's emergency Covid-19 funding for local authorities is taken into account. Due to the Council's reliance on commercial income and fees and charges

and consequently its exposure to the economic cycle, the Council has sought in recent years to build up the general fund balance to ensure the Council is financially resilient in a recession. The Council is therefore in a position to draw upon its general fund reserve balance in 2020/21 to balance its budget. This is similar to the approach the Council took during the financial crisis before it then proceeded to build back reserves over the subsequent decade.

Moving forward, the Council will reset its Medium Term Financial Plan (MTFP) in recognition of the impact of the pandemic and the Council's strategic objectives. The Covid-19 crisis has meant that the Council has had to review what its most critical services are and which are required to still be operational even during a global pandemic. The changing environment and "new normal" in which we are likely to find ourselves will require the Council to review the services it provides, its delivery models and the outcomes that are of the highest priority. This will also require the Council to review the structural position of its budget and how that needs to change going forward.

Summary

The coronavirus pandemic has had a profound impact on all aspects of life in Westminster. Through 2020/21 the Council will adopt a pro-active evidence-led approach to ensure that it responds to the emerging needs of residents and businesses. Anticipated impacts for example include an increased need for employment services, homelessness prevention, mental health and business support services.

3. OTHER LOCAL GOVERNMENT FUNDING ISSUES

Fair Funding Review and Business Rates Retention

The government have announced that the Fair Funding Review (FFR) and Business Rates Retention (BRR) will not be implemented in April 2021 as originally planned. Council officers will continue to work with the Government on informing the approach to funding for the next financial year and beyond.

4. CITY FOR ALL

In March of this year the Council refreshed its City for All Strategy to align it to the Council's key objectives in an ever-changing external environment. The three pillars of the Council's City for All programme of activity are:

- **Greener and Cleaner:** Tackling the climate emergency to create a better place now and to safeguard our city for future generations.
- **Vibrant Communities:** Making the most of the opportunities in the City, supporting the economic recovery of businesses and well-being of residents, and building much needed affordable housing.
- **Smart City:** Using cutting edge technology to transform council services and improve peoples' lives.

The Council will be reviewing agreed City for All commitments for 2020/21 in the light of the pandemic in order to respond to the changing needs

from residents and businesses as a clearer picture of this emerges.



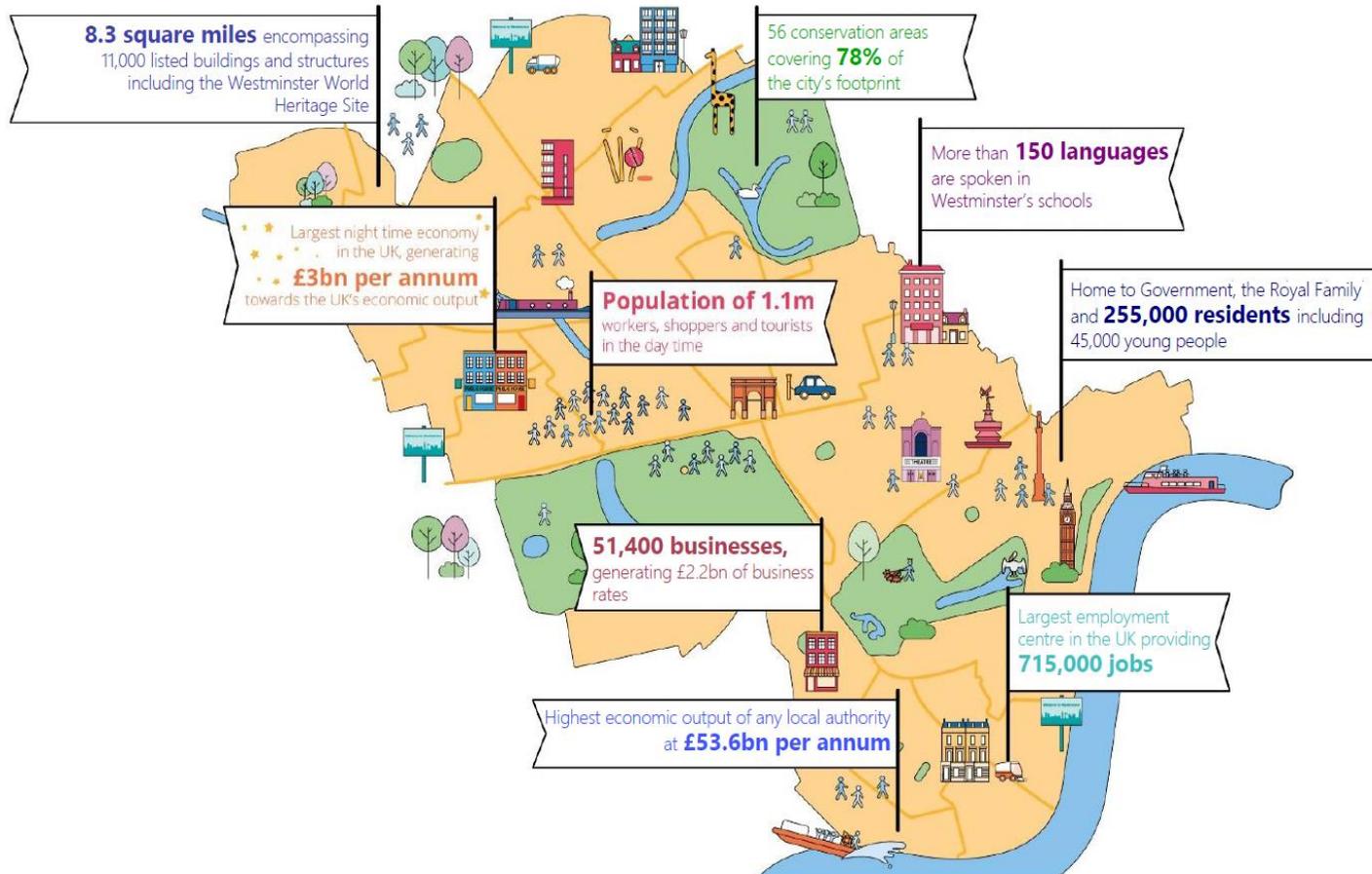
Gerald Almeroth

Executive Director – Finance and Resources
Section 151 Officer

Westminster City Council

xx September 2020

About the City



About the Council



Delivered over
600 new affordable homes since 2017 – and we are on track to deliver more than 1,850 by 2023



Raised over £1m through the voluntary Community Contribution Fund for local organisations to spend on tackling rough sleeping and helping socially isolated residents and young people



Overall resident satisfaction with the council at a record high of **88%**



86% of residents said that different communities in Westminster get on well together



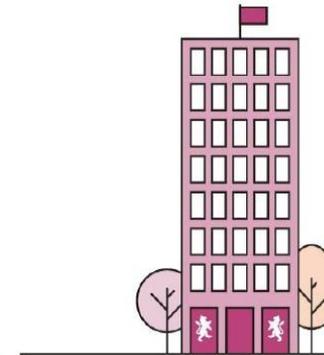
Invested £500k in youth services which includes funds for five youth hubs and 17 youth projects



Children's Services judged **"outstanding"** by Ofsted, one of only two in the country



Declared a climate emergency, signalling our intention to become a **carbon neutral city by 2040**



Supported **over 1,000** unemployed residents into work



Upgraded **745** empty council houses to the best standard, and designed to be dementia friendly, with more planned this year



Collected **over £71m** in Community Infrastructure Levy charges to improve infrastructure for residents including schools, green spaces, community centres and roads

Executive Director's Narrative Report (continued)

WESTMINSTER CITY COUNCIL GOVERNANCE

Westminster City Council is a broad and complex organisation. Policies are directed by the political leadership (Leader and Cabinet) and implemented by the Executive Leadership Team (ELT).

5. POLITICAL STRUCTURE IN 2019/20

The Council is made up of 60 councillors for 20 wards. The political make-up of the Council during 2019/20 was:

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

The Council elected a new leader in January 2020 – Cllr Rachael Robathan, who subsequently appointed Cabinet Members for various portfolios and the delegation of executive functions.

The Council has a statutory duty to set a balanced budget and this underwent scrutiny via the Budget and Performance Task Group in January 2020. Thereafter the Council's Medium Term Financial Plan, Capital Strategy, HRA Business Plan and Treasury Management Strategy were all approved by Full Council in March 2020.

6. CHIEF OFFICER STRUCTURE

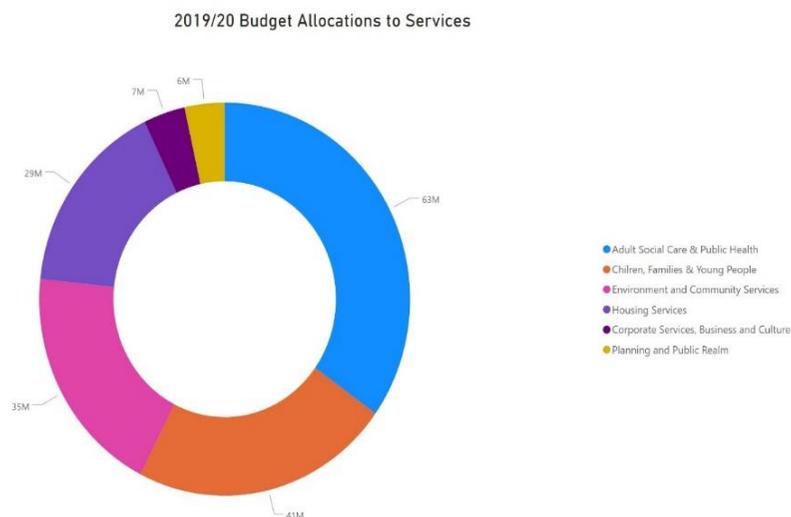
Councillors are supported by ELT, which is headed by the Council's Chief Executive, Stuart Love. ELT are responsible for the overall management of the Council, for setting and monitoring overall direction and ensuring high performance in the delivery of council services. Including the Chief Executive, ELT is

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

FINANCIAL PERFORMANCE

7. 2019/20 FINANCIAL PLANNING

A net budget of £181m for 2019/20 was approved by Cabinet and Full Council in February and March 2019. This included £35.8m of savings through a combination of financing, commercial, transformation and efficiency activities. Councillors also agreed a 2.1% increase in Council Tax and 2% increase for the Adult Social Care Precept. The 2019/20 outturn position is within 1% of the overall budget – an underspend of £530k. This is reflective of strong financial management through a monthly budget monitoring and challenge process which ensures that budget managers and directors are held accountable for variances to budgets, with monthly budget monitoring reports being submitted to ELT and Cabinet members and published quarterly through the Audit and Performance Committee. The 2019/20 budget allocations are outlined below:



8. MEDIUM TERM FINANCIAL PLAN: 2020/21 TO 2022/23

The Council has moved towards a three-year Medium-Term Financial Plan (MTFP) for 2020/21 onwards. This will further enhance the Council's financial planning and ensure strategic and operational decisions are based upon a robust understanding of the Council's medium-term financial resources. The Council's medium-term financial position, as reported to Council in early March, is outlined below:

Budget Gap	2020/21 £'m	2021/22 £'m	2022/23 £'m	Total £'m
Core Funding Changes	1.805	4.239	4.233	10.277
Total Service Pressures	7.972	3.876	10.000	21.848
Other Budget Changes	9.122	25.905	28.456	63.483
Estimated Budget Gap	18.899	34.020	42.689	95.607
Savings Proposed to Date	(18.899)	(9.177)	(4.080)	(32.156)
Savings to be Identified	0.000	(24.843)	(38.609)	(63.452)
Balanced General Fund	0.000	0.000	0.000	0.000

As outlined earlier in this report, the medium term plan will be revisited in light of the Covid-19 pandemic.

An update on the Council's MTFP, along with an analysis of the financial impact on the Council of Covid-19 will be provided to Cabinet during the year. A new medium term plan for 2021/22 to 2023/24 will then be submitted to Cabinet and Full Council for approval in February/March 2021.

Executive Director's Narrative Report (continued)

9. CAPITAL STRATEGY

The Council has an ambitious five-year capital investment programme of over £2bn, including:

- Housing delivery schemes which will enable the Council to achieve its target to deliver 1,850 new affordable homes by 2023. Including the Luton Street and Parsons North developments.
- Commenced construction on the first scheme to be delivered by the Council's subsidiary housing company
- Investment to ensure the continued success of the West End as a business, leisure and heritage destination.
- New and improved leisure, adult social care and educational facilities.
- More commercial space for new and established businesses.
- Improved cycle paths, transport management systems, roads, bridges and footpaths. This expenditure is financed from a combination of capital

receipts, grant funding and the Council's own financial resources. The table below shows the 2019/20 capital expenditure position. The expenditure variance to budget is approximately 30%, primarily due to reprofiling of some of the Council's largest developments and unused contingency budgets.

	2019/20 Expenditure Budget £000	2019/20 Income Budget £000	Outturn Expenditure £000	Outturn Income £000	Expenditure Variance £000
Adults	500	(500)	135	(135)	(365)
Children's	10,201	(7,663)	5,566	(4,386)	(4,635)
Growth, Planning and Housing	98,081	(36,458)	77,151	(35,122)	(20,930)
City Management & Communities	60,820	(26,890)	50,941	(29,158)	(9,879)
Finance and Resources	40,776	0	8,757	(4,538)	(32,019)
Westminster Housing Investment Limited	11,325	0	10,342	0	(983)
Projects Funded from FCR	13,508	0	11,622	(11,622)	(1,886)
Total	235,211	(71,511)	164,514	(84,961)	(70,697)



Luton Street



Parsons North/Venice Court

Executive Director's Narrative Report (continued)

10. CASHFLOWS & ASSETS

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

- Collecting over £2bn of Business Rates, the largest amount in the country. The Council keeps only a small proportion of this.
- Collecting £105m in Council Tax
- Administering the City of Westminster Pension Fund which provides pensions to over 5,900 pensioners and has 4,300 active members.
- Managing a £3.4bn portfolio of land, buildings and other assets.
- Spending nearly £1bn each year on Council services.
- Accounting for £1bn per annum of fees, charges, rents, and grant funding which are used to help deliver services and keep council tax down.
- Proactively investing cash and investment balances totalling over £1bn.

CAPITAL CASHFLOWS



REVENUE CASHFLOWS



Executive Director's Narrative Report (continued)

11. GROUP FINANCIAL PERFORMANCE

NET ASSETS £2,680M (£2,480M AT 31 MARCH 2019)

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

GROUP ACCOUNTS £2,734M (£2,518M AT 31 MARCH 2019)

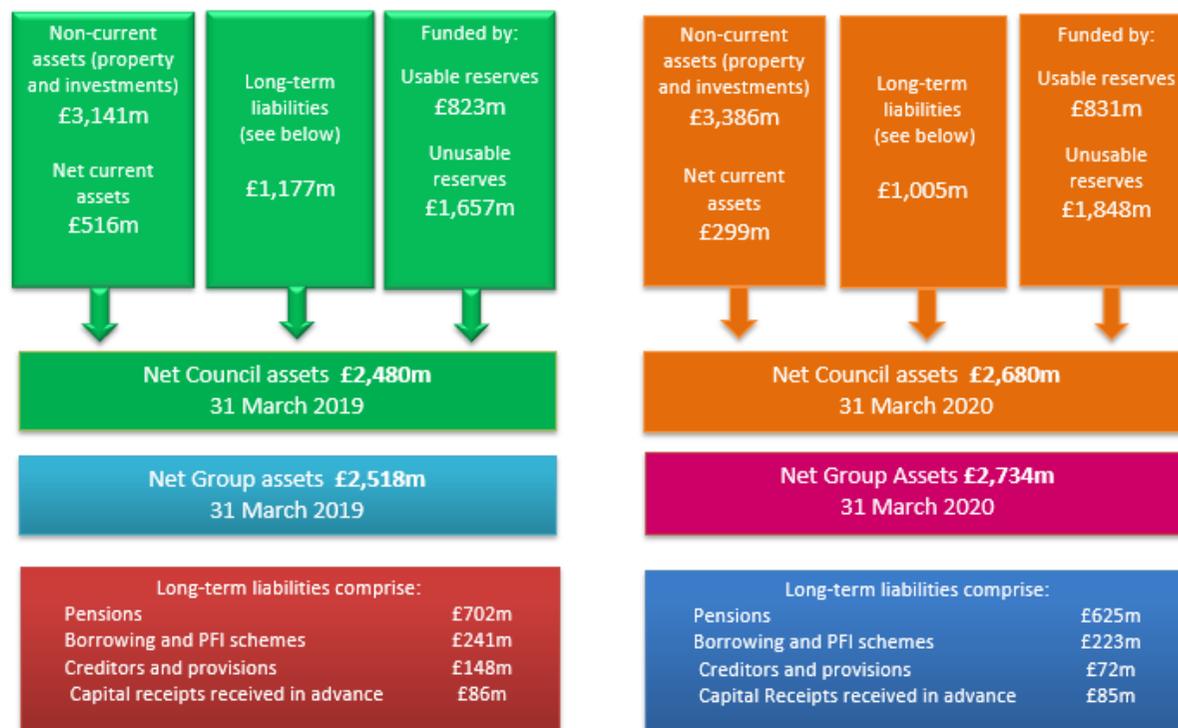
Group accounts provide an overview of organisations subject to Council control. In 2019/20 these were:

Westminster Community Homes Limited – a housing development vehicle.

WestCo Trading Limited – offer Council services to public sector clients.

Westminster Housing Investments Group – delivery of affordable housing

Paddington Recreation Ground charity - maintains the park as open space in perpetuity.



FINANCIAL PERFORMANCE (CONTINUED)

12. PENSION LIABILITIES £625M

The Council had net future pension liabilities of £625m (£702m as at 31 March 2019) on an IAS19 basis. The City of Westminster Pension Fund is independently revalued every three years by an independent actuary to set future contribution rates. The most recent actuarial revaluation, as at 31 March 2019, assessed the funding level at 100%. When the Pension Fund is in deficit, it generates an interest cost which would not occur if it were fully funded. The Council's decision to make increased deficit recovery payments in recent years has significantly reduced both the overall pension fund deficit and the total interest payable by the Council to the Pension Fund.

The ongoing impact of the Covid-19 pandemic has created uncertainty surrounding illiquid asset values and significant volatility in equity and credit markets. Despite the Council's share of the Pension Fund assets falling by £51m, the net liability has fallen by £77m. This is due to a significant reduction in the pension fund liabilities of £126m. The future value of pension liabilities is determined by the discount rate, which is based on the yield on investment grade corporate bonds. As the spread on corporate bonds has increased, it has led to an increased discount rate which reduces the future value of liabilities.

13. HOUSING REVENUE ACCOUNT

The Council owns approximately 12,000 homes generating rental income of over £73m in the year (£75m in 2018/19). This income is held in a ring-fenced account (the Housing Revenue Account, or HRA) which can only be used for social housing purposes.

The Council is planning to spend over £895m in the next five years to increase and improve its social housing stock.

The HRA has reserves of £17.365m (£17.234m in 2018/19) and a net revenue surplus of £131k (deficit of £17.301m in 2018/19).

14. PROVISIONS AND CONTINGENCIES

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

The council currently holds £124.5m of provision for repayment in the future of which £117.5m relates to the 2017 Rateable Value list and £7m for the 2010/2005 Rateable Value list.

NON-FINANCIAL PERFORMANCE

15. ACHIEVEMENTS

Delivering a City for All

We have a relentless focus and work hard for our communities, meaning we have an excellent foundation to continue delivering a City for All. Here are just some of our proudest achievements so far:

- Nine out of ten residents were satisfied with how we keep our streets clean and regularly collect bins
- Introduced 20mph speed limits around 39 schools in Westminster
- Supported over 1,000 residents to stay in their local community by making improvements to their home
- Prevented 220 families from being at risk of homelessness
- Officially became a London Living Wage employer in 2019
- Our state-of-the-art care home, Beachcroft, is nearing completion. It will incorporate the latest technology and include facilities such as a dementia-supportive garden
- Brought together 5,000 residents to celebrate our third annual MyWestminster Day in June 2019
- Agreed a new protocol with power and utility companies to make sure roadworks are coordinated and disruption is minimised
- Won 11 London in Bloom awards for our parks, gardens and cemeteries
- Gained over 14,000 supporters for our #DontBeldle campaign to cut engine idling at the kerbside
- Helped 42,600 children in Westminster get the best start in life through our healthier schools programme
- Inspired 800 young people to become interested in the creative industries through our City Lions programme, which is particularly targeted at those from underprivileged backgrounds
- Created 110 apprenticeship opportunities with Westminster-based employers
- Helped 600 residents to start-up businesses through our PopUp Business School
- Trialled electric-powered waste collection vehicles to reduce carbon emissions
- Secured £2.8m for a European Regional Development Fund project that aims to connect small and medium-sized enterprises within Westminster to superfast broadband connectivity. The programme has connected 600 businesses to date
- Helped over 1,200 people #EndTheNightRight thanks to our Soho Angels – reducing the burden on local NHS services
- Funded 106 local organisations, through the MyWestminster Fund, to the tune of £600,000 for local projects to benefit their communities
- Another successful West End LIVE attracted crowds of more than half a million people, boosting the local economy
- Celebrated community heroes, who volunteer to make Westminster a great place to live through the MyWestminster Community Awards
- Installed more electric vehicle charging points than any other local authority, with many more planned. So far, we have delivered 470 charging points which equates to 59 per square mile and eight times more points per resident head than the UK average
- Revolutionised our planning system to make it more transparent and easier for residents to use, including introducing live video streaming of our planning committees
- Improved the Report It section of our website, allowing residents to tell us about incidents across the city instantly online
- Partnered with universities in Westminster to find technological solutions to our biggest challenges, improve service delivery and save residents money
- Engaged over 28,000 residents as part of our Community Champions programme to improve the health and wellbeing of people living in their local area
- Supported over 738 residents with disabilities, health conditions and significant barriers to employment into work placements, paid work and apprenticeships. The council is a proud role model of this initiative – we negotiate opportunities through social value and Section 106, and have opened our own social enterprise café
- Over 4m visits to our sports and leisure facilities

NON-FINANCIAL PERFORMANCE (CONTINUED)

16. PEOPLE STRATEGY

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

The council, through the Westminster Way, puts great emphasis on driving an organisational culture that develops and supports its people so staff thrive and deliver their very best for Westminster's communities and thereby achieve the council's City For All vision. The council not only invests significantly in its people across the organisation through learning and development but also enables staff to work in an agile manner providing them with the necessary tools, equipment and skills to do so.

The Westminster Way champions inclusion and diversity and ensures that the council recruits and nurtures diverse talent. It also ensures that there is an inclusive culture where everyone is encouraged to be themselves. Westminster celebrates the diversity of its workforce and hosts events throughout the year to champion different communities, bringing the workforce together and creating opportunities for learning and discussion.

The Westminster culture is driven by the recognition of the following, which serve as the key pillars of the Westminster Way.

- Everyone has talent
- Everyone is valued
- Everyone is a leader

Executive Director's Narrative Report (continued)

17. TOP STRATEGIC RISKS FOR UPCOMING YEAR

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

Risk	Impact	Mitigation
Covid-19 pandemic	The coronavirus pandemic has had a profound impact on all aspects of life in Westminster. Anticipated impacts include increased need for employment services, homelessness prevention, mental health and business support services.	Strategic and Tactical Delivery Groups are taking place with participation from all council directorates. These groups are coordinating responses to business continuity, staff health and safety, human resource guidance alongside the impact on service delivery and vulnerable groups. All service areas have reviewed their business continuity plans with a focus on service delivery in the event of a reduced workforce. A pandemic exercise pack has been developed and cascaded to service areas to allow them to test and exercise their business continuity plans in a range of scenarios. Generic risk assessment for WCC colleagues has been developed both for office based and front-line staff. Control measures have been implemented as appropriate. London wide SCG is coordinating activity across London.
The Council fails to meet its safeguarding responsibilities for a child, young person or adult	Vulnerable children and adults are not protected in line with statutory requirements.	Activities are monitored by the Local Safeguarding Board and staff are expected to attend safeguarding training. Regular case reviews and audits take place to ensure policies are implemented, disseminate lessons learned and identify good practice through multiagency and partnership working.
A major incident occurs in Westminster (extreme weather, fire, terror attack etc)	Major disruption to Westminster transport and roads; difficulties for staff getting to work. Potential injury or death to Westminster staff and/or residents.	Crisis communications plan is in place and all staff are aware of how to respond to an emergency situation. A number of plans are in place to ensure business continuity and respond to major incidents. Weather reports are regularly monitored and there is joint working with the police to prepare for terrorist attacks.
Impact of Brexit on council services and local communities	Potential impact on business rates income, investment returns and the tourist economy.	There are a series of business continuity plans and contingencies in place to provide assurance and minimise any potential disruption.
Loss of IT systems or data	Interruption to service delivery. Loss of personal data belonging to Council employees, local taxpayers, suppliers, and service users.	There are plans for improving system availability and reducing the risk of data loss. The cybersecurity improvement works continue to strengthen technical controls and a focussed staff awareness campaign including further promotion of mandatory training. FOI and Data Protection processes have been strengthened to further reduce the risk of data breach.
Financial pressures result in an inability to fund Council services	Impact of financial pressures will be most impact frontline services where the Council has less discretion over the timing and nature of service to be provided but where local demand for those services is volatile and increasing rapidly but difficult to predict and manage effectively within a finite budget.	Budgets and financial strategies are regularly updated to take account of current and emerging financial pressures. The Council maintains adequate levels of reserves to cover unforeseen contingencies.
Failure of a major contract results in the Council being unable to provide local services	Potential impacts could include health and safety risks, additional costs to the Council in relation to appointment of new contractors and emergency cover during re-appointment phase. Potential reduction in service quality for local people.	Business continuity plans are now in place for all high value/high risk contracts. Enhanced procurement and due diligence processes are now in place prior to appointment and contractors are regularly monitored to ensure contracts do not fail.

18. EXPLANATION OF ACCOUNTING STATEMENTS

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2020. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, which in turn is underpinned by International Financial Reporting Standards.

The **Core Statements** are:

- **The Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.
- **The Movement in Reserves Statement** is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific legal or accounting purposes.
- **The Balance Sheet** is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date.
- **The Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long term liabilities).

The **Group Accounts** include:

- the assets and liabilities of companies and similar entities, which the Council either controls or significantly influences.

The **Supplementary Financial Statements** are:

- The **Annual Governance Statement**, which sets out the governance structures of the Council and its key internal controls.
- The **Housing Revenue Account** – this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- The **Collection Fund**, which summarises the collection and redistribution of Council tax and business rates income
- The **Pension Fund Account**, which reports the contributions received, payments to pensioners and the value of net assets invested in the Local Government Pension Scheme.

The **Notes** to these financial statements provide further detail about the Council's accounting policies and individual transactions.

