



Annual Accounts

Westminster City Council • 2023/24



City of Westminster



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The Statement of Accounts for Westminster City Council for the year ended 31 March 2024 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 2023/24 ("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
2023/24

Member Preface

Introduction to the 2023/24 statement of accounts by the Cabinet Member for Finance and Council Reform – Councillor David Boothroyd

The 2023/24 financial year has seen the Council continue making progress towards a Fairer Westminster: a Council that listens to its residents, delivers services they need, with a focus on our communities to reduce inequality across the City. Investment for the future is also vitally important for a Fairer Westminster – including social and other affordable housing and meeting our net zero commitments.

To support our communities, we have continued with our £21m Cost of Living Fund, which provides support for those residents that most need it through food, energy and financial support. We have provided 14,000 children and young people with free school meals with a £2m of investment.

We have continued to make great progress with our Fairer Housing programme – including completing 300 Harrow Road as an all-affordable scheme and adding a further 300 social rent homes to our housing building programme.

On the environment, we have spent £20m for zero-emission waste collection trucks - powered by the waste they collect, improving noise and air pollution. Finally, our commitment to listening to residents led to the Citizens Climate Assembly.

These achievements have been underpinned by strong financial and contract management. This includes:

- Completing a zero-based budgeting process during 23/24, identifying savings and investments for future years
- Freezing the core element of council tax, and maintaining a low council tax position for Westminster in 23/24
- Introducing the Responsible Procurement and Commissioning Strategy – ensuring the principles of Fairer Westminster are upheld through our contracts.

Significant steps were taken in 2023/24 towards a Fairer Westminster. Our work is not yet complete, but nothing can be achieved without a stable financial foundation – which this statement of accounts illustrates.



Cabinet Member for Finance and Council Reform – Councillor David Boothroyd

Annual Governance Statement 2023/24

HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

INTRODUCTION

Part 2 of the Accounts and Audit Regulations 2015 requires local authorities to publish an Annual Governance Statement, and the subsequent CIPFA/SoLACE Delivery Good Governance in Local Government Framework (2016) requires the same authorities to be responsible for ensuring that:

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

The Council's Audit and Performance Committee reviews compliance with certain core governance arrangements, risk registers and quarterly performance reports. Their role is to recommend improvements or interventions if expected performance is not being achieved, or if gaps in current governance arrangements have been identified. The General Purposes Committee is responsible for review of the effectiveness of the Council's Constitution.

KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

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

Council, Cabinet and Leader

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

Decision making

- All meetings are held in public, unless exempt material is under consideration
- Decisions are recorded on the Council website
- All Member-level decisions are supported by detailed officer reports making clear, evidenced recommendations
- Policy and Scrutiny Committees are notified of all executive decisions

Risk management

- Risk registers identify operational and strategic risks
- Key risks are considered by ELT every quarter at Risk and Performance Board
- WCC monitors financial outcomes, governance of group companies and key partnership arrangements

Scrutiny and Review

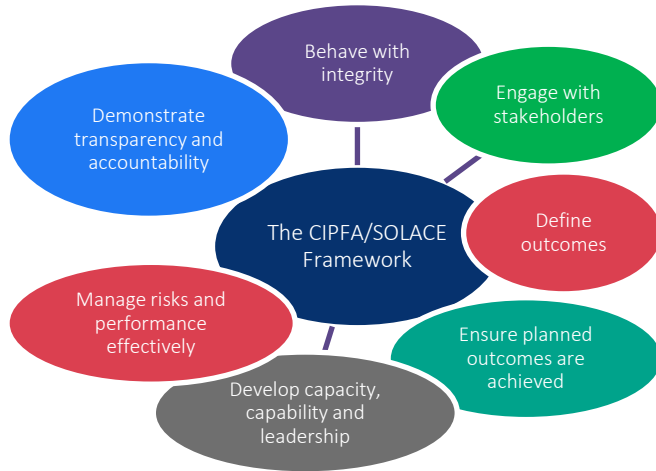
- Scrutiny committees review Council policy and can challenge decisions
- Audit and Performance Committee reviews governance, costs vs budget and delivery of agreed plans

Executive Leadership Team (ELT)

ELT is responsible for the overall management of the Council

- Head of Paid Service is the Chief Executive who is responsible for all Council staff and for leading ELT
- Executive Director of Finance and Resources is the Council's s.151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money.
- Monitoring Officer is the Council's Director of Corporate Services who is responsible for ensuring high standards of public conduct. Monitoring Officer is the Council's Director of Corporate Services who is responsible for ensuring high standards of public conduct

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 2022/23.



Annual Governance Statement (continued)

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

<p>PRINCIPLE 1 Behaving with integrity, and respecting the rule of law</p>	<p>At Westminster, the Codes of Conduct for Members and Officers reinforce a public service ethos, underpinned by the Nolan Principles, and high standards of behaviour. These are supported by more detailed guidance such as, Anti-Fraud, Bribery and Corruption Strategies, as well as Whistleblowing Procedures, Financial Regulations and a Procurement Code. The Council's Anti-Fraud & Corruption Strategy 2020-24 sets out the Council's overall policy on fraud and corruption and states that if fraud, corruption or any misconduct directed against the Council is suspected, this should be reported immediately. The Council's strategy aligns to the national strategy published by the Local Government Association (LGA). The Officers' Code of Conduct reinforces the requirement for all staff to be vigilant and describes how they should raise any concerns they may have. Further guidance is also provided in the Council's Whistleblowing at Work Policy and the Fraud Plan.</p>
<p>PRINCIPLE 2 Ensuring open and comprehensive stakeholder engagement</p>	<p>The Council engages with stakeholders and partners through joint working arrangements, partnership boards and representation on external bodies' governing boards. The annual City Survey informs community engagement strategies as well as service and budget priorities. The Council publishes a quarterly magazine and utilises online communication channels such as e-bulletins, Twitter, Facebook, and YouTube.</p> <p>The Council also holds regular public engagement events (Residents Panels) to allow residents to meet and discuss local issues with Cabinet Members and senior officers, and it collects resident feedback on proposed service or policy changes through consultations. The Communities department seeks to widen participation to be better able to be accessed by all our communities. The Council's priorities align with the organisational objectives to include Communities within our decision-making processes and a full range of engagement methods will be co-created with communities to improve this.</p>
<p>PRINCIPLE 3 Defining outcomes in terms of sustainable economic, social and environmental benefits.</p>	<p>The strategic vision for Westminster is set out in the Fairer Westminster Strategy along with a range of strategic outcomes aligned to five strategic themes – Fairer Communities, Fairer Environment, Fairer Economy, Fairer Housing and Fairer Council. Our strategy details our plans for tackling inequalities, transitioning to a net zero carbon city, supporting people of all ages to live well, building affordable housing, creating high-quality public spaces, and ensuring Westminster's economy thrives and that residents benefit from it. Each year we produce a Fairer Westminster Delivery Plan which is agreed by ELT and Cabinet setting out the priority actions for the year. These are supported by a suite of Success Measures that are used to assess impact. The council uses key metrics and other functions within the council such as quarterly performance and risk management, corporate programme management, and budget monitoring to report and monitor progress against deliverables and achieving our desired outcomes.</p>

<p>PRINCIPLE 4 Determining the intervention necessary to achieve intended outcomes</p>	<p>Quarterly performance reports track the performance of priority Council activities and services through a suite of corporately agreed key performance indicators. This view of performance is also considered taking account of risks, achievements and issues. A consolidated view of performance and risk is provided to ELT on a quarterly basis at Risk and Performance Board which is formed of ELT and supported by Strategy and Intelligence. The report sets out areas of concern and allows senior management to discuss key issues. A quarterly report is also provided to Cabinet on the Fairer Westminster Delivery Plan setting out the status of key deliverables and associated measures. Members also receive regular information (via Scrutiny Committees and the Audit and Performance Committee) to ensure the Council remains focused on achieving its agreed objectives and priorities. Reporting on delivery of our major change programmes happens at a dedicated monthly Change Board which is made up of ELT members. All programmes and projects are aligned to the Fairer Westminster strategic themes and outcomes. ELT also meets at a dedicated quarterly Performance Board. This provides an update on how the Council is progressing against our strategic indicators and outcomes and to ensure exceptions or areas of challenge are considered.</p>
<p>PRINCIPLE 5 Developing capacity, including the capability of leadership and individuals within the Council</p>	<p>The Council develops and empowers our employees to deliver the best possible outcomes for our residents and communities. The Council achieves this through its people strategy “The Westminster Way” (TWW), which focuses on the culture that we all aspire to and has three pillars: Personal development – “Everyone has talent”; Value our people and diversity – “Everyone is valued”; and The Westminster Way of working – “Everyone is a leader”. Alongside this are our Westminster Way Hub, Career Development portal (Career Zone) and Learning & Development offer (Learning Zone) which provides various workshops, online learning and support tools to enable employees to take a lead in their roles and in leading others. This year we will be focusing on strengthening our talent development approach and programmes and re-engaging our workforce and communities with our core purpose, values, and behaviours to ensure the Council responds to key drivers of change and fosters a positive culture and employee experience.</p>

<p>PRINCIPLE 6 Managing risks and performance through strong internal control and financial management</p>	<p>The council has a risk management strategy in place, supported with a toolkit to help staff understand our approach to risk. Corporate risk registers are updated quarterly by all directorates, with significant risks reviewed by senior management and members. ELT considers strategic risks at a dedicated Risk and Performance Board that meets once a quarter. Internal Audit assesses the overall quality of internal control and makes recommendations for improvement as necessary, with target deadlines agreed with action owners. A new risk dashboard has been created to make the information more accessible to key staff. A quarterly performance report tracks the performance of priority Council activities and services through a suite of corporately agreed key performance indicators. This view of performance is also considered taking account of risks, achievements and issues. The report also highlights remedial actions being taken where slippage or under-performance does occur. The Council has a strong track record in financial management, delivering services within budget and producing annual accounts within statutory deadlines.</p>
<p>PRINCIPLE 7 Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<p>As an anti-racist organisation, the Council is committed to becoming an inclusive employer; Equality and Equity is one of the Council’s top priorities. We have set ambitious targets to close the Council’s Pay Gaps by 2025 to create a workforce which is representative of the communities we serve. As part of our commitment, the Inclusive Council Program Board was also set up for the purpose of driving corporate actions and solutions that will affect long term-sustainable changes. These include a focus on Talent and Development, improving our recruitment processes to ensure equity and increasing diverse representation across the organisation and a review of our pay and reward structure.</p> <p>Our Fairer Strategy sets out our commitment to reduce inequalities by improving services for local communities, for example, supporting and safeguarding the most vulnerable children and adults, ensuring housing needs are met, creating employment opportunities and ensuring inclusion within our schools to create better outcomes for our children.</p> <p>The Council follows the Government Communication Service guidance on providing clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. Papers, minutes of meetings, key decisions, registers of interests, gifts and hospitality, expenditure over £500 and contracts awarded over £5,000 are published on the Council’s website.</p>

Annual Governance Statement (continued)

REVIEW OF EFFECTIVENESS

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

Inspections and assessments

Children’s Services across the Council were given a clean sweep of outstanding ratings by Ofsted in 2019. In June 2022 a focused visit carried out by Ofsted reported “Children at risk of extra-familial harm receive excellent support and services in Westminster”.

Ofsted carried out an inspection of Westminster Adult Education Service (WAES) in 2022/23, awarding a “good” rating. The Ofsted report can be read on their website via the link: <https://www.waes.ac.uk/Ofsted-Report-2022.pdf>

Assurances from Internal and External Audit

The annual report and opinion of the Head of Internal Audit for 2023/24 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 2023/24	Planned Action
Community Infrastructure Levy (CIL) & S106	<p>The audit was undertaken at the beginning of an improvement programme within the service and the following were identified as areas which needed to be addressed:</p> <ul style="list-style-type: none">• Out of date processes and systems guidance.• Types and accuracy of reporting from the system used to manage CIL & S106.• Monitoring of funds and issue of demand notices.• Reconciliation of funds received and reporting to senior management and Cabinet Member.• Following up Demand Notices issued.• Monitoring of ring-fenced S106 funds and review with officers to ensure all funds are allocated and spent in full.• Production of the Infrastructure Funding Statement by 31 December each year.• Governance arrangements including a Protocol and regular reporting to responsible cabinet members. <p>Several actions have been taken in year to address the areas requiring improvement.</p>
Digital and Innovation Application Configuration Review	<p>An audit was undertaken on security configurations for one of the Council’s applications using the good practice identified by the Centre for Internet Security. Some areas for improvement in control were identified and an action plan has been agreed to address these areas.</p>

The Council’s external auditor, Grant Thornton, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. The most recent Audit Letter, issued in December 2023, confirmed that they had been able to give an unqualified audit opinion in respect of the Council’s 2021/22 & 2022/23 Statement of Accounts, subject to some recommendations which are detailed in the 2022/23 audit findings report. An unqualified opinion in respect of value for money was issued in 2023.

Annual Governance Statement (continued)

Compliance with the Financial Management Code

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

Work has commenced on the improvements identified whilst ensuring alignment to Westminster's strategic outcomes outlined in the Fairer Westminster Strategy including:

- Reviewing the format and usefulness of performance reporting and how it aligns with the Fairer Westminster Strategy, including reviewing key KPIs as outlined in Principles 3 and 4 above
- Reviewing the current business partnering model, enhancing the efficiency and usefulness of the process. Provided refresher training for officers at all levels of the organisation who have financial responsibilities with the outcome of improving financial literacy and strengthening the accountability of budget managers and senior officers, which supports financial sustainability.
- Continuing to ensure the completeness of the contracts register to ensure it contains details of all contracts over £100k and all contract owners

Self-assessment and review of key performance indicators

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

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

Key performance indicators	Outcomes 2023/24
Formal reports by s151 or Monitoring Officer	None issued
Number of Member Code of Conduct Complaints investigated	None
Proven frauds carried out by councillors or members of staff	None
Objections received from local electors	None in 2023/24
Local Government Ombudsman referrals upheld in line with the London average	Total number of LGSCO complaints/enquiries received - 111 <ul style="list-style-type: none">• Cases referred back to Council – 41• Cases closed after initial enquiries - 36• Formal investigations – 32 (28 upheld, exceeding the average for similar organisations of 77%)*

Key performance indicators

Outcomes 2023/24

Housing Ombudsman**

- Findings (outcomes)- 64
- Orders (compensation, apology, specific actions etc.)- 49
- Determinations (cases decided upon by the HO)- 39
- Maladministration findings-36

Internal audit reports

Two limited assurance audits have been issued in the year:

- Community Infrastructure Levy (CIL) & S106.

The audit was undertaken at the beginning of an improvement programme to provide a baseline and to help identify the areas needed for improvement. Several areas were identified where processes and systems needed to be improved and some of these have been addressed during the financial year with the team responsible for managing CIL and S106 working closely with Finance colleagues to ensure the agreed improvements are embedded.

The effectiveness of the improved systems and controls will be reviewed in 2024/25.

- Application Configuration Review

This audit reviewed the security configurations of an application post disaggregation from the bi-borough IT service and to support the work of the Digital and Innovation Team in their review of the Council's security strategy and controls.

Agreed actions have been identified which are being progressed and which will be reviewed in 2024/25

Group activities

No governance issues to address in 2023/24. Financial information provided by Group companies has been subject to regular review and both officers and elected members have attended company board meetings throughout the year. In 2021/22 a shareholder committee was introduced to further improve governance oversight across all of Westminster's subsidiaries. Details of the Committee's Terms of Reference can be found [here: Shareholder Committee Terms of Reference](#)

* These figures relate to 2022/23. The Local Government Ombudsman will publish the 2023/24 referrals upheld in July 2024.

** Housing Ombudsman figures relate to 2022/23. The HO published individual reports for those landlords with five or more findings on cases determined during 2022/23. The Housing Ombudsman will ask the council to verify data for 2023/24 in August or September 2024, hence these not yet available.

KEY GOVERNANCE ISSUES

Last year's Annual Governance Report highlighted key areas for improvement. The table below sets out action taken to address these issues during 2023/24:

Issues Identified in Prior Years	Performance in 2023/24
Food Safety Service The service had insufficient resources to deliver the expected service levels resulting in a backlog of work, which was further exacerbated by the challenges arising from the Covid-19 pandemic.	All recommendations made and agreed are now confirmed as implemented (July 2023). A "light touch" review by internal audit has confirmed that changes and improvements to the service have been effective in improving the service.
Children's Services -Placements Overpayments	The service is now using an improved version of their case management system which has enabled a change to the process in paying for placements and prevent overpayments. This was confirmed as operational in January 2024.
Risk Management	Changes have been made to further embed risk management roles and responsibilities as well as improved reporting at department, ELT and Committee. Work to develop the processes and resources available to assist in risk management will continue in 2024/25.

Other key strategic risks for 2023/24 have been identified as follows:

Issues Identified for 2023/24 (from risk register) **Planned Response**

<p>Inspections of our services by regulators</p>	<p>The council is subject or expected to be subject to a range of statutory service inspections across a range of services including Adult Social Care, Children’s Services and Housing. There is also a new Regulator of Social Housing and a new remit of the Office for Local Government (overseen by DHLUC) that will establish open data performance tools and a framework for more regulation of our activities. With any inspection regime, there is a risk that any negative findings or areas of weakness found would have an impact on our reputation or lead to additional resources being diverted into service improvement work.</p>
<p>Compliance with the Building Safety Act</p>	<p>The Building Safety Act (BSA) brings about a significant number of new requirements for multiple council services (Housing, Development, Planning, Building Control). As with any other council, meeting these requires additional resources, improved competencies, and new ways of working. The implications of the BSA for Westminster are especially significant due to the number of High-Rise buildings we have. Buildings currently live are compliant with Act but we need to make sure that all new developments are delivered to these new standards.</p>
<p>Climate Emergency and Carbon Reduction.</p>	<p>There is a significant challenge in meeting the 2030 and 2040 net zero targets for the Council and the wider city respectively. There will be challenges in getting businesses and residents to reduce their carbon footprints and the Pimlico District Heating Undertaking (PDHU) will require substantial investment as it is the largest element of work to reduce carbon emissions in our social housing. The Council has a Climate Emergency Action Plan and additional funding will need to be secured. Part of this will come from the Westminster Green Investment, a new scheme which gives residents a chance to invest in sustainable projects and green initiatives within the local community to support the council’s targets. The Westminster Green Investment is aiming to raise up to £1 million in the first round, to help fund a range of green projects within the local community to make it a greener, cleaner and healthier place for everyone to live.</p>
<p>Temporary Accommodation pressures</p>	<p>The increasing demand and cost of Temporary Accommodation (TA) remains the most significant pressure facing the council with the number of households in TA rising by 29% since April 2022 (from 2,699 to 3,494). The overall net spend for TA in 2022/23 was £37.8 million, this represents an overspend of £25.4 million against a forecasted budget of £12.3 million. The council has developed a comprehensive supply plan to mitigate additional demand in 2024/25 and reduce reliance on high-cost accommodation. This includes accelerated acquisitions, expanded use of void Regeneration stock, and alternative procurement approaches for PRS. Funding has also been earmarked to increase frontline capacity and support greater work around homelessness prevention.</p>
<p>Increasing complexity of Children’s social care</p>	<p>Throughout our Children’s Social Care services, we are seeing rising complexity of casework and external pressures on the service. Between 2020 and 2023 there was a 51% increase in children subject to in Child Protection (CP) plans and we have seen a rise in the complexity of cases. The increased complexity of work is very time consuming. Currently, caseloads are such that workers can work intensively with families; however, this is threatened by the increase in complexity, rising caseloads and recruitment pressures. Over the past three years in England, children subject to care proceedings have, on average, spent 46 weeks in the family justice system, nearly double the 26-week target set out in public law. Delays in cases are exacerbating the uncertainty facing families. This incurs delays in permanency, prolongs instability for children and families, and creates added placement costs. Westminster City Council, in partnership with Royal Borough of Kensington and Chelsea, are leading a Designated Family Judge (DFJ) Trailblazer Pilot on behalf of the 12 boroughs in the central London DFJ area. Our aim is to tackle delays in family court by reducing the number of hearings per case, as well as diverting more cases from court. We are working in partnership with Cafcass and the judiciary to create a standardised, regional approach to care proceedings by aligning regional leadership and data across the system. This will involve implementing a set of system principles that for example will ensure social work continuity and a high standard of assessments and developing a consistent data set for all 12 local authorities.</p>

Annual Governance Statement (continued)

CONCLUSION

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

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



Cllr Adam Hug

Leader of Westminster City Council

31 May 2024



Stuart Love

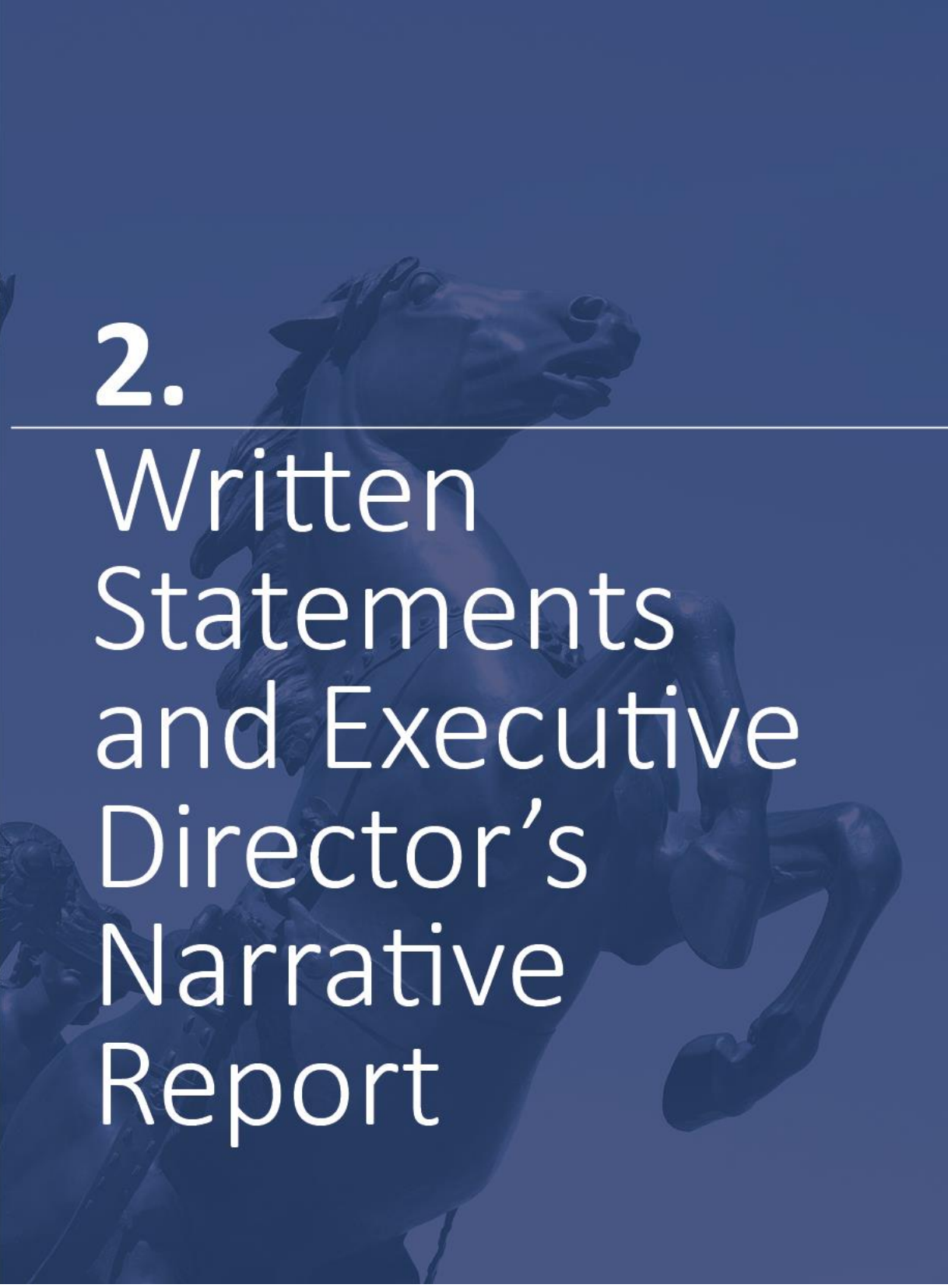
Chief Executive of Westminster City Council

31 May 2024



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

The City of Westminster is an inner London borough which holds city status and is home to just under a quarter of a million people who make up highly diverse local communities and thousands of families raising 30,226 children who live, learn and grow up in Westminster. The City also has a large transient population, which brings considerable economic benefits.

As home to the Monarchy, Government, almost 11,000 listed buildings and the West End, Westminster is politically, culturally and economically significant on a regional, national and international scale. The City is world renowned for its theatres and entertainment, as well as national landmarks and districts which include Westminster Abbey, Houses of Parliament, Buckingham Palace, Big Ben, Marble Arch, Mayfair, Oxford Street, Piccadilly Circus, Soho and Trafalgar Square.

The City's local economy contributes over £89bn to the country's economic output.

Up to 1 million people can be in Westminster on any given day workers with the influx of workers, shoppers and tourists. Non-residents make up a significant share of Westminster's eco-system: in February 2022, visitors and workers accounted for 46% and 25%, this collectively generated £72bn.

The Council employs approximately 2,900 people in full-time and part-time positions. The workforce reflects the diversity of the residents of the City.

Westminster's residents are diverse: median household incomes range from £38,000 in Church Street to £67,000 in Knightsbridge and Belgravia; the fraction of global majority residents is only 34% in Pimlico North, but 67% in Church Street; Queen's Park's resident population has a large share of children (23%), while Pimlico South's has many elderly members (15%); and male life expectancy at birth varies by 18 years, between Westbourne and Knightsbridge.

There are large geographical inequalities, not only in socio-economic outcomes, but also in the concentration of Council activity. Further, there is segregation in type of support: projects in wards with large commercial centres tend to centre on business development, while those in highly deprived areas focus more on poverty alleviation.

This past year has been challenging for many residents and the Council has continued to provide support – through a £21m Cost of Living Fund which has helped residents struggling the most with high costs of food and accommodation.

Looking ahead, the Council wants to ensure that its ambitions are more cross-cutting than ever – including by strengthening the approach to the Climate Emergency. One of the main messages communicated at the Citizens' Climate Assembly last year was how important embedding climate action across every service will be towards achieving net zero – which is reflected in this plan. Communities are at the heart of everything the Council does, and the area is fortunate to have such a diverse and vibrant mixture throughout Westminster. Through the #2035 programme, the Council is working to tackle inequalities by improving social, economic, and health

outcomes, plus access to essential services through new community hubs. The Council wants to make Westminster a place where everyone can thrive and feel safe by listening, connecting, and working together. In addition, the Council is committed to improving its Housing service. Three of our four new Housing Service Centres are now open so that residents can easily access support advice in their communities, and there is a review of the Housing Allocations Scheme, making it easier to understand, alongside other improvements to repairs and compensation.

Over the last year the Council has worked closely with local businesses to understand what more can be done to boost high streets across our City. It launched Westminster City feels at night for residents and businesses alike and plans and actions are in place to revitalise areas including North Paddington and Ebury Bridge. There is also a clear way forward for Oxford Street, with the support of local people and through partnership with the private sector. There are more ways than ever for residents to get involved and have their say, whether that is through public participation at Council meetings, Resident Panels and Citizens Assemblies.

The Council is proud of what it has achieved, but there is still a lot more to be done, and ways of working that can be improved. Most importantly, the Council will continue to consider and reflect local priorities – for residents and businesses – for a Fairer Westminster together.

2. MEDIUM TERM FINANCIAL OUTLOOK

The medium-term financial outlook for the UK is cautiously optimistic with several key indicators showing potential improvement despite ongoing

challenges. The UK economy is expected to grow modestly over the next few years. This growth is underpinned by easing inflation, potential interest rate cuts and tax reductions which are expected to create positive momentum. However, risks remain, particularly from global geopolitical events and domestic labour market challenges.

Despite this positive outlook, the impact of several years of high inflation and rising interest rates on household budgets has been significant. In July 2022 the Council launched a Cost-of-Living Strategy www.westminster.gov.uk/cost-of-living-support setting out a plan to help residents through the crisis. This was followed by the Council declaring the cost-of-living crisis an emergency in September 2022. Over £21m has been provided as support to residents over this time.

The Council has continued to review its Medium-Term Financial Plan (MTFP) in recognition of the changing financial environment, the cost-of-living crisis and the Fairer Westminster strategy. Current strategic objectives are set out on page 21. The Council is committed to keep under review the services it provides, its delivery models and the outcomes they achieve, to secure ongoing finance resilience and value for money for residents.

Looking forward, the Council will continue to adopt a pro-active, evidence-led approach to prioritising its use of resources and will ensure that it responds quickly to the emerging needs of residents, visitors, and businesses.

3. NATIONAL CONTEXT FUNDING

Local government continues to face significant funding challenges with very little insight as to how that will look over the medium term. The Spring Budget 2024 confirmed that departmental expenditure plans will not be announced until after the general election.

However, there are indications that Westminster's funding levels will reduce after 2025 as the Fair Funding Review is implemented and the impact of a reduced population feeds into the distribution of funding.

The result of 2021 Census data was a reported reduction in the population of Westminster. The Council is working with other authorities on the "Lost Londoners" campaign to highlight the disparities between the census (which was carried out during lockdown) and other population data. Data sources

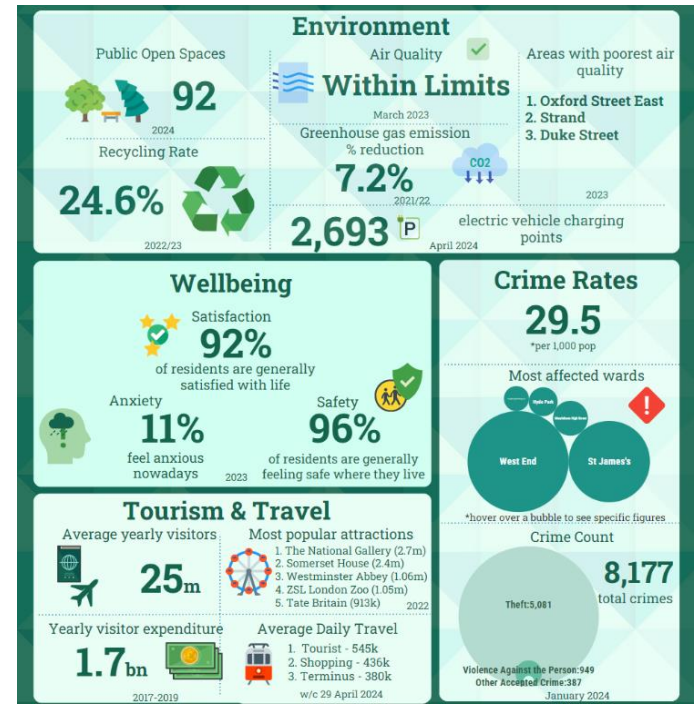
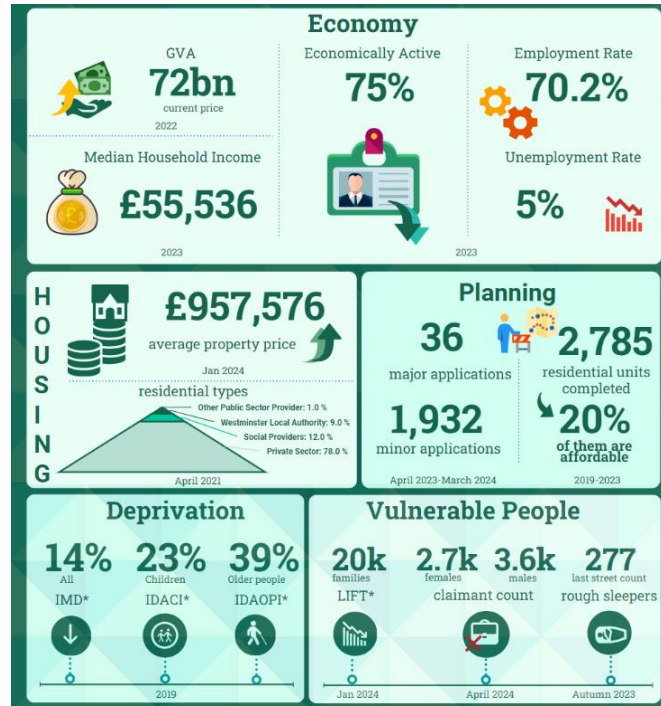
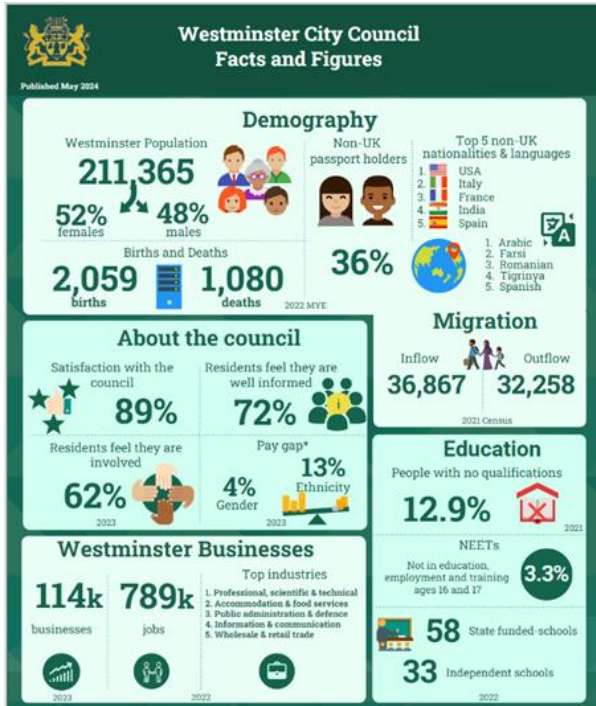
suggest that some of the population has returned, but it is unlikely to get back to pre-pandemic levels soon.

On 7 September 2021, the Government set out its new plan for adult social care reform in England. However, as part of the 2022 Autumn Statement the Government announced that this reform would be postponed until at least October 2025. Until further guidance is provided, future funding of Adult Social Care remains uncertain.

EXTERNAL AUDIT BACKLOG

There is a significant national backlog in the audit of local authority accounts. In February 2024 the Government launched a consultation on their proposal to clear the backlog. This outlined measures to reset the system through the implementation of a backstop date of 30 September 2024 to publish all outstanding years up to and including 2022/23. If audits are not completed by this deadline modified opinions will be issued (qualified or disclaimers). Westminster is up to date with the publication of its accounts and audits are completed with the latest 2022/23 statements signed off and published on 7 December.

Executive Director's Narrative Report (continued)



Executive Director's Narrative Report (Continued)

4. FAIRER WESTMINSTER STRATEGY 2022-2026

The Council launched its new Fairer Westminster Strategy in 2022, to set out the outcomes it wants to deliver for the city, spread across five Fairer Westminster themes. These include:

- **Fairer Communities** – Inequality is reduced, everyone feels safe, adults can stay healthy, community and voluntary sector organisations prosper, and Westminster remains a great place for children to grow up.
- **Fairer Environment** – Westminster is a net zero council by 2030 and a net zero city by 2040, air quality meets World Health Organisation guidelines, our streets are clean, recycling is increased, people are enabled to travel more sustainably, and people have access to high-quality services within 15 minutes from their homes.
- **Fairer Housing** – The housing needs of people are met through greener and more genuinely affordable housing, homelessness is reduced, private rented sector properties are well managed, and our tenants and lessees are consistently satisfied with our housing services and the quality and energy efficiency of our housing stock.
- **Fairer Economy** – Westminster remains economically successful, Oxford Street and the West End are revived and retain their position in the national economy, small businesses are supported to grow and remain, and residents have the right skills to take advantage of the city's employment opportunities

- **Fairer Council** – People can more easily find the information and services they need, the Council makes decisions more transparently, the Council is financially sustainable, and our procurement is responsible.

The Fairer Westminster strategy also sets out the values that will be embedded in the Council's ways of working to achieve them: openness and transparency, partnership and collaboration, and diversity and inclusion.

Some of the Council's key achievements in 2023/24 are set out on page 27 of this Narrative Report. Also, as part of our commitment to transparency, the Fairer Westminster Delivery Plan for 2024/25 was approved by Cabinet in March 2024. This sets out our plans for next year and beyond, including performance measures for all five key strategic themes. Further information can be found at www.westminster.gov.uk/delivering-our-plan-build-fairer-westminster

5. POLITICAL STRUCTURE 2023/24

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).

The Council's political leadership consists of 54 councillors, representing 18 wards across the City. Currently 31 councillors are Labour Party members and 23 belong to the Conservative Party.

The Leader of the Council is Cllr Adam Hug. Cllr Hug is supported by two Deputy Leaders Cllr Aicha Less and Cllr Nafsika Butler-Thalassis who are also portfolio holders for Communities, Children and Public Protection and for Adult Social Care, Public Health and Voluntary Sector respectively. There are another seven portfolio holders, nine deputy Cabinet Members and a range of Member -level champions for a range of issues such as air quality, animal welfare and LGBTQ+. In addition to this there are five Policy and Scrutiny Committees, chaired by four non-executive members and several other standing committees of the Council as well as their sub committees to handle council business.

Elected members have a statutory responsibility to set a balanced budget and to approve a financial policy framework prior to the start of each financial year. At Westminster, this comprises the Council's Medium-Term Financial Plan, Capital Strategy, HRA Business Plan and Treasury Management Strategy, which were all approved by Full Council in March 2023 for the financial year ended 31 March 2024.

The draft budget proposals are reviewed by the Budget Scrutiny Task Group prior to consideration by Cabinet as part of the annual budget setting process.

The Audit and Performance Committee receive quarterly budget monitoring and performance reports for consideration.

Executive Director's Narrative Report (Continued)

6. EXECUTIVE LEADERSHIP TEAM

Councillors are supported by the Executive Leadership Team (ELT), which is headed by the Council's Chief Executive, Stuart Love. ELT is responsible for the overall management of the Council, for implementing Council policies once these have been agreed, and for day-to-day delivery of Council services. Including the Chief Executive, ELT is made up of eight officers, including the Bi-Borough Executive Director for Adults and Bi-Borough Executive Director for Children's. These officers carry out their statutory roles for both Westminster and the Royal Borough of Kensington and Chelsea.

As Executive Director for Finance and Resources, and the Council's Section 151 Officer, Gerald Almeroth is a member of ELT and is the lead officer responsible for managing the Council's financial affairs. This includes responsibility for preparing revenue and capital budgets for member approval each year, and for publishing the Council's annual financial statements. Parveen Akhtar is the Council's Executive Director of Corporate Services and Monitoring Officer, responsible for good governance and legal advice.

7. FINANCIAL PERFORMANCE 2023/24

GENERAL FUND SERVICES

2023/24 Council Tax in Westminster was set at £477.91 for Band D properties, and a net budget of

£193.6m was approved in March 2023. This included £25.9m of savings from 2023/24 onwards through a combination of financing, commercial, transformation and efficiency activities. Councillors also agreed a freeze in the general element of Council Tax and 2% increase for the Adult Social Care Precept.

2023/24 outturn position is a £0.7m overspend against budget (0.4%). Inflationary pressures, significant increases in the cost of temporary accommodation and Children's Services costs have been largely offset by increased investment income achieved through higher-than-expected interest rates.

The Council has continued to maintain strong financial management processes, with monitoring reports presented quarterly to ELT, Cabinet members and the Audit and Performance Committee.

HOUSING REVENUE ACCOUNT

The Council owns approximately 12,000 homes generating rental income of £84m in 2023/24 (£79m in 2022/23). Rental income together with other sources of funding such as grant income and charges for services and facilities, is held in a ring-fenced account referred to as the Housing Revenue Account (or HRA). The HRA is used to maintain and manage existing dwellings as well as to create new social housing. At 31 March 2024 the HRA held working balances of £17.9m, a decrease of £1.7m compared to the previous year.

The HRA Business Plan and Investment Plan, approved in February 2023, supported capital investment on housing provision of £2.4bn over the next 30 years. This includes the regeneration of Church Street and Ebury Bridge neighbourhoods and the provision of up to 1,100 affordable new homes. Both regeneration projects have progressed well during 2023/24, with spend totalling £80m during the year.

PENSION LIABILITIES

The City of Westminster Pension Fund is revalued every three years by an independent actuary to assess future liabilities and set employers' contribution rates. The most recent revaluation, as at 31 March 2022, assessed the Pension Fund as being 128% funded, compared to 99% funded in 2019. This is partly due to improved investment returns and partly the result of the Council making upfront payments into the Fund of £80m during 2021/22.

As a result, the Council's employer contribution rate was maintained at 16.8%. Coupled with changes to the discount rate, this improved funding position has reduced pension fund liabilities in the Council's Balance Sheet from £85m at 31 March 2023 to a pension fund asset of £40m at 31 March 2024.

Executive Director's Narrative Report (Continued)

PROVISIONS AND CONTINGENCIES

Westminster has the largest business rate income in the country and therefore needs to make the largest provision for successful business rate appeals. At 31 March 2024, the Council maintained a £60m provision for future business rate repayments which represented 88% of all provisions in the Balance Sheet.

The Valuation Office has recently revalued all business and non-domestic properties in England and Wales,

with new valuations taking effect from 1 April 2023. Provisions against these new revaluations are reflected in the Council's financial statements for 2023/24.

8. MEDIUM TERM FINANCIAL PLAN: 2024/25 TO 2026/27

The Council approves a three-year Medium-Term Financial Plan (MTFP) as part of the budget-setting process each year. This MTFP is kept under regular review and updated as savings plans are delivered,

funding expectations change, and new spending pressures emerge.

The current MTFP forecasts a balanced budget for 2024/25. However, current forecasts for the following two years indicate a budget gap of £48m. This is after taking account of new savings proposals of £24.6m which have been identified over the three-year period to 2026/27. A revised MTFP forecast will be reported to Cabinet in July 2024.

Executive Director's Narrative Report (Continued)

9. CAPITAL STRATEGY

The Council's Capital Strategy for 2023/24 to 2036/37, approved in February 2023, drives an ambitious fifteen-year capital investment programme totalling £2.74bn. This is funded by a combination of borrowing, developer contributions, and capital receipts from the sale of Right-to-Buy and other Council assets. Major projects in 2023/24 included:

- the provision of new affordable housing including the delivery of 1,120 new homes as part of the Church Street Regeneration Scheme and 781 high quality sustainable homes at Ebury Bridge
- improvements in public spaces in Oxford Street, the Strand and Queensway
- new and improved leisure and educational facilities
- more commercial space for new and established businesses
- Improved cycle paths, transport management systems, roads, bridges and footpaths
- decarbonisation programmes for operational buildings and Council vehicles
- acquisition of properties for temporary accommodation and support for rough sleepers.

The following table shows a summary of 2023/24 capital expenditure compared to budget:

Directorate	2023/24 Expenditure Budget £m	2023/24 Income Budget £m	2022/24 Net Budget £m	2023/24 Outturn Expenditure £m	2023/24 Outturn Income £m	Net Outturn* £m	Expenditure Variance £m	Income Variance £m	Net Variance £m
Adult's	6.000	(0.300)	5.700	6.413	0.000	6.413	0.413	0.300	0.713
Children's	5.846	(5.794)	0.052	3.114	(2.987)	0.128	(2.732)	2.807	0.076
Housing & Commercial Partnerships	56.657	0.000	56.657	35.036	(0.264)	34.771	(21.621)	(0.264)	(21.886)
Regeneration, Economy & Planning	51.894	(17.301)	34.593	30.971	(7.517)	23.453	(20.923)	9.784	(11.140)
Environment, Climate & Public Protection	84.396	(19.514)	64.882	71.002	(17.034)	53.968	(13.394)	2.480	(10.914)
Finance & Resources	41.488	(7.345)	34.143	23.176	(5.461)	17.715	(18.312)	1.884	(16.428)
Innovation & Change	6.741	(0.828)	5.913	1.826	(0.419)	1.407	(4.915)	0.409	(4.506)
Westminster Housing Investments Limited	0.500	0.000	0.500	0.297	0.000	0.297	(0.203)	0.000	(0.203)
Total	253.522	(51.082)	202.440	171.835	(33.683)	138.152	(81.687)	17.399	(64.288)

*£15.000m of Capital Receipts and £15.033m of Direct Revenue Financing were also applied bringing the final net outturn position to £108.119m.

Executive Director's Narrative Report (Continued)

10. CASHFLOW & ASSETS

Westminster City Council manages cashflows and assets of £9.8 billion by:

- Collecting just under £2bn Business Rates, the largest amount in the country. The Council keeps only 4-5% of this.
- Collecting £128m Council Tax.
- Accounting for £1.1bn per annum of fees, charges, rents, and grant funding which are used to help deliver services.
- Managing a £3.6bn portfolio of operational property, plant & equipment and investment property.
- Managing pension fund assets of £2bn.

CAPITAL CASHFLOWS



REVENUE CASHFLOWS



Executive Director's Narrative Report (Continued)

11. COUNCIL AND GROUP BALANCE SHEET

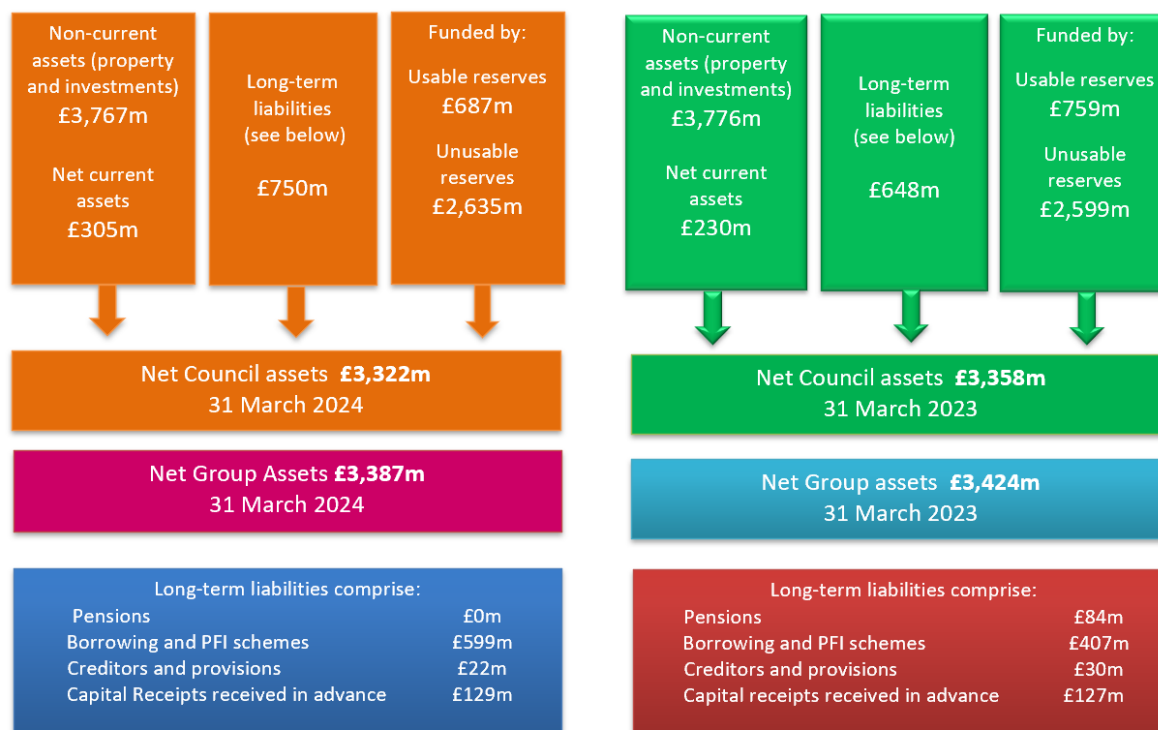
COUNCIL NET ASSETS £3,322m at 31 March 2024
 (£3,358m at 31 March 2023)

The Council has continued to maintain a strong year-end Balance Sheet, with sufficient reserves in place to repay both long- and short-term liabilities as these fall due.

GROUP NET ASSETS £3,387m at 31 March 2024
 (£3,424 at 31 March 2023)

Group accounts provide an overview of organisations subject to Council control. In 2023/24 these were:

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



Executive Director's Narrative Report (Continued)

PERFORMANCE

12. ACHIEVEMENTS

The Council has a Fairer Westminster Strategy that sets out its key ambitions for improving Westminster as a place to live, work and enjoy. Each year a delivery plan is produced that sets out the priorities that will help to make a positive impact on these ambitions. Some of the headline achievements in 2023/24 are set out below:

Fairer Communities

- Continued our support with the £21m Cost of Living Fund, for energy and financial advice, hardship support, food banks and more.
- Support for young people by expanding the Universal Free Lunch Offer, with free school lunches for more children to reduce the financial burden on families.
- Provided 14,000 children and young people with free school meals through a further £2m investment.
- Seen 4.6 million people participate in physical activities including over 3.8 million leisure centre visits.
- Expanded family hubs network to support 4,800 families in the city.
- Provided £150,000 to provide school uniforms for 1,500 families in need.
- Initiated £3m in core grant funding for community organizations.
- Introduced the Healthy Communities Fund to promote public health interventions.
- Boosted the 'Winter in the City' campaign with £100k of funding.

- Launched a £1.8m budget for cultural projects.
- Opened Games Libraries and launched tabletop games clubs for people.
- Launched Commonplace – our resident consultation hub.

Fairer Economy

- Helped more than 7,000 people achieve employment skills through WAES.
- Engaged 6,000+ individuals on improvements to Oxford Street and Regent Street.
- Facilitated 500 residents into jobs.
- Saw 63 City Lions students complete work experience placements at the council.
- Launched a Westminster Against Dirty Money Charter to combat money laundering.
- Worked on reviving Paddington, Edgware Road, Harrow Road and Queensway with our High Streets Programme.
- Progressed the North Paddington Programme to improve those neighbourhoods.
- Launched a Design Review Panel providing expert advice on major developments – a first for any local council.
- Initiated a safe, inclusive night-time community with our Westminster After Dark Programme.
- Launched the Night Stars volunteer initiative, and the Night Hub based in Soho, to help visitors to some of the busiest parts of the West End stay safe while out at night.
- Secured commitments for local recruitment and training from major employers with the Westminster Anchor Alliance.
- Launched My Skills Zone, a free e-learning platform for residents.

- Signed a Memorandum of Understanding to ensure Oxford Street remains a premier shopping destination.

Fairer Housing

- Made great progress in delivering on our Fairer Housing commitments, including completing 300 Harrow Road, opening new housing service centres and providing more support for rough sleepers.
- Added more than 300 social rent homes to our house-building program.
- Expanding truly affordable housing in Church Street with 1,120 homes.
- Delivered 1,132 sustainable and affordable homes at 300 Harrow Road.
- Provided a £1 million Rent Support Fund for council tenants facing difficulty.
- Opened new Housing Service Centres in Bayswater, Pimlico and Queen's Park.
- Performed regular property MOTs.
- Delivered a resident-approved development scheme for Ebury Bridge.
- Completed over 240 retrofits of our least energy-efficient homes, with cumulative fuel savings estimated to be over £50,000 and almost 200 tonnes of carbon per year.
- Improved the quality of service provided when residents call our staff by using better customer service technology.
- The Private Sector Housing Team continues to improve the safety of rented accommodation.
- Licensing Support Officers have assisted landlords responding to over 5,000 enquiries about licensing and technical requirements. The number of accredited landlords in Westminster

has risen to 1,391 under the London Landlord Accreditation Scheme.

Fairer Environment

- A £35m investment in better travel options such as public transport, walking and cycling to improve air quality throughout the City.
- A Citizens' Climate Assembly saw residents brainstorming solutions on how to reach the net zero goal, showing again that engaging with communities in vital issues is key.
- Expanding the food waste recycling programme, plus the ongoing work of dedicated City Inspectors in identifying and resolving issues on the streets.
- The Council declared an Ecological Emergency last year, recognizing climate change's negative effects on the natural environment, which is being addressed through a ban on glyphosate, becoming a 'Pesticide-Free Council' and taking part in No Mow May to encourage wild habitats in our parks and open spaces.
- Signed more than 50 businesses to the Sustainable City Charter.
- Introduced 330 new parking bays for dockless bikes and e-scooters.
- Became the first local authority to launch an award-winning interactive Environmental Justice Measurement data tool that allows residents to better understand how climate change affects their neighbourhood.
- Launched an air quality monitoring webpage.

- Established a dedicated proactive Noise Team to target the most prolific complaints across the City.
- Reduced the carbon emissions from the Council's own operations by installing a range of energy saving measures across our buildings and housing stock, including solar panels and renewable energy provision, installing more LED lighting and insulating our heating pipework and draft exclusion.
- Reduced the carbon emissions from the Council's fleet vehicles with £20m invested in electric waste trucks in July 2023, with 50% of the total fleet being electric, achieving the target for the year – saving 2,500 tonnes of CO2 emissions each year.
- Improved the energy efficiency of nearly 250 Council properties.
- Encouraged the use of more environmentally friendly cars for those unable to travel by foot, bike or public transport by adapting our parking policies and expanding our electric vehicle charging network, with 2,462 EV charging points available to residents, the most of any local authority.

Fairer Council

- The Council is taking steps to become a more inclusive place to work by becoming a Level 3 Disability Confident employer and reviewing policies to combat racism and supporting fair wages through initiatives such as the Fair Tax Pledge and the Ethical Care Charter.

- The Council implemented a £1m investment to increase the hourly rate of pay for homecare workers.
- The Council is embedding an ethical approach to working with suppliers through the introduction of a Responsible Procurement Strategy.
- Established Research and Design function, engaging 1,204 residents and businesses.
- Made it easier for communities to stay informed and engaged by launching a Smart City online platform that gives access to the right council data and improves transparency and decision-making.
- Introduced public speaking at Full Council meetings to get more people involved in local democracy and scheduled more time for public participation in policy and scrutiny meetings.
- Continued conducting an anti-racism review of policies and services, as part of our commitment to being an anti-racist organisation.
- Redesigned and launched new reporting journeys – Report It – across Noise and Waste, implementing generative and image AI to enable a targeted 60 seconds reporting experience with 70% of new journeys completed online.
- All consultations are on a new Common Place platform, that has had over 7,000 visitors and over 4,000 responses across all projects.

13. THE WESTMINSTER WAY

Westminster employs approximately 3,300 staff in full-time and part-time positions.

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

The Westminster Way is based on three key pillars:

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

The People Strategy forms the foundation of the Council's professional development of its staff.

14. RESIDENTS FEEDBACK

Every year since 2002, the Council has commissioned an independent survey to measure resident satisfaction, understand service use, and identify local issues, concerns and priorities. In 2023, we interviewed 2,412 residents aged 16+ between October and November.

Overall, resident satisfaction with how the council is running the city has increased significantly over the past five years:

- ✓ 89% of residents are now satisfied with the way the Council is running the City, compared to 86% in 2017
- ✓ The number of residents who feel involved in decision-making has greatly improved to 62% compared to 49% in 2021
- ✓ 88% of residents are happy with refuse collection services compared to 87% in 2017
- ✓ 85% of residents are happy with street sweeping services compared to 84% in 2017

- ✓ 988 of residents are happy with street lighting services compared to 87% in 2017, and
- ✓ Most residents continue to feel safe in the area where they live.

Each year we ask residents to tell us what their top 5 concerns in their communities are. The top concerns included drug dealing, drunken or rowdy behaviour and noise from neighbours.

15. 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 2024. 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 2023/24, which in turn is underpinned by International Financial Reporting Standards.

The **Core Statements** are:

- The **Comprehensive Income and Expenditure Statement** – records 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 summary of the Council's assets, liabilities, cash balances and reserves at the year-end date.
- The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

The **Annual Governance Statement**

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

The **Group Accounts**

- The Council's single entity financial statements are combined with the assets and liabilities of group companies and similar entities, which the Council either controls or significantly influences.

The **Supplementary Financial Statements** are:

- **The Housing Revenue Account** – 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.



A handwritten signature in black ink, appearing to read "G. Almeroth". The signature is written in a cursive style and is positioned above a thin yellow horizontal line.

Gerald Almeroth

Executive Director of Finance and Resources
Section 151 Officer

Westminster City Council

31 May 2024

Independent Auditor's Report to the members of Westminster City Council

The 2023/24 audit report will appear here when the external audit has been completed

Independent Auditor's Report – Pension Fund

The 2023/24 audit report will appear here when the external audit has been completed

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 Local Government 1972. This is the Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

THE SECTION 151 OFFICER'S RESPONSIBILITIES

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

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

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

The Section 151 Officer has also:

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



Gerald Almeroth

Executive Director – Finance and Resources
Section 151 Officer

31 May 2024

APPROVAL OF STATEMENT OF ACCOUNTS

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



3.

Core Financial Statements

Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** records all 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.

2022/23 Restated				2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
126,337	(36,812)	89,525	Finance and Resources	72,361	(39,671)	32,690
21,659	(9,327)	12,332	Innovation and Change	27,825	(11,112)	16,713
151,359	(88,542)	62,817	Adults' Services	164,766	(92,713)	72,053
189,823	(136,261)	53,562	Children's Services	202,494	(140,203)	62,291
195,020	(148,556)	46,464	Environment, Climate and Public Protection	208,226	(153,862)	54,364
211,648	(195,585)	16,063	Regeneration, Economy and Planning	220,302	(202,180)	18,122
215,804	(177,342)	38,462	Housing and Commercial Partnerships	324,636	(204,169)	120,467
-	-	-	Corporate Services	6,634	(4,714)	1,920
1,111,650	(792,425)	319,225	Cost of services	1,227,244	(848,624)	378,620

Comprehensive Income and Expenditure Statement (continued)

2022/23 Restated			Note	2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
		(19,363)	Other operating expenditure	Note 5		(182)
		(59,473)	Financing and investment income and expenditure	Note 6		(79,874)
		(355,382)	Taxation and non-specific grant Income	Note 7		(314,150)
		(114,993)	(Surplus)/Deficit on Provision of Services			(15,586)
Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services						
		100,024	(Surplus)/deficit on revaluation of Property, Plant and Equipment assets	Note 18		184,465
		(532,437)	Remeasurement of the net defined benefit liability	Note 31		(133,480)
		(432,413)	Other Comprehensive Income and Expenditure			50,985
		(547,406)	Comprehensive Income and Expenditure (Surplus)/Deficit			35,399

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.