A **Glossary** of key terms can be found at the end of this publication.

Independent Auditor's Report

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

Independent Auditor's Report – Pension Fund

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

Statement of Responsibilities for the Statement of Accounts

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs, in line with statute this is the Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

THE SECTION 151 OFFICER'S RESPONSIBILITIES

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts and of its Pension Fund Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in Great Britain ('the Code'), are required respectively to present fairly the financial position of the Council and of the Pension Fund at the accounting date and the income and expenditure for the year then ended.

In preparing these Statements of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently except where policy changes have been noted in these accounts;
- made judgments and estimates that were reasonable and prudent; and
- complied with the Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Gerald Almeroth

Executive Director – Finance and Resources

Section 151 Officer

xx September 2020

APPROVAL OF STATEMENT OF ACCOUNTS

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

Councillor Ian Rowley

Chairman of the Audit and Performance Committee

XX September 2020



3.

Core Financial Statements

Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focused on local priorities and needs. The CIPFA Code of Local Authority Accounting regulates how expenditure and income relating to services is classified in the CIES.

2018/19			Note	2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
94,426	(9,096)	85,330	Finance and Resources*	112,614	(63,281)	49,333
6,855	(10,499)	(3,644)	Policy, Performance and Communications	6,298	(8,943)	(2,645)
153,204	(92,710)	60,494	Adults' Services	151,887	(93,661)	58,226
146,086	(97,369)	48,717	Children's Services	162,551	(115,551)	47,000
194,767	(134,903)	59,864	City Management and Communities	192,637	(140,096)	52,541
430,472	(401,912)	28,560	Growth, Planning and Housing	454,522	(360,228)	94,294
1,025,810	(746,489)	279,321	Cost of services	1,080,509	(781,760)	298,749

Comprehensive Income and Expenditure Statement (continued)

2018/19			Note	2019/20			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
-	-	(15,648)	Other operating expenditure	Note 5	-	-	12,910
-	-	(13,347)	Financing and investment income and expenditure	Note 6	-	-	(32,573)
-	-	(350,317)	Taxation and non-specific grant Income	Note 7	-	-	(315,520)
-	-	(99,991)	(Surplus)/Deficit on Provision of Services		-	-	(36,434)
Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services							
-	-	(63,189)	(Surplus)/deficit on revaluation of Property, Plant and Equipment assets		-	-	(69,389)
-	-	(38,469)	Remeasurement of the net defined benefit liability	Note 32b (i)	-	-	(93,911)
Items that will be reclassified to the (Surplus) or Deficit on the Provision of Services							
-	-	223	(Surplus)/deficit on revaluation of financial assets (Available for sale)		-	-	-
		(101,435)	Other Comprehensive Income and Expenditure		-	-	(163,300)
-	-	(201,426)	Comprehensive Income and Expenditure (Surplus)/Deficit		-	-	(199,734)

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

Note 8 The Expenditure and Funding Analysis demonstrates in further detail how the Council has used available funding for the year in providing services, in comparison with those resources that the Council has consumed or earned in accordance with generally accepted accounting practices.

Movement in Reserves Statement

The **Movement in Reserves Statement** shows the movement in year on reserve balances held by the Council.

2018/19				Revenue Reserves			Capital Reserves		Total Usable Reserves*	Total Unusable Reserves*	Total Council Reserves	
	General Fund Balance	Earmarked GF Reserves	Schools Reserves	General Fund Total	Housing Revenue Account	Earmarked HRA Reserves	HRA Total	Capital Receipts Reserve				Capital Grants Unapplied
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2018	(58,865)	(151,334)	(5,643)	(215,842)	(25,366)	(9,169)	(34,535)	(61,612)	(329,425)	(641,414)	(1,637,068)	(2,278,482)
Movement in reserves during 2018/19												
Surplus/(Deficit) on provision of services (accounting basis)	(91,666)	-	-	(91,666)	(8,325)	-	(8,325)	-	-	(99,991)	-	(99,991)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(101,435)	(101,435)
Total Comprehensive Income and Expenditure	(91,666)	-	-	(91,666)	(8,325)	-	(8,325)	-	-	(99,991)	(101,435)	(201,426)
Adjustments between accounting basis and funding basis under regulations	(25,589)	-	-	(25,589)	25,626	-	25,626	(65,879)	(16,001)	(81,843)	81,843	-
Net increase/(decrease) before Transfers to Earmarked Reserves	(117,255)	-	-	(117,255)	17,301	-	17,301	(65,879)	(16,001)	(181,834)	(19,593)	(201,426)
Transfers to/(from) Earmarked Reserves	113,338	(116,564)	3,226	-	(9,169)	9,169	-	-	-	-	-	-
Increase/(Decrease) In Year	(3,917)	(116,564)	3,226	(117,255)	8,132	9,169	17,301	(65,879)	(16,001)	(181,834)	(19,593)	(201,426)
Balance at 31 March 2019	(62,782)	(267,898)	(2,417)	(333,097)	(17,234)	-	(17,234)	(127,491)	(345,426)	(823,248)	(1,656,661)	(2,479,908)

*For further detail, please refer to Note 18 – Transfers to and from Earmarked Reserves and Note 17 – Unusable Reserves.

Movement in Reserves (continued)

2019/20				Revenue Reserves			Capital Reserves		Total Usable Reserves*	Total Unusable Reserves*	Total Council Reserves	
	General Fund Balance	Earmarked GF Reserves	Schools Reserves	General Fund Total	Housing Revenue Account	Earmarked HRA Reserves	HRA Total	Capital Receipts Reserve	Capital Grants Unapplied			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019	(62,782)	(267,898)	(2,417)	(333,097)	(17,234)	-	(17,234)	(127,491)	(345,426)	(823,248)	(1,656,661)	(2,479,909)
Movement in reserves during 2019/20												
Surplus/(Deficit) on provision of services (accounting basis)	(23,567)	-	-	(23,567)	(15,792)	-	(15,792)	-	-	(39,359)	-	(36,434)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(163,300)	(163,300)
Total Comprehensive Income and Expenditure	(23,567)			(23,567)	(15,792)	-	(15,792)	-	-	(39,359)	(163,300)	(199,734)
Adjustments between accounting basis & funding basis under regulations	(9,462)	-	-	(9,462)	15,661	-	15,661	31,637	(6,535)	31,301	(28,376)	-
Net increase/(decrease) before Transfers to Earmarked Reserves	(33,029)	-	-	(33,029)	(131)	-	(131)	31,637	(6,535)	(8,058)	(191,676)	(199,734)
Transfers to/(from) Earmarked Reserves	32,499	(33,168)	669	-	-	-	-	-	-	-	-	-
Increase/(Decrease) In Year	(530)	(33,168)	669	(33,029)	(131)	-	(131)	31,637	(6,535)	(8,058)	(191,676)	(199,734)
Balance at 31 March 2020	(63,312)	(301,066)	(1,748)	(366,126)	(17,365)	-	(17,365)	(95,854)	(351,961)	(831,306)	(1,848,337)	(2,679,643)

* For further detail, please refer to Note 18 – Transfers to and from Earmarked Reserves and Note 17 – Unusable Reserves.

Balance Sheet

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

31 March 2019		Note	31 March 2020
£'000			£'000
ASSETS			
<u>Non-current</u>			
2,532,109	Property, plant and equipment	Note 19c	2,681,781
42,846	Heritage assets	Note 20	44,578
472,825	Investment property	Note 21	499,382
724	Intangible assets		1,313
25,150	Long-term investments	Note 22a	88,104
67,604	Long-term debtors	Note 28	70,623
3,141,258	Total long term assets		3,385,781
<u>Current</u>			
673,751	Short-term investments	Note 22a	543,945
101	Inventories		116
148,044	Short-term debtors	Note 28	97,970
49,904	Cash and other cash equivalents	Note 23	35,522
871,800	Current assets		677,553

Balance Sheet (continued)

Certification by the Chief Financial Officer

I certify that the statement of accounts presents a true and fair view of the financial position of the Council as at 31 March 2020 and its income and expenditure for the year then ended.

Gerald Almeroth

Executive Director – Finance and Resources

Section 151 Officer

Xx September 2020

	31 March 2019	Note	31 March 2020
	£'000		£'000
LIABILITIES			
	(2,486)		(16,828)
	(348,976)	Note 29	(349,341)
	(685)	Note 30	(687)
	(3,643)	Note 13	(11,484)
	(355,790)	Total current liabilities	(378,340)
<u>Long term</u>			
	(4,321)	Note 29	(52)
	(144,150)	Note 30	(72,299)
	(222,521)		(206,143)
	(720,187)	Note 31	(642,316)
	(86,180)	Note 13	(84,541)
	(1,177,359)	Long-term liabilities	(1,005,351)
	2,479,909	Net assets	2,679,643
	(823,248)		(831,306)
	(1,656,661)	Note 17	(1,848,337)
	(2,479,909)	Total Reserves	(2,679,643)

Cash Flow Statement

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

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

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing by the Council).

Cash is represented by cash-in-hand and deposits with financial institutions repayable on notice of not more than 24 hours demand without material penalty. Cash equivalents are highly liquid investments that mature in no more than three days or less and that are readily convertible to known amounts of cash with low risk of change in value.

2018/19		Note	2019/20
£'000			£'000
(99,991)	Net (surplus)/deficit on the provision of services		(36,434)
(224,171)	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements	Note 33	(83,410)
146,342	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	Note 33	138,880
(177,820)	Net Cash Flows from Operating Activities		19,036
(41,010)	Net Cash Flows from Investing Activities	Note 34	36,825
330,164	Net Cash Flows from Financing Activities	Note 35	(41,479)
111,334	Net (increase)/decrease in cash and cash equivalents		14,382
161,238	Cash and cash equivalents at the beginning of the reporting period		49,904
49,904	Cash and cash equivalents at the end of the reporting period		35,522



4.

Notes to the Accounts



Note 1 Accounting Policies

GENERAL PRINCIPLES

The Accounts and Audit Regulations 2015 (SI 2015 No 234) require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2019/20, these proper accounting practices are the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments:

Asset class	Measurement Basis in the Balance Sheet
Property, Plant and Equipment: Dwellings	Current value, comprising existing use value for social housing Dwellings are valued using market prices for comparable properties, adjusted to reflect occupancy under secure tenancies.
Property, Plant and Equipment: Other Land and Buildings	Current value, comprising existing use value Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.
Property, Plant and Equipment: Surplus Assets	Fair value
Investment Properties	Fair value
Financial Instruments – Fair Value through Profit or Loss	Fair value
Pensions Assets	Fair value
Pensions Liabilities	Measured on an actuarial basis (see note 32)

The Statement of Accounts has been adjusted to reflect events after 31 March 2020 and before the date the Statement was authorised for issue only where the events provide evidence of conditions that existed at 31 March.

The Council's over-arching accounting policies are set out below. Further detail on the accounting treatment adopted for specific transactions and balances is included in relevant disclosure notes.

ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place rather than when cash payments are made or received. In particular:

- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Accruals are recognised where the value exceeds £10,000.
- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised

goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours demand without material penalty. Cash equivalents are highly liquid investments that mature in no more than three days or less and that are readily convertible to known amounts of cash with low risk of change in value.

CHANGES IN ACCOUNTING POLICY

New Code requirements are set out in Note 2. The Council has not adopted any other new accounting standards or amendments with a significant impact on the Council's position.

INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council has material interests in subsidiary and associate companies, which have been consolidated into the Council's Group Accounts on a line by line basis for subsidiaries and the equity method for associates, after first realigning accounting policies with the Council where appropriate and eliminating intra-Group transactions.

In the Council single entity accounts, interests in companies and other entities are classified as long-term investments and measured at cost less provision for any losses.

INVESTMENT PROPERTY

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end.

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

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

SUPPORT SERVICES AND OVERHEADS

The costs of support services and overheads are charged to those that benefit from the supply or service in accordance with the absorption costing principle. The full cost of overheads and support services is shared between users in proportion to the benefits received.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE

Legislation requires defined items of revenue expenditure charged to services within the Comprehensive Income and Expenditure Statement to be treated as capital expenditure. All such expenditure is transferred from the General Fund balance via the Movement in Reserves Statement to the Capital Adjustment Account and is included in the Capital Expenditure and Capital Financing disclosure at Note 25.

ASSET RECLASSIFICATION

The Council adheres to CIPFA and RICS guidance on the classification of properties. Where a property has had a change of use the Council will reflect this in the

accounts and movements between asset classes are usually between PPE and Investment Property. Upon reclassification assets are subsequently valued in line with the relevant class of asset.

In certain cases, a property might be used for combination of investment and operational purposes. In these instances the Council will split the valuation of the property between PPE and Investment and reflect this in the accounts.

ROUNDING

It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

SCHOOLS

Local authority-maintained schools are considered to be under the control of the Council. Consequently, the income, expenditure, assets and liabilities of maintained schools are accounted for in the single entity accounts of the Council. The schools fall into the following categories:

- 4 Maintained Nurseries
- 27 Voluntary Aided (26 Primary and 1 Secondary)
- 7 Community
- 2 Maintained Special.

Other types of schools, such as academies and free schools are outside of the Council's control and therefore not included in this Statement of Accounts.

VALUE ADDED TAX

The Comprehensive Income and Expenditure Account excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income within the Council's Income and Expenditure account.

Note 2 Accounting Standards Issued but Not Yet Adopted

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

- **IFRS 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021.
- **IAS 19 Employee Benefits** will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact.

Note 3 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or situations that are otherwise uncertain. Estimates are made using historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequences if actual results differ from assumption
Valuation of operational property	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 31 March 2020 for approximately 20% of its operational portfolio. The remaining balance of operational properties were also reviewed to ensure values reflect current values.	A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £67m.
	The outbreak of Covid-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement.	An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.
	Valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid.	Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is £2.7 billion.
	The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.	
Fair value measurement of investment property	The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.	Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.

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

Items	Uncertainties	Consequences if actual results differ from assumptions
Fair value measurement of investment property (continued)	<p>At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, it has been difficult to value property assets. Values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid.</p> <p>Valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation.</p>	
Valuation of HRA Dwellings	<p>The HRA residential portfolio is valued based on a beacon methodology. In order to value the whole portfolio, it was necessary to research a number of information sources. These include sales of directly comparable property, changes of income flow for non-residential property, information available at a local level showing house price movement plus regional and National Indices.</p> <p>Due to the impact of Covid-19, valuations are reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation.</p>	<p>A reduction in the estimate value of HRA dwellings would be a reduction in the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of about £155m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments.</p> <p>The Council has engaged Barnett Waddingham as its consulting actuary to provide expert advice about the assumptions to be applied. The ongoing impact of the Covid-19 pandemic has created uncertainty surrounding illiquid asset values. As such, the Pension Fund property and infrastructure allocations as at 31 March 2020 are difficult to value according to preferred accounting policy. Professional valuers have not been actively valuing many similar sized assets in the market due to the current lockdown environment. As such values have been rolled over from the end of February with an adjustment and may be inaccurate to the true 31 March 2020 position.</p>	<p>A 0.25% increase in the discount rate will reduce the net pension liability by £71.3m;</p> <p>A 0.25% increase in the assumed level of pension increases will increase the net pension liability by £70.2m;</p> <p>An increase of one year in longevity will increase the net pension liability by £63.7m.</p>

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

Items	Uncertainties	Consequences if actual results differ from assumptions
Business Rates	<p>2019/20 is the seventh year of the Business Rates Retention Scheme and the second year of the London pilot scheme. In 2019/20 the Council retained 48% (£1.067bn) of the business rates income it collected, but paid a tariff of approximately £0.941bn into the London pool.</p> <p>The Council experienced very high levels of appeals against the 2010 revaluation of business hereditaments when average rateable values rose by 62% across the City. Most of the appeals have been resolved with a residual number outstanding with the Valuation Office Agency. In addition, the 2017 revaluation saw average rateable values rise by 17%. At the same time a new check, challenge, appeal process was introduced.</p> <p>The impact of the new system remains highly uncertain with no challenges lodged to date in Westminster. It is difficult to determine the true amount of appeals provision due to the fact that no appeals have been lodged and therefore we are unable to calculate the actual future income loss. The council has used a specialist in this field to help calculate an estimate of appeals provision. The Collection Fund currently holds £125m appeals provision to counter the potential impact of successful appeals in future years.</p>	<p>The Council's overall financial losses are protected via the London Pool with any variance to the Council's assumptions being offset by the safety net payment entitlement for the London pool which will be distributed according to each Council's individual safety net position as determined by central government (which is accrued for at year-end).</p> <p>Thus, large falls in business rates income, including the impact of a rise in appeals provision, will be spread across the London pool. Therefore, the gain and loss in business rates is spread across the 34 London authorities.</p> <p>If London's business rates income fell, the pool would have a higher "safety net" threshold – 95% rather than the current 92.5% of the overall baseline funding level. This reflects the greater reliance local authorities will have on business rates and the fact that, under the terms of the pilot, the 34 London authorities will not collectively have less resources than would have been the case with the previous local government finance regime. The pool currently has large growth, however in the event of a major fall in income, including a large rise in appeals and the potential economic impact of Covid-19, it is expected that the council will lose no more than approx. £4.5m in business rates income due to the safety net protection (5% of £88.93m baseline funding level).</p>

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

Items	Uncertainties	Consequences if actual results differ from assumptions
Impairment allowance for doubtful debt	<p>As at 31 March 2020, the Council had an outstanding balance of short-term debtors totalling £189m. Against this debtors' balance, there is an impairment allowance of £91m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.</p>	<p>An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered and further review has been carried out to reflect the uncertainty of the collection rates as a result of Covid-19. If collection rates were to deteriorate by 5% then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts.</p>
Valuation of Group housing dwellings	<p>The value of the dwellings held by the Council's subsidiaries have been revalued from depreciated historic cost to existing use value-social housing (EUV-SH) on consolidation. In revaluing the dwellings, the value at 1 April 2020 was estimated using an average of valuation indices for dwellings in the relevant area. The indices used were the Land Registry, Acadata and the Nationwide.</p> <p>The outbreak of Covid-19 has had an unprecedented impact on global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. Valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid.</p>	<p>A variation of +/- 1% in the indexed value would be £0.59m on the EUV-SH of £59m.</p>

Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies laid out in Note 1, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. In the accounts, these are as follows:

- In management's judgement, the Council has interests in other entities that fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code. The Council's interests in Westminster Community Homes Ltd and Westminster Housing Investments Ltd are material to the Council's overall financial position and therefore have been consolidated within the Council's group accounts. In October 2018, the Council decided to bring the housing management services provided by City West Homes in-house from 31st March 2019. Under the termination agreement all assets and liabilities transferred to the Council as at that date. City West Homes Ltd and its subsidiary, City West Homes Services Ltd, is in the process of being formally wound up.
- There is still uncertainty about the implications of Britain's departure from the European Union. At the current time it is not possible to predict the agreement that will be reached at the end of the transition period. The assumption has been made that this will not significantly impair the value of the Council's assets or change the discount rate. However, this assumption needs to be revisited and reviewed regularly. Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the size of the net pension liability will also vary.
- The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements according to whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied. The Council has considered its accounting classification for each school on an individual case basis in conjunction with relevant dioceses for voluntary aided and voluntary controlled schools. As a result, the Council:
 - Recognises school assets for community schools on its balance sheet because the rights and obligations associated with such schools rests with the Council; and
 - Assesses that the assets relating to academies, voluntary aided (VA), voluntary controlled (VC) or free schools are not controlled by the Council but, following consultation and review, the VA and VC schools have been deemed to be owned by the relevant dioceses. Recognition of the disposal of school assets on the Council's balance sheet occurs on the date on which a school converts to academy status, not on the date of any related announcement.
- Neither is any impairment recognised by the Council prior to conversion.
- The Council collects approximately net £2.4bn in business rates. The assumptions around the outcome of appeals against the NNDR valuations (either received to date or expected in future years) represent a material and critical judgement applied to the accounts. The appeals provision is empirically derived from the experience with both the 2005 and 2010 lists as well as appeals determinations so far made against the 2017 list. The Council is currently in the business rates pilot and the pool will ensure that councils will not lose more 7.5% of their baseline funding, in our case 7.5% of £88.93m which is approximately £6.67m. However, due to the technical adjustment relating to the Collection Fund Adjustment Account, if the Council did enter the safety net it would only impact the general fund the year after this happens. Therefore, if the net rate income reduces below the levels set by central government the Council is expected to be compensated via the pilot pool.
- Dwellings held by Westminster Community Homes Ltd have been re-valued to Existing Use Value- Social Housing on consolidation into the Council's Group Accounts to align with the Council's valuation of council dwellings. This is because tenants occupy these dwellings on assured tenancy terms similar to those of council dwellings except for the Right to Buy.



4.1.

**Notes Supporting the Comprehensive Income
and Expenditure Statement**

Note 5 Other Operating Income and Expenditure

The Council's various income streams have been assessed and classified in line with Chapter 2 of the 2019/20 Code of Practice and revenue has been recognised accordingly, with specific consideration given to:

- implied or stated contractual terms for exchange transactions
- obligating events and/or conditions attached to non-exchange transactions, where a party receives something of value without directly giving value in exchange
- the significance of the income stream to the Council.

Government grants and third party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that grant monies and contributions will be received. Where conditions attached to grants and contributions remain outstanding, monies received to date are carried forward in the Balance Sheet as creditors (receipts in advance) until the conditions have been satisfied.

Other operating expenditure reported includes all levies payable, total payments made to the Government Housing Receipts Pool in line with statutory arrangements for certain property sales within the Housing Revenue Account and gains/losses generated from in year disposals of non-current assets.

2018/19		2019/20
£'000		£'000
2,520	Levies	2,506
1,919	Payments to the Government Housing Capital Receipts Pool	3,911
(35,578)	(Gains)/losses on the disposal of non-current assets	7,098
26,819	(Gains)/losses on acquisition of the business of City West Homes	-
(11,328)	Other income	(605)
(15,648)	Total	12,910

Note 6 Financing and Investment Income and Expenditure

Financing and investment income and expenditure includes interest receivable and payable on the Council's investment portfolio. The Council's net rental income on the properties it holds purely for investment purposes is also included. It also includes the interest element of the pension fund liability.

2018/19		2019/20
£'000		£'000
10,626	Interest payable and similar charges	10,507
17,286	Net interest on the net defined benefit liability (asset)	16,269
(11,148)	Interest receivable and similar income	(12,930)
1,634	Net (gains)/losses on financial assets at fair value through profit and loss	883
(30,616)	Income and expenditure in relation to investment properties and changes in their fair value	(47,302)
(1,129)	Other investment income	-
(13,347)	Total	(32,573)

Note 7 Taxation and Non-Specific Grant Income

This note consolidates all non-specific grants and contributions receivable that cannot be identified with individual service expenditure and therefore cannot be credited to the gross income amount relevant to the service area. All capital grants and contributions are credited to non-specific grant income even if service-specific. The note also identifies the Council's proportion of council tax and business rates used to fund in year service activities.

2018/19		2019/20
£'000		£'000
(54,728)	Council Tax Income	(57,319)
(142,631)	Non-Domestic Rates income	(108,521)
(25,040)	Non-ringfenced government grants	(34,219)
(127,918)	Capital grants and contributions	(115,461)
(350,317)	Total	(315,520)

Note 8 Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the Council has used available funding for the year (i.e. government grants, rents, council tax and business rates) in providing services, in comparison with those resources that the Council has consumed or earned in accordance with generally accepted accounting practices. It also shows how the Council has allocated this expenditure for decision making purposes between the Council's Executive Leadership Teams. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Table A

2018/19			2019/20			
Expenditure chargeable to GF and HRA balances	Adjustments between funding and accounting basis (see Table D)	Net Expenditure in the CIES		Expenditure chargeable to GF and HRA balances	Adjustments between funding and accounting basis (see Table D)	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
(2,525)	(87,855)	85,330	Finance and Resources*	17,282	(32,051)	49,333
(3,272)	372	(3,644)	Policy, Performance and Communications	(2,220)	425	(2,645)
61,393	899	60,494	Adult Services	58,325	99	58,226
45,299	(3,418)	48,717	Childrens Services	45,599	(1,401)	47,000
19,181	(40,683)	59,864	City Management and Communities	23,343	(29,198)	52,541
34,162	5,602	28,560	Growth, GF-Housing and Planning	88,977	(5,317)	94,294
154,238	(125,083)	279,321	Net Cost of Services	231,306	(67,443)	298,749

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

Note 8 Expenditure and Funding Analysis (continued)

Table B

2018/19				2019/20		
Expenditure chargeable to GF and HRA balances	Adjustments between funding and accounting basis	Net Expenditure in the CIES		Expenditure chargeable to GF and HRA balances	Adjustments between funding and accounting basis	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
57,698	73,346	(15,648)	Other Operating Income and Expenditure	(17,248)	(30,158)	12,910
(30,085)	(16,738)	(13,347)	Financing and Investment Income and Expenditure	(48,593)	(16,020)	(32,573)
(281,805)	68,512	(350,317)	Taxation and Non-Specific Grant Income and Expenditure	(198,625)	116,895	(315,520)
(99,954)	37	(99,991)	Surplus or Deficit on the Provision of Services	(33,160)	3,274	(36,434)

Note 8 Expenditure and Funding Analysis (continued)

Table C

2018/19			2019/20			
Opening Balance	Surplus or Deficit on the Provision of Services	Closing Balance		Opening Balance	Surplus or Deficit on the Provision of Services	Closing Balance
£'000	£'000	£'000		£'000	£'000	£'000
(58,865)	(3,917)	(62,782)	General Fund Balance	(62,782)	(530)	(63,312)
(25,366)	8,132	(17,234)	Housing Revenue Account Balance	(17,234)	(131)	(17,365)
(84,231)	4,215	(80,016)	Sub-Total General Fund and Housing Revenue Account Balance	(80,016)	(661)	(80,677)
(151,334)	(116,564)	(267,898)	General Fund Earmarked Reserves	(267,898)	(33,168)	(301,066)
(9,169)	9,169	-	Housing Revenue Account Reserves	-	-	-
(5,643)	3,226	(2,417)	Schools Reserves	(2,417)	669	(1,748)
(166,146)	(104,169)	(270,315)	Sub-Total Earmarked and Schools Reserves	(270,315)	(32,499)	(302,814)
(250,377)	(99,954)	(350,331)	Total Reserves	(350,331)	(33,160)	(383,491)

Note 8 Expenditure and Funding Analysis (continued)

Table D

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

2018/19				2019/20				
Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(85,718)	(2,340)	202	(87,855)	Finance and Resources*	(24,152)	(8,272)	373	(32,051)
(107)	410	69	372	Policy, Performance and Communications	(38)	594	(131)	425
(110)	894	114	899	Adult Services	(687)	1,010	(224)	99
(4,474)	879	177	(3,418)	Childrens Services	(2,253)	1,143	(291)	(1,401)
(43,087)	1,813	591	(40,683)	City Management and Communities	(30,863)	2,152	(487)	(29,198)
6,553	662	(1,613)	5,602	Growth, GF-Housing and Planning	(7,451)	2,621	(487)	(5,317)
(126,942)	2,318	(459)	(125,083)	Net Cost of Services	(65,444)	(752)	(1,247)	(67,443)
100,958	(27,612)	-	73,346	Other Operating Income and Expenditure	(30,158)	-	-	(30,158)
548	(17,286)	-	(16,738)	Financing and Investment Income and Expenditure	-	(16,644)	624	(16,020)
126,951		(58,439)	68,512	Taxation and Non-Specific Grant Income and Expenditure	110,298	-	6,597	116,895
101,515	(42,580)	(58,898)	37	Difference Between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Suplus or Deficit on the Provision of Services	14,696	(17,396)	5,974	3,274

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

Note 8 Expenditure and Funding Analysis (continued)

Adjustments for Capital purposes

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

Net change for the pensions adjustments

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

Other differences

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

Note 8 Expenditure and Funding Analysis (continued)

EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2018/19		2019/20
£'000		£'000
177,321	Employee Benefits Expenses	250,943
855,960	Other Service Expenses	713,259
27,912	Interest Payments	26,776
1,919	Payments to Housing Capital Receipts Pool	3,911
-	Loss on the Disposal of Assets	7,098
2,519	Precepts and Levies	2,506
87,233	Depreciation, Amortisation and Impairments	77,483
1,152,864	Total Expenditure	1,081,976
(592,473)	Government Grants and Contributions	(534,169)
(395,265)	Fees, Charges and Other Service Income	(405,471)
(197,359)	Income from Council Tax, Non-Domestic Rates, District Rate Income	(165,840)
(56,610)	Gain the Disposal of Assets	-
(11,148)	Interest and Investment Income	(12,930)
(1,252,855)	Total Income	(1,118,410)
(99,991)	Surplus on the Provision of Services	(36,434)

Benefits paid during employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure in the relevant service line in the Comprehensive Income and Expenditure Statement.

Note 9 Section 75

Social Care

The Council has entered into a non-pooled partnership arrangement under section 75 of the National Health Service Act 2006 with the Central London and West London Clinical Commissioning Groups for the provision of Adult Social Care and Health Services with primary support needs of physical support, mental health support, learning disability support, support with memory and cognition, social support and services to safeguard adults. The aim is to meet the needs of people living in the Westminster City Council area.

Any surplus or deficit generated from the arrangement is the responsibility of the respective partner to whom it is attributed and is shared in proportion to the funding. The partner authorities are responsible for managing the individual schemes for which they have lead responsibility.

Gross expenditure incurred by the Council under the section 75 agreement was £10.998m in 2019/20 (£41.775m in 2018/19). Gross income received was £10.998m in 2019/20 (£41.775m in 2018/19). The reduction between the two financial years is due to changes in the scope of the Better Care Fund programme.

2018/19				2019/20		
WCC	CCGs	Total	s.75	WCC	CCGs	Total
£000s	£000s	£000s		£000s	£000s	£000s
4,806	2,671	7,477	Better Care Fund Lead Commissioning	-	3,835	3,835
21,678	12,620	34,298	Non - Better Care Fund	-	7,163	7,163
26,484	15,291	41,775	Total	-	10,998	10,998

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

Note 10a Senior Officers' Remuneration

Remuneration disclosures for Senior Officers whose salary is £150,000 or more per year/statutory post/reports directly to Head of Paid Service (HoPS).

2018/19	Salary, Fees and Allowances*	Deferred Pay**	Private Health Insurance / Benefits in Kind	Pension Contributions	Election Expenses***	Expenses	Compensation for Loss of Office	Total
	£	£	£	£	£	£	£	£
Chief Executive - S Love	188,700	16,887	-	51,154	2,355	-	-	259,096
City Treasurer (Section 151 Officer) (Ex)	67,516	20,422	5,376	22,221	25	-	-	115,560
Executive Director of Finance Resources	11,237	-	-	2,764	-	-	-	14,001
Executive Director Growth, Planning and Housing	149,298	13,872	-	40,263	502	-	-	203,935
Bi Borough Executive Director of Adults Social Care	149,298	7,432	3,580	39,408	-	-	-	199,718
Executive Director of City Management & Communities (Ex)	126,514	12,307	-	34,150	-	-	-	172,971
Executive Director of City Management & Communities	31,787	-	-	7,820	-	-	-	39,607
Bi Borough Executive Director of Children's Services	149,273	15,123	-	18,364	527	-	-	183,287
Director of Communication and Strategy- J Corkey	157,447	13,525	1,329	42,386	-	-	-	214,687
Her Majesty's Coroner - Inner West London - F Wilcox	160,283	-	-	40,062	-	667	-	201,012
Director of Corporate Services (Ex)	70,754	19,741	3,845	-	-	-	-	94,340
Director of Public Health (Ex)	56,978	18,381	4,569	-	-	1,141	68,374	149,443
Director of Public Health (Ex)	31,425	-	-	-	-	-	-	31,425
Director of Public Health (Ex)	60,259	-	-	-	-	-	-	60,259
Director of Public Health	5,000	-	-	-	-	-	-	5,000
Director of Law	121,604	12,173	-	33,671	-	-	-	167,448
Director of People Services	129,429	12,173	2,897	35,547	-	-	-	180,046
Acting City Treasurer (Section 151 Officer)	45,333	4,549	2,571	5,382	-	-	-	57,835

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

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

* Salary, Fees and Allowances include elements such as market forces supplement, honorarium and allowances for election responsibilities.

** Deferred Pay relates to 2018/19 pay paid in 2019/20.

*** A new column was created for election expenses this year and the 2018/19 note was restated to reflect the change.

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

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

B) The post holder ceased on 14 July 2019.

C) The Post holder commenced on 22 October 2019. The Bi-Borough Executive Director of Children's Services is employed by Westminster City Council. The costs of this post are shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 50% RBKC; 50% WCC, the same as 2018-19

D) The post of Her Majesty's Coroner for the Inner West London Coroner's District is shared across four London boroughs based on population share. The current share based on mid-2014 population per Borough is 25.8% Westminster City Council, 22.5% Merton, 17.2% RBKC and 34.5% Wandsworth (same rate as 2018-19).

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

F) A decision was made that all staff would be paid their deferred pay in full from the beginning of 2019/20. Therefore 2018/19 deferred pay was paid in April 2019 and 2019/20 deferred pay was paid monthly during 2019/20. As a result, this year's note includes 2018/19 and 2019/20 deferred pay (included in the salary column). The current year salary column includes the increased salary and the deferred column includes 2018/19 deferred pay.

G) A new column was created for election expenses this year and the 2018/19 note was restated to reflect the change.

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

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

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

2018/19		2019/20
No of Employees		No of Employees
208	£50,000 - £54,999	209
115	£55,000 - £59,999	151
57	£60,000 - £64,999	97
45	£65,000 - £69,999	48
35	£70,000 - £74,999	38
20	£75,000 - £79,999	32
14	£80,000 - £84,999	28
19	£85,000 - £89,999	13
13	£90,000 - £94,999	13
8	£95,000 - £99,999	8
4	£100,000 - £104,999	5
2	£105,000 - £109,999	2
-	£110,000 - £114,999	3
1	£115,000 - £119,999	6
1	£120,000 - £124,999	1
1	£125,000 - £129,999	1
2	£130,000 - £134,999	1
1	£135,000 - £139,999	2
1	£140,000 - £144,999	2
1	£145,000 - £149,999	1
548	Total	661

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

Note 10c Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

2018/19				2019/20				
(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total number of exit packages by cost band [(b) + (c)]	Total cost of exit packages in each band	(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total number of exit packages by cost band [(b) + (c)]	Total cost of exit packages in each band
			£'000				£'000	
61	-	61	482	£0 - £20,000	42	-	42	305
29	-	29	781	£20,001 - £40,000	11	-	11	317
6	-	6	308	£40,001 - £60,000	2	-	2	105
4	-	4	254	£60,001 - £80,000	-	-	-	-
3	-	3	277	£80,001 - £100,000	1	-	1	89
4	-	4	534	£100,001 - £150,000	2	-	2	258
1	-	1	180	£150,001 - £200,000	1	-	1	199
-	-	-	-	£300,001 - £350,000	1	-	1	333
108	-	108	2,816	Total	60	-	60	1,606

The Council terminated the contracts of 60 employees in 2019/20. Of the total payment of £1.606m, there were no enhancements of retirement benefits.

Note 10d Termination Benefits

Termination benefits are payable following a decision by the Council to terminate an officer's employment before their normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Costs are charged on an accruals basis to the respective Service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of the benefits or when the Council recognises costs for a restructuring.

Where termination benefits include the enhancement of pension benefits, regulations require the General Fund to be charged with the amount payable to the pension fund rather than the amount calculated under accounting standards. Entries are made in the Movement in Reserves Statement to transfer the accounting standards based entries to the Pension Reserve and replace these with the amount payable to the pension fund.

Note 10e Members' Allowances

The Council paid allowances to its members of £0.967m in 2019/20 (£0.964m in 2018/19).

Note 11 External Audit Fees

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

2018/19		2019/20
	£'000	£'000
143	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	143
26	Fees payable to external auditors for the certification of grant claims and returns for the year	38
-	Fees payable in respect of other services provided by external auditors during the year relating to 18/19 Audit*	15
4	Fees payable in respect of Teacher's Pension audit	10
3	Fees payable in respect of audit of pooling of capital receipts	5
13	Fees payable in respect of CFO Insights toolkit	-
189	Total	211

* The total fees of £211K in 2019/20 include £15K that is in respect of 2018/19.

Note 12 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance and Early Years (England) (No 2) Regulations 2018. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the individual schools budget (ISB), which is divided into a budget share for each maintained school.

Details of the Schools Budget funded by DSG receivable for 2019/20 are as follows:

	Central Expenditure	Individual Schools Budget	Total 2019/20	Total 2018/19
	£'000	£'000	£'000	£'000
Final DSG before Academy Recoupment			154,211	152,561
Academy figure recouped			(67,642)	(66,306)
Total DSG after Academy recoupment			86,569	86,255
Plus: Brought forward			2,581	4,079
Less: Carry forward projected			(2,581)	(4,079)
Agreed initial budgeted distribution	21,009	65,560	86,569	86,255
In year adjustments	-	(2,885)	(2,885)	(3,789)
Final budgeted distribution	21,009	62,675	83,684	82,466
Less Actual central expenditure	(20,067)	-	(20,067)	(3,777)
Less Actual ISB deployed to schools	-	(64,188)	(64,188)	(80,188)
(Drawdown from)/Contribution to DSG Reserve	-	372	372	-
Estimated Carry Forward to 2020/21	942	(1,141)	(199)	(1,499)
Total			2,382	2,581

Note 13 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20.

2018/19	Credited to Taxation and Non-Specific Grant Income	2019/20
£'000	Non-Ringfenced Government Grants (Revenue)	£'000
(8,884)	New Homes Bonus	(8,370)
(3,413)	Collection Allowance – Business Rates and Business Rates Supplement	(3,426)
(12,717)	Section 31 Grant	(13,298)
-	Covid 19 Grant	(9,125)
(26)	Other Grants Credited to Taxation and Non-Specific Grant Income	-
(25,040)	Sub-Total	(34,219)

Note 13 Grant Income (continued)

2018/19 Restated	Credited to Services	2019/20
£'000		£'000
(204,252)	Housing Benefits Subsidy	(191,393)
(82,466)	Dedicated Schools Grant	(83,684)
(31,250)	Public Health Grant	(30,425)
(15,291)	Better Care Funding - Clinical Commissioning Group element**	(19,444)
(12,317)	Improved Better Care Funding Programme	(15,807)
(8,517)	Education and Skills Funding Agency Grant	(8,307)
(6,921)	Flexible Housing Support Grant	(6,869)
(2,120)	Unaccompanied Asylum Seeking Children Grant	(4,338)
(4,453)	Pupil Premium Grant	(4,095)
(827)	Social Care Support Grant*	(2,260)
(237)	DFE Teachers Pay Grant & TPECG*	(1,538)
(1,323)	Winter Pressures Grant*	(1,323)
(1,379)	Housing Benefit Subsidy Administration Grant	(1,241)
(1,147)	Discretionary Housing Payments Grant	(1,078)
(1,062)	Universal Infant Free School Meals	(903)
(1,227)	Troubled Families grants	(893)
(1,941)	Other Government Grants***	(7,869)
(2,960)	Other Non-Government grants and contributions	(3,022)
(379,690)	Sub-Total	(384,489)
(404,730)	Total	(418,708)

* Grants included in Other Government Grants in 2018/19 have been disclosed separately where equivalent 2019/20 grants are above £1m.

**This is not a grant but a contribution from CCG to cover health and social care. 2018/19 contributions have been added as a comparator.

*** Other Government grants consist of 50 grants, none of which individually are over £1m.

Note 13 Grant Income (continued)

2018/19	Capital Grants and Contributions	2019/20
£'000		£'000
(41,233)	S106 Contributions - Affordable Housing Fund General Fund	(31,216)
(24,410)	S278 Contributions	(18,486)
(2,131)	Transport for London Grants	(12,670)
(24,109)	Community Infrastructure Levy	(38,368)
(1,285)	GLA Contributions	(6,076)
(873)	DfE Grants	(2,728)
(7,667)	S106 Contributions - General	(2,483)
(50)	Disabled Facilities Grant	(1,463)
	- Royal Borough of Kensington & Chelsea Contributions	(1,026)
(13,473)	S106 Contributions - Affordable Housing Fund - HRA	-
(7,223)	Free Schools Grant	-
(1,454)	House of Commons Contributions	-
(1,212)	Cabinet Office Contributions	-
(2,798)	Other Capital Grants & Contributions	(945)
(127,918)	Total	(115,461)

Note 13 Grant Income (continued)

2018/19 Restated	Capital Grants Receipts in Advance (Non-Current)	2019/20
£'000		£'000
(67,773)	S106 / S278 Contributions	(54,353)
(15,103)	Transport for London Grants*	(26,119)
-	School Condition Allocation Grant	(1,503)
(796)	Basic Need Grant**	(1,094)
(1,527)	Other Government Grants**	(622)
(980)	Other Grants and Contributions	(850)
(86,179)	Total	(84,541)

* Transport for London Grants were disclosed on two separate lines in last year's accounts and have been consolidated in 2018/19 above.

** Grants included in Other Government Grants in 2018/19 have been disclosed separately where equivalent 2019/20 grants are above £1m.

2018/19	Revenue Grants and Contributions Receipts in Advance (Current)	2019/20
£'000		£'000
-	Section 31 Grant	(9,183)
(1,075)	New Homes Bonus	(267)
(1,098)	Other Government Grants	(1,376)
(1,470)	Other non government grants and contributions	(658)
(3,643)	Total	(11,484)

Note 14 Trading Operations

The Council has established various trading units where the service is required to operate in a commercial environment by generating income from either other parts of the Authority, other organisations or the public to either offset expenditure incurred or, in certain instances, operate within an approved level of subsidy.

Trading operations are incorporated within the Comprehensive Income and Expenditure Statement.

2018/19				2019/20		
Turnover	Expenditure	(Surplus) /Deficit	Trading Unit	Turnover	Expenditure	(Surplus) /Deficit
£'000	£'000	£'000		£'000	£'000	£'000
(2,011)	3,229	1,218	Street Markets	(1,940)	2,790	850
(343)	800	457	Building Control	(513)	1,417	904
(301)	592	291	Cemeteries	(327)	774	447
(18,455)	18,555	100	Trade Refuse	(18,713)	20,151	1,438
(21,110)	23,176	2,066	Net deficit on trading operations	(21,493)	25,132	3,639

Note 15 Agency Services

2018/19	2018/19	2019/20	2019/20
£'000	£'000	£'000	£'000
Transport for London			
(6,238)	Contributions	(7,190)	
6,238	Expenditure	7,190	
	(Surplus)/ Deficit		-
Inner West London Coroner's District			
(1,155)	Contributions	(1,129)	
1,556	Expenditure	1,523	
	(Surplus)/ Deficit		394
Collection of Mayoral CIL			
(16,762)	Contributions	(16,139)	
	Proportion retained by WCC (see note)		(646)
Thames Water			
(4,385)	Contributions	(4,492)	
3,342	Expenditure	3,486	
	(Surplus)/ Deficit		(1,006)
(1,312)	Net Surplus		(1,258)

TRANSPORT FOR LONDON

Transport for London reimburses the council for works undertaken on the highway which aim to promote sustainable transport and improve the public realm, including traffic management schemes. During 2019/20 £7.19m of works were undertaken for TFL.

INNER WEST LONDON CORONER'S DISTRICT

The Inner West London Coroner's District was set up by statute and provides services to four local authorities (Kensington & Chelsea, Merton, Wandsworth and Westminster City Council). During the year £1.52m of expenditure was incurred by the Coroners Service towards which contributions were received or accrued totalling £1.13m from the other three local authorities this year. The balance of £0.39m is Westminster's contribution to the service.

Note 15 Agency Services (continued)

COLLECTION OF MAYORAL CIL

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

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

- **Zone 1 boroughs - £50 per square metre:** Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth.

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

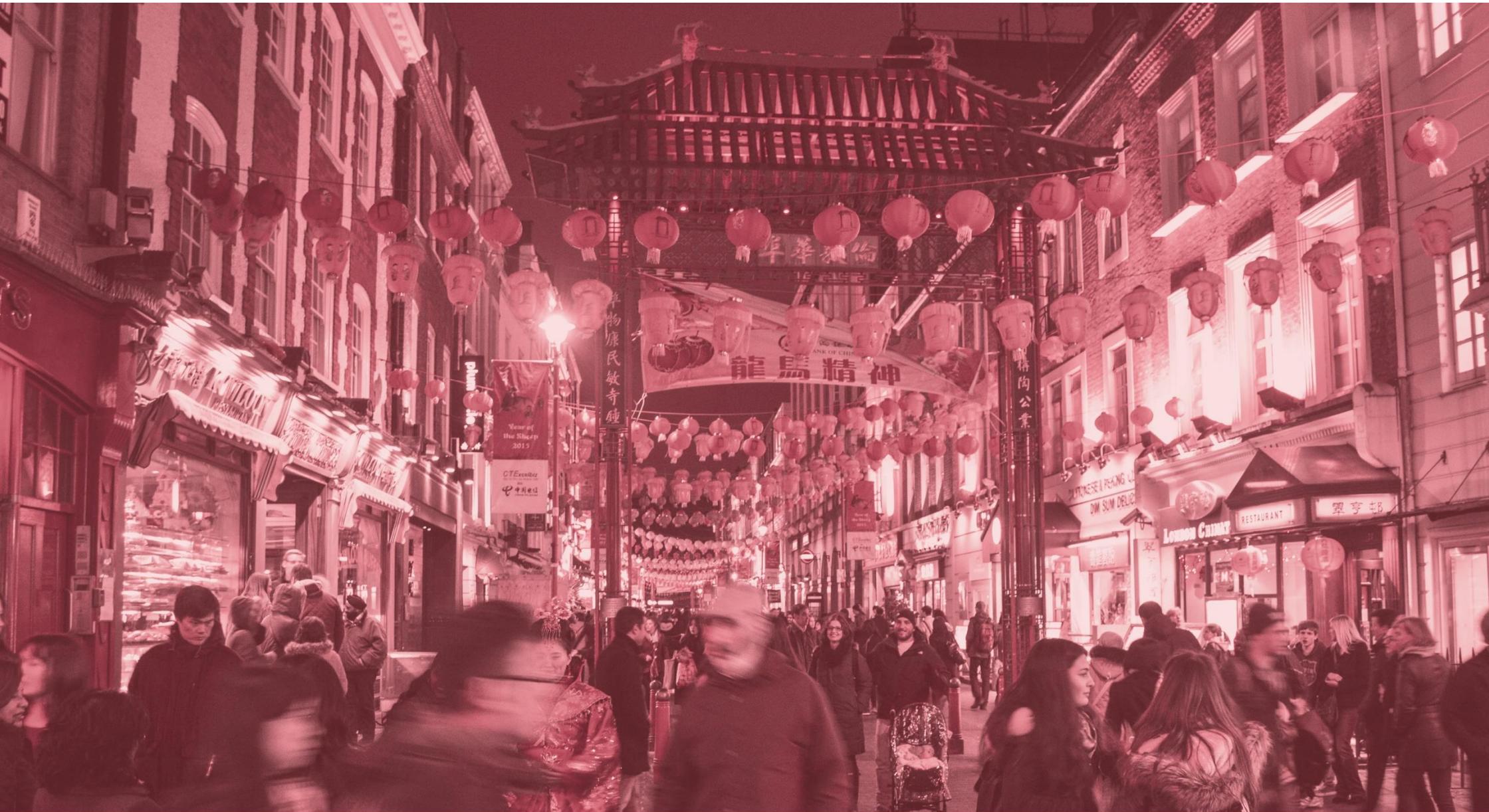
During 2019/20, Mayoral CIL contributions of £16.14m is forecast to be received, the balance of £0.65m is retained by Westminster to cover administrative costs.

THAMES WATER

The council charges its Housing tenants for water rates on behalf of Thames Water. The amount repayable to Thames Water is reduced by a commission, void rate, arrears and bad debt provision, all at fixed percentages based on the total water charge.

Water Rate receipts amounted to Payments to Thames Water at the end of 2019/20 amounted to £4.50m, £3.49m was transferred to Thames Water. The commission element is £1.01m.

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



4.2.

Notes Supporting the Movement in Reserves Statement

Note 16 Adjustments Between Accounting Basis and Funding Basis Under Regulations

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement (MiRS) so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are summarised in the table below, with details in the note following.

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, plant and Equipment	Depreciation and revaluation/impairment losses	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Investment Properties	Movements in fair value	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2019/20	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2019/20 or were received in 2019/20 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2020) Capital Adjustment Account (other amounts)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2019/20 Interest receivable in 2019/20 on an amortised cost basis	Deferred debits and credits of premiums and discounts from earlier years in accordance with the 2003 Regulations Interest due to be received on soft loans in 2019/20	Financial Instruments Adjustment Account
Pensions Costs	Movements in pensions assets and liabilities (see Note 32)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2019/20	Pensions Reserve
Council Tax	Accrued income from 2019/20 bills	Demand on the Collection Fund for 2019/20 plus share of estimated surplus for 2018/19	Collection Fund Adjustment Account
Business Rates	Accrued income from 2019/20 bills	Budgeted income receivable from the Collection Fund for 2019/20 plus share of estimated surplus for 2018/19	Collection Fund Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2020	No charge	Accumulated Absences Adjustment Account

Note 16 Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

2018/19	Usable Reserves					Unusable Reserves	Relevant Unusable Reserve*
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£'000	£'000	£'000	£'000	£'000	£'000	
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases/decreases in revenue for the year calculated in accordance with statutory requirements:							
· Financial instruments	(370)	77	-	-	-	293	Financial Instruments Adjustment Account / Financial Instruments Revaluation Reserve
· Pensions costs	(42,580)	-	-	-	-	42,580	Pensions Reserve
· Council tax	(58,439)	-	-	-	-	58,439	Collection Fund Adjustment Account
· Holiday pay	(459)	-	-	-	-	459	Accumulated Absences Account
· Capital expenditure	69,221	3,725	(113,642)	(24,256)	(127,653)	192,655	Capital Adjustment Account
Capital and Revenue Financing							
Resources set aside for capital financing	9,067	21,902	45,774	24,256	111,652	(212,701)	Capital Adjustment Account
Use of capital receipts for revenue purposes	(2,029)	(78)	2,107	-	-	-	
Recognition and transfer on realisation of deferred capital receipts	-	-	(118)	-	-	118	Deferred Capital Receipts
Total adjustments	(25,589)	25,626	(65,879)	-	(16,001)	81,843	

*Details of movements in unusable reserves are in note 17.

Note 16 Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

2019/20	Usable Reserves						Relevant Unusable Reserve*
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases / decreases in revenue for the year calculated in accordance with statutory requirements:							
· Financial instruments	(322)	59	-	-	-	263	Financial Instruments Adjustment Account
· Pensions costs	(17,022)	-	-	-	-	17,022	Pensions Reserve
· Council tax	6,597	-	-	-	-	(6,597)	Collection Fund Adjustment Account
· Holiday pay	(198)	(163)	-	-	-	361	Accumulated Absences Account
· Capital expenditure	(9,568)	12,890	(23,481)	(23,331)	(75,354)	118,844	Capital Adjustment Account
Capital and Revenue Financing							
Resources set aside for capital financing	14,002	-	51,757	23,331	68,819	(157,909)	Capital Adjustment Account
Use of capital receipts for revenue purposes	(3,766)	(50)	3,816	-	-	-	
Recognition and transfer on realisation of deferred capital receipts	815	-	(455)	-	-	(360)	Deferred Capital Receipts
Total adjustments	(9,462)	12,736	31,637	-	(6,535)	(28,376)	

*Details of movements in unusable reserves are in Note 17.