2022/23 Restated				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 2022	(57,389)	(565,104)	(3,842)	(626,335)	(19,382)	-	(19,382)	(80,617)	(274,032)	(1,000,366)	(1,810,286)	(2,810,652)
Movement in reserves during 2022/23				-								
(Surplus)/Deficit on provision of services (accounting basis)	(29,914)	-	-	(29,914)	(85,079)	-	(85,079)	-	-	(114,993)	-	(114,993)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(432,413)	(432,413)
Total Comprehensive Income and Expenditure	(29,914)	-	-	(29,914)	(85,079)	-	(85,079)	-	-	(114,993)	(432,413)	(547,406)
Adjustments between accounting basis and funding basis under regulations	263,139	-	-	263,139	76,674	-	76,674	3,078	13,658	356,549	(356,549)	-
Net (increase)/decrease before Transfers to Earmarked Reserves	233,225	-	-	233,225	(8,405)	-	(8,405)	3,078	13,658	241,556	(788,962)	(547,406)
Transfers (to)/from Earmarked Reserves	(236,194)	236,478	(284)	-	8,210	(8,210)	-	-	-	-	-	-
(Increase)/Decrease In Year	(2,969)	236,478	(284)	233,225	(195)	(8,210)	(8,405)	3,078	13,658	241,556	(788,962)	(547,406)
Balance at 31 March 2023	(60,358)	(328,626)	(4,126)	(393,110)	(19,577)	(8,210)	(27,787)	(77,539)	(260,374)	(758,810)	(2,599,248)	(3,358,058)

* For more information on Earmarked Reserves, please refer to Note 17 – Transfers to and from Earmarked Reserves.

Movement in Reserves (continued)

2023/24				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 2023	(60,358)	(328,626)	(4,126)	(393,110)	(19,577)	(8,210)	(27,787)	(77,539)	(260,374)	(758,810)	(2,599,248)	(3,358,058)
Movement in reserves during 2023/24												
(Surplus)/Deficit on provision of services (accounting basis)	(51,274)	-	-	(51,274)	35,688	-	35,688	-	-	(15,586)	-	(15,586)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	50,985	50,985
Total Comprehensive Income and Expenditure	(51,274)	-	-	(51,274)	35,688	-	35,688	-	-	(15,586)	50,985	35,399
Adjustments between accounting basis and funding basis under regulations	93,606	-	-	93,606	(30,689)	-	(30,689)	9,177	15,311	87,405	(87,405)	-
Net (increase)/decrease before Transfers to Earmarked Reserves	42,332	-	-	42,332	4,999	-	4,999	9,177	15,311	71,819	(36,420)	35,399
Transfers (to)/from Earmarked Reserves	(41,645)	41,520	125	-	(3,295)	3,295	-	-	-	-	-	-
(Increase)/Decrease In Year	687	41,520	125	42,332	1,704	3,295	4,999	9,177	15,311	71,819	(36,420)	35,399
Balance at 31 March 2024	(59,671)	(287,106)	(4,001)	(350,778)	(17,873)	(4,915)	(22,788)	(68,362)	(245,063)	(686,991)	(2,635,668)	(3,322,659)

* For more information on Earmarked Reserves, please refer to Note 17 – Transfers to and from Earmarked 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 2022 Restated*	31 March 2023 Restated*		Note	31 March 2024
£'000	£'000			£'000
ASSETS				
<u>Non-current</u>				
3,009,866	3,078,768	Property, plant and equipment	Note 18c	2,984,753
44,578	44,578	Heritage assets	Note 19	44,578
462,801	525,064	Investment property	Note 20	572,879
4,997	7,374	Intangible assets	Note 41	9,096
33,318	34,300	Long-term investments*	Note 21a	32,059
132,034	86,187	Long-term debtors	Note 27	123,561
3,687,594	3,776,271	Total long-term assets		3,766,926
<u>Current</u>				
383,429	656,569	Short-term investments	Note 21a	581,840
138	131	Inventories		140
395,846	187,194	Short-term debtors	Note 27	162,601
64,998	213,589	Cash and other cash equivalents	Note 22	220,308
19,086	2,609	Assets held for sale	Note 40	16,999
863,497	1,060,092	Current assets		981,888

*Long-term investments includes £3.836m invested with Westminster Builds, £0.345m with Ebury and £0.202m re Church Street. These are not considered Financial Instruments and are therefore excluded from Note 21a.

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 2024 and its income and expenditure for the year then ended.



Gerald Almeroth

Executive Director – Finance and Resources

Section 151 Officer

31 May 2024

31 March 2022 Restated	31 March 2023 Restated		Note	31 March 2024
£'000	£'000			£'000
LIABILITIES				
(62,229)	(12,726)	Short-term borrowing	Note 21a	(20,833)
(580,393)	(682,641)	Short-term creditors	Note 28	(591,597)
(40,279)	(116,252)	Short-term provisions	Note 29	(48,967)
(49,358)	(18,938)	Revenue Grants receipts in advance	Note 13	(15,220)
(732,259)	(830,557)	Total current liabilities		(676,617)
<u>Long term</u>				
(1,269)	(6,051)	Long-term creditors	Note 28	(2,452)
(91,424)	(23,810)	Long-term provisions	Note 29	(19,291)
(237,616)	(389,398)	Long-term borrowing	Note 21a	(582,688)
(577,597)	(101,172)	Other long-term liabilities	Note 30	(16,330)
(100,274)	(127,317)	Capital Grants receipts in advance	Note 13	(128,777)
(1,008,180)	(647,748)	Long-term liabilities		(749,538)
2,810,652	3,358,058	Net assets		3,322,659
(1,000,366)	(758,810)	Total Usable Reserves	Note 15	(686,991)
(1,810,286)	(2,599,248)	Total Unusable Reserves	Note 16	(2,635,668)
(2,810,652)	(3,358,058)	Total Reserves		(3,322,659)

*For further detail please refer to Note 42 – Prior Period adjustment

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 three days or less and that are readily convertible to known amounts of cash with low risk of change in value.

2022/23 Restated	Note	2023/24
£'000		£'000
(114,993)	Net (surplus)/deficit on the provision of services	(15,586)
(184,786)	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements	(59,112)
188,649	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	169,765
(111,130)	Net Cash Flows from Operating Activities	95,067
363,088	Net Cash Flows from Investing Activities	119,483
(400,549)	Net Cash Flows from Financing Activities	(221,268)
(148,591)	Net (increase)/decrease in cash and cash equivalents	(6,718)
64,998	Cash and cash equivalents at the beginning of the reporting year	213,589
213,589	Cash and cash equivalents at the end of the reporting year	220,308



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 2023/24, these proper accounting practices principally comprise:
 - the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) supported by International Financial Reporting Standards (IFRS)
 - the Service Reporting Code of Practice 2023/24 (SeRCoP)

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

Asset class	Measurement Basis in the Balance Sheet
Property, Plant and Equipment: Dwellings	Current value, comprising existing use value for social housing. Dwellings are valued using market prices for comparable properties, adjusted to reflect occupancy under secure tenancies.
Property, Plant and Equipment: Other Land and Buildings	Current value, comprising existing use value. Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.
Property, Plant and Equipment: Surplus Assets	Fair value
Investment Properties	Fair value
Financial Instruments – Fair Value through Profit or Loss	Fair value
Pensions Assets	Actuarial basis subject to the impacts of an assets ceiling
Pensions Liabilities	Measured on an actuarial basis (see Note 31)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Statement of Accounts has been adjusted to reflect events after 31 March 2024 and before the date the Statement was authorised for issue only where the events provide evidence of conditions that existed at 31 March.

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

Note 1 Accounting Policies (continued)

ACCRUALS OF INCOME AND EXPENDITURE

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

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

- Accruals are recognised where the value exceeds £10,000.
- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

ASSET RECLASSIFICATION

The Council adheres to CIPFA and RICS guidance on the classification of properties. Where a property has had a change of use the Council will reflect this in the accounts and movements between asset classes are usually between PPE and Investment Property. Assets are revalued immediately before reclassification using the measurement basis specified by the Code for the current category of assets and subsequently valued in line with the new class of asset following transfer.

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

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours demand without material penalty. Cash equivalents are highly liquid investments that mature in no more than three day 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.

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.

Note 1 Accounting Policies (continued)

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 24.

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 His 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 and will be adopted in 24/25:

- **IFRS 16 Leases** will be implemented to recognise a right-of-use asset on the Balance Sheet for all leases where the Council is the lessee (except where short-term or low value). When rents are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. Based on the minimum lease payments outstanding at 31 March 2024 disclosed in Note 25 it is estimated that the transition will result in the recognition of new assets and liabilities of about £90m.
- **IFRS 16 Leases** will be additionally amended to clarify the lease liability in a sale and leaseback scenario. This clarification is not anticipated to materially change the amounts held in the Council's financial statements
- **IAS 1 Presentation of Financial Statements** will be revised to further clarify the classification of liabilities as current or non-current and improve the information provided where the Council has a non-current liability with a covenant. These changes are not expected to significantly affect the amounts held in the Council's financial statements.

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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Items	Uncertainties	Consequences if actual results differ from assumptions
Valuation of operational property	<p>Asset valuations are based on Current Value 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 2024 for approximately 20% of its operational portfolio. The remaining balance of operational properties were also reviewed to ensure values reflect current values. The Council's valuers use a combination of methodologies to value operational assets. This includes Depreciated Replacement Cost (DRC), Existing Use Value (EUV) and comparable methods. These methods can cause estimation uncertainty due to the indices and inputs (such as floor area) that must be used to apply valuations.</p> <p>The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement (CIES) of approximately £76m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current operational assets subject to potential revaluation is £763 million.</p>
Fair value measurement of investment property	<p>The Council's external valuers use valuation techniques to determine the fair value of investment property. This includes lease profile, tenant covenant, rent status and location.</p> <p>This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p> <p>Please refer to Note 38 – Fair Value for a sensitivity analysis on the observable and unobservable inputs for valuing investment property.</p>	<p>Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p> <p>If investment property value were to reduce by 10%, this would lead to a £57.3m reduction. This would impact the Council's CIES Surplus/Deficit.</p>

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

Items	Uncertainties	Consequences if actual results differ from assumptions
Valuation of HRA Dwellings	The HRA residential portfolio is valued based on a beacon methodology, with a 25% EUV-SH (social housing) factor applied, which is the standardised Department for Levelling up, Housing and Communities rate for London. The current value of the stock (at 25%) is £1.5bn. 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.	A reduction in the estimate value of HRA dwellings would result in a reduction to 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 approximately £150m.
Pensions Liability	Estimation of the net asset/liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.	The pension asset totals £39m as at 31 March 2024. The effect of changes in these estimates on the net pension asset/liability of the Council are reviewed on an ongoing basis by the Pension Fund Committee. Variations in the key assumptions will have the following impact on the net asset: a 0.1% decrease in the real discount rate will decrease the net pension asset by £24.6m; a 0.1% increase in the assumed level of pension increases will decrease the net pension asset by £24.1m; an increase of one year in longevity will decrease the net pension asset by £54.7m.
Business Rates	The Council makes an allowance in its collection fund for a reduction in rateable value for businesses that follow the Check, Challenge and Appeal process for their business rates liability. The outcome of outstanding appeals remains uncertain and are determined independently by the Valuation Office Agency. The Collection Fund currently holds a £200m appeals provision to counter the potential impact of successful appeals in future years. Within this balance £148m of provision is held in relation to the 2017 valuation list, and £52m of provision is held in relation to the 2023 valuation list. The Council's share of the full appeals provision is £60m.	A 5% variance against the current estimate would result in +/- £10m movement in the appeals provision, of which the council's share would be £3m. The Council's overall financial losses are however protected by the government with any variance to the Council's assumptions being offset by the safety net payment entitlement which will be distributed as determined by central government. The Council would lose no more than c£7.5m in retained business rates income when in safety net.

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	As at 31 March 2024, the Council had an outstanding balance of short-term debtors totalling £266m. Against this debtors' balance, there is an impairment allowance of £104m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. The economic impact of high inflation and cost of living crisis has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.	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. 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.
Valuation of Group housing dwellings	The value of the dwellings held by the Council's subsidiaries have been revalued from depreciated historic cost to existing use value (EUV) on consolidation. In revaluing the dwellings, the value at 31 March 2024 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.	A variation of +/- 1% in the indexed value would be £0.57m on the EUV of £57m

Note 4 Critical Judgements in Applying Accounting Policies

- In applying the accounting policies laid out in Note 1, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. In the accounts, these are as follows:
 - The Council has interests in other entities that fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code. The Council's interests in Westminster Community Homes Ltd and Westminster Housing Investments Ltd are material to the Council's overall financial position and therefore have been consolidated within the Council's group accounts.
- Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements according to whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied. The Council has considered its accounting classification for each school on an individual case basis in conjunction with relevant dioceses for voluntary aided and voluntary controlled schools. As a result, the Council:
 - Recognises school assets for community schools on its balance sheet because the rights and obligations associated with such school's rest 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.



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 2023/24 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.

2022/23		2023/24
£'000		£'000
2,735	Levies	2,406
(11)	Payments to the Government Housing Capital Receipts Pool*	-
(22,087)	Gains)/losses on the disposal of non-current assets	(2,588)
(19,363) Total		(182)

* There was an announcement in 2022-23 that Local Authorities were not required to make a pooling payment for 2023-24

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.

2022/23		2023/24	
£'000		£'000	
11,329	Interest payable and similar charges	18,020	
15,669	Net interest on the net defined benefit liability (asset)	4,141	
(28,073)	Interest receivable and similar income	(60,855)	
(986)	Net (gains)/losses on financial assets at fair value through profit and loss	1,129	
(57,412)	Income and expenditure in relation to investment properties and changes in their fair value	(42,309)	
(59,473)	Total	(79,874)	

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.

2022/23		2023/24
£'000		£'000
(63,118)	Council Tax Income	(64,774)
286,303	Non-domestic Rates income*	(4,640)
(261,791)	WCC share of NDR Collection fund deficit/(surplus)*	(48,122)
-	Gain on Donated Asset	(1,564)
(178,572)	Non-ringfenced government grants	(90,144)
(138,204)	Capital grants and contributions	(104,906)
(355,382)	Total	(314,150)

*Prior year NDR income has been impacted by the COVID support arrangements put in place by the Government, which created significant deficits in the collection fund. These have now largely unwound, with 2023-24 reflecting a more normal position for non-domestic rates income.

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

2022/23 Restated			2023/24			
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
27,707	(61,818)	89,525	Finance and Resources	2,617	(30,073)	32,690
12,195	(137)	12,332	Innovation and Change	15,765	(948)	16,713
61,912	(905)	62,817	Adult Services	71,043	(1,010)	72,053
51,462	(2,100)	53,562	Children's Services	57,512	(4,779)	62,291
13,925	(32,539)	46,464	Environment, Climate & Public Protection	17,778	(36,586)	54,364
11,624	(4,439)	16,063	Regeneration, Economy & Planning	12,247	(5,875)	18,122
4,513	(33,949)	38,462	Housing & Commercial Partnerships	66,628	(53,839)	120,467
-	-	-	Corporate Services	2,059	139	1,920
183,338	(135,887)	319,225	Net Cost of Services	245,649	(132,971)	378,620

Note 8 Expenditure and Funding Analysis (continued)

Table B

2022/23 Restated				2023/24		
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
31,081	50,444	(19,363)	Other Operating Income and Expenditure	106,234	106,416	(182)
(33,837)	25,636	(59,473)	Financing and Investment Income and Expenditure	(48,764)	31,110	(79,874)
44,238	399,620	(355,382)	Taxation and Non-Specific Grant Income and Expenditure	(255,788)	58,362	(314,150)
224,820	339,813	(114,993)	Surplus or Deficit on the Provision of Services	47,331	62,917	(15,586)

Note 8 Expenditure and Funding Analysis (continued)

Table C

2022/23				2023/24		
Opening Balance	Net expenditure chargeable to GF and HRA balances	Closing Balance		Opening Balance	Net expenditure chargeable to GF and HRA balances	Closing Balance
£'000	£'000	£'000		£'000	£'000	£'000
(57,389)	(2,969)	(60,358)	General Fund Balance	(60,358)	687	(59,671)
(19,382)	(195)	(19,577)	Housing Revenue Account Balance	(19,577)	1,704	(17,873)
(76,771)	(3,164)	(79,935)	Sub-Total General Fund and Housing Revenue Account Balance	(79,935)	2,391	(77,544)
(565,104)	236,478	(328,626)	General Fund Earmarked Reserves	(328,626)	41,520	(287,106)
-	(8,210)	(8,210)	Housing Revenue Account Earmarked Reserves	(8,210)	3,295	(4,915)
(3,842)	(284)	(4,126)	Schools Reserves	(4,126)	125	(4,001)
(568,946)	227,984	(340,962)	Sub-Total Earmarked and Schools Reserves	(340,962)	44,940	(296,022)
(645,717)	224,820	(420,897)	Total Reserves	(420,897)	47,331	(373,566)

Note 8 Expenditure and Funding Analysis (continued)

Table D

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

2022/23 Restated					2023/24			
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
(6,325)	(56,324)	831	(61,818)	Finance and Resources	(27,413)	(2,231)	(429)	(30,073)
(137)	-	-	(137)	Innovation and Change	(511)	(377)	(60)	(948)
(905)	-	-	(905)	Adults' Services	(501)	(532)	23	(1,010)
(2,100)	-	-	(2,100)	Children's Services	(4,129)	(687)	37	(4,779)
(32,539)	-	-	(32,539)	Environment, Climate & Public Protection	(35,909)	(612)	(65)	(36,586)
(4,439)	-	-	(4,439)	Regeneration, Economy & Planning	(5,188)	(575)	(112)	(5,875)
(35,017)	-	1,068	(33,949)	Housing & Commercial Partnerships	(53,111)	(668)	(60)	(53,839)
-	-	-	-	Corporate Services	-	(242)	381	139
(81,462)	(56,324)	1,899	(135,887)	Net Cost of Services	(126,762)	(5,924)	(285)	(132,971)
50,444	-	-	50,444	Other Operating Income and Expenditure	106,416	-	-	106,416
25,586	-	50	25,636	Financing and Investment Income and Expenditure	36,359	(4,141)	(1,108)	31,110
137,828	-	261,792	399,620	Taxation and Non-Specific Grant Income and Expenditure	1,564	-	56,798	58,362
132,396	(56,324)	263,741	339,813	Difference Between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	17,577	(10,065)	55,405	62,917

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 that receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the Pensions adjustments

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

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 ANALYSIED BY NATURE

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

2022/23 Restated		2023/24
£'000		£'000
248,324	Employee Benefits Expenses	256,528
741,285	Other Service Expenses	831,953
26,998	Interest Payments	22,161
(11)	Payments to Housing Capital Receipts Pool	-
276,309	Repayment of prior year Collection fund deficit	9,084
2,735	Precepts and Levies	2,406
74,674	Depreciation, Amortisation and Impairments	79,488
32,907	Revaluation Loss on Property, Plant & Equipment	73,807
1,403,221	Total Expenditure	1,275,427
(727,228)	Government Grants and Contributions	(637,955)
(425,911)	Fees, Charges and Other Service Income	(447,467)
(314,915)	Income from Council Tax, Non-Domestic Rates, District Rate Income	(126,620)
-	Revaluation Gain on Investment Property	(15,039)
(22,087)	Gains on the Disposal of Assets	(3,077)
(28,073)	Interest and Investment Income	(60,855)
(1,518,214)	Total Income	(1,291,013)
(114,933)	Surplus on the Provision of Services	(15,586)

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

2022/23	Fees, Charges and Other Service Income	2023/24
£'000		£'000
(165,866)	Rent	(187,422)
(102,928)	Parking Income	(107,977)
(17,329)	Commercial Waste	(19,330)
(10,922)	Road Management	(10,133)
(8,171)	Schools Income	(7,249)
(4,458)	Planning Application Fees	(5,062)
(116,237)	Other Income	(110,294)
(425,911)	Total Income	(447,467)

Benefits paid during employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid monthly 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 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 £10.995m in 2023/24 (£10.183m in 2022/23). Gross income received was £10.995m in 2023/24 (£10.183m in 2022/23). The increase between the two financial years is due to an increase in activity and price inflation.

2022/23				2023/24		
WCC	ICBs	Total	s.75	WCC	ICBs	Total
£000s	£000s	£000s		£000s	£000s	£000s
-	4,059	4,059	Better Care Fund Lead Commissioning	-	4,600	4,600
-	6,124	6,124	Non – Better Care Fund	-	6,395	6,395
-	10,183	10,183	Total	-	10,995	10,995

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).

2022/23	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		225,207	-	-	37,885	1,993	169	-	265,254
Executive Director of Finance Resources - G Almeroth		179,256	-	-	30,115	1,993	344	-	211,708
Executive Director Growth, Planning and Housing - D Jackson		169,956	-	-	28,553	-	-	-	198,509
Bi Borough Executive Director of Adults Social Care & Public Health – B Flaherty	A	189,024	-	2,661	32,203	-	-	-	223,888
Executive Director of Environment & City Management - R Mistry	E	120,933	-	-	20,317	-	67	-	141,317
Bi-Borough Executive Director of Children's Services - S. Newman	B	169,956	-	-	28,553	-	-	-	198,509
Executive Director of Innovation & Change - P Wrobel		169,956	-	1,881	28,869	-	-	-	200,706
His Majesty's Coroner - Inner West London - F Wilcox	C	171,678	-	4,931	29,334	-	-	-	205,943
Director of Public Health- A Raleigh	D	149,469	-	2,504	25,531	-	-	-	177,504
Director of Law and Governance - Parveen Akhtar	F	148,223	-	-	24,901	1,993	363	-	175,480
Director of People Services - L. Witham		159,469	-	2,504	27,211	-	372	-	189,556

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

A) The Bi-Borough Executive Director of Adult Social Care & Public Health is employed by Westminster City Council, amount shown above is 100%. The costs of this post are shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 50% RBKC, 50% WCC.

B) The Bi-Borough Executive Director of Children's Services is employed by Westminster City Council, amount shown above is 100%. The costs of this post are shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 50% RBKC; 50% WCC.

C) The post of His Majesty's Coroner for the Inner West London Coroner's District is shared across four London boroughs based on population; amount shown above is 100%. The current share based on mid-2019 population per Borough is 22.98% Westminster, 16.12% RBKC, 24.12 Merton and Wandsworth 36.78%

D) The Director of Public Health is employed by Westminster City Council. The costs of this post shown above is 100% and shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 44% RBKC, 56% WCC.

E) The Executive Director of Environment & City Management left on 31/12/2022. At 31/03/23 post was vacant.

F) The Director of Law and Governance is employed by Westminster City Council, amount shown above is 100%. The costs of this post are shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 35.9% RBKC, 64.1% WCC.

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

2023/24	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		232,389	-	-	39,041	-	-	-	271,430
Executive Director of Finance Resources - G Almeroth		196,384	-	-	32,998	-	25	-	229,407
Executive Director Regeneration, Economy & Planning - D Jackson	A	176,550	-	-	29,660	-	-	-	206,210
Bi Borough Executive Director of Adults Social Care & Public Health - B Flaherty	B	196,359	-	3,191	33,524	-	-	-	233,074
Executive Director of Environment, Climate & Public Protection	D	141,992	-	2,487	23,046	-	21	-	167,546
Bi-Borough Executive Director of Children's Services - S. Newman	C	186,213	-	-	31,284	-	-	-	217,497
Executive Director of Innovation & Change - P Wrobel	I	176,853	-	2,189	30,028	-	-	-	209,070
His Majesty's Coroner - Inner West London - F Wilcox	E	177,403	-	5,969	30,471	-	-	-	213,843
Director of Public Health - A Raleigh	F	155,268	-	2,982	26,586	-	-	-	184,836
Executive Director Corporate Services - Parveen Akhtar	G	165,852	-	-	27,863	-	-	-	193,715
Director Place Shaping and Town Planning - D Armsby	H	155,268	-	-	26,085	-	-	-	181,353
Director of Development - J Green	H	155,268	-	2,982	26,586	-	-	-	184,836
Director of Property and Strategic Asset Management - C Barrett	H	151,926	-	2,851	25,965	-	406	-	181,148
Director of Economy and Skills - S Abani	H	151,958	-	1,511	25,783	-	-	-	179,252
Executive Director of Housing and Commercial Partnerships - S Warman	J	155,268	16,257	2,259	29,214	-	18	-	203,016

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

A) The name of this post in 2022/23 was Executive Director of Growth, Planning and Housing and has been split into two new directorates for 2023/24; Executive Director Regeneration, Economy & Planning and Executive Director of Housing and Commercial Partnerships

- B) The Bi-Borough Executive Director of Adult Social Care & Public Health is employed by Westminster City Council, amount shown above is 100%. The costs of this post are shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 50% RBKC, 50% WCC.
- C) The Bi-Borough Executive Director of Children's Services is employed by Westminster City Council, amount shown above is 100%. 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.
- D) The name of this post has changed from Executive Director of Environment & City Management to Executive Director of Environment, Climate & Public Protection
- E) The post of His Majesty's Coroner for the Inner West London Coroner's District is shared across four London boroughs based on population: amount shown above is 100%. The current share based on ONS population figures as at 26th March 2024 per Borough is 23.5% Westminster, 16.2% RBKC, 23.8% Merton and 36.5% Wandsworth
- F) The Director of Public Health is employed by Westminster City Council. The costs of this post shown above is 100% and shared between the Royal Borough of Kensington & Chelsea and Westminster City Council. The share was 44% RBKC, 56% WCC.
- G) This is a new executive director role created during the year.
- H) These roles were not reported on in 22/23 as they did not meet the £150k reporting threshold
- I) P Wrobel has left WCC in March 2024.
- J) This is a new Executive Director role for 2023/24. S Warman is acting up from their substantive post. The 'deferred pay' reported of £16,257 is an honorarium payment, which began on 26 June 2023.

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

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

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

	No of Employees 2022-23		No of Employees 2023-24
	301	£50,000 - £54,999	306
	190	£55,000 - £59,999	257
	174	£60,000 - £64,999	206
	89	£65,000 - £69,999	137
	61	£70,000 - £74,999	76
	46	£75,000 - £79,999	50
	33	£80,000 - £84,999	35
	19	£85,000 - £89,999	28
	27	£90,000 - £94,999	31
	14	£95,000 - £99,999	25
	19	£100,000 - £104,999	13
	5	£105,000 - £109,999	8
	4	£110,000 - £114,999	9
	4	£115,000 - £119,999	7
	3	£120,000 - £124,999	4
	3	£125,000 - £129,999	7
	1	£130,000 - £134,999	2
	2	£135,000 - £139,999	3
	3	£140,000 - £144,999	4
	3	£145,000-£149,999	-
	2	£150,000 - £154,999*	-
	1,003	Total	1,208

NB. Salary excludes expenses and benefits in kind.

Remuneration is Salary + expenses + benefits in kind.

Note 10c Exit Package

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:

2022/23					2023/24			
(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	
36	-	36	175	£0 - £20,000	31	-	31	178
11	-	11	325	£20,001 - £40,000	11	-	11	318
5	-	5	262	£40,001 - £60,000	-	-	-	-
3	-	3	210	£60,001 - £80,000	3	-	3	212
1	-	1	81	£80,001 - £100,000	-	-	-	-
-	-	-	-	£100,001 - £150,000	-	-	-	-
-	-	-	-	£150,001 - £200,000	-	-	-	-
-	-	-	-	£300,001 - £350,000	-	-	-	-
56	-	56	1,053	Total	45	-	45	708

The Council terminated the contracts of 45 employees in 2023/24. Of the total payment of £0.708m, 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

Member allowances are set by the local authority after having had regard to the recommendations made by an independent panel on the remuneration of members for the roles they fulfil within the Council. In London, authorities share the Independent Remuneration Panel (IRP) for London, convened by London Councils. The panel's report in January 2022 was the basis for the allowances system adopted by Westminster City Council in 2022/23. The IRP makes recommendations on the level of remuneration for different roles, most notably the basic allowance paid to all Councillors and Special Responsibility Allowances (SRAs) paid to Councillors undertaking additional roles. SRAs are calculated as a percentage of the total allowance paid to the Leader of the Council. Both historically and now, the basic allowance paid in Westminster as well as majority of Westminster's SRAs are lower than the London average and lower than that recommended by the IRP.

The Council paid allowances to its members of £1.030m in 2023/24 (£0.993m in 2022/23).

2022/23	Members Allowances	2023/24
£'000		£'000
993	Allowances	1,030
-	Expenses	-
993		1,030

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:

2022/23		2023/24
£'000		£'000
161	Fees payable to external auditors regarding external audit services carried out by the appointed auditor for the year	496
34	Fees payable to external auditors for the certification of grant claims and returns for the year	88
-	Fees payable in respect of other services provided by external auditors during the year relating to 22/23 Audit	143
70	Fees payable in respect of other services provided by external auditors during the year relating to 20/21 Audit	-
12	Fees payable in respect of Teacher's Pension audit	10
6	Fees payable in respect of audit of pooling of capital receipts	10
283	Total	747

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 school's budget, as defined in the School and Early Years Finance (England) Regulations 2022. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the individual school's budget (ISB), which is divided into a budget share for each maintained school.