Note 17 Unusable Reserves

Adjustments between Accounting and Funding Basis 2018/19 Restated*

Unusable Reserves	Opening Balance 1 April 2018	Other Comprehensive Income and Expenditure 2018/19	Adjustments to Revenue Resources	Capital and Revenue Financing	Other Movements	Closing Balance 31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(455,974)	(63,189)	-	-	68,405	(450,758)
Available for Sale Financial Instruments Reserve	(223)	223	-	-	-	-
Financial Instruments Adjustment Account	2,725	-	(1,342)	-	-	1,383
Financial Instruments Revaluation Reserve	-	-	1,634	-	-	1,634
Pensions Reserve	697,568	(38,469)	42,580	-	-	701,679
Collection Fund Adjustment Account	(76,202)	-	58,439	-	-	(17,763)
Accumulated Absences Account	1,031	-	459	-	-	1,490
Capital Adjustment Account	(1,803,523)	-	192,654	(212,700)	(68,405)	(1,891,974)
Deferred Capital Receipts	(2,470)	-	-	118	-	(2,352)
Total	(1,637,068)	(101,435)	294,424	(212,582)	-	(1,656,661)

Note 17 Unusable Reserves (continued)

Unusable Reserves	Adjustments between Accounting and Funding Basis 2019/20					Closing Balance 31 March 2020
	Opening Balance 1 April 2019	Other Comprehensive Income and Expenditure 2019/20	Adjustments to Revenue Resources	Capital and Revenue Financing	Other Movements	
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(450,758)	(69,389)	-	-	19,731	(500,416)
Financial Instruments Revaluation Reserve	1,383	-	(620)	-	-	763
Financial Instruments Adjustment Account	1,634	-	883	-	-	2,517
Pensions Reserve	701,679	(93,911)	17,022	-	-	624,790
Collection Fund Adjustment Account	(17,763)	-	(6,597)	-	-	(24,360)
Accumulated Absences Account	1,490	-	361	-	-	1,851
Capital Adjustment Account	(1,891,974)	-	159,664	(198,729)	(19,731)	(1,950,770)
Deferred Capital Receipts	(2,352)	-	-	(360)	-	(2,712)
Total	(1,656,661)	(163,300)	170,713	(199,089)	-	(1,848,337)

Note 18 Transfer to/from Earmarked Reserves

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

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

Earmarked Reserves	1 April 2018	Transfers Out	Transfers In	31 March 2019	Reclassification	Transfers Out	Transfers In	31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults Services Reserve	(6,551)	-	(5,149)	(11,700)	(96)	-	(1,297)	(13,093)
Business Rate Equalisation Reserve	-	-	(48,948)	(48,948)	-	-	-	(48,948)
Business Rates net contribution to the pool, timing difference	-	-	(6,000)	(6,000)	-	-	-	(6,000)
Children's Services Reserve	(5,234)	771	(1,071)	(5,534)	(50)	1,959	(1,267)	(4,892)
Contract Risk Reserve	(11,713)	-	-	(11,713)	7,175	530	(12,117)	(16,125)
Covid 19 Reserve	-	-	-	-	-	-	(10,000)	(10,000)
Dedicated Schools Grant	(4,079)	1,498	-	(2,581)	-	1,048	(849)	(2,382)
Digitalisation Reserve	-	-	(5,000)	(5,000)	-	-	-	(5,000)
Economic recession not covered by safety net	-	-	(7,000)	(7,000)	-	-	-	(7,000)
Economy and Enterprise Reserve	(1,992)	604	(505)	(1,893)	-	307	-	(1,586)
Housing Benefits Reserve	(1,000)	-	-	(1,000)	-	-	-	(1,000)
Infrastructure reserve	(25,213)	3,467	(1,928)	(23,674)	1	71	-	(23,602)
Insurance Reserve	(12,603)	-	(818)	(13,421)	-	712	-	(12,709)
Invest to Save Reserve	(24,907)	1,119	-	(23,788)	-	165	(4,500)	(28,123)
Learning and Skills Council Reserve	(1,673)	-	(622)	(2,295)	-	-	(54)	(2,349)
Modernisation Reserve	(8,000)	-	-	(8,000)	-	-	-	(8,000)
MRP Equalisation Reserve	(7,187)	-	(3,500)	(10,687)	(13,738)	-	-	(24,425)

Earmarked Reserves	1 April 2018	Transfers Out	Transfers In	31 March 2019	Reclassification	Transfers Out	Transfers In	31 March 2020
My Westminster	-	-	-	-	(3,324)	878	-	(2,446)
Property Modernisation Reserve	-	1,096	(4,500)	(3,404)	-	-	-	(3,404)
Public Health Reserve	(6,290)	15	-	(6,275)	-	989	-	(5,286)
Business Rates Section 31 Grant Timing Reserve	-	-	(6,000)	(6,000)	-	-	-	(6,000)
Redundancy and Reorganisation	(2,701)	-	-	(2,701)	-	174	-	(2,527)
Receipts in Advance Reserve	(2,258)	235	(1,364)	(3,387)	1,185	1,014	-	(1,188)
Business Rates Smoothing Reserve	-	-	(24,000)	(24,000)	-	-	-	(24,000)
Statues and Monuments Reserves	(357)	17	-	(340)	(1)	16	(30)	(355)
Transformation Reserve	(14,843)	344	(2,331)	(16,830)	14,499	-	(3,307)	(5,638)
Temporary Accommodation Reserve	-	-	-	-	(10,782)	6,863	(5,511)	(9,430)
Other Council Reserves	(14,733)	6,496	(13,490)	(21,727)	5,131	3,061	(12,023)	(25,558)
Total General Fund Reserves	(151,334)	15,662	(132,226)	(267,898)	-	17,787	(50,955)	(301,066)
HRA Earmarked Reserves	(9,169)	9,169	-	-	-	-	-	-
Total Reserves	(160,503)	24,831	(132,226)	(267,898)	-	17,787	(50,955)	(301,066)

Note 18 Transfer to/from Earmarked Reserves (continued)

The **Adults' Services Reserve** is provided to support joint working with the CCG (Clinical Commissioning Group) to support vulnerable Adults within the borough and assist them in living independent lives.

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

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

The **Infrastructure Reserve** is provided to support improvements to the Council's buildings, estates, highways and related matters allowing more flexible and industrious use of these premises

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

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

The **Insurance Reserve** is established in order to finance costs (e.g. claims and premium payments) associated with insurable risk. The reserve meets expenditure relating to various types of future claims which are not covered by the Insurance Fund.

The **Invest to Save Reserve** represents a sum set aside to generate long term financial benefits from pump-priming financial resources.

The **Redundancy and Re-organisation Reserve** is provided to support staffing cost implications of service transformation programmes.

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

The **Housing Benefit Earmarked Reserve** relates to the carry forward of an unspent budget to support HB payments while options to absorb the planned reduction in Discretionary Housing Benefit payment from government are considered.

The **Property Modernisation Reserve** is to enhance to Council's operational estate.

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

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

The **Children's Reserve's** support projects within Children's services.

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

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

Other Council Reserves represent minor balances.

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



4.3.

Notes Supporting the Balance Sheet

Note 19a Capital Contractual Commitments

At 31 March 2020, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2019/20 and future years. The major commitments amounting to £1m or more are as follows and equivalent figures have been provided for 31 March 2019:

31 March 2019 Restated*		31 March 2020
£'000		£'000
18,755	FM Conway Various Public Realm Schemes	13,612
80,000	Axis*	70,000
80,000	United Living*	70,000
19,376	Precision Lifts*	16,954
10,000	Effectable*	8,000
26,400	Oakray*	23,100
15,600	GEM*	13,650
1,291	Dudley House	-
14,940	Beachcroft House	2,558
6,825	Edgware Road*	-
20,174	West End Gate	15,502
-	Ashbridge, Ashmill & Cosway Street	1,977
-	Parsons North	18,910
-	Lisson Grove Refurbishment	3,457
9,580	Tollgate*	8,835
302,941	Total	266,555

*The commitments at 31 March 2019 have been restated to include commitments relating to City West Homes Ltd, which was absorbed by Westminster City Council on 31 March 2019:

- Axis Ltd
- United Living
- Precision Lifts
- Effectable
- Oakray
- GEM

Note 19b Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Sanderson Whetherall undertook valuations on behalf of the Council in 2019/20 for operational property and investment property. HRA stock was valued at 31 March 2020.

The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Valuations concerning vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices, with consideration given for the condition of the asset.

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Investment Property	Heritage Assets	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Held at Historic Cost and at depreciated historic cost	-	-	17,524	5,400	-	81,060	580,948	25,101	710,033
									-
Different Valuations are applied to different asset classes.									-
31st March 2020	1,549,343	117,886	596,611	494,014	44,578	-	-	-	2,802,432
31st March 2019	-	-	-	-	-	-	-	-	-
31st March 2018	-	-	-	-	-	-	-	-	-
31st March 2017	-	-	-	-	-	-	-	-	-
31st March 2016	-	-	-	-	-	-	-	-	-
31st March 2015	-	-	-	-	-	-	-	-	-
31st March 2014	-	-	-	-	-	-	-	-	-
Total Cost or Valuation	1,549,343	117,886	614,135	499,382	44,578	81,060	580,948	25,101	3,512,465

Note 19c Property, Plant and Equipment

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Property, plant and equipment is recognised where the initial cost or value exceeds £10,000.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the cost of dismantling and removing the item and restoring the site on which it is located

Infrastructure, community assets, assets under construction and vehicles, plant and equipment are then carried in the Balance Sheet at depreciated historic cost. Other categories of Property, Plant and Equipment are subsequently re-measured at existing use or fair value – see General Principles within Note 1 for details. Assets are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Assets

are revalued in accordance with the methodologies and requirements of the Royal Institute of Chartered Surveyors.

Revaluation

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified,

they are accounted for in the same way as revaluation losses. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings - straight-line allocation over the useful life of the property as estimated by a qualified valuer;
- HRA dwellings are depreciated based upon component accounting basis. In the year of disposal a full year's depreciation is charged to the accounts and nothing in the year of acquisition;
- Vehicles, plant, furniture and equipment - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer;
- Infrastructure - straight-line allocation over 10 - 15 years.

Where an asset is material and has major components whose cost is significant to the total

cost of the asset and have markedly different useful lives, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset is de-recognised in the Balance Sheet. This amount, net of any receipts from disposal, are accounted for as a gain or loss on disposal and taken to the Other Operating Expenditure line in the CIES. Any revaluation gains previously accounted for in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Any disposal receipts in excess of £10,000 are categorised as capital receipts and must be credited to the Capital Receipts Reserve. A proportion of receipts relating to housing disposals must be paid to the Government.

The written-off value of disposals is not a charge against council tax but is subject to separate arrangements for capital financing. Amounts reflected in the CIES are appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

Minimum Revenue Provision

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

Note 19c Property, Plant and Equipment – Movement of Balances in 2018/19

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost of Valuation									
At 1 April 2018	1,467,974	131,608	419,740	70,396	477,268	21,301	117,202	2,705,489	6,622
Additions	76,592	137	65,542	6,289	53,391	1,833	74,220	278,004	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(72,355)	(4,116)	72,793	-	-	-	-	(3,678)	65
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(570)	(8,257)	-	-	-	-	(8,827)	-
Derecognition – disposals	(4,075)	-	-	-	-	-	-	(4,075)	-
Derecognition - other	-	(797)	(255)	-	-	-	(13,282)	(14,334)	-
Assets reclassified	-	(1,795)	(50,695)	-	-	-	(12,143)	(64,633)	-
At 31 March 2019	1,468,136	124,467	498,868	76,685	530,659	23,134	165,997	2,887,946	6,687

Note 19c Property, Plant and Equipment – Movement of Balances in 2018/19 (continued)

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment									
At 1 April 2018	(24,977)	(1,243)	(252)	(66,348)	(243,800)	-	-	(336,620)	(3,827)
Depreciation Charge	(17,770)	(6,485)	(19,725)	(2,234)	(40,517)	-	-	(86,731)	(681)
Depreciation written out to the Revaluation Reserve	36,147	5,923	18,197	-	-	-	-	60,267	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	6,600	-	-	-	-	-	-	6,600	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	26	590	-	-	-	-	616	-
Derecognition - Disposals	-	14	17	-	-	-	-	31	-
At 31 March 2019	-	(1,765)	(1,173)	(68,582)	(284,317)	-	-	(355,837)	(4,508)
Net Book Value:									
At 31 March 2019	1,468,136	122,702	497,695	8,103	246,342	23,134	165,997	2,532,109	2,179
At 31 March 2018 (Restated)	1,442,997	130,365	419,488	4,048	233,468	21,301	117,202	2,368,869	2,795

Note 19c Property, Plant and Equipment – Movement of Balances in 2019/20

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost of Valuation									
At 1 April 2019	1,468,136	124,467	498,868	76,685	530,659	23,134	165,997	2,887,946	6,687
Additions	67,679	35	29,577	4,375	50,287	1,965	70,463	224,381	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	16,356	3,494	6,760	-	-	-	-	26,610	8,058
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,116)	(559)	(37,697)	-	-	-	1,926	(41,446)	-
Derecognition – Disposals	(7,161)	(7,486)	(14,399)	-	-	-	(357)	(29,403)	-
Derecognition – Other	-	(47)	(876)	-	-	-	(832)	(1,755)	-
Other movement in Cost or Valuation	9,450	(2,017)	136,604	-	2	2	(143,854)	187	-
At 31 March 2020	1,549,344	117,887	618,837	81,060	580,948	25,101	93,343	3,066,520	14,745

Note 19c Property, Plant and Equipment – Movement of Balances in 2019/20 (continued)

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment									
At 1 April 2019	-	(1,765)	(1,173)	(68,582)	(284,317)	-	-	(355,837)	(4,508)
Depreciation Charge	(17,266)	(2,727)	(23,256)	(2,842)	(31,392)	-	-	(77,483)	(630)
Depreciation written out to the Revaluation Reserve	17,266	4,781	18,999	-	-	-	-	41,046	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	36	7,016	-	-	-	-	7,052	-
Derecognition - Disposals	-	343	106	-	-	-	-	449	-
Other Movements in Depreciation and Impairments	-	32	720	(2)	-	-	(716)	34	-
At 31 March 2020	-	700	2,412	(71,426)	(315,709)	-	(716)	(384,739)	(5,138)
Net Book Value:									
At 31 March 2020	1,549,344	118,587	621,249	9,634	265,239	25,101	92,627	2,681,781	9,607
At 31 March 2019	1,468,136	122,702	497,695	8,103	246,342	23,134	165,997	2,532,109	2,179

Note 20 Heritage Assets

The Council's heritage assets fall into two categories:

- a) 86 statues and monuments located throughout the city the most notable of which are Cleopatra's Needle and Sphinxes on Victoria Embankment and Shaftsbury Memorial Fountain (commonly known as Eros) at Piccadilly Circus, and
- b) A collection of civic regalia, including the Mayor's chain, and works of art comprising 112 paintings largely of past mayors and alder men of the borough.

The Council's heritage assets have been donated to the Council and its predecessor bodies over the past two centuries. All statues and monuments are accessible to members of the public as they form part of the public realm. The Council's collection of civic regalia and works of art is held at City Hall – access is by application.

Where assets are donated for nil consideration they are recognised at valuation. All heritage assets were revalued in 2019/20 on an insurance basis supplemented with a specialist valuation of the collection of civic regalia and works of art. Heritage assets are not subject to depreciation but the carrying amounts are reviewed where there is evidence of impairment such as physical damage. Any impairment is recognised and measured in accordance with the Council's general accounting policy on impairment.

	Statues and Monuments (Note a)	Civic Regalia, Works of Art, Trophies and similar (Note b)	Total Assets
	£'000	£'000	£'000
Balance at 1 April 2019	38,775	4,071	42,846
Revaluations	1,145	587	1,732
Balance at 31 March 2020	39,920	4,658	44,578

The valuation has been based upon an Insurance Valuation by Protector Insurance.

Note 21 Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2018/19			2019/20		
HRA Commercial Properties	General Fund Investment Properties	Total	HRA Commercial Properties	General Fund Investment Properties	Total
£'000	£'000	£'000	£'000	£'000	£'000
8,629	18,595	27,224	8,462	26,144	34,606
(2,275)	(4,060)	(6,335)	(1,784)	(4,408)	(6,192)
6,354	14,535	20,889	6,678	21,736	28,414
		Net gain			

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. There are contractual obligations on the Council to repair and maintain certain investment properties and these have been included in the relevant property valuations.

Note 21 Investment Property (continued)

Investment properties are measured initially at cost and subsequently at fair value. Investment Properties are not depreciated but are revalued annually according to market conditions at the year-end.

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

2018/19 Restated				2019/20		
HRA Commercial Properties	General Fund Investment Properties	Total		HRA Commercial Properties	General Fund Investment Properties	Total
£'000	£'000	£'000		£'000	£'000	£'000
202,852	202,372	405,224	Balance at 1 April	187,505	285,320	472,825
Additions:						
-	-	-	Purchases	-	5,775	5,775
1,362	50	1,412	Subsequent expenditure	1,431	724	2,155
(305)	(7,866)	(8,171)	Disposals	(16)	(25)	(41)
(7,998)	17,725	9,727	Net gains/losses from fair value adjustments	770	18,118	18,888
Transfers:						
-	-	-	To/from Investment Property Held for Sale	-	-	-
-	-	-	Assets reclassified (to)/from Investment Property Held for Sale	-	-	-
(8,406)	73,039	64,633	Assets reclassified (to)/from Property, Plant and Equipment	(220)	-	(220)
187,505	285,320	472,825	Balance at 31 March	189,470	309,912	499,382

Note 22 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

Financial Liabilities

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

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

Financial Assets

Financial assets are classified as below:

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments of interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

- Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

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

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

Note 22a Financial Instruments

The value of debtors and creditors reported in the table below are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and Notes 28 and 29 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

31 March 2019 Restated*			31 March 2020	
Long term	Short term		Long term	Short term
£'000	£'000		£'000	£'000
Fair Value Through Profit and Loss – Financial Assets				
24,366	-	Investments	29,874	-
Financial assets at amortised cost				
784	673,751	Investments	58,230	543,945
57,457	107,174	Debtors	53,436	97,962
-	49,904	Cash and Cash Equivalents	-	35,522
82,607	830,829	Total Financial Assets	141,540	677,429
Financial liabilities at amortised cost				
(222,521)	(2,486)	Borrowing	(206,143)	(16,828)
(4,321)	(171,448)	Creditors	(52)	(142,465)
(16,747)	(1,783)	Service concession and finance lease liabilities	(16,393)	(1,136)
(243,589)	(175,717)	Total Financial Liabilities	(222,588)	(160,429)

Note 22b Financial Instruments

Income, Expense, Gains and Losses

2018/19			2019/20			
Financial Liabilities Measured at Amortised Cost	Financial Assets: Loans and Receivables	Financial Assets: Available for Sale		Financial Liabilities Measured at Amortised Cost	Financial Assets: Loans and Receivables	Financial Assets Measured at Fair Value through Profit and Loss
£'000	£'000	£'000		£'000	£'000	£'000
-	-	1,634	Net loss on financial assets at fair value through profit and loss	-	-	883
10,626	-	-	Interest Expense	10,507	-	-
-	-	-	Impairment Losses	-	-	-
10,626	-	1,634	Total Expense in Surplus/Deficit on the Provision of Service	10,507	-	883
-	(11,148)	-	Interest Income	-	(12,930)	-
-	(11,148)	-	Total income in Surplus/Deficit on the Provision of Services	-	(12,930)	-
-	-	-	Gains on Revaluation	-	-	-
-	-	-	Losses on Revaluation	-	-	-
-	-	-	Surplus/Deficit arising on Revaluation of Financial Assets in Other Comprehensive Income and Expenditure	-	-	-
10,626	(11,148)	1,634	Net Gain/(Loss) for the Year	10,507	(12,930)	883

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

Two forward borrowing deals with Phoenix Group:

£37.5m: start date 15th March 2022, end date 15th March 2062 at 2.706%.

£12.5m: start date 15th March 2023, end date 15th March 2066 at 2.751%.

A forward deal agreed with Barings Bank/MassMutual:

£150m: start date 15th August 2022, end date 15th August 2062 at 1.970%.

A forward deal agreed with Rothesay Life:

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

Note 22c Financial Instruments (continued)

Fair value of assets and liabilities

Financial liabilities and financial assets classed as loans and receivables and financial liabilities at amortised cost are carried in the balance sheet at amortised cost.

Their fair values can be estimated by calculating the present value of cash flows that will take place over the remaining term of the instruments.

The fair value of borrowing is greater than the carrying value because this reflects the fact that the average rate of interest (4.2%) on the Council's borrowing is higher than current rates (1.90– 2.65%) for new borrowing.

31 March 2019 Restated*		31 March 2020		
Carrying Amount	Fair Value	Carrying Amount	Fair Value	
£'000	£'000	£'000	£'000	
Fair Value Through Profit and Loss				
24,366	24,366	Investments	29,874	29,874
Financial Assets Held at Amortised Cost				
-	-	Investments	602,175	603,473
674,535	674,535	Debtors	151,398	152,971
164,631	167,200	Cash and Cash Equivalents	35,522	35,522
49,904	49,904			
913,436	916,005	Total Financial Assets	818,969	821,840
Financial liabilities at amortised cost				
Borrowing*				
(152,008)	(180,584)	Public Works Loan Board	(152,004)	(174,113)
(70,999)	(101,150)	Lender Option Borrower Options	(70,967)	(95,899)
(2,000)	(2,000)	Other	-	-
(225,007)	(283,734)		(222,971)	(270,012)
(175,769)	(175,769)	Creditors	(142,517)	(142,517)
(18,530)	(26,839)	Service concession and finance lease liabilities	(17,529)	(26,173)
(419,306)	(486,342)	Total Financial Liabilities	(383,017)	(438,702)

Note 23 Cash and Cash Equivalents

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

31 March 2019		31 March 2020
£'000		£'000
3,970	Cash held by the Authority	5,604
(13,830)	Cash at bank	(232)
59,764	Short-term liquid deposits	30,150
49,904	Total Cash and Cash Equivalents	35,522

Note 24 Nature and Extent of Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

CREDIT RISK

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit ratings from the three major credit ratings agencies. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each rating category and country. The Annual Investment Strategy is contained within the Council's approved Treasury Management Strategy.

Note 24 Nature and Extent of Risk (continued)

A summary of the credit quality of the Council's investments at 31 March 2019 is shown below:

31 March 2019			31 March 2020	
Fair Value through Profit & loss	Loans and receivables	Fitch Rating	Fair Value through Profit & loss	Amortised Cost
£'000	£'000		£'000	£'000
-	59,764	AAA	-	30,150
-	-	AA+	-	-
-	361,148	AA	-	18,652
-	139,816	AA-	-	381,423
-	138,145	A+	-	156,370
-	45,332	A	-	50,319
24,366	144,865	N/A	29,874	152,181
24,366	889,070	Total	29,874	789,095

The credit quality of debtors is reflected in the level of the impairment allowance for trade debtors shown in Note 28.

The Council does not allow credit for customers, as such, all unpaid balances are past due date for payment. The gross past due sundry debtor amount can be analysed by age as follows:

31 March 2019 Restated		31 March 2020
£'000		£'000
96,825	Less than three months	89,347
3,059	Three to six months	2,727
3,130	Six months to one year	1,335
4,160	More than one year	4,553
107,174	Total	97,962

Note 24 Nature and Extent of Risk (continued)

LIQUIDITY RISK

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has immediate access to liquid investments as well as ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial liabilities is as follows:

31 March 2019					31 March 2020					
PWLB	LOBO*	Mortgage Annuity	Other	Total		PWLB	LOBO*	Mortgage Annuity	Other	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
(963)	(814)	(42)	(667)	(2,486)	Less than one year	(15,959)	(824)	(45)	-	(16,828)
(15,000)	-	(45)	(667)	(15,712)	Between one and two years	(5,400)	-	(48)	-	(5,448)
(5,400)	(10,000)	(98)	(667)	(16,165)	Between two and five years	(10,000)	(10,000)	(50)	-	(20,050)
(29,000)	-	-	-	(29,000)	Maturing in five to ten years	(32,700)	-	-	-	(32,700)
(101,644)	(60,000)	-	-	(161,644)	Maturing in more than ten years	(87,945)	(60,000)	-	-	(147,945)
				(225,007)	Total					(222,971)

*The LOBO maturity profile assumes that the lender will not exercise their option until maturity. The LOBOs are of fixed rates, ranging between 3.65% and 10.75%. Of the total amount, £25m have a break clause of every 5 years, whilst £45m have a break clause at every interest payment date twice a year. However, in the current low interest rate environment, it is unlikely that the lender will exercise their option to request early repayment of these LOBOs.

Note 24 Nature and Extent of Risk (continued)

MARKET RISK

Interest Rate Risk

The Council is exposed to changes in interest rates as a result of its borrowings being at long-term fixed rates and investment being short-term or at variable rates of interest. Consequently, falls in interest rates will have an adverse impact on the Council's finances.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowing would not impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest receivable on a particular investment class, namely, variable floating rate notes in the sum of £10m, will be posted to the surplus or deficit on the Provision of Services and will affect the General Fund Balance.

Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

Price Risk

The Council holds some financial instruments of which the capital value may fluctuate as a result of market conditions. However, these instruments are all purchased on a hold to maturity basis and therefore any temporary fluctuations in the market value of such products would have no impact on the Council's finances.

Note 25 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are utilised by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note

2018/19		2019/20
£'000		£'000
633,909	Capital Financing Requirement at 1 April	746,451
Capital investment		
278,004	Property, Plant and Equipment	224,381
1,412	Investment Properties	7,930
330	Intangible Assets	698
34,497	Revenue Expenditure Funded from Capital under Statute (REFCUS)	35,107
11,000	Long-term Investments	14,346
Sources of finance		
(45,774)	Capital Receipts	(51,757)
(111,702)	Government grants and other contributions	(109,637)
Sums set aside from revenue		
(22,346)	Direct Revenue Contributions	-
(24,256)	Major Repairs Allowance	(23,331)

Note 25 Capital Expenditure and Capital Financing (continued)

2018/19		2019/20
£'000		£'000
Debt repayment		
(7,038)	Minimum Revenue Provision	(13,021)
(1,585)	Minimum Revenue Provision PFI and Finance Lease	(981)
746,451	Capital Financing Requirement at 31 March	830,186
Explanation of movements in year		
121,165	Increase/(Decrease) in underlying need to borrowing (unsupported by government financial assistance)	97,737
(7,038)	Statutory provision for repayment of debt (Minimum Revenue Provision)	(13,021)
(1,585)	Statutory provision for PFI & Finance Lease debt (Minimum Revenue Provision)	(981)
112,542	Total	83,735

Note 26 Leases

COUNCIL AS LESSEE

Finance Leases

Leases are classified as finance leases where the terms of the agreement transfer substantially all the risks and rewards of ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, present value of the minimum lease payments in relation to the asset's fair value and whether the Council obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the land and building elements are considered separately for classification.

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are written off over the initial rental period. Contingent rents are charged as expenses in the periods in which they are incurred.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets and is subject to depreciation which is charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The interest element of finance leases is charged to Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure

Statement. The principal element of finance lease payments is applied to write down the lease liability.

31 March 2019		31 March 2020	
£'000		£'000	
106,200	Other Land and Buildings	110,125	
106,200	Total	110,125	

Minimum Lease Payments

The Council is committed to making minimum lease payments under these leases to settle the long-term liability for the interest in the properties acquired by the Council. The table below reconciles the future minimum lease payments to their present values.

31 March 2019				31 March 2020		
Minimum Lease Payment	Finance Charges	Present Value		Minimum Lease Payment	Finance Charges	Present Value
£'000	£'000	£'000		£'000	£'000	£'000
904	885	812	Not later than one year	904	884	814
3,617	3,528	2,737	Later than one year and not later than five years	3,617	3,523	2,737
41,502	30,903	7,136	Later than five years	40,597	30,024	7,117
46,023	35,316	10,685	Total	45,119	34,431	10,668

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

31 March 2019		31 March 2020	
£000		£000	
3,421	Contingent Rent due within 1 Year	3,421	

Note 26 Leases (continued)

Operating Leases

All other leases are treated as operating leases.

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased assets. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

The Council has a number of properties and equipment held under operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2019		31 March 2020	
£'000		£'000	
52,895	Not later than one year	55,075	
14,185	Later than one year and not later than five years	17,393	
564,050	Later than five years	502,710	
631,130	Total	575,178	

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

31 March 2019		31 March 2020	
£'000		£'000	
62,451	Minimum lease payments	52,569	
597	Contingent rents	755	
(29,341)	Sublease payments receivable	(29,001)	
33,708	Total	24,323	

Note 26 Leases (continued)

COUNCIL AS LESSOR

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease. This value then reduces over time as principal repayments are made.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2019		31 March 2020	
£'000		£'000	
22,700	Not later than one year	29,567	
74,950	Later than one year and not later than five years	119,653	
706,120	Later than five years	1,266,376	
803,770	Total	1,415,596	

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Note 27 Service Concessions

Service concessions are contracts to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council recognises the assets used under such contracts on its Balance Sheet within Property, Plant and Equipment, because it controls the services that are provided under the contracts, has exclusive use of the assets concerned, and ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets related to these contracts and recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the service concession operators each year are analysed into five elements which are accounted for as set out below:

- the contracted value of services received during the year – debited to the relevant service line in the CIES
- finance costs, debited to the Financing and Investment Income and Expenditure line in the CIES
- rents to be paid for the property during the contract, debited to the Financing and

Investment Income and Expenditure line in the CIES

- principal repayments – reduce the Balance Sheet liability
- lifecycle replacement costs – recognised as additions to Property, Plant and Equipment when the relevant works have been carried out

Veolia Waste Disposal Contract

2017/18 was due to be the final year of a seven year service concession contract for waste and recycling collection, street cleansing and ancillary services, terminating part way through 2017/18. This contract was extended during the year to now terminate part way through 2020/21. Under the contract, the operator provides a fleet of vehicles subject to a renewal programme approved by the Authority for the sole use of the contract. During the contract period to date, the vehicle fleet was completely renewed in April 2012 at a cost of £5.015m. At the end of the contract, the Authority has the option to purchase the vehicles at net book value, which is currently estimated to be £nil. The contract provides for the Authority's depots to be leased to the operator for the duration of the contract and returned to the Authority in good condition at the end of contract. The contract specifies the routes and to whom the services are provided, minimum standards of service with deductions from the fee payable if performance falls below the minimum standards.

Haven Contract

The Haven contract is a 25 year contract which started in 1998. Under the contract the operator has provided a new nursing home at Forrester Court. The operator valued the building at £4.2m when it became operational. The Authority occupies the majority of the beds (maximum 90 and minimum of 84) and a small element (about 20 beds) is sold to the market place by the operator. The Authority regulates the services provided and has nomination rights to the majority of the beds. There is no fixed unitary charge but the Council is charged per bed and must use the maximum 90 bed allocation (78 guaranteed) otherwise adjustments to charges are made. The Authority owns the freehold to the land. At the end of the contract the building transfers to the Authority for no further payment.

Penfold Contract

Penfold Street was jointly commissioned in 2004 between the Council and Notting Hill Housing Trust with the objective of providing housing for older people in the heart of London. Under the terms of the contract, the Authority provided the operator with a site for demolition and development on a 99 year lease, the operator constructed a new building on the site, which reverts to the Authority at the end of the lease, and the Authority has 100% nomination rights and provides an annual care contract for residents. The operator retains all rent and service charge income from residents.

Sport and Leisure Management Ltd contract

2019/20 was the fourth year of a ten year service concession contract with Sport and Leisure

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

The Council has the rights under the contract to specify the activities and services to be provided and regulate the prices charged. The contract specifies minimum standards to be met by the contractor with penalties payable if the facilities or performance is below minimum standards. The Council is responsible for the maintenance of the structure of the leisure centres, and the contractor for maintenance and redecoration, including equipment replacement.

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

Property, Plant and Equipment

The assets used to provide services under the service concession contracts are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 19c.

Payments

The Authority makes agreed payments each year to the operators, increased in line with inflation where stated in the contract and similarly reduced if performance falls below minimum standards in any year. Payments remaining to be made under the Service Concession contracts at 31 March 2019 (including an estimate of inflation) are as follows:

2019/20	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable within 1 year	22,632	322	48	23,002
Payable within 2 to 5 years	7,207	953	56	8,216
Payable within 6-10 years	-	363	-	363
Payable within 11-15 years	-	363	-	363
Payable within 16 - 20 years	-	363	-	363
Payable within 21+ years	-	4,497	-	4,497
Total	29,839	6,861	104	36,804

Note 27 Service Concessions (continued)

2018/19				
	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable within 1 year	45,564	949	61	46,574
Payable within 2 to 5 years	30,229	1,215	104	31,548
Payable within 6-10 years	-	363	-	363
Payable within 11-15 years	-	363	-	363
Payable within 16 - 20 years	-	363	-	363
Payable within 21+ years	-	4,571	-	4,571
Total	75,793	7,824	165	83,782

Whilst the unitary payments made to the contractors have been calculated to compensate the contractor for the fair value of the services provided, the financing costs arising from the capital expenditure incurred remain to be reimbursed as set out below:

	31 March 2018/19	31 March 2019/20
	£'000	£'000
Balance outstanding at start of the year	8,760	7,824
Payments made during the year	(936)	(963)
Balance outstanding at year end	7,824	6,861

Note 28 Debtors

31 March 2019*				31 March 2020		
Long Term	Short Term	Total		Long Term	Short Term	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	78,747	78,747	Sundry Debtors	-	45,974	45,974
-	42,411	42,411	Westminster Share of Business Rate	-	37,232	37,232
-	26,610	26,610	Parking Fines	-	29,242	29,242
-	19,400	19,400	Adults Services	-	20,366	20,366
-	17,445	17,445	Housing Benefits overpayments	-	17,214	17,214
-	13,415	13,415	Westminster Share of Council Tax	-	13,856	13,856
-	20,870	20,870	VAT	-	8,274	8,274
-	4,639	4,639	Property	-	7,695	7,695
-	4,757	4,757	Housing - Temporary Accommodation	-	4,871	4,871
-	4,235	4,235	HRA Rent & Lessee Service Charges	-	3,253	3,253
23,135	6,084	29,219	HRA Major Works	15,013	825	15,838
20,156	-	20,156	Local Government Association	20,155	-	20,155
12,912	-	12,912	Moberly Loan	13,500	-	13,500
10,058	-	10,058	Westminster Community Homes	9,147	-	9,147
-	-	0	Westminster Housing Investments Ltd	7,951	-	7,951
1,343	-	1,343	Other Loans	4,857	-	4,857
-	(90,569)	(90,569)	Less: Provision for irrecoverable debts (see below)	-	(90,832)	(90,832)
67,604	148,044	215,648	Total	70,623	97,970	168,593

*The disclosure requirements for this note have changed, 2018/19 and 2019/20 debtors are now grouped by type of debt.

Note 28 Debtors (continued)

Impairment allowance for doubtful debts

31 March 2019*		31 March 2020
£'000		£'000
(23,210)	Parking Fines	(26,431)
(16,881)	Housing Benefits overpayments	(17,053)
(19,776)	Business Rates	(14,928)
(8,339)	Council Tax	(8,012)
(3,832)	Housing - Temporary Accommodation	(4,391)
(3,198)	Adults Services	(3,185)
(560)	Property	(3,230)
(4,009)	HRA Major Works	(2,254)
(1,580)	HRA Rent & Lessee Service Charges	(1,438)
(9,184)	Other Provisions	(9,910)
(90,569)	Total	(90,832)

*The disclosure requirements for this note have changed, 2018/19 and 2019/20 impairment allowance for doubtful debts are now grouped by type of debt.

Note 29 Creditors

31 March 2019*				31 March 2020		
Long Term	Short Term	Total		Long Term	Short Term	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	(80,968)	(80,968)	WCC share of Business Rate prepayments	-	(66,242)	(66,242)
-	(9,761)	(9,761)	WCC share of Council Tax prepayments	-	(6,879)	(6,879)
-	(6,284)	(6,284)	Amount owed by WCC to preceptors - Council tax	-	(3,736)	(3,736)
-	-	-	Amount owed by WCC to preceptors - Business rates	-	(135,971)	(135,971)
-	(6,036)	(6,036)	PAYE & NI	-	(4,047)	(4,047)
-	(15,336)	(15,336)	Major Works	-	(10,578)	(10,578)
-	(3,023)	(3,023)	HRA Rent Prepayments	-	(3,438)	(3,438)
-	-	-	HRA Service Charge Prepayments	-	(1,297)	(1,297)
-	(24,691)	(24,691)	Receipts in advance	-	(15,006)	(15,006)
-	(202,877)	(202,877)	Sundry Creditors	-	(102,147)	(102,147)
(4,321)	-	(4,321)	Long term Creditors	(52)	-	(52)
(4,321)	(348,976)	(353,297)	Total	(52)	(349,341)	(349,393)

*The disclosure requirements for this note have changed, 2018/19 and 2019/20 creditors are now grouped by type of creditor.

Note 30 Provisions

Provisions are recognised where the Council has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Where some or all of the payment required to settle a provision is expected to be recovered from a third party, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

The table below sets out the provisions for 2019/20.

	Balance at 1 April 2019	Transfers between long-term and short-term	Additional provisions made in 2019/20	Amounts used in 2019/20	Unused amounts reversed in 2019/20	Balance at 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Short Term Provision						
Compensation, Property and Contractual Claims	(369)	-	-	-	159	(210)
Other	(316)	-	(267)	106	-	(477)
Total	(685)	-	(267)	106	159	(687)
Long Term Provision						
Compensation, Property and Contractual Claims	(9,732)	-	-	2,103	3,955	(3,674)
Insurance Claims	(7,373)	-	(712)	-	-	(8,085)
Business Rates Appeals	(126,080)	-	-	66,320	-	(59,760)
Other	(965)	-	-	-	185	(780)
Total	(144,150)	-	(712)	68,423	4,140	(72,299)
Grand Total	(144,835)	-	(979)	68,529	4,299	(72,986)

Note 30 Provisions (continued)

Closing provisions include the following elements:

Compensation, Property and Contractual Claims

This provision relates to a range of smaller claims against the Council for which financial resources have been set aside.

Ill-health Pension Contributions

This provision provides for employer's pension contribution obligations arising from Regulation 68(1) of the Local Government Pension Scheme 2013, payable to the pension fund when employees retire early on ill-health grounds.

Insurance Claims

A provision has been made to meet known and anticipated liabilities on claims under the Council's insurance arrangements. This is assessed by a professional insurance contractor on an annual basis and adjusted as appropriate.

Business Rates Appeals

Due to the localisation of Business Rates, which became effective from 1 April 2013, the Council has set aside a provision for any potential liabilities as a result of Business Rate payers' appeals against rateable valuations. From 2018/19 the Council is responsible for 64% share of this liability, and Greater London Authority is responsible for 36%. The provision includes an amount for appeals lodged to date but yet to be determined by the Valuation Office Agency (VOA) plus an amount for appeals expected but not yet lodged with VOA which has been estimated based on experience and analysis of the appeals listing from the VOA.

Other

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

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

Note 31 Other Long-Term Liabilities

2018/19		Note	2019/20
£'000			£'000
(10,685)	Lease Liabilities	Note 26	(10,668)
(7,823)	Service Concessions	Note 27	(6,861)
(701,679)	Pension Liability	Note 32	(624,787)
(720,187)	Total		(642,316)

Note 32 Pension Schemes

PARTICIPATION IN PENSIONS SCHEMES

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

POST-EMPLOYMENT BENEFITS

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

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

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

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

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

contributions payable to Teachers' Pensions and NHS Pensions respectively in the year.

Note 32a Pensions Schemes Accounted for as Defined Contribution Schemes

TEACHERS' PENSIONS SCHEME

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the cost by making contributions based on a percentage of scheme members' pensionable salaries. The Scheme itself is a defined benefit scheme but however is unfunded. The Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The notional fund is valued every four years. However, this is a multi-employer scheme and the number of participating employers makes it impossible to identify the Council's share of the financial position and performance attributable to its own employees with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, they are therefore accounted for on the same basis as a defined contribution scheme. In 2019/20, the Council paid £7.824m million (£3.807m in 2018/19) to the Teachers Pensions Agency in respect of teachers' retirement benefits. The expected contributions to the Teachers' Pension Scheme for 2020/21 are £7.824m million, unchanged from 2019/20.

NHS STAFF PENSION SCHEME

Former NHS employees that work for The Council can choose to maintain their membership of the NHS Pension Scheme. The Scheme provides these employees with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The scheme is an unfunded defined benefit scheme.

However, the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. As a result, for the purposes of this Statement of Accounts, the Council accounts for the scheme on the same basis as a defined contribution scheme. In 2019/20, the Council paid £0.055m million (£0.058m in 2018/19) to the NHS Pension Scheme in respect of former NHS staff retirement benefits. The Council expects contributions to the NHS Pension scheme for 2020/21 to remain unchanged from 2019/20, at £0.055m million.

Note 32b Defined Benefit Pension Schemes

THE LOCAL GOVERNMENT PENSION SCHEME

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the City of Westminster Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis. The basis of calculation is the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, including assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.

This future liability is then discounted back to present value, using a discount rate determined by reference to market yields at the balance sheet date of high quality corporate bonds.

The assets of the City of Westminster Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost – allocated in the Comprehensive Income and Expenditure Statement (CIES) to the services for which the employees worked
 - past service cost – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs
 - net interest on the net defined benefit liability – charged to the Financing and Investment Income and Expenditure line of the CIES
- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - contributions paid to the pension fund are charged to the General Fund via an entry in the Movement in Reserves Statement to replace the service cost items above.

DISCRETIONARY BENEFITS

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

DESCRIPTION OF THE WESTMINSTER FUND

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

Note 32b (i) – Net Pensions Liability

2018/19			2019/20			
Scheme Assets	Pensions Obligations	Net Pensions Liability	Programme area	Scheme Assets	Pensions Obligations	Net Pensions Liability
£000s	£000s	£000s		£000s	£000s	£000s
863,012	(1,560,578)	(697,566)	Opening Balance at 1 April	979,787	(1,681,464)	(701,677)
-	(32,970)	(32,970)	Current Service Cost	-	(39,949)	(39,949)
-	(1,680)	(1,680)	Past Service Cost and gains/losses on curtailments	-	(9,442)	(9,442)
22,026	(39,312)	(17,286)	Interest Income and Expense	23,589	(39,858)	(16,269)
(373)	-	(373)	Administration Expenses	(820)	-	(820)
(43,063)	43,063	-	Retirement Grants and Pensions	(47,404)	47,404	-
71,968	-	71,968	Settlements	(1,378)	-	(1,378)
-	(101,417)	(101,417)	Effects of business combinations and disposals	-	1,634	1,634
50,558	(132,316)	(81,758)	Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	(26,013)	(40,211)	(66,224)
Contributions						
39,178	-	39,178	• The Council	49,202	-	49,202
6,633	(6,633)	-	• Employees	8,329	(8,329)	-
45,811	(6,633)	39,178	Employers contributions payable to scheme	57,531	(8,329)	49,202
Remeasurements						
20,406	-	20,406	• Return on Plan Assets	(86,855)	-	(86,855)
-	-	-	• Other Actuarial Gains and Losses	267	-	267
-	95,526	95,526	• Actuarial Gains and Losses arising from changes in demographic assumptions	-	54,633	54,633
-	(76,885)	(76,885)	• Actuarial Gains and Losses from changes in financial assumptions	-	149,152	149,152
-	153	153	• Experience loss /(gain) on defined benefit obligation	-	(23,680)	(23,680)
-	(731)	(731)	Changes in the effect of the Asset Ceiling	-	394	394
20,406	18,063	38,469	Post Employment Benefits Charged to other Comprehensive Income and Expenditure Statement	(86,588)	180,499	93,911
979,787	(1,681,464)	(701,677)	Closing Balance at 31 March	924,717	(1,549,505)	(624,788)

Note 32b (ii) – Defined Benefit Pension Schemes (continued)

**LOCAL GOVERNMENT PENSION
SCHEME ASSETS COMPRISED**

WCC Pension Scheme 31 March 2019			WCC Pension Scheme 31 March 2020	
£'000	%		£'000	%
-	0%	Gilts - UK	-	0%
-	0%	Gilts - Overseas	-	0%
-	0%	Gilts - Index Linked	-	0%
-	0%	Corporate Bonds - UK	-	0%
135,923	14%	Corporate Bonds - Overseas	148,608	16%
200,056	21%	Equities - UK	-	0%
460,415	48%	Equities - Overseas	585,372	64%
-	0%	Unlisted Equities - UK	-	0%
-	0%	Unlisted Equities - Overseas	-	0%
88,063	9%	Property	89,709	10%
-	0%	Pooled Fixed Interest	-	0%
-	0%	Investment Debtors	-	0%
-	0%	Cash	-	0%
-	0%	Net Current Assets - debtors	-	0%
-	0%	Net Current Assets - creditors	-	0%
-	0%	Private Equity	-	0%
-	0%	Infrastructure	14,498	2%
62,218	7%	Multi Asset Credit	54,369	6%
957	0%	Cash/Temporary Investments	13,592	2%
9,572	1%	Infrastructure	-	0%
957,204	100%	Total	906,148	100%

Note 32b (iii) – Defined Benefit Pension Schemes (continued)

LPFA Pension Scheme 31 March 2019			LPFA Pension Scheme 31 March 2020	
£'000	%		£'000	%
12,286	54%	Equities	10,056	54%
0	0%	LDI/ Cashflow matching	0	0%
6,022	27%	Target Return Portfolio	4,526	24%
1,361	6%	Infrastructure	1,303	7%
0	0%	Commodities	0	0%
2,124	9%	Property	1,696	9%
790	3%	Cash	986	5%
22,583	100%	Total	18,567	100%

Note 32b (iv) – Defined Benefit Pension Schemes (continued)

A change in any of the key assumptions can have a significant impact upon the size of the Council's pension liabilities, which would require the Council during its triennial review to adjust the amount it must pay the Westminster Pension Fund. The biggest risks include an increase in member life expectancy, salary and pension accumulation rate or a decrease in the real discount rate, which would have an impact on the Council's liability to the Pension Fund.

Discounting of future payments gives the amount in today's money that is required to meet obligations – a higher discount rate means a lower current requirement to meet future payments. This is why the actuaries prudently use a discount rate based on highly rated corporate bond yields, as a small change in these would have a very large impact upon the size of the liability, which taxpayers are statutorily bound to pay.

The principal assumptions used by the actuaries have been:

WCC Pension Scheme 31 March 2019	LPFA Pension Scheme 31 March 2019		WCC Pension Scheme 31 March 2020	LPFA Pension Scheme 31 March 2020
		Mortality assumptions:		
		Longevity at 65 for current Pensioners (years):		
23.4	20.7	Men	21.8	21.0
24.8	23.7	Women	24.4	24.2
		Longevity at 65 for future Pensioners (years):		0.0
25.0	23.1	Men	23.2	22.4
26.6	26.0	Women	25.8	25.7
3.4%	3.5%	Rate of Inflation (RPI)	2.7%	2.9%
2.4%	2.5%	Rate of Inflation (CPI)	1.9%	1.9%
3.9%	4.0%	Rate of Increase in salaries	2.9%	2.9%
2.4%	2.5%	Rate of increase in pensions	1.9%	1.9%
2.4%	2.3%	Rate for discounting scheme liabilities	2.4%	2.4%

Note 32b (v) – Defined Benefit Pension Schemes (continued)

	WCC Pension Scheme	WCC Pension Scheme
	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	(63,694)	60,958
Rate of inflation (increase or decrease by 0.1%)	(70,222)	66,979
Rate of increase in salaries (increase or decrease by 0.1%)	(4,862)	4,764
Rate of increase in pensions (increase or decrease by 0.1%)	(70,222)	66,979
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	71,265	(74,932)

Note 32b (vi) – Defined Benefit Pension Schemes (continued)

IMPACT ON THE COUNCIL'S CASH FLOWS

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

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

The Council anticipated paying £42.7m (main scheme) employer contributions in 2019/20 but is no longer paying towards the LPFA scheme as the last active member has now left.

The weighted average duration of the defined benefit obligation for the WCC scheme members is 20 years, 2019/20 (19 years 2018/19).

The weighted average duration of the defined benefit obligation for the LPFA scheme members is 12 years, 2019/20 (12 years 2018/19).

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk: The Fund holds investment in asset classes such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk: The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities, the value of the assets and liabilities may not move in the same way.
- Inflation risk: All the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk: In the event that the members live longer than assumed, a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in both the City of Westminster Pension Fund and the LPFA Pension Fund, there is an orphan liability risk,

where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.



4.4.

Notes Supporting the Cashflow Statement

Note 33 Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

2018/19		2019/20
£'000		£'000
(10,521)	Interest received	(11,302)
11,101	Interest paid	8,502
Adjust net surplus or deficit on the provision of services for non-cash movements		
(87,213)	Depreciation and Amortisation	(77,592)
(8,183)	Impairment and downward valuations	(32,471)
(3,561)	Increase/(decrease) in creditors	16,087
(63,384)	(Increase)/decrease in provisions	-
67,321	Increase/(decrease) in debtors	(29,609)
7	Increase/(decrease) in inventories	15
(71,802)	Movement in pension liability	(17,022)
(66,580)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(32,672)
9,224	Other non-cash items charged to the net surplus or deficit on the provision of services	89,854
(224,171)	Sub-total of non-cash movements	(83,410)
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
32,700	Capital Grants credited to surplus or deficit on the provision of services	115,460
113,642	Proceeds from the sale of property plant and equipment, investment property and intangible assets	23,420
146,342	Sub-total of adjustments included in the net surplus or deficit on the provision of services that are investing or financing activities	138,880
(77,829)	Total	55,470

Note 34 Cash Flows from Investing Activities

2018/19		2019/20
£'000		£'000
279,913	Purchase of property, plant and equipment, investment property and intangible assets	240,046
2,954,718	Purchase of short and long-term investments	1,336,050
(113,642)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(23,420)
(3,138,289)	Proceeds from short and long-term investments	(1,402,030)
(23,710)	Other receipts from investing activities	(113,821)
(41,010)	Total Cash Flows from Investing Activities	36,825

Note 35 Cash Flows from Financing Activities

2018/19		2019/20
£'000		£'000
(2,000)	Cash receipts of short- and long-term borrowing	-
19	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	20
30,040	Repayments of short- and long-term borrowing	3,004
302,105	Other payments for financing activities	(44,503)
330,164	Net cash flows from financing activities	(41,479)



Westminster City Council Staff LGBT+ Network

PRIDE IN WESTMINSTER

4.5. | Other Notes

Note 36 Related Party Transactions

This disclosure note has been prepared using the Council's Register of Members' Declarations of Interest in addition to a specific declaration obtained in respect of related party transactions from members and senior officers. The Council is required to disclose material transactions with related parties - bodies and individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

CENTRAL GOVERNMENT

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates. It provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from Government departments are set out in the analysis in Note 13.

MEMBERS

The following Members held positions of control or significant influence in related parties to the Council during 2019/20:

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

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

Councillor Nafsika Butler-Thalassis is also a trustee of One Westminster – The charity has various contracts with the Council aimed at delivering voluntary sector and volunteering support, The Council spent £327,425 with One Westminster in 2019/20.

Councillor Robert Rigby is the Council appointed trustee of the London Marathon Charitable trust from which Westminster has received funding during the year.

Lady Christabel Flight served as a trustee of the Sir Simon Milton Foundation the year. The Foundation staff are co-located with the Council and have benefited from the use of Council support services (IT and use of desk space). During 2019/20 the value of in-kind services provided was £16,212 (2018/19: £19,962), while the chargeable cost of services provided was £16,212 (2018/19: £19,962).

Further details are recorded in the Register of Member's Declarations of Interest, which can be found on the Council's website.

Note 36 Related Party Transactions (continued)

ENTITIES CONTROLLED OR SIGNIFICANTLY INFLUENCED BY THE COUNCIL

The Council has a number of subsidiaries over which it has control and an associate company over which it exerts significant influence. The Council's subsidiary companies and related transactions are summarised below:

31 March 2019 Restated					
Name	Loan	Expenditure	Income	Income outstanding to WCC (WCC debtor balance)	Balance outstanding (WCC creditor balance)
	£'000	£'000	£'000	£'000	£'000
City West Homes Ltd*	-	35,316	(693)	5	38
Westminster Community Homes	10,058	10,333	(2,173)	-	561
WestCo Trading Ltd	-	2,453	(1,237)	667	779
Paddington Recreation Ground Trust**	-	1,298	(764)	-	-
Westminster Housing Investment Ltd	-	-	-	-	-

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

*The Council's Arm's-Length Management Organisation (ALMO), City West Homes, was brought back in-house on 31 March 2019.

**Paddington Recreation ground trust 18/19 figures restated to represent final audited figures.

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

Note 36 Related Party Transactions (continued)

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

Westminster Community Homes –Dermot Moloney, Thomas Harding, James Green, Cllr Jim Glen

Westco trading Limited – Julia Corkey, Dai Williams, Cllr Tony Devenish

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

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

Westminster Procurement Services - Dai Williams

The Council has the following associate:

Hub Make Lab CIC

a) Nature of the business

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

b) Relationship with the Council

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

Loans outstanding at 31 March 2020 and due to the Council are £0.091m (£0.191m at 31 March 2019).

c) Financial performance

The Company ceased trading at its current location in February 2018 and is currently considering options for future trading but as at 31st March 2020, there are no material transactions for the financial year.

d) Council Officers/Members on the Board

The following Council representatives are/were directors of the Company during 2019/20: Greg Ward.

Note 37 Contingent Liabilities

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

There are no contingent liabilities at the reporting date.

Note 38 Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

i) In connection with the sale of the Dolphin Square residential complex, a company called Dolphin Square 2005 Ltd was set up to manage tenants' rights. The Company was part funded by a proportion of the Council's proceeds and a legal charge is held over this fund in favour of the Council. Any unexpended amount will be returned, inclusive of interest, to the Council on the event of the winding up of the Company or when the relevant number of tenants with protected rights falls below twenty.

ii) Following the decision of the Supreme Court to allow in part the City Council's appeal in relation to the recovery of costs through licence fees, the European Court of Justice has now issued a ruling on matters referred to it by the Supreme Court. The City Council is now seeking an Order from the Administrative Court for the return of the sum of approximately £1.4m paid to the claimants. It is considered that there is a good prospect that the Court will agree to do so.