Details of the Schools Budget funded by DSG receivable for 2023/24 are as follows:

	Central Expenditure	Individual Schools Budget	Total 2023/24	Total 2022/23
	£'000	£'000	£'000	£'000
Final DSG for 2023/24 before academy and high needs recoupment			180,876	174,564
Academy and high needs figure recouped for 2023/24			(85,018)	(80,664)
Total DSG after academy and high needs recoupment for 2023/24			95,858	93,900
Plus: Brought forward from 2022/23			2,267	-
Less: Carry-forward to 2024/25 agreed in advance			(2,267)	-
Agreed initial budgeted distribution in 2023/24	34,707	61,151	95,858	93,900
In-year adjustments	290	(487)	(197)	(676)
Final budget distribution for 2023/24	34,997	60,664	95,661	93,224
Less: Actual central expenditure	(32,373)	-	(32,373)	(29,149)
Less: Actual ISB deployed to schools	-	(60,150)	(60,150)	(61,808)
Plus: Local authority contribution for 2023/24			-	-
In-year carry-forward to 2024/25	2,624	514	3,138	2,267
Plus: Carry-forward to 2024/25 agreed in advance			2,267	-
Carry-forward to 2024/25			5,405	2,267
DSG unusable reserve at the end of 2022/23			(1,167)	(1,167)
Addition to DSG unusable reserve at the end of 2023/24			-	-
Total of DSG unusable reserve at the end of 2023/24			(1,167)	(1,167)
Net DSG position at end of 2023/24			4,238	1,100

Note 13 Grant Income

GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24.

2022/23	Credited to Taxation and Non-Specific Grant Income	2023/24
£'000	Non-Ringfenced Government Grants (Revenue)	£'000
(133,057)	Section 31 Grant & Safety Net Payments	(48,369)
(31,216)	Revenue Support Grant	(34,873)
(4,124)	Collection Allowance – Business Rates and Business Rates Supplement	(3,092)
(6,231)	Services Grant	(3,655)
(2,250)	New Homes Bonus	(155)
(1,694)	Lower Tier Grant	-
(178,572)	Sub-Total	(90,144)

Note 13 Grant Income (continued)

2022/23 Restated	Credited to Services	2023/24
£'000		£'000
(170,869)	Housing Benefits Subsidy	(176,984)
(93,224)	Dedicated Schools Grant	(95,661)
(33,323)	Public Health Grant	(34,410)
(17,247)	Social Care Support Grant	(26,522)
(15,136)	Homelessness Grants	(18,896)
(17,649)	Improved Better Care Fund - Dept Health & Social Care	(17,649)
(14,282)	Better Care Funding - Clinical Commissioning Group element	(14,997)
(9,287)	Adult Education Services Grant	(10,071)
(3,905)	Pupil Premium Grant	(3,940)
(1,534)	Ukraine & Afghan Refugees Grant	(3,907)
(4,788)	Unaccompanied Asylum Seeking Children (UASC) Grant	(3,898)
(2,859)	Hospital Discharge Fund	(3,791)
	- Adult Social Care Market Sustainability & Improvement Fund	(3,098)
(1,716)	S106 Contributions	(2,204)
	- Market Sustainability & Improvement Fund - Workforce Fund	(2,012)
(1,343)	Schools Supplementary Grant (SSG)	(1,492)
	- Changing Futures Programme	(1,414)
(1,235)	Housing Benefit Subsidy Administration Grant	(1,226)
(923)	Education and Skills Funding Agency (ESFA) Post 16 Schools Grant	(1,029)
(868)	Discretionary Housing Payments Grant	(868)
(983)	Cross River Partnership	(686)
(257)	DFE Teachers Pay Grant & Teachers' Pensions Employment Contributions Grant	(598)
(14,384)	Other Government Grants*	(12,635)
(265)	Other non-government grants and contributions	(489)
(406,077)	Sub-Total	(438,477)

* Other Government Grants in 2023/24 consist of numerous smaller grants, none of which individually are over £1m.

Note 13 Grant Income (continued)

2022/23	Credited to Services – Covid Related	2023/24
£'000		£'000
(1,954)	Homelessness	(3,345)
(579)	Contain Outbreak Management Fund (COMF)	-
(1,842)	Other Government Grants	(1,083)
(4,375)	Sub-Total	(4,428)
(589,024)	Total	(533,049)

2022/23	Covid Related (Agency)	2023/24
£'000		£'000
(3,903)	Household Support Fund	(3,908)
(3,903)	Total	(3,908)

Note 13 Grant Income (continued)

2022/23	Capital Grants and Contributions	2023/24
£'000		£'000
(27,286)	S106 Contributions	(52,438)
(17,603)	Community Infrastructure Levy	(18,455)
(65,437)	GLA Contributions	(14,555)
(2,878)	S278 Contributions	(8,593)
(4,631)	DfE Grants	(1,929)
(4,463)	Public Sector Decarbonisation Scheme (BEIS) Grant	(1,915)
(2,270)	Transport for London Grants	(1,482)
(1,344)	Disabled Facilities Grant	(1,248)
-	Salix Grants	(1,167)
(9,494)	Major Works Income	(176)
(2,798)	Other Capital Grants & Contributions	(2,948)
(138,204)	Total	(104,906)

Note 13 Grant Income (continued)

2022/23	Capital Grants Receipts in Advance (Non-Current)	2023/24
£'000		£'000
(90,700)	S106 / S278 Contributions	(94,036)
(20,428)	GLA Contributions	(12,901)
(6,678)	Basic Need Grant	(10,646)
(5,012)	Education Services - High Needs	(7,035)
(1,128)	Disabled Facilities Grant	(1,651)
(947)	London Business Rates Pool Strategic Investment	(346)
(180)	Department for Business, Energy and Industrial Strategy	(159)
(2,244)	Other Government Grants	(2,003)
(127,317)	Total	(128,777)

2022/23 Restated	Revenue Grants and Contributions Receipts in Advance (Current)	2023/24
£'000		£'000
(8,630)	Ukraine & Afghan Refugees Grant	(8,226)
(772)	Dedicated Schools Grant	(1,220)
-	GLA -UK Shared Prosperity Fund	(560)
(318)	Contain Outbreak Management Fund (Covid)	(318)
(2,707)	Support for Energy Bills	-
(132)	Housing Benefit Subsidy	-
(3,061)	Other Government Grants	(4,112)
(3,318)	Other non government grants and contributions	(784)
(18,938)	Total	(15,220)

Note 14 Agency Services

2022/23 Restated	2022/23 Restated	2023/24	2023/24
£'000	£'000	£'000	£'000
Transport for London			
(55)	Contributions	(48)	
58	Expenditure	42	
	3 (Surplus)/ Deficit		(6)
Inner West London Coroner's District			
(1,225)	Contributions	(1,774)	
1,666	Expenditure	2,301	
	441 (Surplus)/ Deficit		527
Collection of Mayoral CIL			
(11,271)	Contributions	(12,271)	
	(451) Proportion retained by WCC		(491)
DEFRA - Clean Air Villages 4			
(16)	Contributions	0	
16	Expenditure	0	
	0 (Surplus)/ Deficit		0
DEFRA - Clean Air Logistics for London			
(226)	Contributions	(315)	
226	Expenditure	315	
	0 (Surplus)/ Deficit		0

2022/23 Restated	2022/23 Restated	2023/24	2023/24
DEFRA - Smarter Greener Logistics			
0	Contributions	(63)	
0	Expenditure	63	
	0 (Surplus)/ Deficit		0
South Bank BID - Vivacity Monitoring			
(38)	Contributions	(42)	
31	Expenditure	42	
	(7) (Surplus)/ Deficit		0
Guy's and St.Thomas' NHS Trust - Brixton Logistics			
(69)	Contributions	0	
69	Expenditure	0	
	0 (Surplus)/ Deficit		0
(14) Net (Surplus)/Deficit			30

TRANSPORT FOR LONDON

Transport for London reimburses the council for works undertaken on the highway which aim to promote sustainable transport and improve the public realm, including traffic management schemes. In 2023/24 £0.048m of works were approved for funding via TfL portal on Bridge Assessment and Strengthening. There was spend of £0.042m in 2023/24 with a further spend not accrued of £0.006m in 2024/25.

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 £2.30m of expenditure was incurred by the Coroners Service towards which contributions were received or accrued totalling £1.77m from the other three local authorities this year. The balance of £0.53m is Westminster's contribution to the service.

COLLECTION OF MAYORAL CIL

The Mayoral Community Infrastructure Levy (MCIL1) was introduced in 2012 to help finance Crossrail, the major new rail link connecting central London to Reading and Heathrow in the West and Shenfield and Abbey Wood in the East.

In February 2019 the Mayor adopted a new charging schedule (MCIL2). The new charges took effect on 1 April 2019 and supersede the MCIL1 charging schedule and the associated Crossrail Funding SPG (applicable in central London, the northern part of the Isle of Dogs and within 1km of a Crossrail station for the rest of London). The MCIL2 charges apply to all planning permissions granted from 1 April 2019 and may also apply to some phased planning permissions granted before 1 April 2019. MCIL2 will be used to fund Crossrail 1 (the Elizabeth Line) and Crossrail.

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

Zone 1 boroughs - £80 per square metre: Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth.

The collection of the CIL is delegated to the relevant planning authority in each administrative area and the planning authority can retain 4% of the levy to cover the costs of administration and collection. During 2023/24, Mayoral CIL contributions of £12.27m were received, the balance of £0.49m is retained by Westminster to cover administrative costs.

DEFRA - CLEAN AIR VILLAGES 4

Clean Air Villages 4 (CAV4) is a Defra funded project led by Westminster City Council in collaboration with 26 project partners to improve the air quality across different London 'villages', where both air pollution and population density levels are high.

DEFRA - CLEAN AIR LOGISTICS FOR LONDON

Clean Air Logistics for London (CALL) is a Defra-funded project led by Westminster City Council in collaboration with 10 project partners. The project aims to move more freight into London via river

rather than road, supported by zero emission delivery methods in Central London. CALL will build on the success of CRP's Clean Air Villages 4 programme.

DEFRA – SMARTER GREENER LOGISTICS

Smarter Greener Logistics (SGL) is a Defra-funded project led by Westminster City Council in collaboration with 26 project partners. The project aims to minimise the impact of freight on noise, air quality, traffic and pavement space in London by making improvements across 15 London boroughs and four London Business Improvement Districts (BIDs). SGL will build on the success of CRP's Clean Air Logistics for London (CALL). The project runs from July 2023 to December 2024. Grant funding of £1.00m has been received with £0.46m spent in 2023/24 with £0.06m on agency services and £0.40m on principal.

SOUTH BANK BUSINESS IMPROVEMENT DISTRICT - VIVACITY MONITORING

The South Bank BID have commissioned CRP to provide one year of in-depth monitoring and data analysis at 5 locations in the South Bank area. The monitoring will help to provide a detailed picture of active travel and vehicular movements in South Bank, as well as an insight to social distancing trends and local emissions in the area. By providing quarterly reporting that details the monitoring analysis at each of the five locations, CRP will help South Bank BID to provide the proof of concept for existing or planned interventions and identify areas where additional measures may be required. This could then help to enable the wider roll out of initiatives and support the transition to permanent, positive change. In 2023/24 spend of £0.04m on the provision of sensors has been funded by The South Bank BID. In 2022/23 spend totalled £0.03m.



4.2.

Notes Supporting the Movement in Reserves Statement

Note 15 Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, plant and Equipment	Depreciation and revaluation/impairment losses	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Investment Properties	Movements in fair value	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2023/24	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 2023/24 or were received in 2023/24 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2024) Capital Adjustment Account (other amounts)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2023/24 Losses on soft loans granted in 2023/24 and interest receivable in 2023/24 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 2023/24	Financial Instruments Adjustment Account
Pooled Investments	Movements in the fair value of pooled investment funds	Historical cost gains/losses for pooled investment funds disposed of in 2023/24	Pooled Investment Funds Adjustment Account
Pensions Costs	Movements in pensions assets and liabilities (see Note 31)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2023/24	Pensions Reserve
Council Tax	Accrued income from 2022/23 bills	Demand on the Collection Fund for 2023/24 plus share of estimated surplus for 2022/23	Collection Fund Adjustment Account
Business Rates	Accrued income from 2022/23 bills	Budgeted income receivable from the Collection Fund for 2023/24 plus share of estimated surplus for 2022/23	Collection Fund Adjustment Account
Dedicated Schools Grant	Expenditure incurred in 2023/24 to be met from Dedicated Schools Grant	Expenditure incurred up to the amount of the Grant receivable for 2023/24	Dedicated Schools Grant Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2024	No charge	Accumulated Absences Adjustment Account

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

2022/23	Usable Reserves Restated						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	1,010	25	-	-	-	(1,035)	Financial Instruments Adjustment Account
· Pensions costs	(56,324)	0	-	-	-	56,324	Pensions Reserve
· Collection Fund	261,792	0	-	-	-	(261,792)	Collection Fund Adjustment Account
· Holiday pay	832	82	-	-	-	(914)	Accumulated Absences Account
· Capital expenditure	12,729	13,500	(50,444)	(22,254)	(31,661)	78,130	Capital Adjustment Account
Capital and Revenue Financing							
Resources set aside for capital financing	43,100	63,067	61,502	22,254	45,319	(235,242)	Capital Adjustment Account
Recognition and transfer on realisation of deferred capital receipts	-	-	(7,040)	-	-	7,040	Deferred Capital Receipts
Other adjustments	-	-	(940)	-	-	940	Capital Adjustment Account
Total adjustments	263,139	76,674	3,078	-	13,658	(356,549)	

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

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

2023/24	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	(1,117)	11	-	-	-	1,106	Financial Instruments Adjustment Account
· Pensions costs	(10,065)	0	-	-	-	10,065	Pensions Reserve
· Collection fund	56,798	0	-	-	-	(56,798)	Collection Fund Adjustment Account
· Holiday pay	(233)	(54)	-	-	-	287	Accumulated Absences Account
· Capital expenditure	19,599	(40,779)	(64,859)	(19,949)	(66,148)	172,136	Capital Adjustment Account
Capital and Revenue Financing						0	
Resources set aside for capital financing	28,624	10,133	74,325	19,949	81,459	(214,490)	Capital Adjustment Account
Recognition and transfer on realisation of deferred capital receipts	-	-	(141)	-	-	141	Deferred Capital Receipts
Other adjustments	-	-	(148)	-	-	(148)	Capital Adjustment Account
Total adjustments	93,606	(30,689)	9,177	0	15,311	(87,405)	

Note 16 Unusable Reserves

Unusable Reserves	Adjustments between Accounting and Funding Basis 2022/23 Restated					Closing Balance 31 March 2023
	Opening Balance 1 April 2022	Other Comprehensive Income and Expenditure 2022/23	Adjustments to Revenue Resources	Capital and Revenue Financing	Other Movements	
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(550,807)	100,024	-	-	10,694	(440,089)
Financial Instruments Adjustment Account	2,517	-	-	-	-	2,517
Financial Instruments Revaluation Reserve	327	-	(1,035)	-	-	(708)
Pensions Reserve	560,553	(532,437)	56,324	-	-	84,440
Collection Fund Adjustment Account	286,175	-	(261,792)	-	-	24,383
Accumulated Absences Account	3,010	-	(914)	-	-	2,096
Capital Adjustment Account	(2,104,379)	-	78,130	(235,242)	(9,754)	(2,271,245)
Deferred Capital Receipts	(8,849)	-	-	7,040	-	(1,809)
Dedicated Schools Grant Reserve*	1,167	-	-	-	-	1,167
Total	(1,810,286)	(432,413)	(129,287)	(228,202)	940	(2,599,248)

Note 16 Unusable Reserves (continued)

Unusable Reserves	Opening Balance 1 April 2023	Other Comprehensive Income and Expenditure 2023/24	Adjustments between Accounting and Funding Basis 2023/24		Other Movements	Closing Balance 31 March 2024
			Adjustments to Revenue Resources	Capital and Revenue Financing		
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(440,089)	184,465	-	-	7,996	(247,628)
Financial Instruments Adjustment Account	2,517	-	1,128	-	-	3,645
Financial Instruments Revaluation Reserve	(708)	-	(22)	-	-	(730)
Pensions Reserve	84,440	(133,480)	10,065	-	-	(38,975)
Collection Fund Adjustment Account	24,383	-	(56,798)	-	-	(32,415)
Accumulated Absences Account	2,096	-	287	-	-	2,383
Capital Adjustment Account	(2,271,245)	-	172,136	(214,342)	(7,996)	(2,321,447)
Deferred Capital Receipts	(1,809)	-	-	141	-	(1,668)
DSG Reserve*	1,167	-	-	-	-	1,167
Total	(2,599,248)	50,985	126,796	(214,201)	-	(2,635,668)

*The DSG deficit at 31st March 2024 is £1.167m, unchanged from 2022-23. In 2023-24, DSG made a surplus of £3.138m, which has been transferred to Earmarked Reserves (see Note 17), so that it will be available to fund Schools expenditure in future years.

Note 17 Transfer to/from Earmarked Reserves

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

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

Earmarked Reserves	31 March 2023	Transfers Out	Transfers In	31 March 2024
	£'000	£'000	£'000	£'000
Adults Services Reserve	(5,046)	984	(1,228)	(5,290)
Business Rates Risk Reserve	(78,397)	50,137	(18,732)	(46,992)
Children's Reserves	(3,278)	529	(160)	(2,909)
Climate Change Reserve	(3,430)	1,789	-	(1,641)
Contract Risk Reserve	(14,809)	-	-	(14,809)
Economy/Inflation Reserve	(5,345)	93	-	(5,252)
Dedicated Schools Grant	(2,267)	72	(3,210)	(5,405)
Digital and Innovation Reserve	(8,378)	1,413	-	(6,965)
Transactional Services Reserve	(5,502)	-	-	(5,502)
Housing Benefits Reserve	(1,394)	108	-	(1,286)
Infrastructure reserve	(18,513)	55	-	(18,458)
Insurance Reserve	(12,417)	-	(1,576)	(13,993)
Invest to Save Reserve	(23,385)	6,313	-	(17,072)
Learning Skills Council Reserve	(3,883)	25	-	(3,858)

Note 17 Transfer to/from Earmarked Reserves (continued)

Earmarked Reserves	31 March 2023	Transfers Out	Transfers In	31 March 2024
Capital Financing Reserve	(78,740)	3,728	-	(75,012)
My Westminster	(2,027)	361	-	(1,666)
Westminster CIL 5% Admin Reserve	(6,086)	1,105	(1,026)	(6,007)
Property Reserve	(12,558)	423	(564)	(12,699)
Public Health Reserve	(3,462)	389	-	(3,073)
Corporate Investment Contingency Reserve	(4,126)	1,000	-	(3,126)
Redundancy and Reorganisation	(6,138)	699	-	(5,439)
Statues Reserves	(706)	-	-	(706)
Temporary Accommodation Reserve	(11,278)	-	-	(11,278)
Other	(17,461)	3,585	(4,792)	(18,668)
Total General Fund Reserves	(328,626)	72,808	(31,288)	(287,106)
HRA Earmarked Reserves	(8,210)	3,295	-	(4,915)
Total Reserves	(336,836)	76,103	(31,288)	(292,021)

The **Adults' Services Reserve** is provided to support joint working with the CCG (Clinical Commissioning Group) to support vulnerable Adults within the borough and assist them in living independent lives. CCGs were replaced with Integrated Care Systems in 2022.

The **Digital and Innovation Reserve** is in place to deliver enhanced digital services.

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 **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 **Business Rates Risk Reserve** for planned future spending based on presumed business rates income that is yet to materialise. As part of this, it will be available 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.

The **Housing Benefit 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 Reserve** is to enhance the Council's operational estate.

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

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

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

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

The **Climate Change Reserve** has been created to help the council achieve its Climate emergency targets. The movement funds the climate emergency team and climate actions.

The **Capital Financing Reserve** has been renamed and was previously the MRP Equalisation reserve and is to fund the council's capital financing costs.

The **My Westminster Reserve** was set up to fund pre-existing programmes held in Westminster up until 2025/26.

The **Westminster CIL 5% Admin Reserve** represents the 5% retention on planning permission levies allowed to be retained by Local Authorities for administration purposes.

The **Public Health Reserve** is to fund on-going Public Health Contracts over the forthcoming years which has been evidenced via the WCC 10 year spending plan for the Public Health Service.

The **Corporate Investment Contingency Reserve** has been set up to cover the Local Authorities future investment risks.

The **Dedicated Schools grant** this relates to the carry forward of any Dedicated Schools Grant and to absorb any deficit.

The **Transactional Services Reserve** was set up to fund future year ERP maintenance costs.

The **Learning Skills Council Reserve** is in place to support the development of modern learning environment.

The **Temporary Accommodation Reserve** is in place to support the Council's response to homelessness issues including rough sleepers and Temporary Accommodation.

Other Council Reserves represent minor balances.



BUCKINGHAM PALACE



ST. JAMES'S PARK

4.3.

Notes Supporting the Balance Sheet

Note 18a Capital Contractual Commitments

At 31 March 2024, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years. The major commitments amounting to £1m or more are as follows and equivalent figures have been provided for 31 March 2023:

* The council holds two contracts in relation to housing delivery at Ebury Bridge which meet this note's criteria. The total amount of outstanding commitment at 31 March 2024 is £21.695m and is comprised of Bouygues - £19.948m and Gardiner & Theobald - £1.747m.

31 March 2023		31 March 2024	
£'000		£'000	
40,000	Axis - Southern area maintenance	30,000	
40,000	United Living - Northern area maintenance	30,000	
35,117	FM Conway - Various Public Realm Schemes	9,249	
13,200	Oakray - Citywide electrical services	9,900	
9,688	Precision Lifts - Citywide lift maintenance	7,266	
7,800	GEM - Citywide mechanical services	5,850	
-	Veolia - Electric Street Cleansing Vehicles	4,189	
-	Wilmott Dixon Construction Ltd - Seymour Leisure centre	1,167	
2,000	Effectable - Citywide property adaptations	1,000	
10,755	Veolia - Electric waste vehicles and infrastructure	-	
158,560	Non-housing capital commitment total	98,621	
90,406	Multiple suppliers – Ebury*	21,695	
-	Wilmott Dixon Construction Ltd - Westmead	27,970	
32,224	Wates Construction Ltd - Balmoral Castle and Darwin House	22,192	
-	Berkerley Homes - West End Gate Block H	7,425	
-	Lovell - Carlton Dene	4,515	
5,726	Wates Construction Ltd - Luxborough	3,458	
25,321	Geoffrey Osbourne Ltd - Queens Park, Toridon Street and Adpar Street (Infills Package B)	-	
7,460	Wilmott Dixon Construction LTD - 300 Harrow Road	-	
161,137	Housing capital commitment total	87,255	
319,697	Total	185,876	

Note 18b Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years with the remainder indexed where possible. Sanderson Weatherall undertook valuations on behalf of the Council in 2023/24 for operational property and investment property. HRA stock was valued at 31 March 2024. Heritage assets were valued on an insurance basis in 2019/20.

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

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Investment Property	Heritage Assets	Vehicles, Plant, Furniture and Equipment	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Held at Historic Cost and at depreciated historic cost	-	-	36,586	778	-	43,946	32,051	113,361
Different Valuations are applied to different asset classes								
31st March 2024	1,502,740	93,885	562,316	572,101	-	-	-	2,731,042
31st March 2023	-	-	17,789	-	-	-	-	17,789
31st March 2022	-	-	23,290	-	-	-	-	23,290
31st March 2021	-	3,969	20,060	-	-	-	-	24,029
31st March 2020	-	-	9,673	-	44,578	-	-	54,251
Total Cost or Valuation	1,502,740	97,854	669,714	572,879	44,578	43,946	32,051	2,963,762

The valuation of operational and investment properties at 31 March 2024 totalled £2,731,042k. Of this amount, £1,134,534k were subject to full valuations in-year, £93,768k were subject to an indexed valuation and £1,502,740k were HRA housing stock valued using a beacon approach adjusted by an EUV-SH factor.

Note 18c Property, Plant and Equipment

Recognition

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

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

Measurement

Assets are initially measured at cost, comprising:

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

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

requirements of the Royal Institution 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 a 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 - straight line allocation over a useful life of 3 – 7 years;
- Infrastructure - straight-line allocation over 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.

Note 18c Property, Plant and Equipment (continued)

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

Disposals

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

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

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

Minimum Revenue Provision

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

Infrastructure Assets

Infrastructure assets are measured on a depreciated historical cost basis. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only reliably includes expenditure of acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed before the end of the 1993/94 financial year. An update to the Code and Specifications for Future Codes for Infrastructure Assets came into force in 25 December 2022, temporarily removing the need to disclose gross cost and accumulated depreciation of infrastructure assets until 31 March 2025.

Note 18c Property, Plant and Equipment – Closing Balances

	31 st March 2023 Restated*	31 st March 2024
	£'000	£'000
Infrastructure Assets	348,838	364,477
Other PPE Assets	2,729,930	2,620,276
Total PPE Assets	3,078,768	2,984,753

*See Prior Period Adjustment Note

Note 18c Infrastructure Assets – Movement of Balances

	2022/23	2023/24
	£'000	£'000
At 1 April	328,883	348,838
Additions	55,571	54,993
Depreciation	(35,657)	(39,354)
Impairments	0	0
Disposals and Decommissioning	0	0
Other Movements	41	0
At 31st March	348,838	364,477

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

Note 18c Other Property, Plant and Equipment – Movement of Balances in 2022/23

	Council Dwellings	Other Land and Buildings (HRA) Restated**	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction*	Total Property, Plant and Equipment Restated**	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost of Valuation								
At 1 April 2022	1,667,069	101,581	657,799	23,155	30,211	232,893	2,712,708	15,255
Prior Period Adjustment**	-	(14,998)					(14,998)	
At 1 April 2022 Restated**	1,667,069	86,583	657,799	23,155	30,211	232,893	2,697,710	15,255
Additions	68,811	120	35,261	1,781	337	126,439	232,749	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(131,735)	2,848	(1,792)	-	-	-	(130,679)	(70)
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(16,688)	(119)	(19,565)	-	-	-	(36,372)	-
Derecognition – Disposals	(4,443)	-	(2,101)	(973)	-	-	(7,517)	-
Derecognition – Other	-	-	(4,400)	-	-	-	(4,400)	-
Assets reclassified (to)/from assets held for sale	-	-	-	-	-	(1,486)	(1,486)	-
Other movement in Cost or Valuation	41,162	(1,462)	(3,409)	(649)	-	(37,892)	(2,250)	-
At 31 March 2023	1,624,176	87,970	661,793	23,314	30,548	319,954	2,747,755	15,185

*Of the £319.954m balance of AUC Assets at 31 March 2023, £265.292m represents HRA assets under construction and £54.662m represents GF assets under construction.

**See Prior Period Adjustment Note

Note 18c Other Property, Plant and Equipment – Movement of Balances in 2022/23 (continued)

	Council Dwellings	Other Land and Buildings (HRA) Restated*	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment Restated*	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment								
At 1 April 2022	-	(150)	(2,531)	(14,046)	-	-	(16,727)	(5,015)
Depreciation Charge	(18,811)	(1,123)	(15,564)	(1,279)	-	-	(36,777)	(179)
Depreciation written out on revaluations recognised in the Revaluation Reserve	18,811	892	10,951	-	-	-	30,654	179
Depreciation written out on revaluations recognised in the Surplus/Deficit on the Provision of Services	-	173	3,294	-	-	-	3,467	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	0	-
Derecognition - Disposals	-	-	65	855	-	-	920	-
Derecognition - Other	-	-	564	-	-	-	564	-
Other Movements in Depreciation and Impairments	-	-	68	6	-	-	74	-
At 31 March 2023	-	(208)	(3,153)	(14,464)	-	-	(17,825)	(5,015)
Net Book Value:								
At 31 March 2023	1,624,176	87,762	658,640	8,850	30,548	319,954	2,729,930	10,170
At 31 March 2022	1,667,069	86,433	655,268	9,109	30,211	232,893	2,680,983	10,240

*See Prior Period Adjustment note

Note 18c Other Property, Plant and Equipment – Movement of Balances in 2023/24

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction*	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost of Valuation								
At 1 April 2023	1,624,176	87,970	661,793	23,314	30,548	319,954	2,747,755	15,185
Additions	67,305	186	51,520	22,309	1,503	138,921	281,744	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(223,142)	10,317	(1,796)	-	-	-	(214,621)	565
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(50,488)	(129)	(26,845)	-	-	-	(77,462)	-
Derecognition – Disposals	(2,083)	(599)	(1,063)	(952)	-	-	(4,697)	-
Derecognition – Other	-	-	-	(725)	-	-	(725)	-
Assets reclassified (to)/from assets held for sale	-	-	-	-	-	(73,560)	(73,560)	-
Other movement in Cost or Valuation	86,972	109	(13,895)	-	-	(91,749)	(18,563)	-
At 31 March 2024	1,502,740	97,854	669,714	43,946	32,051	293,566	2,639,871	15,750

*Of the £293.566m balance of AUC Assets at 31 March 2024, £240.346m represents HRA assets under construction and £53.220m represents GF assets under construction.

Note 18c Other Property, Plant and Equipment – Movement of Balances in 2023/24 (continued)

	Council Dwellings	Other Land and Buildings (HRA)	Other Land and Buildings (GF)	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment								
At 1 April 2023	-	(208)	(3,153)	(14,464)	-	-	(17,825)	(5,015)
Depreciation Charge	(18,679)	(1,143)	(16,010)	(2,100)	-	-	(37,932)	418
Depreciation written out on revaluations recognised in the Revaluation Reserve	18,679	1,198	10,279	-	-	-	30,156	(418)
Depreciation written out on revaluations recognised in the Surplus/Deficit on the Provision of Services	-	50	3,605	-	-	-	3,655	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	26	82	953	-	-	1,061	-
Derecognition - Other	-	-	-	725	-	-	725	-
Other Movements in Depreciation and Impairments	-	-	565	-	-	-	565	-
At 31 March 2024	-	(77)	(4,632)	(14,886)	-	-	(19,595)	(5,015)
Net Book Value:								
At 31 March 2024	1,502,740	97,777	665,082	29,060	32,051	293,566	2,620,276	10,735
At 31 March 2023	1,624,176	87,762	658,640	8,850	30,548	319,954	2,729,930	10,170

Note 19 Heritage Assets

The Council's heritage assets fall into two categories:

- 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
- A collection of civic regalia, including the Mayor's chain, and works of art comprising 112 paintings largely of past mayors and aldermen of the borough.