Note 39a Fair Value – Basis of Valuation

The basis of valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset or liability	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Assets and liabilities held at amortised cost	Level 2	Fair value has been assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments.	For PWLB loans payable, PWLB premature repayment rates. For non-PWLB loans payable, prevailing market rates. For loans receivable, prevailing market rates. No early repayment is recognised. Where instruments have a maturity of less than 12 months or are trade or other receivables, fair value is taken to be the carrying amount or billed amount.	Not required.
Investment property	Level 3	Valued at Fair Value at the year-end by Sanderson Weatherall, using the investment method of valuation. The valuations have been prepared in accordance with the RICS Valuation – Global Standards (January 2020) (“the Red Book”) – and in particular VPS 4 and UKVS 1, 2 and 4. This report also takes account of the requirements of the CIPFA Code of Practice on Local Authority Accounting.	Assumed void periods Estimated Rental Value (ERV) Capitalisation Rate (Equivalent Yield)	All variables listed are observable inputs and susceptible to market change. The portfolio experiences high occupancy levels with most assets capable of generating good levels of tenant demand in the current market. Consequently, the total Fair Value reported for the portfolio has a low level of sensitivity to significant changes in the assumed void period input. In contrast, the total Fair Value of the portfolio has a much higher level of sensitivity to significant change in both the ERV and Equivalent Yield inputs.
Investment in closed pooled property fund	Level 3	Council's share of the Net Asset Value of the fund	NAV based on the latest quarterly unaudited accounts.	Material economic events occurring between 31 December 2019 and 31 March 2020
Investment property held for sale	Level 3	Valued at fair value using the investment method of valuation by Sanderson Weatherall in accordance with the RICS Valuation - Global Standards 2020	Existing lease terms and rentals.	The valuation is sensitive to both assumptions.

Note 39a Fair Value – Basis of Valuation (continued)

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Council has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out opposite the consequent potential impact on the closing value of investments held at 31 March 2020.

Description of asset	Assessed Valuation Range (+/-)	Value at 31 March 2020	Value on increase	Value on decrease
		£'000	£'000	£'000
Investment property, assets held for sale	+16.9%/-12.9%	499,756	584,215	435,287
Total		499,756	584,215	435,287

Note 39b Valuation of Assets and Liabilities Measured at Fair Value

Financial and non-financial assets and liabilities measured at Fair Value are classified in accordance with three levels as shown below:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

31 March 2019			31 March 2020		
Quoted market price	Using observable inputs	With significant unobservable inputs	Quoted market price	Using observable inputs	With significant unobservable inputs
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets					
-	-	-	-	-	-
-	-	24,366	-	-	29,874
-	115,608	-	-	230	-
-	-	472,825	-	499,756	-
-	-	-	-	-	-
-	115,608	497,191	-	499,986	29,874
Liabilities at Amortised Cost*					
-	180,584	-	-	174,113	-
-	101,150	-	-	95,899	-
-	4,045	-	-	3,065	-
-	285,779	-	-	273,077	-

*Loans and service concession liabilities are disclosed at fair value in this Note in accordance with the Code but are carried at amortised cost in the Council's balance sheet.

Note 39c Transfers between Levels 1 and 2

There were no transfers of assets between levels 1 and 2 during the year.

Note 39d Reconciliation of Fair Value Measurements within Level 3

2018/19	1 April 2018	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment property*	405,224	-	64,632	1,412	(8,171)	9727	-	472,824
Pooled property fund	15,000	-	-	11,000	-	(1,634)	-	24,366
Assets held for sale**	-	40,000	-	-	(40,000)	-	-	-
	420,224	40,000	64,632	12,412	(48,171)	8,093	-	497,190

2019/20	1 April 2019	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment property*	472,824	-	(472,824)	-	-	-	-	-
Pooled property fund	24,366	-	-	4,000	-	(883)	-	27,483
Luton Strret LLP	-	-	-	2,391	-	-	-	2,391
	497,190	-	(472,824)	6,391	-	(883)	-	29,874

* During 2018/19, £11.909m of investment property was transferred to operational property following a review of the classification of investment property.

** In March 2018, property was re-classified to Assets held for sale, pending imminent sale.

Note 40 Events After the Reporting Period

The Director of Finance and Resources authorised the Statement of Accounts on 18th May 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

It has been agreed that there are no non-adjusting events after the Balance Sheet date.



5.

Group Accounts, and Explanatory Notes

Group Accounts and Explanatory Notes

INTRODUCTION

The purpose of the Group Accounts is to provide a picture of Westminster City Council and the group of companies and other entities, which are either controlled or are significantly influenced by the Council. The Group Accounts show the full extent of the Authority's wider assets and liabilities. While the Group Accounts are not primary statements, they provide transparency and enable comparison with other entities that have different corporate entities.

The Group Accounts include the following:

- **Group Comprehensive Income and Expenditure Statement** - summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accruals basis.
- **Group Movement in Reserves** - shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group reserves.

- **Group Balance Sheet** - reports the Council Group financial position at the year-end.
- **Group Cash Flow Statement** - shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.
- **Notes to the Group Accounts** where the balances are materially different to those in the single entity accounts.

RESULTS OF SUBSIDIARIES

The following notes provide additional details about the Authority's involvement in the entities consolidated to form the group accounts.

Westminster Community Homes Ltd

The company is a housing development vehicle for the Council and is structured as an Industrial and Provident Society. The Council holds one of the three shares in the company. The Council has dominant control of the company by virtue of guaranteed majority voting rights on the Board. Three officers of the Council are members of the Board.

For 2019/20, the company's results showed a deficit of £2.390m (£0.145m surplus in 2018/19), and net assets of £9.320m (£11.713m at 31 March 2019). Loans outstanding from the Council to the company total £9.147m (£10.158m at 31 March 2019).

A full copy of the company's accounts can be obtained from the Directors, Westminster Community Homes Ltd, 64 Victoria Street, London SW1E 6QP. The accounts are audited by Jones Avens Ltd.

Other entities within the Group

The other entities within the Group are:

- WestCo Trading Ltd, which provides communications support and business transformation programmes mainly to public sector clients. The company is a private limited company with share capital of £0.080m and is wholly owned by the Council. The company broke even in 2019/20 (£0.014m in 2018/19), and had net assets of £0.997m (£0.956m at 31 March 2019).
- Hub Make Lab CIC, which trades as Hub Westminster, provides low cost office space in the heart of London's West End for start-up businesses. In 2019/20, the company reported a loss of £3.210m. (£0.039m loss in 2018/19), and net liabilities of £0.329m (net liabilities of £0.321m at 31 March 2019)
- Paddington Recreation Ground charity was set up under the Paddington Recreation Ground Act 1893 to manage the land and facilities at Paddington Recreation Ground in perpetuity. The Council is sole trustee of the charity, which aims to break even year-on-year, entirely supported by funding from the Council. The charity generated a surplus of £0.933m in 2019/20 (£0.323m in 2019/20).
- Westminster Housing Investments Group which includes, Westminster Housing Developments Limited, and Luton Street LLP to provide cost effective housing in Westminster and the rest of London made a loss of £0.096m in 2019/20, the first year of trading, the group has net liabilities of £0.252m).

Group Account Statements

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2018/19				2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
94,509	(9,224)	85,285	Finance & Resources	112,615	(63,281)	49,334
8,601	(12,243)	(3,642)	Policy, Performance & Communications	7,718	(10,402)	(2,684)
153,204	(92,710)	60,494	Adult Services	151,887	(93,661)	58,226
146,086	(97,369)	48,717	Children's Services	162,551	(115,551)	47,000
194,767	(134,903)	59,864	City Management & Communities	192,637	(140,096)	52,541
433,163	(404,023)	29,140	Growth, Planning & Housing	453,305	(375,890)	77,415
1,030,330	(750,472)	279,858	Cost of Services – Continuing Operations	1,080,713	(798,881)	281,832

Group Comprehensive Income and Expenditure Statement (continued)

2018/19			2019/20			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
-	(42,598)	(42,598)	Other operating expenditure	14,134	-	14,134
1,220	(13,397)	(12,177)	Financing and investment income and expenditure	511	(32,874)	(32,363)
-	(350,318)	(350,318)	Taxation and non-specific grant Income	-	(315,520)	(315,520)
1,031,550	(1,156,785)	(125,235)	(Surplus)/Deficit on Provision of Services	1,095,358	(1,147,275)	(51,917)
8	-	8	Tax expenses of subsidiary	17	-	17
1,031,558	(1,156,785)	(125,227)	Group (Surplus)/Deficit	1,095,375	(1,147,275)	(51,900)
223	-	223	(Surplus)/deficit on revaluation of financial assets (Available for sale)	-	-	-
-	(66,344)	(66,344)	(Surplus)/deficit on revaluation of fixed assets	-	(70,838)	(70,838)
-	(39,893)	(39,893)	Actuarial (Gains)/Losses on Pensions Assets and Liabilities	-	(93,911)	(93,911)
223	(106,237)	(106,014)	Other Comprehensive Income And Expenditure	-	(164,749)	(164,749)
1,031,781	(1,263,022)	(231,241)	Total Comprehensive Income And Expenditure	1,095,375	(1,312,024)	(216,649)

GROUP MOVEMENT IN RESERVES STATEMENT

2018/19				Revenue Reserves				Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of subsidiaries	Total Group Reserves
	General Fund Balance	Earmarked General Fund Reserves	Schools Reserves	General Fund Total	Housing Revenue Account	Ear-marked HRA Reserves	HRA Total	Capital Receipts Reserve	Capital Grants Unapplied					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018 Restated	(59,597)	(151,333)	(5,643)	(216,573)	(25,366)	(9,169)	(34,535)	(61,612)	(329,426)	(642,146)	(1,580,737)	(2,222,883)	(63,391)	(2,286,274)
Movement in reserves during 2018/19														
(Surplus) or deficit on provision of services (accounting basis)	(91,666)	-	-	(91,666)	(8,325)	-	(8,325)	-	-	(99,991)	-	(99,991)	(25,639)	(125,630)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(101,435)	(101,435)	(4,579)	(106,014)
Total Comprehensive Income and Expenditure	(91,666)	-	-	(91,666)	(8,325)	-	(8,325)	-	-	(99,991)	(101,435)	(201,426)	(30,218)	(231,644)

Group Movement in Reserves Statement (continued)

2018/19	Revenue Reserves							Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of subsidiaries	Total Group Reserves
	General Fund Balance	Earmarked General Fund Reserves	Schools Reserves	General Fund Total	Housing Revenue Account	Ear-marked HRA Reserves	HRA Total	Capital Receipts Reserve	Capital Grants Unapplied					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments between group accounts and authority accounts	731	-	-	731	-	-	-	-	-	731	3,752	4,483	(4,080)	403
Net increase before transfers	(90,935)	-	-	(90,935)	(8,325)	-	(8,325)	-	-	(99,260)	(97,683)	(196,943)	(34,298)	(231,241)
Adjustments between accounting basis & funding basis under regulations	(25,589)	-	-	(25,589)	25,626	-	25,626	(65,879)	(16,001)	(81,843)	81,843	-	-	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(116,524)	-	-	(116,524)	17,301	-	17,301	(65,879)	(16,001)	(181,103)	(15,840)	(196,943)	(34,298)	(231,241)
Transfers to / from Earmarked Reserves	113,338	(116,564)	3,226	-	(9,169)	9,169	-	-	-	-	-	-	-	-
Increase / Decrease In Year	(3,186)	(116,564)	3,226	(116,524)	8,132	9,169	17,301	(65,879)	(16,001)	(181,103)	(15,840)	(196,943)	(34,298)	(231,241)
Balance at 31 March 2019	(62,783)	(267,897)	(2,417)	(333,097)	(17,234)	-	(17,234)	(127,491)	(345,427)	(823,249)	(1,596,577)	(2,419,826)	(97,689)	(2,517,515)

Group Movement in Reserves Statement (continued)

2019/20				Revenue Reserves			Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of subsidiaries	Total Group Reserves	
	General Fund Balance	Earmarked General Fund Reserves	Schools Reserves	General Fund Total	Housing Revenue Account	Ear-marked HRA Reserves	HRA Total	Capital Receipts Reserve						Capital Grants Unapplied
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2019	(62,783)	(267,897)	(2,417)	(333,097)	(17,234)	-	(17,234)	(127,491)	(345,427)	(823,249)	(1,596,577)	(2,419,826)	(97,689)	(2,517,515)
Movement in reserves during 2019/20														
(Surplus) or deficit on provision of services (accounting basis)	(23,567)	-	-	(23,567)	(12,867)	-	(12,867)			(36,434)	-	(36,434)	1,686	(34,748)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(164,749)*	(164,749)	-	(164,749)
Total Comprehensive Income and Expenditure	(23,567)	-	-	(23,567)	(12,867)	-	(12,867)	-	-	(36,434)	(164,749)	(201,183)	1,686	(199,497)

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

Group Movement in Reserves Statement (continued)

2019/20	Revenue Reserves			Capital Reserves			Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of subsidiaries	Total Group Reserves			
	General Fund Balance	Earmarked General Fund Reserves	Schools Reserves	General Fund Total	Housing Revenue Account	Ear-marked HRA Reserves						HRA Total	Capital Receipts Reserve	Capital Grants Unapplied
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Adjustments between group accounts authority accounts	-	-	-	-	-	-	-	-	-	-	(17,153)	(17,153)		
Net increase before transfers	(23,567)	-	-	(23,567)	(12,867)	-	(12,867)	-	-	(36,434)	(164,749)	(201,183)	(15,467)	(216,650)
Adjustments between accounting basis & funding basis under regulations	(9,462)	-	-	(9,462)	12,736	-	12,736	31,637	(6,534)	28,377	(28,377)	-	-	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(33,029)	-	-	(33,029)	(131)	-	(131)	31,637	(6,534)	(8,057)	(193,126)	(201,183)	(15,467)	(216,650)
Transfers to / from Earmarked Reserves	32,499	(33,168)	669	-	-	-	-	-	-	-	-	-	-	-
(Increase) / Decrease In Year	(530)	(33,168)	669	(33,029)	(131)	-	(131)	31,637	(6,534)	(8,057)	(193,126)	(201,183)	(15,467)	(216,650)
Balance at 31 March 2020	(63,313)	(301,065)	(1,748)	(366,126)	(17,365)	-	(17,365)	(95,854)	(351,961)	(831,306)	(1,789,703)	(2,621,009)	(113,156)	(2,734,165)

GROUP BALANCE SHEET

31 March 2019		31 March 2020
£'000		£'000
ASSETS		
Non-current		
2,587,606	Property, plant and equipment	2,740,750
42,846	Heritage Assets	44,578
472,825	Investment property	499,382
731	Intangible Assets	1,318
25,070	Long -term investments	85,633
-	Assets Under Construction	10,110
58,457	Long -term debtors	54,450
3,187,535	Total Long Term Assets	3,436,221
Current		
673,751	Short-term investments	543,945
357	Inventories	22,197
147,435	Short-term debtors	97,559
53,508	Cash and other cash equivalents	45,119
1,238	Assets held for sale	-
876,289	Current Assets	708,820

Group Balance Sheet (continued)

31 March 2019		31 March 2020
£'000		£'000
LIABILITIES		
(2,485)	Short-term borrowing	(16,828)
(348,595)	Short-term creditors	(354,306)
(893)	Short-term provisions	(687)
(16,979)	Short-term RIA	(23,226)
(368,952)	Current Liabilities	(395,047)
(4,321)	Long-term creditors	(227)
(144,150)	Provisions	(72,299)
(222,519)	Long-term borrowing	(216,446)
-	Grants deferred	-
(720,187)	Other long-term liabilities	(642,316)
(86,180)	Capital Grants - Receipts in Advance	(84,541)
(1,177,357)	Long-term liabilities	(1,015,829)
2,517,515	Net assets	2,734,165
(823,249)	Total Usable Reserves	(831,306)
(1,596,577)	Total Unusable Reserves	(1,789,703)
(97,689)	Share of Subsidiary reserves	(113,156)
(2,517,515)	Total Reserves	(2,734,165)

GROUP CASH FLOW STATEMENT

2018/19	Group Cash Flow Statement	2019/20
£'000		£'000
	<i>Cash flows from operating activities</i>	
(99,991)	Operating loss/surplus for the financial year	(36,434)
(10,521)	Interest received	(11,302)
11,101	Interest paid	8,502
	Adjust net surplus or deficit on the provision of services for non-cash movements	
(87,213)	Depreciation	(77,592)
(8,183)	Impairment and downward valuations	(32,471)
(3,561)	Increase/(decrease) in creditors	16,087
(63,384)	Increase/(decrease) in provisions	-
67,322	(Increase)/decrease in debtors	(29,609)
7	(Increase)/decrease in inventories	15
(71,802)	Movement in pension liability	(17,022)
(66,580)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(32,672)
9,224	Other non-cash items charged to the net surplus or deficit on the provision of services	89,854
(224,170)	Sub-total of non-cash movements	(83,410)
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
113,642	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	23,420
32,700	Any other items for which the cash effects are investing or financing cash flows	115,460
146,342	Sub-total of adjustments included in the net surplus or deficit on the provision of services that are investing or financing activities	138,880
5,431	Subsidiary's Cash Flows from Operating Activities by Group Entities	7,021
(172,388)	Net Cash Flows from Operating Activities	26,057

GROUP CASH FLOW STATEMENT (Continued)

2018/19	Group Cash Flow Statement	2019/20
£'000		£'000
	<i>Investing activities</i>	
279,913	Purchase of property, plant and equipment, investment property and intangible assets	240,046
2,954,718	Purchase of short-term and long-term investments	1,336,050
(113,642)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(23,420)
(3,138,288)	Proceeds from short-term and long-term investments	(1,402,030)
(23,711)	Other receipts from investing activities	(113,821)
(41,010)	Authority's Cash Flows from Investing Activities	36,825
9,449	Subsidiary's Cash Flows from Investing Activities	14,194
(31,561)	Net cash flows from investing activities	51,019
(2,000)	Cash receipts of short- and long-term borrowing	-
19	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	20
30,040	Repayments of short- and long-term borrowing	3,004
302,105	Other payments for financing activities	(44,503)
330,164	Authority's Cash Flows from Financing Activities	(41,479)
(5,937)	Subsidiary's Cash Flows from Investing Financing	(27,208)
324,227	Net cash flows from financing activities	(68,687)
120,278	Net increase or (decrease) in cash and cash equivalents	8,389
173,786	Cash and cash equivalents at the beginning of the reporting period	53,508
53,508	Cash and cash equivalents at the end of the reporting period	45,119

Note 1 Accounting Policies for the Group

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Council has consolidated its interests in all the entities over which it exercises control or significant influence. Westminster Community Homes Ltd Westminster Housing Investments Group have been consolidated because together they are material to the Council's balance sheet. In addition the Council has consolidated the following remaining entities within the Council Group in order to provide a full picture of the Council's arrangements for good governance:

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

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

Where group entities use different accounting policies to the Council, their accounts have been restated to re-align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Grants held by Westminster Community Homes Ltd are held on an amortised basis, as prescribed in the Housing Associations SORP. Upon consolidation into the Council's Group accounts the grants are recognised as income once conditions are met, in order to comply with the CIPFA Code of Practice.

Intra-group transactions have been eliminated before consolidation on a line by line basis.

Note 2 Group Property Plant and Equipment

Property, plant and equipment within the Group is measured at current value and revalued at least every five years, by the Council's valuers Sanderson Weatherall.

Details of when the Council's property plant and equipment were revalued are shown in Note 19b to the single entity accounts.

2018/19	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross book value							
At 1 April 2018 (Restated)	1,519,304	561,013	71,636	477,268	21,301	117,202	2,767,724
Additions	81,844	65,909	6,292	53,391	1,834	74,220	283,490
Revaluations increases/(decrease) recognised in the Revaluation Reserve	(69,101)	68,677	-	-	-	-	(424)
Revaluations increases/(decrease) recognised in the Surplus/deficit on the Provision of Services	-	(8,827)	-	-	-	-	(8,827)
Derecognition - disposals	(4,606)	-	(1,170)	-	-	-	(5,776)
Derecognition - other	(57)	(1,052)	-	-	-	(13,282)	(14,391)
Assets reclassified	-	(52,491)	-	-	-	(12,143)	(64,634)
At 31 March 2019	1,527,384	633,229	76,758	530,659	23,135	165,997	2,957,162

Note 2 Group Property Plant and Equipment (continued)

2018/19	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated depreciation and impairment							
At 1 April 2018	(29,500)	(8,866)	(67,484)	(243,800)	-	-	(349,650)
Depreciation Charge	(19,413)	(26,331)	(2,294)	(40,516)	-	-	(88,554)
Depreciation written out to the Revaluation Reserve	36,147	24,120	-	-	-	-	60,267
Accumulated Impairment written out to the Revaluation Reserve	6,600	-	-	-	-	-	6,600
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	616	-	-	-	-	616
Derecognition - disposals	15	-	1,099	-	-	-	1,114
Derecognition - other	20	31	-	-	-	-	51
At 31 March 2019	(6,131)	(10,430)	(68,679)	(284,316)	-	-	(369,556)
Net book value:							
At 31 March 2019 (Restated)	1,521,253	622,799	8,079	246,343	23,135	165,997	2,587,606
At 31 March 2018 (Restated)	1,489,804	552,147	4,152	233,468	21,301	117,202	2,418,074

Note 2 Group Property Plant and Equipment (continued)

2019/20	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross book value							
At 1 April 2019 Restated*	1,527,384	633,229	76,758	530,659	23,135	165,997	2,957,162
Additions	84,623	29,612	4,375	50,287	1,965	78,306	249,168
Revaluations increases/(decrease) recognised in the Revaluation Reserve	(5,405)	10,254	-	-	-	-	4,849
Revaluations increases/(decrease) recognised in the Surplus/deficit on the Provision of Services	(5,116)	(38,256)	-	-	-	1,926	(41,446)
Derecognition - disposals	(9,909)	(21,885)	-	-	-	(357)	(32,151)
Derecognition	(386)	(923)	-	-	-	(832)	(2,141)
Assets reclassified	7,691	-9,895	(63)	-	-	2,267	0
Other Movement in Cost or Valuation	9,422	134,587	-	2	2	(143,854)	159
At 31 March 2020	1,608,305	736,723	81,070	580,948	25,102	103,453	3,135,601

Note 2 Group Property Plant and Equipment (continued)

2019/20	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated depreciation and impairment							
At 1 April 2019	(6,131)	(10,430)	(68,679)	(284,316)	-	-	(369,556)
Depreciation Charge	(17,829)	(25,983)	(2,842)	(31,392)	-	-	(78,046)
Depreciation written out to the Revaluation Reserve	31,500	23,780	-	-	-	-	55,280
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	7,052	-	-	-	-	7,052
Derecognition - disposals	24	449	-	-	-	-	473
Derecognition - other	22	-	-	-	-	-	22
Other Movements in Depreciation and Impairments	-	752	(2)	-	-	(716)	34
At 31 March 2020	7,586	(4,380)	(71,523)	(315,708)	-	(716)	(384,741)
Net book value:							
At 31 March 2020	1,615,891	732,343	9,547	265,240	25,102	102,737	2,750,860
At 31 March 2019	1,521,253	622,799	8,079	246,343	23,135	165,997	2,587,606

Note 3 Group Inventories

Critical Judgements in Applying Accounting Policies

Westminster Housing Investments Group which includes, Westminster Housing Developments Limited, and Luton Street LLP provide cost effective housing in Westminster. The sole business activity of Luton Street LLP is to build assets to sell. Therefore related expenditure is treated as work in progress during the year and the Council recognises the expenditure as inventory on consolidation.

	2019/20
	£'000
Opening balance at 1 April 2019	357
Purchases	21,950
Recognised as an expense during the period	(110)
At 31 March 2019	22,197



6.

Supplementary Accounts and Notes

Housing Revenue Account (HRA) Statements

HRA INCOME AND EXPENDITURE STATEMENT AND MOVEMENT ON HRA BALANCE

This account shows the cost of financing, managing and maintaining the Council's housing stock. The total cost is met by income from rents, charges and other income such as commercial rents. The Council brought Housing Services in house from 2019/20, which was previously outsourced to the Council's Arm's Length Management Organisations (ALMO), City West Homes. There was no management fee for 192019/20 and CWH staff were transferred over to the Council as part of TUPE arrangements. The increase or decrease in HRA Balances, on the basis upon which income and expenditure are managed, is shown in the Movement on the Housing Revenue Account Statement.

HRA Income and Expenditure Statement

2018/19		2019/20
£'000		£'000
Expenditure		
20,162	Repairs and Maintenance	24,459
50,906	Supervision and Management	50,583
1,378	Rents, Rates, Taxes and Other Charges	1,568
397	Increase/(decrease) in Impairment Allowance for Doubtful Debts	(1,302)
24,800	Depreciation, Impairment and Revaluation losses in relation to non-current assets	26,026
130	Debt Management Cost	98
97,773	Total HRA Expenditure	101,432
HRA Income		
(73,764)	Dwellings Rents	(72,810)
(1,154)	Non-dwellings Rents	(1,794)
(7,434)	Charges for Services and Facilities	(7,488)
(21,809)	Contributions towards Expenditure	(19,264)
(104,161)	Total HRA Income	(101,356)
(6,388)	Net Cost of HRA services as included in the whole-authority Income and Expenditure Statement	76

Housing Revenue Account (HRA) Statements (continued)

HRA Income and Expenditure Statement (continued)

2018/19	2019/20
£'000	£'000
45	163
HRA services share of Corporate and Democratic Core	
(6,343)	239
Net Cost of HRA services including HRA share of costs not allocated to specific services	
(11,942)	(8,971)
(Gain) or loss on sale of HRA non-current assets	
(245)	(5,803)
Capital grants and contributions	
7,998	(770)
Movements in the fair value of investment properties	
11,017	10,000
Interest payable and similar charges	
(8,329)	(7,494)
HRA Investment Property income	
(481)	(68)
HRA Investment Income	
(8,325)	(12,867)
(Surplus) or deficit for the year on HRA services	

2018/19		2019/20
£'000		£'000
Movement on the Housing Revenue Account Statement		
(25,366)	Balance on the HRA at the end of the previous reporting period	(17,234)
(8,325)	(Surplus) or deficit for the year on the HRA Services	(12,867)
Adjustments between the accounting basis and funding basis:		
24,256	Transfer to Major Repairs Reserve	23,331
11,942	(Gain) or loss on sale of HRA non-current assets	8,962
(7,998)	Movements in the fair value of investment properties	770
22,148	Capital expenditure funded by the HRA	0
77	Financial Instrument Adjustment	59
(24,799)	Transfer (to) the Capital Adjustment Account (CAA)	(20,386)
17,301	Net (increase) or decrease before transfers to or from reserves	(131)
(9,169)	Transfers (to) or from earmarked reserves	-
8,132	Increase or (decrease) in year on the HRA	(131)
(17,234)	Balance on the HRA at the end of the current reporting period	(17,365)
-	Earmarked Reserves	-
(17,234)	Total HRA Reserves	(17,365)

Housing Revenue Account (HRA) Explanatory Notes

HRA 1 Housing Stock

31 March 2019		31 March 2020
£'000		£'000
741	Rented Houses	748
11,029	Rented Flats	11,009
70	Shared Ownership	80
8,927	Leasehold Properties	8,949
20,767	Total Stock	20,786

HRA 2 Housing Asset Valuation

a) The vacant possession fair value of HRA tenanted dwellings is £6.206bn.

b) The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA adjusts for the economic cost to the Government of providing housing at below market rents. This cost is determined by applying the Government prescribed discount rate (25% of Market Value) to the vacant possession value.

HRA 3 Rent Arrears and Provision

31 March 2019		31 March 2020
£'000		£'000
3,218	Rent Arrears	2,966
(1,417)	Bad Debt Provision	(1,448)
1,801	Total	1,517

Collection Fund Accounts

The Collection Fund shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from local taxpayers, and its subsequent distribution to local authorities and the Government. There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies concerned (i.e. major preceptors, the billing authority and the Government). The Council's share of council tax and business rates income is reflected in the Comprehensive Income and Expenditure Statement on an accruals basis in line with the Code.

The Council's share of council tax and business rates income is reflected in the Comprehensive Income and Expenditure Statement on an agency basis in line with the Code. However, the amount to be reflected in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and the Collection Fund Adjustment Account.

2018/19					2019/20			
Business Rates	Business Rates Supplement	Council Tax	Total	Collection Fund	Business Rates	Business Rates Supplement	Council Tax	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
INCOME								
-	-	(95,162)	(95,162)	Council Tax	-	-	(104,703)	(104,703)
(2,167,524)	-	-	(2,167,524)	Non-domestic rates	(2,224,437)	-	-	(2,224,437)
(37,054)	-	-	(37,054)	Transitional protection payments - non-domestic rates	5,119	-	-	5,119
-	(80,058)	-	(80,058)	Income collectable in respect of Business Rate Supplements	-	(78,908)	-	(78,908)
Contributions towards previous year's Collection Fund deficit:								
-	-	-	-	Central Government	-	-	-	-
-	-	-	-	City of Westminster Council	-	-	-	-
-	-	-	-	Greater London Assembly	-	-	-	-
(2,204,579)	(80,058)	(95,162)	(2,379,798)	Total amounts to be credited	(2,219,318)	(78,908)	(104,703)	(2,402,929)

Collection Fund Accounts (continued)

2018/19					2019/20			
Business Rates	Business Rates Supplement	Council Tax	Total	Collection Fund	Business Rates	Business Rates Supplement	Council Tax	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
EXPENDITURE								
-	-	-	-	Transitional protection payments - non-domestic rates	-	-	-	-
Precepts, demands and shares								
-	-	-	-	Central Government	555,939	-	-	555,939
1,388,483	-	53,834	1,442,317	City of Westminster Council	1,067,403	-	56,683	1,124,086
781,022	-	37,907	818,928	Greater London Assembly	600,414	-	41,769	642,183
Business Rate Supplement:								
-	79,575	-	79,575	Payment to levying authority's Business Rate Supplement Revenue Account	-	77,976	-	77,976
-	102	-	102	Administrative Costs	-	102	-	102
Charges to Collection Fund								
9,832	381	2,661	12,874	Write-offs of uncollectable amounts	22,745	830	-	23,575
2,400	-	(1,100)	1,300	Increase/(decrease) in allowance for impairment	200	-	3,920	4,120
(23,000)	-	-	(23,000)	Increase/(decrease) in allowance for appeals	(72,500)	-	-	(72,500)
3,310	-	-	3,310	Charge to General Fund for allowable collection costs for non-domestic rates	3,324	-	-	3,324

Collection Fund Accounts (continued)

2018/19					2019/20			
Business Rates	Business Rates Supplement	Council Tax	Total	Collection Fund	Business Rates	Business Rates Supplement	Council Tax	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
Apportionment of previous year's estimated Collection Fund surplus:								
123,126	-	-	123,126	Central Government	(11,442)	-	-	(11,442)
85,859	-	900	86,759	City of Westminster Council	13,962	-	846	14,808
77,211	-	618	77,829	Greater London Assembly	875	-	598	1,473
2,448,242	80,058	94,820	2,623,120	Total amounts to be debited	2,180,920	78,908	103,816	2,363,644
Movements on the Collection Fund								
243,664	-	(341)	243,322	(Surplus) /deficit arising during the year	(38,398)	-	(887)	(39,285)
(251,522)	-	(1,253)	(252,775)	(Surplus)/deficit brought forward at 1 April	(7,858)	-	(1,594)	(9,453)
(7,858)	-	(1,594)	(9,453)	(Surplus)/deficit carried forward at 31 March	(46,256)	-	(2,481)	(48,737)

Collection Fund Explanatory Notes

COLL 1 General

The Council, as a billing authority, is statutorily required to maintain a separate Collection Fund account as agent into which all transactions relating to collection of business rate and council tax income from taxpayers and distribution to local government bodies and central government are made. The Collection Fund account is accounted for separately from the General Fund.

Surpluses or deficits on the council tax income and distributions are apportioned to the relevant precepting body in the following financial year in proportion to each body's Band D Council Tax amount.

Business rate surpluses or deficits are distributed in accordance with the relevant proportions set out in the localised business rate regulations.

The proportions were as follows:

2018/19			2019/20	
Council Tax	Business Rates		Council Tax	Business Rates
-	-	Department of Communities & Local Government	-	25%
42.5%	36.0%	Greater London Authority	42.5%	27%
57.5%	64.0%	Westminster City Council (General Fund)	57.5%	48%
100.0%	100.0%		100.0%	100.0%

COLL 2 Council Tax

Council tax is charged on residential properties based upon valuation bandings established when the system was introduced in 1993. The number of properties in each band and calculation of the tax base (adjusted to reflect relevant discounts and exemptions) was approved by Full Council in January 2018, and is summarised in the table to the right:

Band	Range of property values (£)		2018/19	Multiplier	2019/20	
			Number of chargeable dwellings		Number of chargeable dwellings	Band D equivalent dwellings
	£	£				
A		40,000	1,730	6/9	1,722	958
B	40,001	52,000	6,668	7/9	6,676	4,152
C	52,001	68,000	15,945	8/9	15,962	12,102
D	68,001	88,000	22,796	9/9	22,834	19,850
E	88,001	120,000	22,972	11/9	23,159	24,649
F	120,001	160,000	17,635	13/9	17,806	22,642
G	160,001	320,000	22,788	15/9	23,180	34,688
H	320,001		15,522	18/9	15,867	29,923
			126,056		127,206	148,963
						(13,698)
Total						135,265
Westminster Council Share (96%)						129,854
Ministry of Defence Adjustment						465
Final Council Tax Base						130,320

COLL 3 Business Rates

The Council collects business rates for its area based on rateable values (as determined by the Valuation Office Agency) and multipliers set by central government. There are two multipliers:

Standard Multiplier 50.4p / £
Rateable Value
(49.3p in
2018/19)

Small Business Multiplier 49.1p / £
Rateable Value
(48.0p in
2018/19)

The total income to be received in the year was estimated and notified to related bodies in the immediately preceding January in accordance with Regulations. Those estimates were as follows:

The total rateable value for business premises as at the end of March 2020 was £5.078bn (£5.164bn for the prior year).

A system of Tariff and Top-Up payments operates on the localised shares distributed to local government bodies (Westminster and the GLA). A significant proportion of Westminster's retained share (£1.067bn) in 2019/20 is subsequently top-sliced and returned to Business Rates Pool for redistribution across local government. The main advantage of being part of the pool is not paying levy on growth which would normally be paid to MHCLG but is now redistributed within London boroughs.

2018/19	2019/20
£'000	£'000
- Central Government	555,939
1,388,483 Westminster City Council	1,067,403
781,022 Greater London Assembly	600,414
2,169,505 Total	2,223,756

COLL 4 Business Rates Supplements – Crossrail

Business Rates Supplement (BRS) is levied by the Greater London Authority on non-domestic properties with a rateable value of £70,000 or more and is subject to certain allowances and exemptions.

The aggregate rateable value of properties liable for BRS at 31st March 2020 was £4.546bn (the equivalent figure at 31st March 2019 being £4.638bn). The multiplier has remained at 2.0p / £ since the BRS was introduced.

Pension Fund Accounts and Explanatory Notes

FUND ACCOUNT

2018/19		Notes	2019/20
£'000			£'000
Dealings with members, employers and others directly involved in the fund			
Contributions			
(45,363)	From Employers	Note 6	(54,244)
(8,982)	From Members	Note 6	(10,105)
(6,897)	Individual Transfers in from Other Pension Funds		(8,267)
(61,242)			(72,616)
Benefits			
45,610	Pensions	Note 7	47,628
7,464	Commutation, Lump Sum Retirement and Death Benefits	Note 7	7,092
-	Payments in respect of tax		1,190
Payments to and on Account of Leavers			
4,919	Individual Transfers Out to Other Pension Funds		7,480
196	Refunds to Members Leaving Service		306
58,189			63,696

Fund Account (continued)

2018/19		Notes	2019/20
£'000			£'000
(3,053)	Net (Additions)/Withdrawals from Dealings with Members		(8,920)
5,823	Management Expenses	Note 8	6,834
2,770	Net (additions)/withdrawals including management expenses		(2,086)
Returns on Investments			
(12,194)	Investment Income	Note 9	(16,259)
(48)	Other Income	-	(1,716)
(12,242)			(17,975)
(72,884)	(Profit) and loss on disposal of investments and changes in the market value of investments	Note 11	114,859
(85,126)	Net return on investments		96,884
(82,356)	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		94,798
(1,335,976)	Opening Net Assets of the Scheme		(1,418,332)
(1,418,332)	Closing Net Assets of the Scheme		(1,323,534)

Net Assets Statement for the Year Ended 31 March 2020* (continued)

NET ASSETS STATEMENT FOR THE YEAR ENDED 31 MARCH 2020*

2018/19		Notes	2019/20
£'000			£'000
-	Investment assets		
150	Equities		150
1,402,288	Pooled Investment Vehicles		1,300,427
	Other Investment Balances:		
120	Income Due		119
-	Debtors		-
5,802	Cash Deposits		19,044
1,408,360			1,319,740
-	Investment Liabilities		-
-			-
1,408,360	Net Value of Investment Assets	Note 10	1,319,740
11,293	Current Assets	Note 18	4,640
(1,321)	Current Liabilities	Note 19	(846)
1,418,332	Net Assets of the Fund Available to Fund Benefits at the Period End		1,323,534

* The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in Note 17.

Note 1 Description of the City of Westminster Pension Fund

a) General

The Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by the City of Westminster Council. It is a contributory defined benefits scheme established in accordance with statute, which provides for the payment of benefits to employees and former employees of the City of Westminster and the admitted and scheduled bodies in the Fund. These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013 (as amended)
- The LGPS (transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The LGPS (Management and Investment of Funds) Regulations 2016.

b) Funding

The Fund is financed by contributions from employees, the Council, the admitted and scheduled bodies and from interest and dividends on the Fund's investments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2018. Employers also pay contributions into the Fund based on triennial funding valuations. The last such valuation was as at 31 March 2019, this covers the three financial years following 2019/20. Currently employer contribution rates range from 10.1% to 38.8% of pensionable pay, as per the 2016 valuation.

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

c) Benefits

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

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

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

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

Westminster Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from the pension fund. The Fund has used Aegon as its appointed AVC provider for the past 15 years and Equitable Life before. AVCs are paid to the AVC providers by employers and specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

d) Governance

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

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

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

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

e) Investment Principles

In accordance with the LGPS (Management and Investment of Funds) Regulations 2016 the Committee approved an Investment Strategy Statement on 21 March 2017 (available on the Council's website). The Statement shows the Authority's compliance with the Myners principles of investment management.

The Committee has delegated the management of the Fund's investments to external investment managers (see Note 10) appointed in accordance with regulations, and whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

f) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the City of Westminster Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

The following table summarises the membership numbers of the scheme:

31 March 2019		31 March 2020
29	Number of employers with active members	30
4,371	Active members	3,981
5,921	Pensioners receiving benefits	6,122
6,201	Deferred Pensioners	6,700
16,493	Total	16,803

Note 2 Basis of Preparation of Financial Statements

The Statement of Accounts summarise the Fund's transactions for 2018/19 and its position at year end as at 31st March 2019. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits.

The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Asset Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Authority has opted to disclose this information in an accompanying report to the accounts, which is disclosed in Note 18. The Pension Fund Accounts have been prepared on a going concern basis.

Note 3 Summary of Significant Accounting Policies

FUND ACCOUNT – REVENUE RECOGNITION

a) Contribution Income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are due under the schedule of contributions set by the actuary or on receipt if earlier than the due date.

Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset.

b) Transfers to and from Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment Income

Investment income is reported gross of withholding taxes which are accrued in line with the associated investment income. Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as a cash dividend to support the Fund's outgoing cash flow requirements.

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is recognised as a current financial asset in the net asset statement.

Where the amount of an income distribution has not been received from an investment manager by the balance sheet date, an estimate based upon the market value of their mandate at the end of the year is used.

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits and losses during the year.

FUND ACCOUNT – EXPENSE ITEMS

d) Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

The Fund is an exempt approved fund under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) VSP, MSP and lifetime allowance

Members are entitled to request the Pension Fund pays their tax liabilities due in respect of annual allowance and life time allowance in exchange for a reduction in pension.

Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs

Note 3 Summary of Significant Accounting Policies (continued)

g) Management Expenses

Pension fund management expenses are accounted for in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Costs 2016*.

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

The cost of obtaining investment advice from the external advisor is included in oversight and governance costs.

All investment management expenses are accounted for on an accruals basis. The Committee has appointed external investment managers to manage the investments of the Fund. Managers are paid a fee based on the market value of the investments they manage and/or a fee based on performance.

Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the fund account.

NET ASSETS STATEMENT

h) Financial Assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the value of the asset are recognised in the Fund account.

The values of investments as shown in the net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 14).

i) Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

j) Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and deposits with financial institutions which are repayable on demand without penalty.

l) Financial Liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

m) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS 19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the financial statements include a note disclosing the actuarial present value of retirement benefits (see Note 17).

n) Additional Voluntary Contributions

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 20).

o) Recharges from the General Fund

The LGPS (Management and Investment of Funds) Regulations 2016 permit the Council to charge administration costs to the Fund. A proportion of the relevant Council costs have been charged to the Fund on the basis of actual time spent on Pension Fund business. Costs incurred in the administration and the oversight and governance of the Fund are set out separately in Note 21.

Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 3 above, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events.

PENSION FUND LIABILITY

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

COVID-19 IMPACT

The ongoing impact of the Covid-19 pandemic has created uncertainty surrounding illiquid asset values. As such, the Pension Fund property and infrastructure allocations as at 31 March 2020 are difficult to value according to preferred accounting policy. Professional Valuers have not been actively valuing many similar sized assets in the market due to the current lockdown environment, as such values have been rolled over from Period 11 with an adjustment and may be inaccurate to the true 31 March position.

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

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

VALUATION OF INVESTMENTS LEVEL 3

The Pension Fund contains investments in unitised pooled property funds that are classified within the financial statements as level 3 investments (as detailed in note 13). These funds are valued according to non-exchange based market valuations. As a result of this, the final realised value of those pooled units may differ slightly from the valuations resented in the accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £35.09m. A 0.1% increase in assumed earnings would increase the value of liabilities by approximately £2.24m and a year increase in life expectancy would increase the liability by about £72.73m.

Note 6 Contributions Receivable

Employees' contributions are calculated on a sliding scale based on a percentage of their gross pay. The Council, scheduled and admitted bodies are required to make contributions determined by the Fund's actuary to maintain the solvency of the Fund. The table below shows a breakdown of the total amount of employers' and employees' contributions.

BY AUTHORITY

2018/19		2019/20
£'000		£'000
(45,265)	Administering Authority	(56,968)
(5,146)	Scheduled bodies	(3,087)
(3,934)	Admitted bodies	(4,294)
(54,345)	Total	(64,349)

BY TYPE

2018/19		2019/20
£'000		£'000
(8,982)	Employees' normal contributions	(10,105)
	Employers' contributions:	
(20,025)	Normal contributions	(21,634)
(24,743)	Deficit recovery contributions	(31,820)
(595)	Augmentation contributions	(790)
(54,345)	Total	(64,349)

Note 7 Benefits Payable

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

BY TYPE

2018/19		2019/20
£'000		£'000
45,610	Pensions	47,628
6,839	Commutation and lump sum retirement benefits	6,686
625	Lump sum death benefits	406
53,074	Total	54,720

BY AUTHORITY

2018/19		2019/20
£'000		£'000
41,837	Administering Authority	42,709
2,172	Scheduled Bodies	2,481
9,065	Admitted Bodies	9,530
53,074	Total	54,720

Note 8 Management Expenses

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

2018/19		2019/20
£'000		£'000
546	Administration Expenses	750
437	Oversight and Governance	422
4,840	Investment Management Expenses	5,662
5,823	Total	6,834

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

2018/19		2019/20
£'000		£'000
4,572	Management fees	4,778
-	Performance fees	85
38	Custody fees	31
230	Transaction costs	768
4,840	Total	5,662

Note 9 Investment Income

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

2018/19		2019/20
£'000		£'000
210	Income from bonds	-
9,653	Pooled investments - unit trust and other managed funds	13,856
2,240	Pooled property investments	2,070
-	Infrastructure Income	182
91	Interest and cash deposits	151
12,194	Total before taxes	16,259
12,194	Total	16,259

Note 10 Investment Management Arrangements

As at 31 March 2020, the investment portfolio is managed by eight external managers:

- UK property portfolios are split between Hermes Investment Managers and Standard Life;
- Fixed income mandates are managed by CQS (Multi Asset Credit, via the London CIV), Insight (Bonds) and Pantheon (Infrastructure);
- Equity portfolios are split between Baillie Gifford (active global, managed by the London CIV), Legal and General Investment Management (passive global) and Longview Partners (active global). During the year, the Fund transitioned their active UK equity holdings from Majedie Investment Managers into the Legal and General Global Passive.

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

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

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

The market value and proportion of investments managed by each fund manager at 31 March 2020 was as follows:

31 March 2019 Market Value	%	Fund Manager	Mandate	31 March 2020 Market Value	%
£'000				£'000	
<u>Investments merged by the London CIV asset pool:</u>					
292,964	20.8%	London LGPS CIV Ltd - Majedie	UK Equity (Active)	3	0.0%
150	0.0%	London CIV	UK Equity (Passive)	150	0.0%
293,114	20.8%	UK Equity		153	0.0%
283,978	20.2%	London LGPS CIV Ltd - Baillie Gifford	Global Equity (Active)	276,397	20.9%
325,643	23.1%	LGIM	World Equity (Passive)	523,071	39.6%
609,621	43.3%	Global Equity		799,468	60.5%
91,629	6.5%	London LGPS CIV Ltd - CQS	Multi Asset Credit	78,765	6.0%
91,629	6.5%	Fixed Income		78,765	6.0%
994,364	70.6%	Total pooled	Sub-Total	878,386	66.5%
<u>Investments managed outside of the London CIV asset pool:</u>					
70,003	5.0%	Longview	Global Equity (Active)	55,353	4.2%
70,003	5.0%	Global Equity		55,353	4.2%
198,690	14.2%	Insight Buy and Maintain Bond Fund	Bonds	216,088	16.4%
198,690	14.2%	Bonds		216,088	16.4%
65,247	4.6%	Hermes	Property	61,478	4.7%
64,709	4.6%	Standard Life	Property	68,592	5.2%
129,956	9.2%	Property		130,070	9.9%

Note 10 Investment Management Arrangements (continued)

31 March 2019 Market Value	%	Fund Manager	Mandate	31 March 2020 Market Value	%
£'000				£'000	
14,403	1.0%	Pantheon Global Infrastructure	Infrastructure	20,639	1.6%
14,403	1.0%	Fixed Income		20,639	1.6%
413,052	29.3%	Total outside pool	Sub-total	422,150	32.0%
944	0.1%	Cash deposits		19,204	1.4%
1,408,360	100%	Total investments at 31 March		1,319,740	100%

Note 11 Reconciliation in Movement in Investments

2018/19	Market value 1 April 2018	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Bonds	183,879	-	(183,658)	(221)	-
Equities	150	-	-	-	150
Pooled investments	1,008,609	287,433	(101,278)	66,098	1,260,862
Pooled property investments	120,667	50	(309)	6,615	127,023
Infrastructure	-	14,403	-	-	14,403
Derivatives:					
Futures	109	129	(216)	(22)	-
Forward foreign exchange	(1)	272	(443)	172	-
Total	1,313,413	302,287	(285,904)	72,642	1,402,438
Cash deposits	10,321			190	5,802
Amounts receivable for sales of investments	13,218			-	-
Investment income due	2,785			-	120
Spot FX contracts	5			7	-
Amounts payable for purchases of investments	(9,663)			45	-
Net investment assets	1,330,079			72,884	1,408,360

Note 11 Reconciliation in Movement in Investments (continued)

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

Purchases and sales of derivatives are recognised in Note 11 above as follows:

- **Forward currency contracts** – forward currency contracts settled during the period are reported on a gross basis as gross receipts and payments;
- **Futures** – on close out or expiry of the futures contract the variation margin balances held in respect of unrealised gains or losses are recognised as cash receipts or payments, depending on whether there is a gain or loss.

Note 12 Investments Exceeding 5% of Net Assets

The table below shows the Fund's investments which exceed 5% of net assets. These are all pooled investment vehicles, which are made up of underlying investments, each of which represent substantially less than 5%.

31 March 2019			31 March 2020		
Market Value	Holding		Market Value	Holding	
£'000	%		£'000	%	
292,609	20.8%	London LGPS CIV Ltd - Majedie	-	0.0%	
325,643	23.1%	LGIM	523,071	39.6%	
282,477	20.1%	London LGPS CIV Ltd - Baillie Gifford	276,397	20.9%	
70,003	5.0%	Longview	55,353	4.2%	
198,500	14.1%	Insight Buy and Maintain Bond Fund	216,088	16.4%	
91,629	6.5%	London LGPS CIV Ltd - CQS	78,765	6.0%	
-	-	Aberdeen Standard	68,592	5.2%	
1,260,861	89.6%	Total Top Holdings	1,218,266	92.3%	
1,408,360		Total Value of Investments	1,319,740		

Note 13a Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset	Valuation hierarchy 18/19	Valuation hierarchy 19/20	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Investments - Equity Funds UK and Overseas Managed Funds	Level 2	Level 2	The NAV for each share class is calculated based on the market value of the underlying equity assets.	Evaluated price feeds	Not required
Quoted UK and Overseas Bonds	Level 2	Level 2	Fixed income securities are priced based on evaluated prices provided by independent pricing services.	Evaluated price feeds	Not required
Pooled Long Lease Property Fund	Level 2	Level 2	The Standard Life Long Lease Property Fund is priced on a Single Swinging Price.	In house evaluation of market data	Not required
Pooled Investments – Property Funds	Level 3	Level 3	Closing bid price where bid and offer prices are published.	Adjusted for net capital current assets	Estimated acquisition and disposal costs
Pooled Investments – Multi Asset Credit	Level 2	Level 2	Fixed income securities are priced based on evaluated prices provided by independent pricing services.	Evaluated price feeds	Not required
Pooled Investments - Infrastructure	Level 3	Level 3	Valued by Fund Managers at the lower of cost and fair value.	Manager valuation statements are prepared in accordance with ECVA guidelines	Upward valuations are only considered when there is validation of the investment objectives and such progress can be demonstrated

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

SENSITIVITY OF ASSETS VALUED AT LEVEL 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2020.

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

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

As at March 2019:

Description of asset	Assessed Valuation Range (+/-)	Value at 31 March 2019	Value on increase	Value on decrease
		£000	£000	£000
Pooled investments - Property funds	3%	62,315	64,184	60,445
Total		62,315	64,184	60,445

Note 13b Valuation of Financial Instruments Carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 – where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities (quoted equities, quoted fixed securities, quoted index linked securities and unit trusts). Listed investments are shown at bid prices. The bid value is based on the market quotation of the relevant stock exchange.

Level 2 – where market prices are not available, for example, where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3 – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, neither of which the Fund currently invests in.

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

31 March 2019			31 March 2020		
Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3	Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3
£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets					
-	1,325,571	76,868	-	1,218,415	82,161
Financial Liabilities					
-	-	-	-	-	-
-	1,325,571	76,868	-	1,218,415	82,161
1,402,438			Total		
			1,300,576		

Note 13c Reconciliation of Fair Value Measurements Within Level 3

2019/20	Opening balance	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/losses	Realised gains/losses	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equity	150	-	-	-	-	-	-	150
Pooled investments - property funds	62,315	-	-	-	-	-	(927)	61,388
Pooled investments - Infrastructure	14,403	-	-	9,243	(5,673)	-	2,650	20,623
Total	76,868	-	-	9,243	(5,673)	-	1,723	82,161

As at March 2019:

2018/19	Opening balance	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/losses	Realised gains/losses	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equity	150	-	-	-	-	-	-	150
Pooled investments - property funds	60,193	-	-	-	-	2,122	-	62,315
Pooled investments - Infrastructure	-	-	-	14,403	-	-	-	14,403
Total	60,343	-	-	14,403	-	2,122	-	76,868

Note 14a Classification of Financial Instruments

The following table shows the classification of the Fund's financial instruments and also shows the split by UK and overseas.

31 March 2019			31 March 2020		
Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets					
Pooled funds - investment vehicles					
992,509		UK Managed Funds Other	878,383		
127,023		UK Unit Trusts Property	129,980		
268,503		Overseas Managed	271,591		
14,403		Infrastructure	20,623		
Derivative Contracts					
		Futures			
		Forward Foreign Exchange			
	7,397	Cash Balances (held directly by Fund)		807	
	120	Other Investment Balances		119	
	5,802	Cash Deposits		19,044	
	3,875	Debtors		3,833	
1,402,438	17,194	-	1,300,577	23,803	-

Note 14a Classification of Financial Instruments (continued)

31 March 2019			31 March 2020			
Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£'000	£'000	£'000		£'000	£'000	£'000
Financial Liabilities						
Derivative Contracts						
-	-	-	Futures	-	-	-
-	-	-	Forward Foreign Exchange	-	-	-
-	-	-	Other Investment Balances	-	-	-
-	-	(745)	Creditors	-	-	(209)
-	-	(745)		-	-	(209)
1,402,438	17,194	(745)	Total	1,300,577	23,803	(209)
	1,418,887				1,324,171	

Note 14b Net Gains and Losses on Financial Instruments

This table summarises the net gains and losses on financial instruments classified by type of instrument.