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

	Statues and Monuments	Civic Regalia, Works of Art, Trophies and similar	Total Assets
	£'000	£'000	£'000
Balance at 1 April 2023	39,920	4,658	44,578
Revaluations	-	-	-
Balance at 31 March 2024	39,920	4,658	44,578

These assets have historical, artistic or scientific importance and are held primarily for their contribution to art and culture. 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.

Note 20 Investment Property

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

2022/23			2023/24			
HRA Commercial Properties	General Fund Investment Properties	Total		HRA Commercial Properties	General Fund Investment Properties	Total
£'000	£'000	£'000		£'000	£'000	£'000
9,177	33,774	42,951	Rental income from investment property	8,271	33,477	41,748
(1,519)	(10,973)	(12,492)	Direct operating expenses arising from investment property	(1,664)	(11,740)	(13,404)
7,658	22,801	30,459	Net gain	6,607	21,737	28,344

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 20 Investment Property (continued)

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Revaluation gains and losses are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement. However, regulations do not permit unrealised gains and losses to impact the General Fund balance. Therefore, gains and losses are reversed via the Movement in Reserves Statement and posted to the Capital Adjustment Account. Net rental income together with any revaluation gains and losses or impairments are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

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

2022/23			2023/24			
HRA Commercial Properties	General Fund Investment Properties	Total		HRA Commercial Properties	General Fund Investment Properties	Total
£'000	£'000	£'000		£'000	£'000	£'000
135,206	327,595	462,801	Balance at 1 April	141,582	383,482	525,064
Additions:						
-	20,066	20,066	Purchases	-	778	778
1,022	11,998	13,020	Subsequent expenditure	1,565	2,817	4,382
61	-	61	Disposals	(1,074)	-	(1,074)
3,831	23,123	26,954	Net gains/losses from fair value adjustments	(5,405)	20,444	15,039
Transfers:						
-	-	-	Assets reclassified (to)/from HRA & GF	-	-	-
1,462	700	2,162	Assets reclassified (to)/from Property, Plant and Equipment	10,501	18,189	28,690
141,582	383,482	525,064	Balance at 31 March	147,169	425,710	572,879

Please see fair value disclosures in Note 38.

Note 21 Financial Instruments

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

Financial Liabilities

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

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

Financial Assets

Financial assets are classified as below:

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

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

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

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

Note 21a Financial Instruments

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

31 March 2023			31 March 2024	
Long term	Short term		Long term	Short term
£'000	£'000		£'000	£'000
Fair Value Through Profit and Loss – Financial Assets				
28,723	-	Investments	27,595	-
Financial assets at amortised cost				
80	656,569	Investments	80	581,841
86,186	77,004	Debtors	123,561	76,717
-	213,589	Cash and Cash Equivalents	-	220,308
114,989	947,162	Total Financial Assets	151,236	878,866
Financial liabilities at amortised cost				
(389,398)	(12,726)	Borrowing	(582,688)	(20,833)
(6,051)	(90,677)	Creditors	(2,452)	(137,527)
(15,546)	(1,210)	Service concession and finance lease liabilities	(15,352)	(1,003)
(410,995)	(104,613)	Total Financial Liabilities	(600,493)	(159,363)

Note 21b Financial Instruments

Income, Expense, Gains and Losses

2022/23			2023/24		
Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cot	Financial Assets Measured at Fair Value through Profit and Loss	Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost	Financial Assets Measured at Fair Value through Profit and Loss
£'000	£'000	£'000	£'000	£'000	£'000
-	-	(986)	-	-	1,129
11,329	-	-	18,020	-	-
11,329	-	(986)	18,020	-	1,129
-	(28,073)	-	-	(60,855)	-
-	(28,073)	-	-	(60,855)	-
11,329	(28,073)	(986)	18,020	(60,855)	1,129

Note 21c Financial Instruments (continued)

Fair value of assets and liabilities

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

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

- The fair value of borrowing is less than the carrying value because this reflects the fact that the average rate of interest (2.94%) on the Council's borrowing is lower than current rates (4.81 – 5.56%) for new borrowing.

31 March 2023			31 March 2024	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
Fair Value Through Profit and Loss				
28,723	28,723	Investments	27,595	27,595
Financial Assets Held at Amortised Cost				
656,649	656,649	Investments	581,921	581,921
163,190	165,137	Debtors	200,278	198,203
213,589	213,589	Cash and Cash Equivalents	220,308	220,308
1,062,151	1,064,098	Total Financial Assets	1,030,102	1,028,027
Financial liabilities at amortised cost				
Borrowing				
(131,411)	(123,800)	Public Works Loan Board	(131,418)	(120,355)
(70,814)	(65,861)	Lender Option Borrower Options	(50,451)	(41,103)
(199,899)	(121,406)	Private Placement Borrowing	(399,282)	(261,213)
-	-	Amber MEEF Fund	(21,451)	(19,700)
-	-	Abundance Investment	(919)	(906)
(402,124)	(311,067)		(603,521)	(443,277)
(96,728)	(96,728)	Creditors	(139,979)	(139,979)
(16,756)	(16,798)	Service concession and finance lease liabilities	(16,355)	(15,891)
(515,608)	(424,593)	Total Financial Liabilities	(759,856)	(599,147)

Note 21d Material Soft Loans Made

Various loans have been made to Westminster Builds that are classed as soft loans, meaning they do not bear interest. To date the value of the loans drawn down by Westminster Builds is £21.4m.

The discount rate used for the fair value adjustment on the loans is based on other loans to Westminster Builds provided at commercial rates relative to the Council's prevailing borrowing rate at the time of each agreement.

2022/23		2023/24	
Total		Total	
£'000		£'000	
15,314	Balance at 1 April	16,404	
821	Nominal Value of New Loans in Year	746	
(569)	Fair Value Adjustment on Initial Recognition	(515)	
-	Loans Repaid	(735)	
838	Increase in Discounted Amount	931	
-	Other Changes	698	
16,404	Balance at 31 March	17,529	
21,354	Nominal Value of Loans	21,354	

Note 22 Cash and Cash Equivalents

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

31 March 2023		31 March 2024	
£'000		£'000	
13,234	Cash held by the Authority	13,647	
11,529	Cash at bank	5,132	
188,826	Short-term liquid deposits	201,529	
213,589	Total Cash and Cash Equivalents	220,308	

Note 23 Nature and Extent of Risk

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

CREDIT RISK

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

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

After this main principle, the Council will ensure that:

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

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

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

The Council considers the following relevant matters when proposing counterparties:

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

In respect of the recognition and measurement of anticipated losses on investments held with financial institutions these were third-party tested on investments held at 31st March 2024, however given the high credit rating and low duration of the Council's strategy the amount of expected losses is small at just under £0.024m.

Note 23 Nature and Extent of Risk (continued)

A summary of the credit quality of the Council's investments at 31 March 2024 is shown below:

31 March 2023			31 March 2024	
Fair Value through Profit & loss	Amortised Cost	Fitch Rating	Fair Value through Profit & loss	Amortised Cost
£'000	£'000		£'000	£'000
-	188,826	AAA	-	201,529
-	-	AA+	-	-
-	50,555	AA	-	50,707
-	342,445	AA-	-	353,465
-	283,790	A+	-	196,446
-	-	A	-	-
28,723	167,812	N/A	27,595	200,360
28,723	1,033,428	Total	27,595	1,002,507

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 2023		31 March 2024	
£'000		£'000	
72,092	Less than three months	70,793	
446	Three to six months	1,791	
1,742	Six months to one year	1,023	
2,724	More than one year	3,110	
77,004	Total	76,717	

Note 23 Nature and Extent of Risk (continued)

IMPAIRMENT OF FINANCIAL ASSETS

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

Trade Receivables

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

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

Note 23 Nature and Extent of Risk (continued)

Parking

The Parking service area has the highest share in total impairment allowance for WCC, approx. 32% for year 2023/24. The impairment allowance is based on recovery rates for the last 3 years, with adjustments made for any unique or one-off events and average value recovered per PCN over the same period.

On the above basis, the expected loss allowance for Parking as at 31 March 2024 is as follows:

PCNs			
Expected Recovery	Paid to date	Average Value	Total Recoverable
0.71		£78.07	
328,802	298,632		3,755,639
Recoverable Debtor 31st March 2024			3,755,639

	Vol	£
PCN Debtor-Prior Years	117,859	19,492,370
PCN Debtor-Current Year 2023/24	129,424	17,400,204
Total PCN Debtor as at 31st March 2024	247,283	36,892,575
Recoverable Debtor 31st March 2024		(3,755,639)
Expected credit loss allowance Closing balance		33,136,936

Note 23 Nature and Extent of Risk (continued),

Business Rates

For Business rates, the Authority applies an incurred loss model and creates an impairment allowance based on recovery stage and age of debt per the following percentages. NB. Debt over four years old is provided for at 100%. The total impairment allowance is then increased for 75% of the recoverable costs carried forward.

Bad Debt Provision	2019/20 & Prior	2020/21	2021/22	2022/23	2023/24
No Recovery	100%	50%	40%	25%	20%
Reminder/Final	100%	75%	60%	50%	30%
Enforcement	100%	100%	100%	70%	50%

The debt by age and recovery stage is as follows:

Recovery Stage	2019/20 & Prior £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	Total £
No Recovery	1,463,180	1,680,933	2,585,798	4,780,107	15,009,944	25,519,962
Reminder/Final	5,444,671	4,980,987	6,908,736	9,008,302	17,511,398	43,854,094
Enforcement	8,171,470	5,147,909	8,854,752	18,652,070	19,321,459	60,147,660
Total	15,079,321	11,809,829	18,349,286	32,440,479	51,842,801	129,521,716

Applying the above percentages gives an impairment allowance of £75,509.514m per the following table

Recovery Stage	2019/20 & Prior £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	Total £
No Recovery	1,463,180	840,466	1,034,319	1,195,027	3,001,989	7,534,981
Reminder/Final	5,444,671	3,735,740	4,145,242	4,504,151	5,253,419	23,083,223
Enforcement	8,171,470	5,147,909	8,854,752	13,056,449	9,660,730	44,891,310
Total	15,079,321	9,724,115	14,034,313	18,755,627	17,916,138	75,509,514

Increase for 75% of recoverable costs gives a total impairment allowance of £75.509m, which is apportioned between the council and the preceptors.

Bad Debt Provision	£
Total Bad Debt Provision (as above)	75,509,514
WCC Share @ 30%	22,652,854
GLA @ 37%	27,938,520
CLG @ 33%	24,918,140

Note 23 Nature and Extent of Risk (continued)

LIQUIDITY RISK

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

31 March 2023						
	PWLB	LOBO*	Private Placement	Local Authority	Mortgage Annuity	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Less than one year	(767)	(10,814)	(1,145)	-	-	(12,726)
Between one and two years	(10,000)	-	(738)	-	-	(10,738)
Between two and five years	(15,000)	-	(2,337)	-	-	(17,337)
Maturing in five to ten years	(47,700)	-	(4,341)	-	-	(52,041)
Maturing in more than ten years	(57,945)	(60,000)	(191,337)	-	-	(309,282)
Total						(402,124)

31 March 2024						
	PWLB	LOBO*	Private Placement	Local Authority	Abundance/MEEF Loan	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Less than one year	(10,773)	(451)	(7,789)	-	(1,820)	(20,833)
Between one and two years	(7,000)	-	(5,106)	-	(1,787)	(13,893)
Between two and five years	(12,000)	-	(15,444)	-	(5,610)	(33,054)
Maturing in five to ten years	(53,700)	-	(26,199)	-	(9,599)	(89,498)
Maturing in more than ten years	(47,945)	(50,000)	(344,744)	-	(3,554)	(446,243)
Total						(603,521)

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 4.60%. Of the total amount, £25m have a break clause of every 5 years, whilst £25m have a break clause at every interest payment date twice a year. It is considered unlikely that the lender will exercise their option to request early repayment of these LOBOs.

Note 23 Nature and Extent of Risk (continued)

MARKET RISK

Interest Rate Risk

The Council is exposed to changes in interest rates because 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 because of market conditions. However, these instruments are all purchased on a hold to maturity basis and therefore any temporary fluctuations in the market value of such products would have no impact on the Council's finances.

Note 24 Capital Expenditure and Capital Financing

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

2022/23	GF	HRA		2023/24	GF	HRA
£'000	£'000	£'000		£'000	£'000	£'000
997,776	671,510	326,266	Capital Financing Requirement at 1 April	1,025,843	699,577	326,266
Capital investment						
288,913	129,840	159,073	Property, Plant and Equipment	336,737	153,100	183,637
33,086	32,306	780	Investment Properties	5,160	3,595	1,565
4,667	4,667	-	Intangible Assets	3,924	3,594	330
11,857	11,857	-	Revenue Expenditure Funded from Capital under Statute	8,918	8,918	-
31,649	18,684	12,965	Long-term Investments	2,427	2,427	-
(593)	(593)	-	Abortive Project Costs	-	-	--
Sources of finance						
(61,502)	(15,858)	(45,644)	Capital Receipts	(74,325)	(15,000)	(59,325)
(151,486)	(46,566)	(104,920)	Government grants and other contributions	(120,217)	(33,534)	(86,683)
Sums set aside from revenue						
(17,124)	(17,124)		Direct Revenue Contributions	(15,126)	(15,126)	-
(22,254)	-	(22,254)	Major Repairs Allowance	(19,949)	-	(19,949)

Note 24 Capital Expenditure and Capital Financing (continued)

2022/23	GF	HRA		2023/24	GF	HRA
£'000	£'000	£'000		£'000	£'000	£'000
Debt repayment						
(25,276)	(25,276)	-	Minimum Revenue Provision	(21,293)	(21,293)	-
(310)	(310)	-	Minimum Revenue Provision PFI and Finance Lease	(400)	(400)	-
(63,560)	(63,560)	-	Loan Repayment	(3,069)	(3,069)	-
1,025,843	699,577	326,266	Capital Financing Requirement at 31 March	1,128,630	782,789	345,841
Explanation of movements in year						
117,213	117,213	-	Increase /(decrease) in underlying need for borrowing (unsupported by government financial assistance)	127,549	107,974	19,575
(25,276)	(25,276)	-	Statutory provision for repayment of debt (Minimum Revenue Provision)	(21,293)	(21,293)	-
(310)	(310)	-	Statutory provision for PFI and Finance Lease debt (Minimum Revenue Provision)	(400)	(400)	-
(63,560)	(63,560)	-	Loan Repayment	(3,069)	(3,069)	-
28,067	28,067	-	Total	102,787	83,212	19,575

Note 25 Leases

COUNCIL AS LESSEE

Finance Leases

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

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

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

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

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

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

31 March 2023		31 March 2024	
£'000		£'000	
109,064	Other Land and Buildings	107,845	
109,064	Total	107,845	

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 2023				31 March 2024		
Minimum Lease Payment	Finance Charges	Present Value		Minimum Lease Payment	Finance Charges	Present Value
£'000	£'000	£'000		£'000	£'000	£'000
904	880	834	Not later than one year	904	878	834
3,617	3,502	2,737	Later than one year and not later than five years	3,617	3,494	2,737
37,885	27,401	7,052	Later than five years	36,981	26,531	7,028
42,406	31,783	10,623	Total	41,502	30,903	10,599

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

31 March 2023		31 March 2024	
£'000		£'000	
3,442	Contingent Rent due within 1 Year	3,543	

Note 25 Leases (continued)

Operating Leases

All other leases are treated as operating leases.

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

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

31 March 2023		31 March 2024	
£'000		£'000	
54,263	Not later than one year	62,022	
5,182	Later than one year and not later than five years	6,839	
588,397	Later than five years	600,776	
647,842	Total	669,637	

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

31 March 2023		31 March 2024	
£'000		£'000	
59,654	Minimum lease payments	67,064	
706	Contingent rents	933	
(35,164)	Sublease payments receivable	(40,037)	
25,196	Total	27,960	

Note 25 Leases (continued)

COUNCIL AS LESSOR

Finance Leases

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

Operating Leases

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

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

31 March 2023		31 March 2024	
£'000		£'000	
31,706	Not later than one year	31,208	
104,757	Later than one year and not later than five years	101,364	
1,308,049	Later than five years	1,309,274	
1,444,512	Total	1,441,846	

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 26 Service Concessions

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

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

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

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

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

Financing and Investment Income and Expenditure line in the CIES

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

Veolia Waste Disposal Contract

2017/18 was due to be the final year of a seven-year service concession contract for waste and recycling collection, street cleansing and ancillary services, terminating part way through 2017/18. This contract was extended during the year to now terminate part way through 2024/25. 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 most of the beds (maximum 90 and minimum of 84) and a small element (about 20 beds) is sold to the marketplace by the operator. The Authority regulates the services provided and has nomination rights to most of the beds. There is no fixed unitary charge, but the Council is charged per bed and must use the maximum 90 bed allocation (78 guaranteed) otherwise adjustments to charges are made. The Authority owns the freehold to the land. The contract between the council and the operator for the land ends 4 years after the contract to provide service ends and if these contracts are to be coterminous the local authority must pay the operator £1.1m. The local authority is reviewing options to deliver this service going forward.

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

2023/24 was the eighth year of a ten-year service concession contract with Sport and Leisure Management Ltd which commenced on 1 July 2016, to take over the operation and maintenance of the Council's eight leisure centres, including an upgrade of the facilities over the first two years of the contract. Under the contract, the contractor will retain all income generated, but in addition there is a profit share in the event the financial performance targets are exceeded.

The Council has the rights under the contract to specify the activities and services to be provided and regulate the prices charged. The contract specifies minimum standards to be met by the contractor

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

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

Property, Plant and Equipment

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

Payments

The Authority makes agreed payments each year to the operators, increased in line with inflation where stated in the contract and similarly reduced if performance falls below minimum standards in any year. Payments remaining to be made under the Service Concession contracts at 31 March 2024 (including an estimate of inflation) are as follows:

2023/24	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable within 2024/25	61,329	169	2	61,500
Payable within 2 to 5 years	162,956	290	-	163,246
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	-	4,209	-	4,209
Total	224,285	5,757	2	230,044

Note 26 Service Concessions (continued)

2022/23	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable within 2023/24	58,647	376	7	59,030
Payable within 2 to 5 years	26,417	387	1	26,805
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	-	4,281	-	4,281
Total	85,064	6,133	8	91,205

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:

	2022/23	2023/24
	£'000	£'000
Balance outstanding at start of the year	6,398	6,133
Payments made during the year	(265)	(376)
Balance outstanding at year end	6,133	5,757

Note 27 Debtors

31 March 2023			31 March 2024			
Long Term	Short Term	Total		Long Term	Short Term	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	82,497	82,497	Sundry Debtors	-	69,710	69,710
-	12,438	12,438	VAT**	-	53,042	53,042
-	30,796	30,796	Parking Fines	-	37,772	37,772
-	47,846	47,846	Westminster Share of Business Rates*	-	30,798	30,798
-	23,954	23,954	Westminster Share of Council Tax	-	17,552	17,552
-	16,992	16,992	Housing Benefit overpayments	-	14,493	14,493
-	10,992	10,992	Adults Services	-	10,321	10,321
-	8,496	8,496	Housing - Temporary Accommodation	-	9,829	9,829
-	6,453	6,453	HRA Rent & Lessee Service Charges	-	8,987	8,987
-	7,258	7,258	Property (rental income on investment portfolio)	-	5,643	5,643
-	34,351	34,351	DLUHC	-	-	-
-	9,275	9,275	Business Rates Supplement – GLA***	-	-	-
-	11	11	HRA Capital Receipts	-	-	-
-	-	-	Pension Fund Long Term Asset****	38,975	-	38,975
33,615	-	33,615	Westminster Housing Investments Ltd	35,057	-	35,057
17,063	6,498	23,561	HRA Major Works	14,896	6,004	20,900
18,146	1,000	19,146	Local Government Association	17,139	1,000	18,139
10,054	-	10,054	City Hall Rent	11,883	-	11,883
6,329	-	6,329	Westminster Community Homes	4,371	987	5,358
980	-	980	Other Long-term Debtors	1,240	-	1,240
-	(111,663)	(111,663)	Less: Provision for irrecoverable debts (see below)	-	(103,537)	(103,537)
86,187	187,194	273,381	Total	123,561	162,601	286,162

Note 27 Debtors (continued)

* 22/23 NNDR deficit recovered during 23/24 has reduced the overall debtor balance outstanding in 23/24. There was also a significant level of write-offs recognised in year

**For 2022/23 there was only one return submitted that had not been paid by HMRC. During 2023/24 the VAT team encountered issues submitting returns to HRMC resulting in 5 return submissions to HMRC.

***BRS is now recognised by WCC on a net basis, with the full position being a creditor balance of £5m due to the GLA as at 31 March 2024.

**** Following the IAS19 valuation, the WCC pension fund has been estimated that have a pension asset rather than a pension liability and therefore now included in debtors note rather than the other long term liability note.

Impairment allowance for doubtful debts

31 March 2023		31 March 2024	
£'000		£'000	
(28,803)	Business Rates	(22,653)	
(28,103)	Parking Fines	(33,137)	
(16,469)	Housing Benefit overpayments	(13,086)	
(15,152)	Council Tax	(12,561)	
(6,291)	Housing - Temporary Accommodation	(7,708)	
(3,258)	Property (rental income on investment portfolio)	(2,576)	
(3,176)	Adults Services	(3,478)	
(1,661)	HRA Rent & Lessee Service Charges	(2,090)	
(8,750)	Other Provisions	(6,248)	
(111,663)	Total	(103,537)	

Note 28 Creditors

31 March 2023				31 March 2024		
Long Term	Short Term	Total		Long Term	Short Term	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	(402,056)	(402,056)	Amount owed to Government - Business rates*	-	(343,232)	(343,232)
-	(83,318)	(83,318)	Sundry Creditors	-	(92,806)	(92,806)
-	(71,725)	(71,725)	WCC share of Business Rate prepayments	-	(68,732)	(68,732)
-	-	-	Amounts Owed to DLUHC (Safety Net received on account)**	-	(38,188)	(38,188)
-	(17,192)	(17,192)	Receipts in advance***	-	(24,983)	(24,983)
-	(15,470)	(15,470)	Major Works	-	(6,687)	(6,687)
-	(8,162)	(8,162)	WCC share of Council Tax prepayments	-	(6,373)	(6,373)
-	(3,895)	(3,895)	PAYE & NI	-	(4,442)	(4,442)
-	(4,182)	(4,182)	HRA Rent Receipts in Advance	-	(4,253)	(4,253)
-	(1,620)	(1,620)	HRA Service Charge Receipts in Advance	-	(1,901)	(1,901)
-	(62,098)	(62,098)	Business Rates Relief Owed to Preceptor and Government****	-	-	-
-	(12,923)	(12,923)	Amounts owed by WCC to Government - Business & Residents Covid Grants	-	-	-
(6,051)	-	(6,051)	Long term Creditors	(2,452)	-	(2,452)
(6,051)	(682,641)	(688,692)	Total	(2,452)	(591,597)	(594,049)

* This balance represents the amount owed to the DLUHC and the GLA in relation to business rate income

** Due to an increase in NNDR income for 23/24, £36m of safety net amounts received in year are now repayable to DLUHC, in addition to a £2m levy. Due to the volatility in business rates income, amounts owed to/from DLUHC can vary each year

*** Receipts in advance includes: £9.130m property rental income relating to 2023/24 (£8.007m in March 2023)

**** Paid to DLUHC in March 2024, creditor balance cleared to nil

Note 29 Provisions

Provisions are recognised where the Council has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are determined to be short or long term dependent on when settlement is expected.

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, considering relevant risks and uncertainties.

Where some or all 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 2023/24.

	Balance at 1 April 2023	Transfers between long- term and short-term	Additional provisions made in 2023/24	Amounts used in 2023/24	Unused amounts reversed in 2023/24	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Short Term Provision						
Business Rates Appeals	(115,278)	-	-	58,797	8,962	(47,519)
Compensation, Property and Contractual Claims	(182)	-	-	-	-	(182)
Other	(792)	-	(1,166)	380	312	(1,266)
Total	(116,252)	-	(1,166)	59,177	9,274	(48,967)
Long Term Provision						
Compensation, Property and Contractual Claims	(1,475)	-	(445)	1,064	261	(595)
Insurance Claims	(6,174)	-	-	305	-	(5,869)
Business Rates Appeals	(16,061)	-	-	-	3,404	(12,657)
Other	(100)	-	(70)	-	-	(170)
Total	(23,810)	-	(515)	1,369	3,665	(19,291)
Grand Total	(140,062)	-	(1,681)	60,546	12,939	(68,258)

Note 29 Provisions (continued)

Closing provisions include the following elements:

Compensation, Property and Contractual Claims

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

Insurance Claims

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

Business Rates Appeals

Due to the localisation of Business Rates, which became effective from 1 April 2013, the Council has set aside a provision for any potential liabilities because of Business Rate payers' appeals against rateable valuations. From 2020/21 the Council is responsible for 30% share of this liability; Greater London Authority is responsible for 37% and 33% for Central Government. The provision is largely derived from appeals lodged to date, yet to be determined by the Valuation Office Agency (VOA) under the Check, Challenge and Appeals process. The deadline for lodging and appeal against the 2017 valuation list was 31 March 2024. A small amount has been set aside for appeals yet to be lodged as there are a limited number of instances where these can still be submitted after this date. The VOA aim to resolve checks and challenges within a prescribed period of time, and this has been used to determine the split between the short and long term element of the provision.

Other

Other provisions include those relating to a small number of legal and planning related cases.

Note 30 Other Long-Term Liabilities

2022/23		Note	2023/24
£'000			£'000
(10,599)	Lease Liabilities*	Note 25	(10,573)
(6,133)	Service Concessions	Note 26	(5,757)
(84,440)	Pension Liability**	Note 31	-
(101,172)	Total		(16,330)

*These represent the debt associated with financing a council asset by a finance lease arrangement. As at 31st March 2024 The Finance leases include City hall, Portman Sq car park, Knightsbridge car park and Harley St car park.

** Following the IAS19 valuation, the WCC pension fund has been estimated to have a pension asset rather than a pension liability. Therefore, no amount is included in Other Long-term Liabilities for 2023-24.

Note 31 Pension Schemes

PARTICIPATION IN PENSIONS SCHEMES

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

POST-EMPLOYMENT BENEFITS

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

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

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

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

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

Note 31a Pensions Schemes Accounted for as Defined Contribution Schemes

TEACHERS' PENSIONS SCHEME

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the cost by making contributions based on a percentage of scheme members' pensionable salaries. The Scheme itself is a defined benefit scheme but however is unfunded. The Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The notional fund is valued every four years. However, this is a multi-employer scheme, and the number of participating employers makes it impossible to identify the Council's share of the financial position and performance attributable to its own employees with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, they are therefore accounted for on the same basis as a defined contribution scheme. In 2023/24, the Council paid £5.390m (£5.370m in 2022/23) to the Teachers Pensions Agency in respect of teachers' retirement benefits. The expected contributions to the Teachers' Pension Scheme for 2024/25 are £5.390m, unchanged from 2023/24.

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 2023/24, the Council paid £0.063m (£0.038m in 2022/23) to the NHS Pension Scheme in respect of former NHS staff retirement benefits. The Council expects contributions to the NHS Pension scheme for 2024/25 to be £0.063m, unchanged from 2023/24.

Note 31b Defined Benefit Pension Schemes

THE LOCAL GOVERNMENT PENSION SCHEME

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

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

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

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

The change in the net pensions' asset/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.

Where a pension asset has been estimated, recognition of this asset will be subject to the calculation of an asset ceiling, which is based on the

difference between the present value of future services costs and future service contribution in perpetuity. Where future service costs are greater than future service contribution, a pension asset will be recognised up to this difference.

DISCRETIONARY BENEFITS

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

DESCRIPTION OF THE WESTMINSTER FUND

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

Note 31b (i) – Net Pensions Liability

2022/23				2023/24		
Assets	Obligations	Net Liability		Assets	Obligations	Net Liability
£000s	£000s	£000s		£000s	£000s	£000s
1,341,637	(1,902,190)	(560,553)	Opening Position as at 31 March 2023	1,268,432	(1,352,872)	(84,440)
Service Cost & Interest						
-	(63,362)	(63,362)	Current Service Cost	-	(31,846)	(31,846)
-	(1,471)	(1,471)	Past service cost (including curtailments)	-	(291)	(291)
-	-	-	Effect of settlements	(784)	1,143	359
(7)	-	(7)	Administration Expenses	(7)	-	(7)
36,018	(51,687)	(15,669)	Net Interest	59,862	(64,003)	(4,141)
36,011	(116,520)	(80,509)	Total defined benefit cost recognised in Surplus or deficit on the Provision of Services	59,071	(94,997)	(35,926)
Contributions & Benefits Paid						
10,545	(10,545)		Employees	11,391	(11,391)	-
23,988	-	23,988	The Council	25,649	-	25,649
(46,795)	46,992	197	Benefits Paid	(52,279)	52,491	212
(12,262)	36,447	24,185	Employer's contributions payable to scheme	(15,239)	41,100	25,861
Remeasurements						
-	644,856	644,856	Changes in financial assumptions	-	63,585	63,585
-	100,185	100,185	Changes in demographic assumptions	-	7,674	7,674
(12,534)	(115,650)	(128,184)	Other experience	-	(44,358)	(44,358)
(80,298)	-	(80,298)	Return on assets excluding amounts included in net interest	107,286	-	107,286
(4,122)	-	(4,122)	Changes in the effect of the asset ceiling	(707)	-	(707)
(96,954)	629,391	532,437	Post Employment Benefits Charged to other Comprehensive Income and Expenditure Statement	106,579	26,901	133,480
1,268,432	(1,352,872)	(84,440)	Closing Position as at 31 March 2024 (Liability)/ Asset	1,418,843	(1,379,868)	* 38,975

* Changes in effect of the asset ceiling are included under Assets and currently only impacts the LPFA scheme. Following the IAS19 valuation, the WCC pension fund has been estimated to have a pension asset rather than a pension liability.

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

**LOCAL GOVERNMENT PENSION
SCHEME ASSETS COMPRISED**

WCC Pension Scheme 31 March 2023			WCC Pension Scheme 31 March 2024	
£'000	%		£'000	%
105	0.0%	Equity securities - Other (Unquoted)	111	0.0%
-		Debt Securities - Other (Unquoted)	-	
60,770	4.8%	Debt Securities- Other	65,185	4.6%
-		Corporate Bonds - Overseas	-	
-		Equities - Overseas	-	
26,596	2.1%	Property (UK - unquoted)	30,087	2.1%
55,106	4.4%	Property (UK)	52,074	3.7%
		Investment Funds and Unit Trusts		
810,165	64.6%	Equities	872,621	62.1%
108,474	9.0%	Bonds	99,855	7.1%
104,426	8.0%	Infrastructure (Unquoted)	187,922	13.4%
31,326	2.5%	Other (unquoted)	66,674	4.7%
26,016	2.1%	Other	25,350	1.8%
-		Infrastructure	-	
-		Multi Asset Credit	-	
31,467	2.5%	Cash/Temporary Investments	5,626	0.5%
1,254,451	100.0%	Total	1,405,505	100.0%

Note 31b (iii) – Defined Benefit Pension Schemes (continued)

LPFA Pension Scheme 31 March 2023			LPFA Pension Scheme 31 March 2024	
£'000	%		£'000	%
13,464	56.6%	Equities	14,728	60.5%
4,538	19.1%	Target Return Portfolio	4,197	17.3%
3,029	12.7%	Infrastructure	2,795	11.5%
2,303	9.7%	Commodities	2,225	9.1%
457	1.9%	Property (Unquoted)	381	1.6%
-	0.0%	Cash	-	0.0%
23,791	100.0%	Total	24,326	100.0%

BASIS FOR ESTIMATING ASSETS AND LIABILITIES

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 are shown in the table on this page.

WCC Pension Scheme	LPFA Pension Scheme		WCC Pension Scheme	LPFA Pension Scheme
31 March 2023	31 March 2023		31 March 2024	31 March 2024
		Mortality assumptions:		
		Longevity at 65 for current Pensioners (years):		
22.0	20.0	Men	21.8	19.8
24.5	23.6	Women	24.3	23.4
		Longevity at 65 for future Pensioners (years):		
22.0	20.0	Men	23.1	21.9
24.5	23.6	Women	25.8	24.6
3.3%	3.4%	Rate of Inflation (RPI)	3.2%	3.5%
3.0%	2.9%	Rate of Inflation (CPI)	2.8%	3.0%
4.0%	3.9%	Rate of Increase in salaries	3.8%	4.0%
3.0%	2.9%	Rate of increase in pensions	2.8%	3.0%
4.8%	4.8%	Rate for discounting scheme liabilities	4.8%	4.8%

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

Sensitivity Analysis

The table below shows the estimated impact of changes in assumptions for the WCC Defined Benefit Pension Scheme

	WCC Pension Scheme	WCC Pension Scheme
Change in assumptions at 31 March 2024	Approx % increase to Defined Benefit Obligation	Approx monetary amount
		£'000
0.1% decrease in Real Discount Rate	2.0%	24,594
1 year increase in member life expectancy	4.0%	54,661
0.1% increase in the Salary increase rate	0.0%	880
0.1% increase in the Pension interest rate	2.0%	24,144

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

IMPACT ON THE COUNCIL'S CASH FLOWS

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council achieved a funding level of 163% by 31 March 2024. The next triennial valuation will be completed during 2025/26.

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

The Council anticipates paying £25.118m (main scheme) employer contributions in 2024/25. The Council has recognised a pension asset for the WCC Pension Scheme. Accounting standards state that an asset can only be recognised where the Council can recognise the benefit of this asset through either refund of contributions or reductions in future planned contributions. A refund of contributions is not available to the Council, but a reduction in future contributions could be. The value of any such reduction has been calculated by the Council's actuary by assessing the present value of future services costs against future service contributions. This calculation indicates that there is scope for the pension asset to be recognised. It is worth noting that the value of any pension asset/liability is subject to uncertainty given the sensitivity of the estimate to the variables that feed into the IAS19 calculation. Future contributions to the pension fund are also determined by the assessment made at the triennial valuations rather than the assessment made within the IAS19 calculation. The Council 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 17 years, 2023/24 (17 years 2022/23). The weighted average duration of the defined benefit obligation for the LPFA scheme members is 9 years, 2022/23 (12 years 2021/22).

In general, participating in a defined benefit pension scheme means that the Employer is exposed to several 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: If the members live longer than assumed, a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in both the City of Westminster Pension Fund and the LPFA Pension Fund, there is an orphan liability risk, where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.



4.4.

Notes Supporting the Cashflow Statement

Note 32 Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

2022/23 Restated		2023/24
£'000		£'000
(21,629)	Interest received	(62,746)
10,970	Interest paid	16,012
Adjust net surplus or deficit on the provision of services for non-cash movements		
(74,675)	Depreciation and Amortisation	(79,488)
(32,906)	Impairment and downward valuations	(87,722)
41,483	Increase/(decrease) in creditors	66,207
(53,630)	Increase/(decrease) in debtors	14,161
(7)	Increase/(decrease) in inventories	11
(56,324)	Movement in pension liability	(10,058)
(28,357)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(48,357)
26,954	Movement in investment property valuations	15,039
(7,324)	Other non-cash items charged to the net surplus or deficit on the provision of services	71,095
(184,786)	Sub-total of non-cash movements	(59,112)
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
138,204	Capital Grants credited to surplus or deficit on the provision of services	104,905
50,445	Proceeds from the sale of property plant and equipment, investment property and intangible assets	64,860
188,649	Sub-total of adjustments included in the net surplus or deficit on the provision of services that are investing or financing activities	169,765
3,863	Total	110,653

Note 33 Cash Flows from Investing Activities

2022/23		2023/24
£'000		£'000
319,325	Purchase of property, plant and equipment, investment property and intangible assets	355,329
3,237,595	Purchase of short and long-term investments	5,242,406
11,378	Other payments for investing activities	9,041
(57,484)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(65,295)
(2,971,100)	Proceeds from short and long-term investments	(5,313,663)
(176,626)	Capital Grants Received	(108,335)
363,088	Total Cash Outflows from Investing Activities	119,483

Note 34 Cash Flows from Financing Activities

2022/23		2023/24
£'000		£'000
(162,500)	Cash receipts of short- and long-term borrowing	(210,107)
288	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	426
60,580	Repayments of short- and long-term borrowing	10,718
(298,917)	Net Council Tax & NNDR due from Preceptors*	(22,305)
(400,549)	Net Cash Inflows from Financing Activities	(221,268)

*See notes 27 and 28 for further detail



4.5.

Other Notes

Note 35 Related Party Transactions

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

CENTRAL GOVERNMENT

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates. It provides most 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 2023/24:

Councillor Concia Albert is Head of Social Prescribing of One Westminster – The charity has various contracts with the Council aimed at delivering voluntary sector and volunteering support. The Council spent £447,156 with One Westminster in 2023/24.

Councillor Jacqui Wilkinson is a trustee of the Abbey Centre. The Charity receives funds from the council to provide support to the communities of south

Westminster to improve their quality of life. The council spent £374,330 with the Abbey Centre in 2023/24.

Councillor Ruth Bush is a trustee of the Paddington Law Centre. The charity provides services in the areas of housing, welfare benefits and employment law, they help people vulnerable people increase their income, address homelessness and improve their working conditions. The council spent £68,091 with Paddington Law Centre in 2023/24.

Councillor Elizabeth Hitchcock is a trustee of the St Andrews Club. The charity is a community-based youth club which enriches young lives by providing a sense of belonging, fun and informal education to over 500 members each year. The council spent £80,346 with the St Andrews Club in 2023/24.

Councillors Angela Piddock, James Small-Edwards and Hamza Taouzzale are all trustees of the Paddington Arts. The charity is a youth arts organisation committed to developing talent and creativity in the community. The council spent £153,674 in 2023/24.

Councillor Nafsika Butler-Thalassis is the current CEO of the BME Health Forum who use funding to deliver health and wellbeing services, helping partners and communities influence healthcare policy and provision and strengthening BAME organisations. The council spent £81,364 with BME Health Forum in 2023/24.

Councillor Concia Albert is a trustee of the Westbourne Park Family Centre. The charity supports and strengthens local families and welcomes over 300 children on a weekly basis providing an environment

where children can play, learn and gain a sense of belonging. The council spent £72,332 with the Westbourne Park Family Centre in 2023/24.

Councillor Tim Mitchell is a trustee of The Westminster Society. The charity's objectives are the enhancement and conservation of the amenities of the City of Westminster by charitable means. The council spent £5,461,288 with The Westminster Society in 2023/24.

Councillor Karen Scarborough is a trustee and Councillor Hamza Taouzzale is a patron of the Young Westminster Foundation. The charity helps to ensure that the borough provides residents with the best possible access to youth services and opportunities. The council spent £1,365,269 on The Young Westminster Foundation in 2023/24.

Councillor Karen Scarborough is a board member of the Harley Street Business Improvement District. The organisation works to enhance and improve the entire Harley Street area, aiming to transform it into a unique, fulfilling destination for all. The council spent £969,561 with the Harley Street Business Improvement District in 2023/24.

Councillor Jason Williams is a trustee of the Pimlico Family Workshop Toy Library. The charity is a community library offering play sessions and toy loans to children and their carers in Pimlico. The council spent £34,495 with the Pimlico Toy Library in 2023/24.

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

Note 35 Related Party Transactions (continued)

ENTITIES CONTROLLED OR SIGNIFICANTLY INFLUENCED BY THE COUNCIL

The Council has several 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 2023							
Name	Investment	Debtor	Amounts owed by Subsidiary	Expenditure	Income	Income outstanding to WCC (WCC debtor balance)	Balance outstanding (WCC creditor balance)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Westminster Community Homes	86	6,329	6,415	4,473	(1,533)	17,831	1,235
WestCo Trading Ltd	-	-	-	607	(359)	59	167
Paddington Recreation Ground Trust	-	-	-	668	(457)	-	-
Westminster Housing Investment Ltd	4,952	33,615	38,567	431	(514)	187	286

31 March 2024							
Name	Investment	Debtor	Amounts owed by Subsidiary	Expenditure	Income	Income outstanding to WCC (WCC debtor balance)	Balance outstanding (WCC creditor balance)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Westminster Community Homes*	86	5,358	5,444	4,856	(4,630)	8,840	-
WestCo Trading Ltd	-	-	-	310	(203)	-	-
Paddington Recreation Ground Trust	-	-	-	804	(1,247)	-	-
Westminster Housing Investment Ltd**	3,836	34,154	37,990	3,161	(3,965)	-	-

* Loans to Westminster Community Homes are included in the Council's balance sheet within long term debtors and long term investments, £5.358m and £0.086m respectively. The WCC debtor balance of £8.840m represents the value of regeneration properties held for transfer between the Council and Westminster Community Homes. The large movement between years represents the transfer of multiple properties in year.

** Loans to Westminster Housing Investment Ltd are included in the Council's balance sheet within long term debtors and long term investments, £34.154m and £3.836m respectively.

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

Westminster Community Homes – Thomas Harding, Mark Davies, Gary Preston, Victoria Elvidge, Andrew Whitley, Boe Williams.

Westco Trading Limited – Ian Farrow, Lyndsey Gamble, Cllr Max Sullivan

Westminster Housing Investment Ltd - James Green, Timothy Hampton, Zohaib Nizami

Westminster Housing Development Ltd - James Green, Timothy Hampton, Zohaib Nizami

Note 36 Contingent Liabilities

No liability is recognised in the Balance Sheet where the council has a possible obligation that will only be confirmed by a possible future event not wholly within the council's control. Such a situation is disclosed as a contingent liability.

There are no contingent liabilities at the reporting date.

Note 37 Contingent Assets

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

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 fifteen.

Note 38 Fair Value

38A FAIR VALUE – BASIS OF VALUATION

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

Description of asset or liability	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Assets and liabilities held at amortised cost	Level 2	Fair value has been assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments.	For PWLB loans payable, PWLB new loan rate 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 receivable, fair value is taken to be the carrying amount or billed amount	Not required.
Freehold and Leasehold investment properties	Level 2	Valued at Fair Value at the year-end using the investment method of valuation by Sanderson Weatherall. The valuations have been prepared in accordance with the RICS Valuation – Global Standards (January 2022) published by The Royal Institution of Chartered Surveyors (RICS) (“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 to both the ERV and Equivalent Yield inputs. We have prepared sensitivity analysis based on significant changes made to these two inputs, which is summarised as follows: Equivalent Yield change of +/- 100 bps results in a variance in the total Fair Value for the portfolio from -14.16% to +19.73%. ERV change of +/- 10% results in a variance in the total Fair Value for the portfolio from -7.18% to +7.22%.
Investment in closed pooled property fund	Level 3	The valuation is based on the fair value of the council's share of the net asset value of the fund based on the December 2021 unit price. The funds valuation is provided quarterly by the asset manager and monitored by the Council	NAV based on the latest available quarterly unaudited accounts. External fund manager prepared statements Fund managers own data open to interpretation which might result in a higher or lower NAV than reported	All variables listed are inputs and susceptible to market change. The portfolio sensitivity to the inputs has been assessed by the property funds investment manager. A movement of +0.57%/-0.5% would result in a -2.0%/+2.1% change in the fair value.

Note 38 Fair Value (continued)

NOTE 38B 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.

Note 38 Fair Value (continued)

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 2023			31 March 2024		
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 and Non-Financial Assets					
-	-	28,723	-	-	27,595
209,047	826,328	-	220,308	581,920	-
-	525,064	-	-	572,879	-
2,609	-	-	16,999	-	-
211,656	1,351,392	28,723	237,307	1,154,799	27,595
Liabilities at Amortised Cost*					
-	(123,800)	-	-	(120,355)	-
-	(65,861)	-	-	(41,103)	-
-	(121,406)	-	-	(261,213)	-
-	-	-	-	(19,700)	-
-	-	-	-	(906)	-
	(96,728)			(139,979)	
-	(16,798)	-	-	(14,574)	-
-	(424,593)	-	-	(597,830)	-

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

Note 38 Fair Value (continued)

NOTE 38C TRANSFERS BETWEEN LEVELS 1 AND 2

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

NOTE 38D RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

2022/23	1 April 2022	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled property fund	27,737	-	-	-	-	986	-	28,723

2023/24	31 March 2023	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled property fund	28,723	-	-	-	-	(1,128)	-	27,595

Note 39 Events After the Reporting Period

The Executive Director authorised the Statement of Accounts on 31 May 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing as of 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no events that took place after the reporting period that merits disclosure.

Note 40 Assets Held for Sale

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

	2022/23	2023/24
	£'000	£'000
Balance outstanding at start of the year	19,086	2,609
Assets newly classified as held for sale:		
Property, plant and equipment	1,486	73,560
Assets Sold	(18,003)	(45,256)
Other Movements	40	(13,914) *
Balance outstanding at year-end	2,609	16,999

*The carrying value of two assets were written down to Fair Value less costs to sell after reclassification to AHFS.

Note 41 Intangible Assets

2022/23		2023/24
£'000		£'000
6,622	Balance at 1 April	11,200
4,705	Additions	3,925
(85)	Derecognition – Disposals	(725)
(42)	Transfers	-
11,200	At 31 March	14,400
	Accumulated Amortisation and Impairment	
(1,625)	At 1 April	(3,826)
(2,240)	Amortisation	(2,203)
25	Derecognition - Disposals	725
14	Transfers	-
(3,826)	Balance at 31 March	(5,304)
7,374	Net Book Value	9,096

Note 42 Prior Period Adjustment

A review of the Council's regeneration residential portfolio identified units within four housing blocks that had been demolished in 2020/21 and 2021/22 that remained on the fixed asset register. An adjustment was made to reflect these demolitions in the 2022/23 PPE, CAA and Revaluation Reserve opening balances. Further to this, the depreciation charges in 2022/23 were reversed.

The above restatement is summarised below:

Effect on Comprehensive Income and Expenditure Statement at 31 March 2023						
	Originally Stated Gross Expenditure 2022/23	Demolitions Restatement	Restated Gross Expenditure 2022/23	Originally Stated Net Expenditure 2022/23	Demolitions Restatement	Restated Net Expenditure 2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Housing and Commercial Partnerships	216,109	(305)	215,804	38,767	(305)	38,462
Cost of services	1,111,955	(305)	1,111,650	319,530	(305)	319,225
(Surplus)/Deficit on Provision of Services				(114,688)	(305)	(114,993)
(Surplus)/deficit on revaluation of Property, Plant and Equipment assets				100,121	(97)	100,024
Other Comprehensive Income and Expenditure				(432,316)	(97)	(432,413)
Comprehensive Income and Expenditure (Surplus)/Deficit				(547,004)	(402)	(547,406)

Note 42 Prior Period Adjustment (continued)

Effect on Movement in Reserves Statement 2022/23									
	Originally Stated Housing Revenue Account 2022/23	Demolitions Restatement	Restated Housing Revenue Account 2022/23	Originally Stated HRA Total 2022/23	Demolitions Restatement	Restated HRA Total 2022/23	Originally Stated Total Usable Reserves 2022/23	Demolitions Restatement	Restated Total Usable Reserves 2022/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Surplus/(Deficit) on provision of services (accounting basis)	(84,774)	(305)	(85,079)	(84,774)	(305)	(85,079)	(114,688)	(305)	(114,993)
Other Comprehensive Income and Expenditure									
Total Comprehensive Income and Expenditure	(84,774)	(305)	(85,079)	(84,774)	(305)	(85,079)	(114,688)	(305)	(114,993)
Adjustments between accounting basis and funding basis under regulations	76,369	305	76,674	76,369	305	76,674	356,244	307	356,551

Note 42 Prior Period Adjustment (continued)

Effect on Movement in Reserves Statement 2022/23						
	Originally Stated Total Unusable Reserves 2022/23	Demolitions Restatement	Restated Total Unusable Reserves 2022/23	Originally Stated Total Council Reserves 2022/23	Demolitions Restatement	Restated Total Council Reserves 2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	(1,825,284)	14,998	(1,810,286)	(2,825,650)	14,998	(2,810,652)
Surplus/(Deficit) on provision of services (accounting basis)				(114,688)	(305)	(114,993)
Other Comprehensive Income and Expenditure	(432,316)	(97)	(432,413)	(432,316)	(97)	(432,413)
Total Comprehensive Income and Expenditure	(432,316)	(97)	(432,413)	(547,004)	(402)	(547,406)
Adjustments between accounting basis and funding basis under regulations	(356,244)	(305)	(356,549)			
Net increase/(decrease) before Transfers to Earmarked Reserves	(788,560)	(402)	(788,962)	(547,004)	(402)	(547,406)
Increase/(Decrease) In Year	(788,560)	(402)	(788,962)	(547,004)	(402)	(547,406)
Balance at 31 March 2022	(2,613,844)	14,596	(2,599,248)	(3,372,654)	14,596	(3,358,058)

Effect on Balance Sheet at 31 March 2022			
	Originally Stated 2021/22	Demolitions Restatement	Restated 2021/22
	£'000	£'000	£'000
Property, plant and equipment	3,024,864	(14,998)	3,009,866
Total long term assets	3,702,592	(14,998)	3,687,594
Net assets	2,825,652	(15,000)	2,810,652
Total Unusable Reserves	(1,825,284)	14,998	(1,810,286)
Total Reserves	(2,825,650)	14,998	(2,810,652)

Note 42 Prior Period Adjustment (continued)

Effect on Balance Sheet at 31 March 2023			
	Originally Stated 2022/23	Demolitions Restatement	Restated 2022/23
	£'000	£'000	£'000
Property, plant and equipment	3,093,364	(14,596)	3,078,768
Total long term assets	3,790,867	(14,596)	3,776,271
Net assets	3,372,654	(14,596)	3,358,058
Total Unusable Reserves	(2,613,844)	14,596	(2,599,248)
Total Reserves	(3,372,654)	14,596	(3,358,058)

Effect on Cashflow Statement 2022/23			
	Originally Stated 2022/23	Demolitions Restatement	Restated 2022/23
	£'000	£'000	£'000
Net (surplus)/deficit on the provision of services	(114,688)	(305)	(114,993)
Adjustments to net (surplus)/deficit on the provision of services for non-cash movements	(185,091)	305	(184,786)

Note 42 Prior Period Adjustment (continued)

Effect on Note 8 - Expenditure and Funding Analysis - Table A

	Originally Stated Adjustments between funding and accounting basis (see Table D)	Demolitions Restatement	Restated Adjustments between funding and accounting basis (see Table D)	Originally Stated Net Expenditure in the CIES	Demolitions Restatement	Restated Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000	£'000
Housing and Commercial Partnerships	(34,253)	304	(33,949)	38,767	(305)	38,462
Net Cost of Services	(136,192)	305	(135,887)	319,530	(305)	319,225

Effect on Note 8 - Expenditure and Funding Analysis - Table B

	Originally Stated Adjustments between funding and accounting basis (see Table D)	Demolitions Restatement	Restated Adjustments between funding and accounting basis (see Table D)	Originally Stated Net Expenditure in the CIES	Demolitions Restatement	Restated Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000	£'000
(Surplus) or Deficit on the Provision of Services	339,508	305	339,813	(114,688)	(305)	(114,993)

Note 42 Prior Period Adjustment (continued)

Effect on Note 8 - Expenditure and Funding Analysis - Table D						
	Originally Stated Adjustments for Capital Purposes	Demolitions Restatement	Restated Adjustments for Capital Purposes	Originally Stated Total Adjustments	Demolitions Restatement	Restated Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Housing and Commercial Partnerships	(35,321)	305	(35,016)	(34,253)	305	(33,948)
Net Cost of Services	(81,767)	305	(81,462)	(136,192)	305	(135,887)
Difference Between General Fund *(Surplus) or Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	132,091	305	132,396	339,508	305	339,813

Effect on Note 8 - Expenditure and Funding Analysis - EXPENDITURE AND INCOME ANALYSED BY NATURE			
	Originally Stated 2022/23	Demolitions Restatement	Restated 2022/23
	£'000	£'000	£'000
Depreciation, Amortisation and Impairments	74,979	(305)	74,674
Total Expenditure	1,403,526	(305)	1,403,221
(Surplus) on the Provision of Services	(114,688)	(305)	(114,993)

Note 42 Prior Period Adjustment (continued)

Effect on Note 15 - Adjustments Between Accounting Basis and Funding Basis Under Regulations 2022/23

	Originally stated Housing Revenue Account 2022/23	Demolitions Restatement	Restated Housing Revenue Account 2022/23	Originally Stated Unusable Reserves 2022/23	Demolitions Restatement	Restated Unusable Reserves 2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
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:						
Capital expenditure	13,195	305	13,500	78,435	(305)	78,130
Total adjustments	76,369	305	76,674	(356,244)	(305)	(356,549)

Effect on Note 16 - Unusable Reserves 2022/23

Unusable Reserves	Originally stated Opening Balance 1 April 2022	Demolitions Restatement	Restated Balance 1 April 2022	Originally stated Other Comprehensive Income and Expenditure 2022/23	Demolitions Restatement	Restated Other Comprehensive Income and Expenditure 2022/23	Originally stated Adjustments to Revenue Resources	Demolitions Restatement	Restated Adjustments to Revenue Resources
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(557,659)	6,852	(550,807)	100,121	(97)	100,024			
Capital Adjustment Account	(2,112,525)	8,146	(2,104,379)				78,435	(305)	78,130
Total Unusable Reserves	(1,825,284)	14,998	(1,810,286)	(432,316)	(97)	(432,413)	(128,982)	(305)	(129,287)

Note 42 Prior Period Adjustment (continued)

Effect on Note 16 - Unusable Reserves 2022/23						
Unusable Reserves	Originally Stated Other Movements*	Demolitions Restatement	Restated Other Movements*	Originally Stated Closing Balance 31 March 2023	Demolitions Restatement	Restated Closing Balance 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	10,840	(146)	10,694	(446,698)	6,609	(440,089)
Capital Adjustment Account	(9,900)	146	(9,754)	(2,279,232)	7,987	(2,271,245)
Total Unusable Reserves				(2,613,844)	14,596	(2,599,248)

Effect on Note 18c PPE 22/23			
	Originally Stated 31st March 2023	Demolitions Restatement	Restated 31st March 2023
	£'000	£'000	£'000
Other PPE Assets	2,744,526	(14,596)	2,729,930
Total PPE Assets	3,093,364	(14,596)	3,078,768

Note 42 Prior Period Adjustment (continued)

Effect on Note 18c PPE GBV 22/23

	Originally Stated Other Land and Buildings (HRA)	Demolitions Restatement	Restated Other Land and Buildings (HRA)	Originally Stated Total Property, Plant and Equipment	Demolitions Restatement	Restated Total Property, Plant and Equipment
Cost of Valuation	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	101,581	(14,998)	86,583	2,712,708	(14,998)	2,697,710
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	2,446	402	2,848	(131,081)	402	(130,679)
At 31 March 2023	102,566	(14,596)	87,970	2,762,351	(14,596)	2,747,755

Effect on Note 18c PPE Accumulated Depreciation 22/23

	Originally Stated Other Land and Buildings (HRA)	Demolitions Restatement	Restated Other Land and Buildings (HRA)	Originally Stated Total Property, Plant and Equipment	Demolitions Restatement	Restated Total Property, Plant and Equipment
Accumulated Depreciation and Impairment	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation Charge	(1,428)	305	(1,123)	(37,082)	305	(36,777)
Depreciation written out on revaluations recognised in the Revaluation Reserve	1,197	(305)	892	30,959	(305)	30,654



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, provide transparency and enable comparison with other 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 2023/24, the company's results showed a loss of £1.322m (£0.075m profit in 2022/23), and net assets of £9.168m (£10.490m at 31 March 2023). Loans outstanding from the Council to the company total £5.358m (£6.328m at 31 March 2023).

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

Westminster Housing Investments Ltd

Westminster Housing Investments Ltd (which also trades as Westminster Builds) provides cost effective housing in Westminster and the rest of London. The company made a profit of £6.914m (£3.088m profit in 2022/23), the group has net assets of £9.692m (£2.778m net assets in 2022/23). Loans outstanding from the Council to the company total £37.990m (£38.568m at 31 March 2023).

The company also holds a 50% share in Luton Street Development LLP, which has undertaken the

construction of 109 apartments for sale within the city. This company made a £7.623m loss due to the £12.750m distribution of profit to shareholders (£10.631m profit in 2022/23) and holds net assets of £9.736m (£17.359m net assets in 2022/23). The Council's 50% share of these amounts have been consolidated.

Other entities within the Group

The other entities within the Group are:

- WestCo Trading Ltd, which provides communications support and business transformation programmes mainly to public sector clients. The company is a private limited company with share capital of £0.080m and is wholly owned by the Council. The company had a net loss of £0.077m in 2023/24 (£0.341m in 2022/23) and had net assets of £0.111m (£0.187m at 31 March 2023).
- 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 £0.442m in 2023/24 (£0.211m loss in 2022/23).

These two entities have not consolidated into the Group Accounts on the grounds of materiality.

Group Accounts and Explanatory Notes (continued)

Going Concern

For the reasons set out below, the Council is satisfied that the consolidated entities are going concerns and the Group financial statements for 2023/24 have been prepared on this basis accordingly.

- Two housing companies, Westminster Community Homes Limited and Westminster Housing Investments Limited, depend upon the Council for ongoing financial support. The Council is committed to providing this support in the short to medium term as both companies assist with the provision of affordable housing, temporary accommodation and shared ownership housing in Westminster. Provision of expected loan drawdowns and other financial support has been incorporated into the Council's cash flow forecasts and medium-term financial plans.
- Both consolidated entities (Westminster Housing Investments Limited (WHIL) and Westminster Housing Development Limited) report a combined net worth of £18.861m at 31 March 2024.
- WHIL's long term creditors of £38m relate to acquisition loans with matching property assets held by the company and development loans from the Council which have been used to support the Luton St Joint Venture (for which WHIL is a 50% partner) and there is a matching debtor on the company's balance sheet. The company has relatively few third-party creditors and its short-term liquidity position at 31 March 2024 is supported through access to a £2m working capital facility that has been made available by the Council, none of which was drawn down at 31 March 2024 (£0.829m at 31 March 2023). As such WHIL is not expected, at any point, to show a negative cash position or to be unable to meet its loan obligations in full as they fall due.