31 March 2019		31 March 2020
£'000		£'000
Financial Assets		
72,642	Designated at fair value through profit and loss	(114,482)
192	Financial assets at amortised cost	(367)
72,834		(114,849)
Financial Liabilities		
51	Financial liabilities at amortised cost	(10)
51		(10)
72,883	Total	(114,859)

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note 15 Nature and Extent of Risks Arising from Financial Instruments

RISK AND RISK MANAGEMENT

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

Responsibility for the Fund's risk-management strategy rests with the Committee. Risk management policies are established that aim to identify and analyse the investment risks faced by the Fund and these are regularly reviewed in the light of changing market and other conditions.

a) Market Risk

Market risk is the risk of loss emanating from general market fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk across all its investment activities. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of asset class, geographical and industry sectors and individual securities. To mitigate market risk, the Committee and its investment advisors undertake regular monitoring of market conditions and benchmark analysis.

Price Risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities represent a risk of loss of capital. The maximum risk resulting from financial instruments (with the exception of derivatives where the risk is currency related) is determined by the fair value of the financial instruments. The Fund's investment managers aim to mitigate this price risk through diversification and the selection of securities and other financial instruments.

The following table demonstrates the change in the net assets available to pay benefits if the market price had increased or decreased by 10%. The analysis excludes cash, debtors, creditors, other investment balances and forward foreign exchange, as these financial instruments are not subject to price risk.

Assets exposed to price risk	Value £bn	Value on 10% price increase	Value on 10% price decrease
	£'000	£'000	£'000
As at 31 March 2019	1,408,360	1,549,196	1,267,524
As at 31 March 2020	1,319,740	1,451,714	1,187,766

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

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments. Fixed interest securities and cash are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Committee and its investment advisors regularly monitor the Fund's interest rate risk exposure during the year.

Fixed interest securities, cash and cash equivalents are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

Assets exposed to interest rate risk	Average Duration	Value	Value on 1% increase	Value on 1% decrease
	Years	£'000	£'000	£'000
Fixed Income - Global Bonds	8.16	198,690	182,477	214,903
Fixed Income - Global Multi Asset Credit	1.27	91,629	90,465	92,793
As at 31 March 2019		290,319	272,942	307,696

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

Currency Risk

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

Overseas equities, fixed interest securities and futures, cash in foreign currencies, forward foreign exchange contracts and some elements of the pooled investment vehicles are exposed to currency risk. The following table demonstrates the change in value of these assets had there been a 10% strengthening/weakening of the pound against foreign currencies.

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

Assets exposed to currency risk	Value	Value on 10% foreign exchange rate increase	Value on 10% foreign exchange rate decrease
	£'000	£'000	£'000
As at 31 March 2019*	363,234	399,557	326,910
As at 31 March 2020	316,823	348,505	285,140

*Currency risk figures as at 31 March 2019 have been restated due to the LGIM portfolio being incorrectly.

b) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high quality fund managers, counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

There is a risk that some admitted bodies may not honour their pension obligations with the result that any ensuing deficit might fall upon the Fund. To mitigate this risk, the Fund regularly monitors the state of its admitted bodies.

c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Committee monitors cash flows and takes steps to ensure that there are adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings. The Fund defines liquid assets as assets that can be converted to cash within three months, subject to normal market conditions. As at 31 March 2020, liquid assets were £1,169m representing 89% of total fund assets (£1,264m at 31 March 2019 representing 90% of the Fund at that date). The majority of these investments can in fact be liquidated within a matter of days.

Note 16 Funding Arrangements

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

The latest full triennial valuation of the Fund was carried out by Barnett Waddingham, the Fund's actuary, as at 31 March 2019 in accordance with the Funding Strategy Statement of the Fund and Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008. The results were published in the triennial valuation report dated 31 March 2020, with the funding level rising to 100%. This report details the fund assumptions and employer contribution rates for the three years following 2019/20. The report and Funding Strategy Statement are both available on the Council's website.

The triennial valuation undertaken as at 31 March 2016 covers the following financial assumptions for 2019/20. The actuary's smoothed market value of the scheme's assets at 31 March 2016 was £1,056.7m and the Actuary assessed the present value of the funded obligation at £1,320.8m. This indicates a net liability of £264.1m, which equates to a funding position of 80% (2013: £297.3m and 74%).

The actuarial valuation, carried out using the projected unit method, is based on economic and statistical assumptions, the main ones being:

Future assumed returns at 2016	Assumed returns %	Risk adjusted Weighting %
Other Bonds	3.3	20
Equities	7.4	65
Property	5.9	15

Financial assumptions	2019 %	2016 %	2013 %
Discount rate - scheduled bodies	4.8	5.1	5.9
Discount rate - admitted bodies	3.3	4.5	4.9
RPI	3.6	3.3	3.5
CPI	2.6	2.4	2.7
Pension increases	2.6	2.4	2.7
Short-term pay increases	n/a	2.4	1.0
Long-term pay increases	3.6	3.9	4.5

The 2016 valuation certified an aggregate employer contribution rate of 33.9% of pensionable pay (2013: 29.8%). The contribution rate is set on the basis of the cost of future benefit accrual, increased to bring the funding level back to 100% over a period of 22 years, as set out in the Funding Strategy Statement (2013: 25 years). The common future service contribution rate for the Fund was set at 16.9% of pensionable pay (2013: 13.3%).

The triennial valuation also sets out the individual contribution rate to be paid by each employer from 1 April 2017 depending on the demographic and actuarial factors particular to each employer. Details of each employer's contribution rate are contained in the Statement to the Rates and Adjustment Certificate in the triennial valuation report.

Note 17 Actuarial Present Value of Promised Retirement Benefits

The table below shows the total net liability of the Fund as at 31 March 2020. The figures have been prepared by Barnett Waddingham, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension's legislation.

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

31 March 2019		31 March 2020	
£'000		£'000	
(2,046,789)	Present Value of Promised Retirement Benefits	(1,860,231)	
1,402,762	Fair Value of Scheme Assets (bid value)	1,319,740	
(644,027)	Net Liability	(540,491)	

Present Value of Promised Retirement Benefits comprise of £1,839m (2018/19: £2,003m) and £21.4m (2018/19: £43.8m) in respect of vested benefits and non-vested benefits respectively as at 31 March 2020.

ASSUMPTIONS

To assess the value of the Fund's liabilities at 31 March 2020, the value of the Fund's liabilities calculated for the funding valuation as at 31 March 2016 have been rolled forward, using financial assumptions that comply with IAS19.

DEMOGRAPHIC ASSUMPTIONS

The demographic assumptions used are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2016, hence they are different from those used for the 2019/20 statement of accounts. The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110%, for males and 105% for females. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.25% p.a.

Assumed life expectancy from age 65 is:

Life expectancy from age 65 years		31 March 2019	31 March 2020
Retiring today	Males	23.4	21.8
	Females	24.8	24.4
Retiring in 20 years	Males	25.0	23.2
	Females	26.6	25.8

FINANCIAL ASSUMPTIONS

The main financial assumptions are:

	31 March 2019	31 March 2020
	%	%
RPI increases	3.40	2.90
CPI Increases	2.40	1.90
Salary increases	3.90	2.90
Pension increases	2.40	1.90
Discount rate	2.40	2.35

Note 18 Current Assets

31 March 2019		31 March 2020	
£'000		£'000	
Debtors:			
1,893	Contributions due - employers	2,436	
578	Contributions due - employees	776	
1,425	Sundry debtors	621	
7,397	Cash balances	807	
11,293	Total	4,640	

ANALYSIS OF DEBTORS

31 March 2019		31 March 2020	
£'000		£'000	
28	Central Government Bodies	-	
718	Other entities and individuals	784	
3,150	Administering Authority	3,049	
3,896	Total	3,833	

Note 19 Current Liabilities

31 March 2019		31 March 2020	
£'000		£'000	
(1,321)	Sundry creditors	(846)	
(1,321)	Total	(846)	

ANALYSIS OF CREDITORS

31 March 2019		31 March 2020	
£'000		£'000	
(576)	Central government bodies	(637)	
(140)	Other entities and individuals	(209)	
(605)	Administering Authority	-	
(1,321)	Total	(846)	

Note 20 Additional Voluntary Contributions

The Pension Fund's Additional Voluntary Contributions (AVC) providers are Aegon and Utmost Life and Pensions. The table below shows information about these separately invested AVCs.

Market Value 31 March 2019		Market Value 31 March 2020	
£'000		£'000	
895	Aegon	828	
312	Utmost Life and Pensions*	214	
1,207	Total	1,042	

* Following the transfer during 2019/20, AVCs previously held with Equitable Life are now managed by Utmost Life and Pensions.

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs. Members of the AVC schemes each receive an annual statement confirming the amounts held in their account and the movements in the year. The Fund relies on individual contributors to check that deductions are accurately reflected in the statements provided by the AVC provider.

Note 21 Related Party Transactions

Fund is administered by Westminster City Council. The Council incurred costs of £0.535m in the period 2019/20 (2018/19: £0.424m) in relation to the administration of the Fund and were reimbursed by the Fund for the expenses. The Fund uses the same Banking and Control Service provider as WCC and no charge is made in respect of this.

KEY MANAGEMENT PERSONNEL REMUNERATION

The key management personnel of the Fund are the Members of the Pension Fund Committee, the Director of Finance and Resources, the Tri-Borough Director of Pensions and Treasury Management and the Director of People Services. There were no costs apportioned to the Pension Fund in respect of the Director of Finance and Resources post for 2019/20. Total remuneration payable to key management personnel from the Pension Fund is set out below:

31 March 2019		31 March 2020
£'000		£'000
58	Short-term benefits	56
22	Post-employment benefits	253
80	Total	309

Note 22 External Audit Costs

The external fee payable to the Fund's external auditors Grant Thornton UK LLP was £16k (£16k in 2018/19).

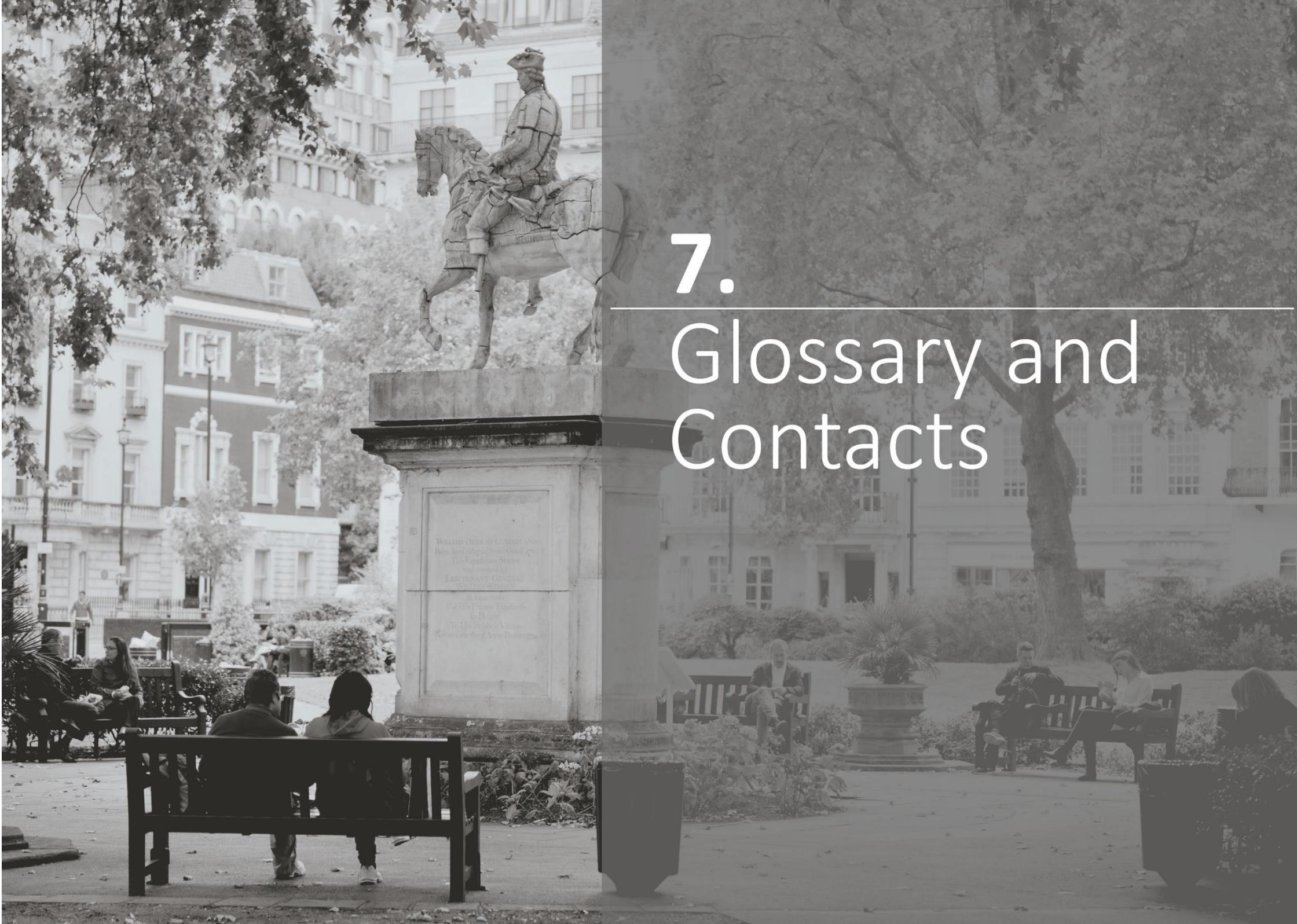
31 March 2019		31 March 2020
£'000		£'000
16	External audit fees	16
16	Total	16

Note 23 Events After the Reporting Period

Management have reviewed and can confirm that there are no significant events occurring after the reporting period.

Note 24 Contractual Commitments

The Fund has committed \$91.5m to the Pantheon Global Infrastructure Fund III. Of this commitment \$65.87m was still outstanding at 31 March 2020.



7.

Glossary and Contacts

WILLIAM DUKE OF GLENORIE AND
BORN April 1674 at Perth - DIED 1706
This Equestrian Statue
was erected by
LIBERTY'S GENERAL
WILLIAM STUART
in Gratitude
For His Private Kindness
in Flight
To His Private & Public
Service during the Year 1704

Glossary of Terms

ACCOUNTING POLICIES

The rules and practices adopted by the Council that determine how transactions and events are reflected in the accounts.

ACCRUALS

Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 March.

ACTUARIAL GAINS AND LOSSES

These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

AMORTISATION

A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

ANNUAL GOVERNANCE STATEMENT

The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

BALANCES (OR RESERVES)

These represent accumulated funds available to the Council. Some balances (reserves) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities. There are a number of unusable reserves, which are set out for technical purposes. It is not possible to utilise these to provide services.

BUSINESS RATES (NNDR/NDR)

Rates are payable on business premises based on their rateable value (last assessed in the 2017 Rating List by the Valuation Office Agency) and a national rate poundage multiplier (50.4p/£ in 2018/19). Westminster acts as the “billing authority” for its area and under the current Localised Business Rates regime retains 64% of the net

yield from business rates with the Greater London Authority receiving 36%. A system of Tariffs and Top-ups as well as a Safety Net scheme operate within the Council’s General Fund to further adjust the amount the Council ultimately retains.

CAPITAL EXPENDITURE

Payments for the acquisition, construction, enhancement or replacement of assets such as land, buildings, roads, and computer equipment.

CAPITAL ADJUSTMENT ACCOUNT

A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.

CAPITAL RECEIPTS

Income received from the sale of land, buildings or equipment.

CENTRAL SUPPORT SERVICES

Support provided to front line services by administrative and professional officers, including financial, legal, people services, IT, property and general administrative support.

CIPFA (CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTING)

CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code.

COLLECTION FUND

An account that shows the income due from NNDR and Council Tax payers and the sums paid to central government and to the precepting authorities.

COMMUNITY ASSETS

The class of Fixed Assets held by an authority in perpetuity that have no determinable useful life and may have restriction on their disposal, such as parks and open spaces, historical buildings, works of art, etc.

Glossary of Terms (continued)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A statement which details the total income received and expenditure incurred by the Council during a year in line with IFRS reporting as required by the Code.

CONTINGENT ASSET

An asset arising from past events, whereby its existence can only be confirmed by one or more uncertain future events not wholly within the control of the Council.

CONTINGENT LIABILITY

A contingent liability is either:

- a possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council; or
- a present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.

CORPORATE AND DEMOCRATIC CORE

This comprises all activities which local authorities engage in specifically because they are elected, multi-purpose organisations. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. It includes costs relating to the corporate management and democratic representation.

COUNCIL TAX

A local tax on properties within the City Council, set by the charging (Westminster) and precepting (GLA) authorities. The level is determined by the revenue expenditure requirements for each authority divided by the council tax base for the year.

COUNCIL TAX BASE

The amount calculated for each billing authority from which the grant entitlement of its share is derived. The number of properties in each band is multiplied by the

relevant band proportion in order to calculate the number of Band D equivalent properties in the area. The calculation allows for exemptions, discounts, appeals and a provision for non-collection.

CREDITORS

Amounts owed by the Council for goods and services received but not paid for as at 31 March.

CURRENT SERVICE COST

An estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.

DEBTORS

Amounts owed to the Council for goods and services provided but where the associated income was not received as at 31 March.

DEFERRED CAPITAL INCOME

Deferred Capital Income comprises amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under loans for purchase and improvement of property.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employee pays regular fixed contributions as an amount or as a percentage of pay, and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to the employee service in the current and prior periods.

Glossary of Terms (continued)

DEPRECIATION

A measure of the cost of the economic benefits of the tangible fixed assets consumed during the period.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council, which need to be disclosed separately by virtue of their size or incidence to give a fair representation in the accounts.

EXPECTED RETURN ON ASSETS

For a defined benefit scheme, this is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan, but a longer-term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

FINANCE LEASE

A lease that substantially transfers the risks and rewards of a fixed asset to the lessee. With a Finance Lease, the present value of the lease payments would equate to the fair value of the leased asset.

FIXED ASSETS

Assets that yield benefit to the Council and the services it provides for a period of more than one year.

GENERAL FUND

The account to which the cost of providing the Council Services is charged that are paid for from Council Tax and Government Grants (excluding the Housing Revenue Account).

HOUSING REVENUE ACCOUNT (HRA)

A statutory account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of council housing.

IMPAIRMENT

A reduction in the carrying value of a fixed asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment).

INTEREST COST

For defined benefit pension schemes the interest cost is the present value of the liabilities during the year as a result of moving one year closer to being paid.

INFRASTRUCTURE ASSETS

A class of assets whose life is of indefinite length and which are not usually capable of being sold, such as highways and footpaths.

INTANGIBLE FIXED ASSETS

'Non-financial' fixed assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights. Purchased intangibles, such as software licences, are capitalised at cost whilst internally developed intangibles are only capitalised where there is a readily ascertainable market value for them.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB)

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

International Public Sector Accounting Standards (IPSAS) are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

LEVIES

Payments made to the London Pensions Fund Authority, the Environment Agency and the Lee Valley Regional Park Authority.

Glossary of Terms (continued)

LONG TERM DEBTORS

These debtors represent the capital income still to be received, for example, from the sale of an asset or the granting of a mortgage or a loan.

MINIMUM REVENUE PROVISION

The minimum amount that the Council must charge to the income and expenditure statement to provide for the repayment of debt.

MOVEMENT IN RESERVES STATEMENT

This financial statement presents the movement in usable and unusable reserves (the Council's total reserve balances).

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value, less the cumulative amount provided for depreciation.

NET REALISABLE VALUE

The amount at which an asset could be sold after the deduction of any direct selling costs.

NON-DISTRIBUTED COSTS

Non-distributed costs are defined as comprising:

- retirement benefit costs including past service costs, settlements and curtailments. To note, current service pension costs are included in the total costs of services;
- the costs associated with unused shares of IT facilities; and
- the costs of shares of other long-term unused but unrealisable assets.

NON-OPERATIONAL ASSETS

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment

properties and assets that are surplus to requirements, pending sale or redevelopment.

OPERATING LEASE

A lease other than a finance lease. This is a method of financing assets which allows the Council to use, but not own the asset and therefore is not capital expenditure. A third party purchases the asset on behalf of the Council, who then pays the lessor an annual rental charge for the use of the asset.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the local authority, in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST

A cost arising from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.

POST BALANCE SHEET EVENTS

These events, both favourable and unfavourable, occur between the Balance Sheet date (31 March) and the date on which the statement of accounts are signed.

PRECEPTS

These are demands made upon the Collection Fund, by the Greater London Authority for monies, which it requires to finance the services it provides.

PRIOR YEAR ADJUSTMENT

A material adjustment applicable to prior years arising from changes in accounting policies or correction of fundamental errors.

PROJECTED UNIT METHOD – PENSION FUND VALUATION

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

Glossary of Terms (continued)

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date.

PROVISIONS

A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits.

PRUDENTIAL CODE

Since 1 April 2004, local authorities have been subject to a self-regulatory “prudential system” of capital controls. This gives authorities the freedom to determine how much of their capital investment they can afford to fund by borrowing. The objectives of the code are to ensure that the local authority’s capital investment plans are affordable, prudent and sustainable, with Councils being required to set specific prudential indicators.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source, to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Advice from CIPFA is that related parties to a local authority include Central Government, bodies precepting or levying demands on the Council Tax, members and chief officers of the Council and its pension fund.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party, irrespective of whether a charge is made.

Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision by a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the pension fund;
- the provision of services to a related party, including the provision of pension fund administration services; and
- transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

RESERVES

An amount set aside for a specific purpose in one year and carried forward to meet future obligations.

REVENUE EXPENDITURE

Day to day payments on the running of Council services including salaries, wages, contract payments, supplies and capital financing costs.

REVENUE SUPPORT GRANT

The main Government grant paid to local authorities. It is intended to adjust for differences in needs between areas so that, if all local authorities were to spend at the level which the Government assess that they need to spend, the Council Tax would be the same across the whole country.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the

Balance Sheet as a fixed asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

SERVICE CONCESSIONS

An arrangement involving the private sector constructing or upgrading assets used in the provision of a public service and operating and maintaining those assets for a specified period of time.

SOCIETY OF LOCAL AUTHORITY CHIEF EXECUTIVES (SOLACE)

Solace (Society of Local Authority Chief Executives and Senior Managers) is the representative body for senior strategic managers working in the public sector.

SOCIETY OF LONDON TREASURERS

Representative body of section 151 Officers from all 32 London Boroughs, the City of London Corporation and the Greater London Authority Group.

THE CODE

The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.

NOTE: values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

UK GAAP

UK GAAP is the Generally Accepted Accounting Practice in the UK (UK GAAP) is the body of accounting standards and other guidance published by the UK's Financial Reporting Council (FRC)

Note References

Note	Description
	Notes to the Accounts
Note 1	Accounting Policies
Note 2	Accounting standards issued but not yet adopted
Note 3	Assumptions made about the future and other major sources of estimation uncertainty
Note 4	Critical judgements in applying accounting policies
Note 5	Other operating expenditure
Note 6	Financing and investment income and expenditure
Note 7	Taxation and non-specific grant income
Note 8	Expenditure and funding analysis
Note 9	Section 75
Note 10	Officers' remuneration (including termination benefits and members' allowances)
Note 11	External Audit Fees
Note 12	Dedicated Schools Grant
Note 13	Grant Income
Note 14	Trading Operations
Note 15	Agency Services
Note 16	Adjustments between accounting basis and funding basis under regulations
Note 17	Unusable Reserves
Note 18	Transfer to/from earmarked reserves
Note 19a	Capital Contractual Commitments
Note 19b	Revaluations
Note 19c	Property, Plant and Equipment
Note 20	Heritage Assets
Note 21	Investment Property
Note 22a	Financial Instruments - Analysed by type

Note	Description
Note 22b	Financial Instruments - Income and Expense Gains and Losses
Note 22c	Financial Instruments - Fair value of assets and liabilities
Note 23	Cash and Cash Equivalents
Note 24	Nature and Extent of Risk
Note 25	Capital Expenditure and Capital Financing
Note 26	Leases
Note 27	Service Concessions
Note 28	Debtors
Note 29	Creditors
Note 30	Provisions
Note 31	Other Long-Term Liabilities
Note 32	Pension Schemes
Note 32a	Pension Schemes Accounted for as Defined Contribution Schemes
Note 32b	Defined Benefit Pension Schemes
Note 33	Cash Flows from Operating Activities
Note 34	Cash Flows from Investing Activities
Note 35	Cash Flows from Financing Activities
Note 36	Related Party Transactions
Note 37	Contingent Liabilities
Note 38	Contingent Assets
Note 39a	Valuation of assets and liabilities measured at fair value
Note 39b	Transfers between Levels 1 and 2
Note 39c	Reconciliation of Fair Value Measurements within Level 3
Note 40	Events After the Reporting Period

Note References (continued)

Note	Description
Group Accounts Explanatory Notes	
Note 1	Group Accounting Policies
Note 2	Group Property Plant and Equipment
Note 3	Group Inventories
Housing Revenue Account Explanatory Notes	
HRA 1	Housing Stock
HRA 2	Housing Asset Valuation Notes
HRA 3	Rent Arrears and Provision
Collection Fund Explanatory Notes	
COLL 1	General
COLL 2	Council Tax
COLL 3	Business Rates
COLL 4	Business Rates Supplements - Crossrail
Pension Fund Explanatory Notes	
Note 1	Description of the City of Westminster Pension Fund
Note 2	Basis of Preparation of Financial Statements
Note 3	Summary of Significant Accounting Policies
Note 4	Critical Judgements in applying Accounting Policies
Note 5	Assumptions made about the future and other major sources of uncertainty
Note 6	Contributions receivable
Note 7	Benefits payable

Note	Description
Note 8	Management Expenses
Note 9	Investment Income
Note 10	Investment Management Arrangements
Note 11	Reconciliation in Movement in Investment
Note 12	Investments exceeding 5% of Net Assets
Note 13a	Fair Value – Basis of Valuation
Note 13b	Valuation of Financial Instruments carried at Fair Value
Note 13c	Reconciliation of Fair Value Measurements within Level 3
Note 14a	Classification of Financial Instruments
Note 14b	Net Gains and Losses on Financial Instruments
Note 15	Nature and extent of risks arising from Financial Instruments
Note 16	Funding Arrangements
Note 17	Actuarial Present Value of Promised Retirement Benefits
Note 18	Current Assets
Note 19	Current Liabilities
Note 20	Additional Voluntary Contributions
Note 21	Related Party Transactions
Note 22	External Audit Costs
Note 23	Events after the reporting period
Note 24	Contractual Commitments

Contact Information

This document gives details of Westminster City Council's Annual Accounts and is available on the Council's website at westminster.gov.uk.

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