Group Account Statements

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2022/23 Restated				2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
126,870	(36,812)	90,058	Finance & Resources	77,361	(39,671)	32,690
21,659	(9,327)	12,332	Innovation and Change	27,825	(11,112)	16,713
151,359	(88,542)	62,817	Adults' Services	164,766	(92,713)	72,053
189,823	(136,261)	53,562	Children's Services	202,494	(140,203)	62,291
195,020	(148,556)	46,464	Environment, Climate and Public Protection	208,226	(153,862)	54,364
211,648	(195,585)	16,063	Regeneration, Economy and Planning	220,302	(202,180)	18,122
220,853	(183,985)	36,868	Housing and Commercial Partnerships	336,094	(215,519)	120,575
-	-	-	Corporate Services	6,634	(4,714)	1,920
1,117,232	(799,068)	318,164	Cost of Services – Continuing Operations	1,238,702	(859,974)	378,728

Group Comprehensive Income and Expenditure Statement (continued)

2022/23			2023/24		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	£'000	£'000	£'000
		(19,696)			(258)
		(58,085)			(86,341)
		(362,989)			(311,668)
		-			-
		(122,606)			(19,539)
		-			-
		(7,769)			3,812
		(130,575)			(15,727)
		109,653			185,564
		(532,437)			(133,480)
		(422,784)			52,084
		(553,159)			36,357

GROUP MOVEMENT IN RESERVES STATEMENT

2022/23 Restated	Revenue Reserves			Capital Reserves			Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of group entities	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		Usable Reserves			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2022	(57,389)	(565,104)	(3,842)	(626,335)	(19,382)	-	(19,382)	(80,617)	(274,032)	(1,000,366)	(1,810,786)	(2,810,652)	(59,872)	(2,870,524)
Movement in reserves during 2022/23														
(Surplus) or deficit on provision of services (accounting basis)	(32,411)	-	-	(32,411)	(84,774)	-	(84,774)	-	-	(117,185)	(305)	(117,490)	(12,885)	(130,375)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(432,413)	(432,413)	9,629	(422,784)
Total Comprehensive Income and Expenditure	(32,411)	-	-	(32,411)	(84,774)	-	(84,774)	-	-	(117,185)	(432,718)	(549,903)	(3,256)	(553,159)
Adjustments between group accounts and authority accounts	2,497	-	-	2,497	(305)	-	(305)	-	-	2,192	305	2,497	(2,497)	-
Net increase before transfers	(29,914)	-	-	(29,914)	(85,079)	-	(85,079)	-	-	(114,993)	(432,413)	(547,406)	(5,753)	(553,159)
Adjustments between accounting basis & funding basis under regulations	263,139	-	-	263,139	76,674	-	76,674	3,078	13,658	356,549	(356,549)	-	-	-
Net Increase / Decrease before Transfers to Earmarked Reserves	233,225	-	-	233,225	(8,405)	-	(8,405)	3,078	13,658	241,556	(788,962)	(547,406)	(5,753)	(553,159)
Transfers to / (from) Earmarked Reserves	(236,194)	236,478	(284)	-	8,210	(8,210)	-	-	-	-	-	-	-	-
Increase / Decrease in Year	(2,969)	236,478	(284)	233,225	(195)	(8,210)	(8,405)	3,078	13,658	241,556	(788,962)	(547,406)	(5,753)	(553,159)
Balance at 31 March 2023	(60,358)	(328,626)	(4,126)	(393,110)	(19,577)	(8,210)	(27,787)	(77,539)	(260,374)	(758,810)	(2,599,248)	(3,358,058)	(65,625)	(3,423,683)

Group Movement in Reserves Statement (continued)

2023/24	Revenue Reserves							Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of group entities	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 2023	(60,358)	(328,626)	(4,126)	(393,110)	(19,577)	(8,210)	(27,787)	(77,539)	(260,374)	(758,810)	(2,599,248)	(3,358,058)	(65,625)	(3,423,683)
Movement in reserves during 2023/24														
(Surplus) or deficit on provision of services (accounting basis)	(54,041)	-	-	(54,041)	35,688	-	35,688	-	-	(18,353)	-	(18,353)	2,626	(15,727)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	50,985	50,985	1,099	52,084
Total Comprehensive Income and Expenditure	(54,041)	-	-	(54,041)	35,688	-	35,688	-	-	(18,353)	50,985	32,632	3,725	36,357
Adjustments between group accounts and authority accounts	2,767	-	-	2,767	-	-	-	-	-	2,767	-	2,767	(2,767)	-
Net increase before transfers	(51,274)	-	-	(51,274)	35,688	-	35,688	-	-	(15,586)	50,985	35,399	958	36,357
Adjustments between accounting basis & funding basis under regulations	93,606	-	-	93,606	(30,689)	-	(30,689)	9,177	15,311	87,405	(87,405)	-	-	-
Net Increase / Decrease before Transfers to Earmarked Reserves	42,332	-	-	42,332	4,999	-	4,999	9,177	15,311	71,819	(36,420)	35,399	958	36,357
Transfers to / (from) Earmarked Reserves	(41,645)	41,520	125	-	(3,295)	3,295	-	-	-	-	-	-	-	-
Increase / Decrease in Year	687	41,520	125	42,332	1,704	3,295	4,999	9,177	15,311	71,819	(36,420)	35,399	958	36,357
Balance at 31 March 2024	(59,671)	(287,106)	(4,001)	(350,778)	(17,873)	(4,915)	(22,788)	(68,362)	(245,063)	(686,991)	(2,635,668)	(3,322,659)	(64,667)	(3,387,326)

GROUP BALANCE SHEET

31 March 2023 Restated		31 March 2024
£'000		£'000
ASSETS		
Non-current		
3,185,708	Property, plant and equipment	3,084,282
44,578	Heritage Assets	44,578
525,064	Investment property	572,879
7,374	Intangible Assets	9,096
29,062	Long-term investments	28,136
53,315	Long-term debtors	85,036
8.680	Council's share of Joint Venture	4.868
3,853,781	Total long term assets	3,828,875
Current		
656,654	Short-term investments	581,840
-	Assets held for sale	9,139
131	Inventories	2,464
172,246	Short-term debtors	152,853
227,135	Cash and other cash equivalents	244,205
1,056,166	Total Current Assets	990,501

Group Balance Sheet (continued)

31 March 2023 Restated		31 March 2024
£'000		
LIABILITIES		
(12,726)	Short-term borrowing	(20,816)
(690,451)	Short-term creditors	(597,342)
(116,252)	Short-term provisions	(48,967)
(19,087)	Short-term RIA	(15,372)
(838,516)	Current Liabilities	(682,497)
(6,051)	Long-term creditors	(2,452)
(23,810)	Provisions	(19,291)
(389,398)	Long-term borrowing	(582,705)
(101,172)	Other long-term liabilities - Pensions	(16,330)
(127,317)	Capital Grants - Receipts in Advance	(128,775)
(647,748)	Long-term liabilities	(749,553)
3,423,683	Net assets	3,387,326
(758,810)	Total Usable Reserves	(686,995)
(2,599,248)	Total Unusable Reserves	(2,635,669)
(65,625)	Share of Subsidiary & Joint Venture Usable Reserves	(64,662)
(3,423,683)	Total Reserves	(3,387,326)

GROUP CASH FLOW STATEMENT

2022/23 Restated	Group Cash Flow Statement	2023/24
£'000		£'000
	<i>Cash flows from operating activities</i>	
(130,377)	Operating (surplus)/loss for the financial year	(15,727)
(22,321)	Interest received	(61,413)
11,971	Interest paid	15,097
	Adjust net surplus or deficit on the provision of services for non-cash movements	
(74,675)	Depreciation	(81,124)
(42,536)	Impairment and downward valuations	(97,617)
34,177	Increase/(decrease) in creditors	64,147
(49,043)	(Increase)/decrease in debtors	8,964
320	(Increase)/decrease in inventories	11
(56,324)	Movement in pension liability	(10,058)
(28,357)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(48,357)
27,401	Other non-cash items charged to the net surplus or deficit on the provision of services	91,118
(189,037)	Sub-total of non-cash movements	(72,916)
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
50,445	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	64,860
138,204	Any other items for which the cash effects are investing or financing cash flows	104,905
188,649	Sub-total of adjustments included in the net surplus or deficit on the provision of services that are investing or financing activities	169,765
(130,765)	Net Cash Flows from Operating Activities	81,122

GROUP CASH FLOW STATEMENT (Continued)

2022/23 Restated	Group Cash Flow Statement	2023/24
£'000		£'000
	<i>Investing activities</i>	
324,452	Purchase of property, plant and equipment, investment property and intangible assets	356,708
3,237,595	Purchase of short-term and long-term investments	5,241,090
8,200	Other payments for investing activities	7,144
(58,557)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(65,519)
(2,971,100)	Proceeds from short-term and long-term investments	(5,313,664)
(176,626)	Other receipts from investing activities	(108,335)
363,964	Net cash flows from investing activities	117,424
(162,500)	Cash receipts of short- and long-term borrowing	(210,107)
288	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	426
71,682	Repayments of short- and long-term borrowing	16,370
(298,919)	Other payments for financing activities	(22,305)
(389,449)	Net cash flows from financing activities	(215,616)
(156,250)	Net (increase) or decrease in cash and cash equivalents	(17,070)
70,885	Cash and cash equivalents at the beginning of the reporting period	227,135
227,135	Cash and cash equivalents at the end of the reporting period	244,205

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 2023/24, 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 Limited have been consolidated because together they are material to the Council's balance sheet. Both subsidiary companies have been consolidated into the Group Accounts on a line-by-line basis.
- Luton Street Development LLP has been consolidated using the equity method as it is a joint venture between the Council and BY Developments Limited. This means 50% of its net assets and comprehensive income statement position have been consolidated as per the Council's interest in the company.
- 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.

Both Westminster Community Homes Ltd and Westminster Housing Investments Limited hold property assets which are used to provide housing. In line with the Council's accounting policies, these assets are revalued to an existing use value. As these properties do not fall within the Council's HRA, they do not fall within the definition of Council Dwellings. Therefore, these properties are classified as Dwelling assets. For more information please see note 2 – Group PPE.

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

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

Note 2 Group Property Plant and Equipment

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

Details of when the Council's property plant and equipment were revalued are shown in Note 18b to the single entity accounts.

Dwellings held by Westminster Community Homes Ltd have been re-valued to Existing Use Value on consolidation into the Council's Group Accounts to align with the Council's accounting policies. Valuation according to Depreciated Replacement Cost was not considered appropriate as it is inconsistent with the valuation of the council's own dwellings and there is an established market at which Existing Use prices can be readily estimated. As these assets do not form part of the Housing Revenue Account (HRA) they have not been classed as Council Dwellings, although they do provide housing to residents. Therefore, these assets have been classed as Dwellings within the below note.

	31st March 2023 Restated	31st March 2024
	£'000	£'000
Infrastructure Assets	348,838	364,477
Other PPE Assets	2,836,870	2,719,805
Total PPE Assets	3,185,708	3,084,282

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

Note 2 Group Property Plant and Equipment (continued)

2022/23 Restated	Council Dwellings	Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross book value							
At 1 April 2022	1,667,068	76,366	744,381	23,167	30,212	266,665	2,807,859
Additions	68,811	662	35,381	1,781	337	135,231	242,203
Revaluations increases/(decrease) recognised in the Revaluation Reserve	(131,735)	(9,399)	1,057	-	-	-	(140,077)
Revaluations increases/(decrease) recognised in the Surplus/deficit on the Provision of Services	(16,688)	-	(19,684)	-	-	-	(36,372)
Derecognition - disposals	(4,443)	(1,014)	(2,101)	(973)	-	-	(8,531)
Derecognition	-	-	(4,400)	-	-	-	(4,400)
Assets reclassified	-	18,266	-	-	-	(21,828)	(3,562)
Other movements	41,162	(162)	(4,871)	(649)	-	(37,892)	(2,412)
At 31 March 2023	1,624,175	84,719	749,763	23,326	30,549	342,176	2,854,708

Note 2 Group Property Plant and Equipment (continued)

2022/23 Restated	Council Dwellings	Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated depreciation and impairment							
At 1 April 2022	-	-	(2,682)	(14,057)	-	-	(16,739)
Depreciation Charge	(18,811)	(213)	(16,687)	(1,279)	-	-	(36,990)
Depreciation written out to the Revaluation Reserve	18,811	-	11,843	-	-	-	30,654
Accumulated Impairment written out to the Revaluation Reserve	-	-	3,467	-	-	-	3,467
Derecognition - disposals	-	51	65	855	-	-	971
Derecognition - other	-	-	561	-	-	-	561
Other Movements in Depreciation and Impairments	-	162	70	6	-	-	238
At 31 March 2023	-	-	(3,363)	(14,475)	-	-	(17,838)
Net book value:							
At 31 March 2023	1,624,175	84,719	746,400	8,851	30,549	342,176	2,836,870
At 31 March 2022	1,667,068	76,366	741,699	9,110	30,212	266,665	2,791,120

Note 2 Group Property Plant and Equipment (continued)

2023/24	Council Dwellings	Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross book value							
At 1 April 2023	1,624,175	84,719	749,763	23,326	30,549	342,176	2,854,708
Additions	67,305	608	51,706	22,309	1,503	139,691	283,122
Revaluations increases/(decrease) recognised in the Revaluation Reserve	(223,141)	(3,441)	8,521	-	-	-	(218,061)
Revaluations increases/(decrease) recognised in the Surplus/deficit on the Provision of Services	(50,488)	-	(26,974)	-	-	-	(77,462)
Derecognition - disposals	(2,083)	(581)	(1,663)	(952)	-	-	(5,279)
Derecognition	-	-	-	(725)	-	-	(725)
Assets reclassified	-	5,251	-	-	-	(73,560)	(68,309)
Other movements	86,972	(328)	(13,786)	-	-	(101,438)	(28,580)
At 31 March 2024	1,502,740	86,228	767,567	43,958	32,052	306,869	2,739,414

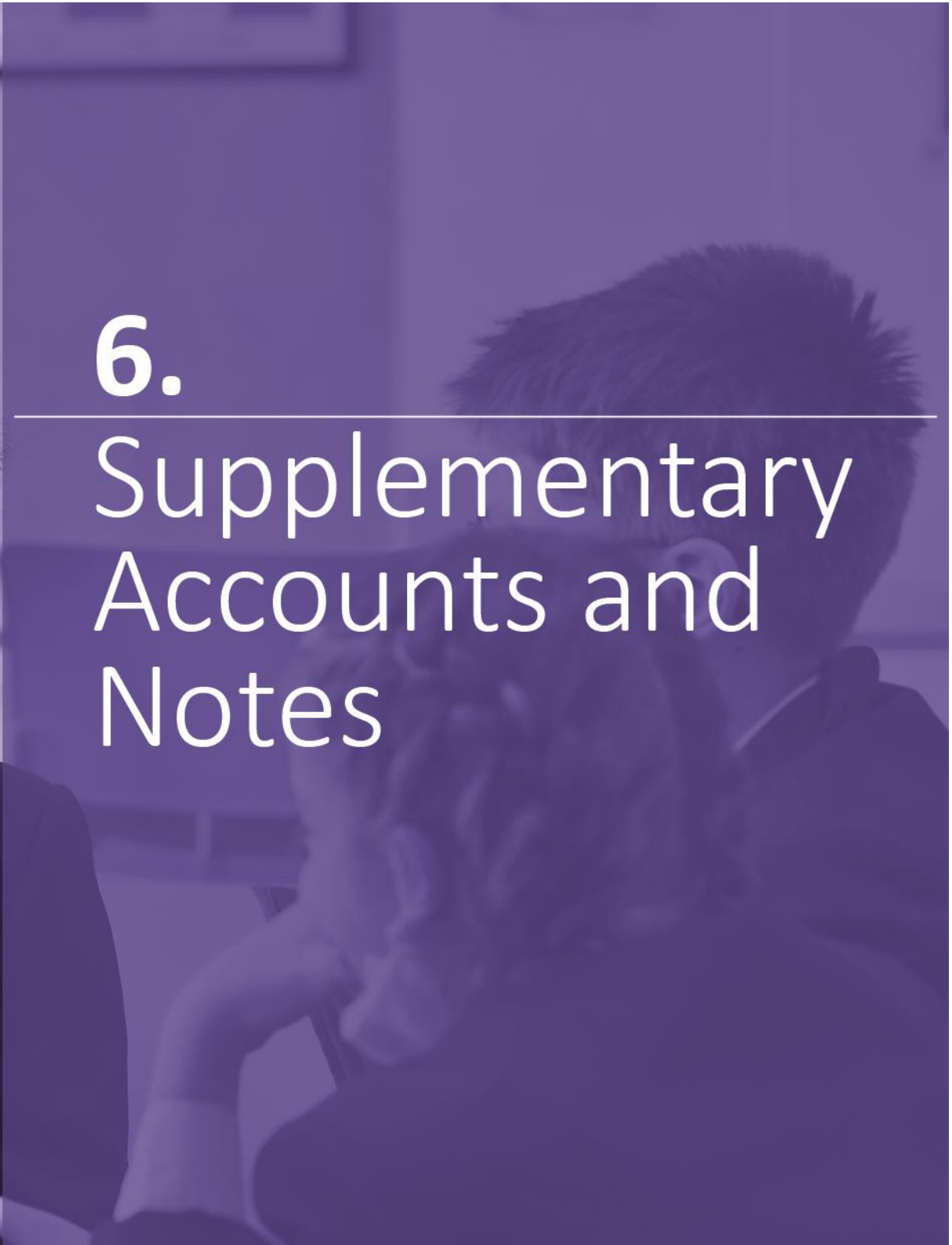
Note 2 Group Property Plant and Equipment (continued)

2023/24	Council Dwellings	Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated depreciation and impairment							
At 1 April 2023	-	-	(3,363)	(14,475)	-	-	(17,838)
Depreciation Charge	(18,679)	(341)	(17,153)	(2,100)	-	-	(38,273)
Depreciation written out to the Revaluation Reserve	18,679	-	11,477	-	-	-	30,156
Accumulated Impairment written out to the Revaluation Reserve	-	-	3,655	-	-	-	3,655
Derecognition - disposals	-	86	108	952	-	-	1,146
Derecognition - other	-	-	-	725	-	-	725
Other Movements in Depreciation and Impairments	-	255	565	-	-	-	820
At 31 March 2024	-	-	(4,711)	(14,898)	-	-	(19,609)
Net book value:							
At 31 March 2024	1,502,740	86,228	762,856	29,060	37,052	306,869	2,719,805
At 31 March 2023	1,624,175	84,719	746,400	8,851	30,549	342,176	2,836,870



6.

Supplementary Accounts and Notes



Housing Revenue Account (HRA) Statements

HRA INCOME AND EXPENDITURE STATEMENT AND MOVEMENT ON HRA BALANCE

This account shows the cost of managing, maintaining and financing the Council's housing stock (which is ring-fenced under statute). The total cost is met via income from tenant rents, service charges and other rental income (including commercial property). The Council brought the Housing Service back in-house from 2019/20 having previously outsourced it to an Arm's Length Management Organisations (ALMO) called City West Homes. Staff were transferred to the Council under TUPE arrangements and in 2021/22 a comprehensive service redesign was undertaken to optimise staffing structures. The HRA Balance represents the accumulated surplus on the account and is held at a prudent level to manage financial risk (as set out in the HRA Business Plan). The Movement on the Housing Revenue Account Statement shows a £1.705m movement on this balance in 2023/24 based on the income and expenditure outturn for the year.

HRA Income and Expenditure Statement

2022/23 Restated		2023/24
£'000		£'000
Expenditure		
24,744	Repairs and Maintenance	32,001
57,978	Supervision and Management	77,597
1,580	Rents, Rates, Taxes and Other Charges	1,858
(3,196)	Increase/(decrease) in Provision for Bad or Doubtful Debts	1,198
36,694	Depreciation, Impairment and Revaluation losses in relation to non-current assets	70,515
163	Debt Management Cost	173
117,962	Total HRA Expenditure	182,342
HRA Income		
(78,703)	Dwellings Rents	(84,676)
(1,304)	Non-dwellings Rents	(1,318)
(22,942)	Charges for Services and Facilities	(25,727)
(9,416)	Contributions towards Expenditure	(13,911)
(112,365)	Total HRA Income	(125,632)
5,597	Net Cost of HRA services as included in the whole-authority Income and Expenditure Statement	57,711

Housing Revenue Account (HRA) Statements (continued)

HRA Income and Expenditure Statement (continued)

2022/23 Restated		2023/24
£'000		£'000
(82)	HRA services share of Corporate and Democratic Core	53
5,515	Net Cost of HRA services including HRA share of costs not allocated to specific services	57,764
(24,109)	(Gain) or loss on sale of HRA non-current assets	(15,192)
(11)	Payments to government capital receipts pool	-
(63,067)	Capital grants and contributions	(10,135)
(3,831)	Movements in the fair value of investment properties	5,407
8,923	Interest payable and similar charges	8,573
(8,474)	HRA Investment Property income	(10,718)
(25)	HRA Investment Income	(12)
(85,079)	(Surplus) or deficit for the year on HRA services	35,688

Movement on the Housing Revenue Account Statement

2022/23 Restated		2023/24
£'000		£'000
(19,382)	Balance on the HRA at the end of the previous reporting period	(19,577)
(85,079)	(Surplus) or deficit for the year on the HRA Services	35,688
Adjustments between the accounting basis and funding basis:		
22,254	Transfer to Major Repairs Reserve	19,949
24,109	(Gain) or loss on sale of HRA non-current assets	15,508
3,831	Movements in the fair value of investment properties	(5,405)
25	Financial Instrument Adjustment	11
16,879	Transfer (to) the Capital Adjustment Account (CAA)	(60,697)
-	Contributions to Deferred Capital Receipts Reserve (DCRR)	-
82	Transfers to Accumulated Absences Account	(53)
9,494	Transfers to Capital Receipts Reserve (CRR)	-
(8,406)	Net (increase) or decrease before transfers to or from reserves	5,000
8,210	Transfers to or (from) earmarked reserves	(3,295)
(196)	(Increase) or decrease in year on the HRA	1,705
(19,577)	Balance on the HRA at the end of the current reporting period	(17,872)
(8,210)	Earmarked Reserves	(4,915)
(27,787)	Total HRA Reserves	(22,787)

Housing Revenue Account (HRA) Explanatory Notes

HRA 1 Housing Stock

31 March 2023		31 March 2024	
Nos		Nos	
785	Rented Houses	782	
11,244	Rented Flats	11,321	
65	Shared Ownership	64	
8,902	Leasehold Properties	8,552	
20,996	Total Stock	20,719	

HRA 2 Housing Asset Valuation

a) The vacant possession value of HRA tenanted dwellings is £5,957million.

b) The difference between the vacant possession value and the balance sheet value of dwellings within the HRA (Note 1b)) shows 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 2023		31 March 2024
£'000		£'000
3,486	Rent Arrears	4,257
(1,661)	Bad Debt Provision	(2,090)
1,826	Total	2,167

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.

2022/23					2023/24			
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								
-	-	(119,357)	(119,356)	Council Tax			(128,471)	(128,471)
(1,935,716)	-	-	(1,935,716)	Non-domestic rates	(1,805,905)			(1,805,905)
-	-	-	-	Transitional protection payments - non-domestic rates	(26,165)			(26,165)
-	(67,532)	-	(67,532)	Income collectible in respect of Business Rate Supplements		(62,824)		(62,824)
(1,935,716)	(67,532)	(119,357)	(2,122,605)	Total amounts to be credited	(1,832,070)	(62,824)	(128,471)	(2,023,365)

Collection Fund Accounts (continued)

2022/23					2023/24			
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								
13,547	-	-	13,547	Transitional protection payments - non-domestic rates	-	-	-	-
Precepts, demands and shares								
629,886	-	-	629,886	Central Government	621,030	-	-	621,030
572,624	-	63,503	636,126	City of Westminster Council	564,573	-	65,209	629,782
706,236	-	53,427	759,663	Greater London Assembly	696,306	-	59,024	755,330
Business Rate Supplement:								
-	44,987	-	44,987	Payment to levying authority's Business Rate Supplement Revenue Account	-	70,753	-	70,753
-	99	-	99	Administrative Costs	-	98	-	98
Charges to Collection Fund								
35,438	1,139	1,501	38,079	Write-off of uncollectable amounts	43,121	1,485	7,092	51,698
(16,538)	3,038	4,436	(9,064)	Increase/(decrease) in allowance for impairment	(19,152)	(664)	(2,539)	(22,355)
34,265	18,269	-	52,534	Increase/(decrease) in allowance for appeals	(237,208)	(8,848)	-	(246,056)
3,223	-	-	3,223	Charge to General Fund for allowable collection costs for non-domestic rates	2,994	-	-	2,994

Collection Fund Accounts (continued)

2022/23									2023/24
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/ (deficit):									
(303,940)	-	-	(303,940)	Central Government	(9,993)	-	-	(9,993)	
(276,310)	-	(161)	(276,471)	City of Westminster Council	(9,084)	-	208	(8,876)	
(340,782)	-	(118)	(340,900)	Greater London Assembly	(11,204)	-	195	(11,009)	
1,057,649	67,532	122,587	1,247,768	Total amounts to be debited	1,641,383	62,824	129,189	1,833,396	
Movements on the Collection Fund									
(878,067)	-	3,230	(874,837)	(Surplus) /deficit arising during the year	(190,687)	-	718	(189,869)	
952,894	-	545	953,439	(Surplus)/deficit brought forward at 1 April	74,826	0	3,775	78,601	
74,827	-	3,775	78,602	(Surplus)/deficit carried forward at 31 March	(115,861)	0	4,493	(111,368)	

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 are shown in the table on this page.

2022/23			2023/24	
Council Tax	Business Rates		Council Tax	Business Rates
-	33%	Department for Levelling Up, Housing and Communities	-	33%
47.51%	37%	Greater London Authority	48.44%	37%
52.49%	30%	Westminster City Council (General Fund)	51.56%	30%
100.0%	100.0%		100%	100%

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 2023, and is summarised in the table to the right:

Band	Range of property values (£)		2022/23		2023/24	
			Number of chargeable dwellings	Number of chargeable dwellings	Band D equivalent dwellings adjusted for reliefs	
	£	£				
A		40,000	1,702	1,736	957	
B	40,001	52,000	6,460	6,509	4,119	
C	52,001	68,000	15,802	15,772	11,849	
D	68,001	88,000	22,865	22,811	19,714	
E	88,001	120,000	23,920	24,179	25,645	
F	120,001	160,000	18,738	18,956	24,114	
G	160,001	320,000	23,852	24,128	36,164	
H	320,001		16,335	16,643	31,513	
			129,674	130,734	154,073	
					(12,935)	
Total					141,139	
Collection Rate (96%)					135,493	
Ministry of Defence Adjustment					462	
Final Council Tax Base					135,955	

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	51.2p / £ Rateable Value (51.2p in 2022/23)
Small Business Multiplier	49.9p / £ Rateable Value (49.9p in 2022/23)

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 2024 was £4.688bn (£4.842bn for the prior year).

While Westminster's retained share of non-domestic rating income was £564.573m in 2023/24, a top-up/tariff system occurs in which a tariff payment of £559.932m was made to central government to be redistributed across local government, leaving a small proportion of the rating income with Westminster City Council.

Uncertainty: A check, challenge and appeal process gives ratepayers the opportunity to challenge the rateable value of their business premises. The Collection Fund currently holds £200.583m of appeals provision to counter the potential impact of successful appeals in future years. Within this balance £147.950m of provision is held in relation to the 2017 valuation list, and £52.633m of provision is held in relation to the 2023 valuation list. This provision is subject to uncertainty as it is based on assessments made by the Valuation Office Agency over which Westminster has no input.

2022/23		2023/24	
£'000		£'000	
629,886	Central Government	621,030	
572,624	Westminster City Council	564,573	
706,236	Greater London Assembly	696,306	
1,908,746	Total	1,881,908	

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 £75,000 or more and is subject to certain allowances and exemptions.

The aggregate rateable value of properties liable for BRS at 31st March 2024 was £4.092bn (the equivalent figure at 31st March 2023 being £4.297bn). The multiplier has remained at 2.0p / £ since the BRS was introduced.



7.

Pension Fund Accounts

Pension Fund Accounts

FUND ACCOUNT

2022/23	Notes	2023/24
£'000		£'000
Deals with members, employers and others directly involved in the fund		
Contributions		
(31,645)	From Employers	Note 6 (35,270)
(13,060)	From Members	Note 6 (14,699)
(7,321)	Individual Transfers in from Other Pension Funds	(12,977)
(52,026)		(62,946)
Benefits		
51,752	Pensions	Note 7 57,304
8,019	Commutation, Lump Sum Retirement and Death Benefits	Note 7 9,693
289	Payments in respect of tax	334
Payments to and on Account of Leavers		
9,505	Individual Transfers Out to Other Pension Funds	10,101
156	Refunds to Members Leaving Service	308
69,721		77,739

Fund Account (continued)

2022/23		Notes	2023/24
£'000			£'000
17,695	Net (Additions)/Withdrawals from Dealings with Members		14,794
13,064	Management Expenses	Note 8	22,626
30,759	Net (additions)/withdrawals including management expenses		37,420
Returns on Investments			
(19,074)	Investment Income	Note 9	(28,019)
(381)	Other Income	-	(72)
(19,455)			(28,091)
70,478	(Profit) and loss on disposal of investments and changes in the market value of investments	Note 11	(228,878)
51,023	Net return on investments		(256,969)
81,782	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		(219,549)
(1,876,136)	Opening Net Assets of the Scheme		(1,794,354)
(1,794,354)	Closing Net Assets of the Scheme		(2,013,903)

Fund Account (continued)

NET ASSETS STATEMENT FOR THE YEAR ENDED 31 MARCH 2024*

2022/23		Notes	2023/24
£'000			£'000
	Investment assets		
150	Equities	11	150
1,770,354	Pooled Investment Vehicles	11	1,966,455
	Other Investment Balances:		
53	Income Due	11	157
19,465	Cash Deposits	11	40,708
1,790,022	Total Investment Assets		2,007,470
-	Investment Liabilities		-
1,790,022	Net Value of Investment Assets	10	2,007,470
5,211	Current Assets	18	7,779
(879)	Current Liabilities	19	(1,346)
1,794,354	Net Assets of the Fund Available to Fund Benefits at the Period End		2,013,903

* The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

The actuarial present value of promised retirement benefits is disclosed in Note 17.

Note 1 Description of the City of Westminster Pension Fund

a) General

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

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

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

b) Funding

The Fund is financed by contributions from employees, the Council, the admitted and scheduled bodies and from interest and dividends on the Fund's investments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employers also pay contributions into the Fund based on triennial funding valuations. The 31 March 2022 valuation covers the three financial years to 31 March 2026.

Currently employer contribution rates range from 15.0% to 32.4% of pensionable pay, as per the 2019 valuation.

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

c) Benefits

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

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

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

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

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

d) Governance

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

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

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

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

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

e) Investment Principles

In accordance with the LGPS (Management and Investment of Funds) Regulations 2016 the Committee approved an Investment Strategy Statement on 11 March 2021 (available on the Council's website). The Statement shows the Authority's compliance with the Myners principles of investment management.

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

f) Membership

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

Organisations participating in the Westminster City Council 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 2023		31 March 2024
29	Number of employers with active member	30
4,853	Active members	4,899
6,661	Pensioners receiving benefit	6,832
7,111	Deferred Pensioners	7,267
18,625		18,998

Note 2 Basis of Preparation of Financial Statements

The Statement of Accounts summarise the Fund's transactions for 2023/24 and its position at year end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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 consider the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Asset Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Authority has opted to disclose this information in an accompanying report to the accounts, which is disclosed in Note 17.

The Pension Fund Accounts have been prepared on a going concern basis, with the assumption that the functions of the authority will continue in operational existence for the foreseeable future. The Westminster City Council Pension Fund remains a statutory open scheme, with a strong covenant from the active employers and is therefore able to take a long-term outlook when considering the general investment and funding implications of external events.

Note 3 Summary of Significant Accounting Policies

FUND ACCOUNT – REVENUE RECOGNITION

a) Contribution Income

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

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

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

b) Transfers to and from Other Schemes

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

c) Investment Income

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

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

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

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

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

FUND ACCOUNT – EXPENSE ITEMS

d) Benefits Payable

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

e) Taxation

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

f) VSP, MSP and lifetime allowance

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

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

Note 3 Summary of Significant Accounting Policies (continued)

g) Management Expenses

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

All administrative expenses are accounted for on an 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 indirectly to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

j) Foreign Currency Transactions

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

k) Cash and Cash Equivalents

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

l) Financial Liabilities

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

m) Actuarial present value of promised retirement benefits

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

n) Additional Voluntary Contributions

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

o) Recharges from the General Fund

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

Note 4 Critical Judgements in Applying Accounting Policies

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

There were no such critical judgements made during 2023/24.

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 considering 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.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £30m. A 0.1% increase in assumed earnings would increase the value of liabilities by approximately £1m and a year increase in life expectancy would increase the liability by about £69m.

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.

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

2022/23		2023/24
£'000		£'000
(34,505)	Administering Authority	(36,998)
(4,611)	Scheduled bodies	(5,215)
(5,589)	Admitted bodies	(7,756)
(44,705)	Total	(49,969)

BY TYPE

2022/23		2023/24
£'000		£'000
(13,060)	Employees' normal contributions	(14,700)
	Employers' contributions:	
(30,070)	Normal contributions	(34,656)
(32)	Deficit recovery contributions	(55)
(1,543)	Augmentation contributions	(558)
(44,705)	Total	(49,969)

Note 7 Benefits Payable

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

BY TYPE

2022/23		2023/24	
£'000		£'000	
51,752	Pensions	57,304	
6,675	Commutation and lump sum retirement benefits	8,908	
1,344	Lump sum death benefits	785	
59,771	Total	66,997	

BY AUTHORITY

2022/23		2023/24	
£'000		£'000	
46,243	Administering Authority	51,580	
2,745	Scheduled Bodies	3,080	
10,783	Admitted Bodies	12,337	
59,771	Total	66,997	

Note 8 Management Expenses

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

2022/23		2023/24
£'000		£'000
776	Administration Expenses	943
388	Oversight and Governance	428
11,900	Investment Management Expenses	21,255
13,064	Total	22,626

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

2022/23		2023/24
£'000		£'000
8,458	Management fees	9,816
54	Custody fees	38
3,388	Transaction costs	5,767
-	Interest Payable on equalisation	5,634
11,900	Total	21,255

Note 9 Investment Income

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

2022/23		2023/24	
£'000		£'000	
15,354	Pooled investments - unit trusts and other managed funds	17,034	
(89)	Pooled property investments	-	
3,552	Alternatives Income	9,561	
257	Interest and cash deposits	1,424	
19,074	Total before taxes	28,019	

Note 10 Investment Management Arrangements

As at 31 March 2024, the investment portfolio is managed by sixteen underlying external managers:

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

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

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

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

The market value and proportion of investments managed by each fund manager at 31 March 2024 was as follows:

31 March 2023 Market Value	%	Fund Manager	Mandate	31 March 2024 Market Value	%
£'000				£'000	
Investments managed by the London CIV asset pool:					
150	0.0%	London CIV	Share Capital	150	0.0%
150	0.0%	UK Equity		150	0.0%
377,909	21.1%	London CIV - Baillie Gifford	Global Equity (Active)	385,318	19.2%
369,877	20.7%	London CIV - Morgan Stanley	Global Equity (Active)	381,032	19.0%
29	0.0%	LGIM Passive	World Equity (Passive)	28	0.0%
408,239	22.8%	LGIM Future World	World Equity (Passive)	476,540	23.7%
1,156,054	64.6%	Global Equity		1,242,918	61.9%
86,715	4.8%	London CIV – CQS & PIMCO	Multi Asset Credit	90,024	4.5%
86,715	4.8%	Fixed Income		90,024	4.5%
37,123	2.1%	London CIV - Ruffer	Absolute Return	34,894	1.7%
37,123	2.1%	Multi Asset		34,894	1.7%
-	-	London CIV – CBRE & Octopus	Property	218	0.0%
-	0.0%	Affordable Housing		218	0.0%
1,280,042	71.5%	Total pooled	Sub-Total	1,368,204	68.1%
Investments managed outside of the London CIV asset pool:					
25,412	1.4%	Northern Trust Short ESG Fund	Bonds	511	0.1%
154,786	8.6%	Insight Buy and Maintain Bond Fund	Bonds	134,487	6.7%
180,198	10.0%	Bonds		134,998	6.8%

Note 10 Investment Management Arrangements (continued)

31 March 2023 Market Value	%	Fund Manager	Mandate	31 March 2024 Market Value	%
£'000				£'000	
78,633	4.4%	Abrdn Long Lease Property	Property	67,972	3.4%
78,633	4.4%	Property		67,972	3.4%
37,951	2.1%	Man Group Community Housing Fund	Affordable Housing	39,405	2.0%
37,951	2.1%	Affordable Housing		39,405	2.0%
63,717	3.6%	Pantheon Global Infrastructure	Infrastructure	69,463	3.5%
28,370	1.6%	Macquarie GIG Renewable Energy	Infrastructure	43,095	2.1%
56,922	3.2%	Quinbrook Renewables Impact Fund	Infrastructure	152,509	7.6%
149,009	8.4%	Alternatives		265,067	13.2%
44,700	2.5%	CVC Credit Direct Lending Fund	Private Debt	90,987	4.5%
44,700	2.5%	Private Debt		90,987	4.5%
490,491	27.4%	Total outside pool	Sub-total	598,429	29.8%
19,489	1.1%	Cash deposits		40,837	2.0%
1,790,022	100%	Total investments at 31 March		2,007,470	100%

Note 11 Reconciliation in Movement in Investments

2022/23	Market value 1 April 2022	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Equities	150	-	-	-	150
Pooled investments	1,661,610	55,808	(142,373)	(77,018)	1,498,027
UK property unit trust	103,750	111	(3,368)	(21,861)	78,632
Alternatives	76,920	113,494	(24,809)	28,090	193,695
Total	1,842,430	169,413	(170,550)	(70,789)	1,770,504
Cash deposits	15,816			348	19,465
Amounts receivable for sales of investments	-			-	-
Investment income due	116			-	53
Spot FX contracts	-			(37)	-
Amounts payable for purchases of investments	-			-	-
Net investment assets	1,858,362			(70,478)	1,790,022

Note 11 Reconciliation in Movement in Investments continued

2023/24	Market value 1 April 2023	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2024
	£'000	£'000	£'000	£'000	£'000
Equities	150	-	-	-	150
Pooled investments	1,498,027	3,996	(178,938)	219,354	1,542,439
UK property unit trust	78,632	67	(4,296)	(6,433)	67,970
Alternatives	193,695	194,409	(48,243)	16,185	356,046
Total	1,770,504	198,472	(231,477)	229,106	1,966,605
Cash deposits	19,465			(207)	40,708
Amounts receivable for sales of investments	-			-	-
Investment income due	53			-	157
Spot FX contracts	-			(21)	-
Amounts payable for purchases of investments	-			-	-
Net investment assets	1,790,022			228,878	2,007,470

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 2023			31 March 2024	
Market Value	Holding		Market Value	Holding
£'000	%		£'000	%
408,239	22.8%	LGIM Future World	476,540	23.7%
369,877	20.7%	London LGPS CIV Ltd - Morgan Stanley	381,032	19.0%
377,909	21.1%	London LGPS CIV Ltd - Baillie Gifford	385,318	19.2%
154,782	8.6%	Insight Buy and Maintain Bond Fund	134,487	6.7%
86,706	4.8%	London LGPS CIV Ltd – CQS & PIMCO*	-	-
78,633	4.4%	Abrdn Long Lease Property*	-	-
56,922	3.2%	Quinbrook Renewables Impact Fund	152,509	7.6%
1,533,068	85.6%	Total Top Holdings	1,529,886	76.2%
1,790,022		Total Value of Investments	2,007,470	

*Both the CQS & PIMCO Multi Asset Credit and Abrdn Long Lease Funds had less than 5% of net assets under management at 31 March 2024, therefore, have been excluded from the note for the year 2023/2024.

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 22/23	Valuation hierarchy 23/24	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Investments - Equity Funds UK and Overseas Managed Funds	Level 2	Level 2	The NAV for each share class is calculated based on the market value of the underlying equity assets.	Evaluated price feeds	Not required
Quoted UK and Overseas Bonds	Level 2	Level 2	Fixed income securities are priced based on evaluated prices provided by independent pricing services.	Evaluated price feeds	Not required
Pooled Long Lease Property Fund	Level 2	Level 2	The Aberdeen Standard Long Lease Property Fund is priced on a Single Swinging Price.	Fund Manager In-house evaluation of market data	Not required
Pooled Investments – Multi Asset Credit	Level 2	Level 2	Fixed income securities are priced based on evaluated prices provided by independent pricing services.	Evaluated price feeds	Not required
Pooled Investments – Absolute Return	Level 2	Level 2	The NAV for each share class is calculated based on the market value of the underlying assets.	Evaluated price feeds	Not required
Pooled investments - Affordable Housing	Level 3	Level 3	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.	Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund.	Upward valuations are only considered where there is validation of the investment objectives and such progress can be demonstrated. Downward valuations are enacted where the manager considers there is an impairment to the underlying investment.
Pooled Investments - Infrastructure	Level 3	Level 3	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required.	Manager valuation statements are prepared in accordance with ECVA guidelines.	Upward valuations are only considered when there is validation of the investment objectives and such progress can be demonstrated.
Pooled Investments - Private debt	Level 3	Level 3	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date.	Credit ratings and default history within the pool.	Valuations could be affected by changes to expected cashflows or default in the underlying loans.

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 2024.

Description of asset	Assessed Valuation Range (+/-)	Value at 31 March 2024	Value on increase	Value on decrease
		£000	£000	£000
Pantheon - Infrastructure (a)	10.0%	69,458	76,404	62,512
Quinbrook - Renewable Infrastructure (b)	+16.6%/-13.8%	152,509	177,825	131,462
Macquarie - Renewable Infrastructure (c)	10.0%	43,094	47,404	38,785
Man Group - Affordable Housing (d)	+9.4%/-8.7%	39,405	43,109	35,976
CVC Credit – Private Debt (e)	11.4%	90,984	101,356	80,612
London CIV – UK Housing (f)	50%	217	325	108
Total		395,667	446,423	349,455

- The inputs used by the General Partner during valuation include, but are not limited to, prices and other relevant information generated by the market transactions, type of security, size of the position, purchase price, purchases of the same or similar securities by other investors, marketability, foreign exchange rates, degree of liquidity, restrictions on the disposition, latest round of financing data, completed or pending third-party transactions in the underlying investment or comparable issuers, current financial position and operating results among other factors.
- The valuation of the fund is estimated to be within a +16.6%/- 13.8% flex range based on the actual valuation range calculated. The % flex will be an implied rate based on the actual valuation range calculated, which in turn will be based on a sensitivity analysis for the current holdings.
- The valuation of the fund is estimated to be within a +/- 10% range and with a lower boundary on the downside i.e. not capturing any potential long-term upsides such as repowering or asset life extensions.
- The valuation of the fund is estimated to be within a +9.4%/-8.7% range. These ranges relate specifically to the valuation of completed sites. They are based on stress tests reflecting potential changes in market environment, particularly changes in house prices and inflation/interest rates.
- The fund uses Lincoln spreads to value the investments.
- The accounting treatment of fund means that the sensitivity of this valuation is geared by the 34 times. This means that a movement of +/- 1.5% of the NAV will make this valuation change by +/- 50%.

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

As at March 2023:

Description of asset	Assessed Valuation Range (+/-)	Value at 31 March 2023	Value on increase	Value on decrease
		£'000	£'000	£'000
Pantheon - Infrastructure (a)	+/-10.0%	63,705	70,075	57,334
Quinbrook - Renewable Infrastructure (b)	+24.6%/-20.6%	56,922	70,925	45,196
Macquarie - Renewable Infrastructure (c)	+/-10.0%	28,369	31,206	25,532
Man Group - Affordable Housing (d)	+9.5%/-8.8%	37,951	41,556	34,611
CVC Credit – Private Debt (e)	+/-11.2%	44,699	49,705	39,692
Total		231,646	263,467	202,365

- The inputs used by the General Partner during valuation include, but are not limited to, prices and other relevant information generated by the market transactions, type of security, size of the position, purchase price, purchases of the same or similar securities by other investors, marketability, foreign exchange rates, degree of liquidity, restrictions on the disposition, latest round of financing data, completed or pending third-party transactions in the underlying investment or comparable issuers, current financial position and operating results among other factors.
- The valuation of the fund is estimated to be within a +24.6%/- 20.6% flex range based on the actual valuation range calculated. The % flex will be an implied rate based on the actual valuation range calculated, which in turn will be based on a sensitivity analysis for the current holdings.
- The valuation of the fund is estimated to be within a +/- 10% range and with a lower boundary on the downside i.e. not capturing any potential long-term upsides such as repowering or asset life extensions.
- The valuation of the fund is estimated to be within a +9.5%/-8.8% range. These ranges relate specifically to the valuation of completed sites. They are based on stress tests reflecting potential changes in market environment, particularly changes in house prices and inflation/interest rates.
- The fund uses Lincoln spreads to value the investments. Following the banking turmoil, CVC liaised with Lincoln to confirm the continued relevance of the private credit spreads. Lincoln confirmed that they had not identified any impact on private credit spreads to date and added that the movements in the public credit markets were less material than they would have anticipated.

Note 13b Valuation of Financial Instruments Carried at Fair Value

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

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

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

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

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

31 March 2023				31 March 2024		
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						
-	1,538,709	231,795	Financial assets at fair value through profit and loss	-	1,570,789	395,816
Financial Liabilities						
-	-	-	Financial liabilities at fair value through profit and loss	-	-	-
-	1,538,709	231,795	Total	-	1,570,789	395,816

Note 13c Reconciliation of Fair Value Measurements Within Level 3

2023/24	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
CVC Credit - Private Debt	44,699	-	-	47,256	(6,659)	5,688	-	90,984
Share Capital	150	-	-	-	-	-	-	150
Pantheon - Infrastructure	63,705	-	-	969	(1,617)	6,049	352	69,458
Quinbrook - Renewable Infrastructure	56,922	-	-	131,947	(41,249)	4,889	-	152,509
Macquarie - Renewable Infrastructure	28,369	-	-	14,237	(1,046)	1,534	-	43,094
Man Group - Affordable Housing	37,951	-	-	3,083	(689)	(940)	-	39,405
London CIV - Affordable Housing	-	-	-	462	(274)	29	-	217
Total	231,796	-	-	197,954	(51,534)	17,249	352	395,817

2022/23	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
CVC Credit - Private Debt	-	-	-	46,825	(5,466)	3,340	-	44,699
Share Capital	150	-	-	-	-	-	-	150
Pantheon - Infrastructure	48,970	-	-	13,765	(9,200)	6,707	3,463	63,705
Quinbrook - Renewable Infrastructure	18,183	-	-	37,560	(10,298)	11,477	-	56,922
Macquarie - Renewable Infrastructure	9,767	-	-	15,344	(1,252)	4,510	-	28,369
Man Group - Affordable Housing	29,514	-	-	11,570	(6,475)	3,342	-	37,951
Total	106,584	-	-	125,064	(32,691)	29,376	3,463	231,796

Note 14a Classification of Financial Instruments

The following table shows the classification of the Fund's financial instruments.

31 March 2023			31 March 2024		
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					
1,498,178		Pooled Funds	1,542,590		
78,631		UK Unit Trust - Property	67,970		
193,695		Infrastructure	356,045		
	774	Cash Balances (held directly by Fund)		3,384	
	53	Other Investment Balances		157	
	19,465	Cash Deposits		40,708	
	4,177	Debtors		4,327	
1,770,504	24,469	-	1,966,605	48,576	-

Note 14a Classification of Financial Instruments (continued)

31 March 2023			31 March 2024		
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		
-	-	-	-	-	-
			Other Investment Balances		
-	-	(123)	Creditors	-	(490)
-	-	(123)	Total	-	(490)
1,770,504	24,469	(123)	Total	1,966,605	48,576
1,794,850			2,014,691		

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 2023		31 March 2024
£'000		£'000
Financial Assets		
(70,789)	Designated at fair value through profit and loss	229,106
311	Financial assets at amortised cost	(228)
(70,478)		228,878
Financial Liabilities		
-	Financial liabilities at amortised cost	-
(70,478)	Total	228,878

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 Fund has determined that a 9.62% increase or decrease in market price risk is reasonable for 2023/24. This analysis excludes debtors, creditors, other investment balances and forward foreign exchange, as these financial instruments are not subject to price risk

Assets exposed to price risk	Price Risk	Value £'000	Value on price increase £'000	Value on price decrease £'000
As at 31 March 2023	10.95%	1,790,022	1,986,029	1,594,014
As at 31 March 2024	9.62%	2,007,470	2,200,589	1,814,351

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

Interest Rate Risk

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

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

Assets exposed to interest rate risk	Value	Value on 1% increase	Value on 1% decrease
	£'000	£'000	£'000
Fixed Income - Global Bonds	154,786	145,086	164,486
Fixed Income - Global Multi Asset Credit	86,715	84,252	89,177
Absolute Return	37,123	36,065	39,629
As at 31 March 2023	278,624	265,403	293,292

Assets exposed to interest rate risk	Value	Value on 1% increase	Value on 1% decrease
	£'000	£'000	£'000
Fixed Income - Global Bonds	134,487	125,543	143,430
Fixed Income - Global Multi Asset Credit	90,024	87,728	92,319
Absolute Return	34,894	34,719	36,066
As at 31 March 2024	259,404	247,991	271,816

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

Currency Risk

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

Overseas equities, fixed interest securities and futures, cash in foreign currencies, forward foreign exchange contracts and some elements of the pooled investment vehicles are exposed to currency risk. The following table demonstrates the change in value of these assets had there been a 5.08% strengthening/weakening of the pound against foreign currencies during 2023/24.

Assets exposed to currency risk Currency Risk	Value £'000	Value on foreign exchange rate increase £'000	Value on foreign exchange rate decrease £'000
As at 31 March 2023 6.35%	689,703	733,499	645,907
As at 31 March 2024 5.08%	697,938	733,393	662,483

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

a) 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.

b) 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 2024, liquid assets were £1,544m representing 77% of total fund assets (£1,480m at 31 March 2023 representing 83% of the Fund at that date). The majority of these investments can in fact be liquidated within a matter of days.

Note 16 Funding Arrangements

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

The latest full triennial valuation of the Fund was carried out by Hymans Robertson, the Fund's actuary, as at 31 March 2022 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 29 March 2023, with the funding level rising to 128%. The report and Funding Strategy Statement are both available on the Council's website.

The valuation report details the fund assumptions and employer contribution rates for the three years from 2023/24. The actuary's smoothed market value of the scheme's assets at 31 March 2022 was £1,876m and the Actuary assessed the present value of the funded obligation at £1,466m. This indicates a net surplus of £410m, which equates to a funding position of 128% (2019: £20m net liability and 99%).

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

2020 Allocation	%
Fixed Income	19.0
Equities	60.0
Alternatives	11.0
Property	10.0
Total	100.0

Financial assumptions	2019 %	2022 %
Discount rate - scheduled bodies	4.8	4.8
Discount rate - admitted bodies	3.3	4.8
RPI	3.6	3.7
CPI	2.6	2.7
Pension increases	2.6	2.7
Long-term pay increases	3.6	3.7

The contribution rate is set based on the cost of future benefit accrual, as set out in the Funding Strategy Statement. Each employer has a contribution rate which is appropriate to their circumstances. The common future service contribution rate for the Fund was set at 17.5% of pensionable pay (2019: 17.9%).

The triennial valuation also sets out the individual contribution rate to be paid by each employer from 1 April 2023 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 2024. The figures have been prepared by Hymans Robertson, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension's legislation.

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

31 March 2023		31 March 2024	
£'000		£'000	
(1,707,000)	Present Value of Promised Retirement Benefits	(1,728,000)	
1,790,022	Fair Value of Scheme Assets (bid value)	2,007,470	
83,022	Net Asset/(Liability)	279,470	

ASSUMPTIONS

To assess the value of the Fund's liabilities at 31 March 2024, the value of the Fund's liabilities calculated for the funding valuation as at 31 March 2022 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 2022. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a..

Assumed life expectancy from age 65 is:

Life expectancy from age 65 years		31 March 2023	31 March 2024
Retiring today	Males	22.0	21.9
	Females	24.5	24.3
Retiring in 20 years	Males	23.2	23.1
	Females	26.0	25.8

FINANCIAL ASSUMPTIONS

The main financial assumptions are:

	31 March 2023 %	31 March 2024 %
CPI increases	3.00	2.80
Salary increases	4.00	3.80
Pension increases	3.00	2.80
Discount rate	4.75	4.80

Note 18 Current Assets

31 March 2023		31 March 2024	
£'000		£'000	
	Debtors:		
2,196	Contributions due - employers	2,525	
966	Contributions due - employees	1,090	
1,275	Sundry debtors	780	
774	Cash balances	3,384	
5,211	Total	7,779	

Note 19 Current Liabilities

31 March 2023		31 March 2024	
£'000		£'000	
(879)	Sundry creditors	(1,346)	
(879)	Total	(1,346)	

ANALYSIS OF DEBTORS

31 March 2023		31 March 2024	
£'000		£'000	
259	Central Government Bodies	68	
894	Other entities and individuals	559	
3,284	Administering Authority	3,768	
4,437	Total	4,395	

ANALYSIS OF CREDITORS

31 March 2023		31 March 2024	
£'000		£'000	
(756)	Central government bodies	(855)	
(26)	Other entities and individuals	(248)	
(97)	Administering Authority	(243)	
(879)	Total	(1,346)	

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 2023		Market Value 31 March 2024	
£'000		£'000	
731	Aegon	731	
316	Utmost Life and Pensions	316	
1,047	Total	1,047	

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

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

Note 21 Related Party Transactions

The Fund is administered by Westminster City Council, the largest scheme employer, who has paid £22.7m in contributions over the year to 31 March 2024. The Council incurred costs of £0.565m in the period 2023/24 (2022/23: £0.528m) in relation to the administration of the Fund and were reimbursed by the Fund for the expenses. The Fund uses the same Banking and Control Service provider as WCC and no charge is made in respect of this.

KEY MANAGEMENT PERSONNEL REMUNERATION

The key management personnel of the Fund are the Members of the Pension Fund Committee, the Executive Director of Finance and Resources, the Tri-Borough Director of Treasury and Pensions and the Director of People Services. There were no costs apportioned to the Pension Fund in respect of the Executive Director of Finance and Resources post for 2022/23 and 2023/24. Total remuneration payable to key management personnel from the Pension Fund is set out below:

31 March 2023	31 March 2024	31 March 2024
£'000		£'000
40	Short-term benefits	39
(87)	Post-employment benefits	8
(47)	Total	47

Note 22 External Audit Costs

The external fee payable to the Fund's external auditors, Grant Thornton UK LLP, was £94k (£36k in 2022/23).

31 March 2023	31 March 2024
£'000	£'000
36 External audit fees	94
36 Total	94

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 (£72.5m) to the Pantheon Global Infrastructure Fund III, of this commitment \$8.5m (£6.7m) was still outstanding at 31 March 2024. Alongside this, the Fund has committed £150m to the Quinbrook Renewables Impact Fund with £10.7m outstanding as at 31 March 2024. The Fund has also committed €55m (£47.0m) to the Macquarie Renewable Energy Fund, €8.7m (£7.4m) of which was outstanding at 31 March 2024. The Fund has a £50m commitment to the Man Group Affordable Housing Fund, with £10.3m outstanding as at 31 March 2024. The Fund has a commitment of £110m to CVC Credit Private Debt Fund III and £110m to CVC Credit Private Debt Fund IV, with £24.4m outstanding in fund III and £110m outstanding in fund IV at 31 March 2024. During the year the Fund committed £45m to the London CIV UK Housing fund, with £44.8m outstanding at 31 March 2024.



8.

Glossary and Contacts

Glossary of Terms

ACCOUNTING POLICIES

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

ACCRUALS

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

ACTUARIAL GAINS AND LOSSES

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

AMORTISATION

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

ANNUAL GOVERNANCE STATEMENT

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

BALANCES (OR RESERVES)

These represent accumulated funds available to the Council. Some balances (reserves) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities. There are several 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 (Standard 51.2p/£; Small Business 49.9p/£ in 2022/23). Westminster acts as the “billing authority” for its area and under the current Localised Business Rates

regime retains 30% of the net yield from business rates with the Greater London Authority receiving 37% and Central Government receiving 33%. 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 (see below).

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.

Glossary of Terms (continued)

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.

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 is 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 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.

Glossary of Terms (continued)

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.

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 considering 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 because 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)

Glossary of Terms (continued)

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.

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.

Glossary of Terms (continued)

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:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date.

PROVISIONS

A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits.

PRUDENTIAL CODE

Since 1 April 2004, local authorities have been subject to a self-regulatory “prudential system” of capital controls. This gives authorities the freedom to determine how much of their capital investment they can afford to fund by borrowing. The objectives of the code are to ensure that the local authority’s capital investment plans are affordable, prudent and sustainable, with Councils being required to set specific prudential indicators.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or

- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source, to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Advice from CIPFA is that related parties to a local authority include Central Government, bodies precepting or levying demands on the Council Tax, members and chief officers of the Council and its pension fund.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party, irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;
- the provision of services to a related party, including the provision of pension fund administration services; and
- transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

RESERVES

An amount set aside for a specific purpose in one year and carried forward to meet future obligations.

REVENUE EXPENDITURE

Day to day payments on the running of Council services including salaries, wages, contract payments, supplies and capital financing costs.

REVENUE SUPPORT GRANT

The main Government grant paid to local authorities. It is intended to adjust for differences in needs between areas so that, if all local authorities were to spend at the level which the Government assess that they need to spend, the Council Tax would be the same across the whole country.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

SERVICE CONCESSIONS

An arrangement involving the private sector constructing or upgrading assets used in the provision of a public service and operating and maintaining those assets for a specified period of time.

SOCIETY OF LOCAL AUTHORITY CHIEF EXECUTIVES (SOLACE)

Solace (Society of Local Authority Chief Executives and Senior Managers) is the representative body for senior strategic managers working in the public sector.

SOCIETY OF LONDON TREASURERS

Representative body of section 151 Officers from all 32 London Boroughs, the City of London Corporation and the Greater London Authority Group.

THE CODE

The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.

NOTE: values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

UK GAAP

UK GAAP is the Generally Accepted Accounting Practice in the UK (UK GAAP) is the body of accounting standards and other guidance published by the UK's Financial Reporting Council (FRC)

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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](https://www.westminster.gov.uk).

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