



The Queen Elizabeth II Conference Centre Annual Report and Accounts 2020–21

Presented to Parliament pursuant to Section 4(6) of the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990

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Chief Executive's Statement

The Queen Elizabeth II Conference Centre (the Centre), along with the rest of the world and the global events industry, has faced unique challenges with the Covid-19 pandemic, which has impacted the Centre throughout the year. I am therefore reporting on a very unusual and unprecedented set of accounts.

Despite the significant impact of the pandemic on the events industry, I am delighted to be able to report that the Centre has continued to deliver events and accommodate other activities, during the periods that Government legislation has permitted staff, clients and delegates to be in the building. The Centre's team has worked proactively and collaboratively with its clients throughout the year in rescheduling circa 44% of 2020/21 events to future years.

For the financial year 2020/21 Covid-19 has therefore had a significant impact on the Centre which was required to close on 23rd March 2020. Since that date the Centre has only been able to undertake minimal trading, in line with Covid-19 operating restrictions and has therefore achieved a reduced turnover of £1.9m. As a result, the Centre has been reliant upon using its cash reserves, generated from its previous five most successful years since opening in 1986, to cover its costs. In March 2021 the Centre exercised a borrowing facility from its parent Department (the Ministry of Housing, Communities and Local Government), MHCLG of £1.179m to strengthen its reserves for the year ahead: additional support from MHCLG will be available as and when required.

2019/20 was the Trading Fund's most successful financial year to date with an income of £15.9m and a profit of £3.0m, from which MHCLG received a £1.9m dividend. The Centre's trading was impacted by Covid-19 in the last quarter of 2019/20, which resulted in a number of event cancellations and the Centre closing before that year end. It is testimony to the strength of the Centre's trading position that despite the emergence of Covid-19 it was still able to deliver its best income performance in 34 years.

For 2020/21 prior to Covid-19, advance bookings were strong, indicating that the business had good forward momentum and was set for another successful year. For future years, provisional booking levels were also encouraging despite some economic uncertainties associated with leaving the European Economic Union and the potential requirement for the Parliamentary Restoration and Renewal programme to use the building to decant the House of Lords. However, the continuation and expansion of Covid-19 lockdowns across the UK and globally, has resulted in significant reductions in revenue for all quarters of the year, with circa 56% of event bookings cancelling, either by the client or as a result of force majeure, and 44% postponing, initially to Q3 and Q4 of 2021/22, many of which have now moved again into 2022/23.

The Centre was able to re-open from October 2020 and a limited number of small business events, adhering to Covid /social guidelines, were held between October to December. In addition to event activity in January 2021, the Centre was approached via the Government Property Agency (GPA), to accommodate an asymptomatic rapid Covid-19 test centre for civil servants across Whitehall. The Centre was able to react quickly to this request as it had been Covid-19 compliant and operationally ready for several months, and the facility was erected and ready for use in less than two weeks. The contract was initially for a three-month period but has been extended to mid-July 2021.

In April the Centre's work in this area subsequently received the Government Property Agency (GPA) People's Choice Award 2021 for its asymptomatic testing site team and installation.

Despite the exceptional circumstances the Centre has been operating in, it won Venue of the Year at the Drum Experience Awards in December 2020. In addition to this, the Centre has continued to be most successful in being nominated for industry awards, having been shortlisted for 13 awards throughout the year.

In respect to the Centre's economic contribution, this has not been evaluated for 2020/21 due to the impact of Covid-19. The most recent assessment was for 2019/20 which indicated that the Centre's business generated a total gross UK expenditure of £334m, an increase of 1.9% on 2018/19 and a 74.2% increase since 2013/14, creating a Gross Value Added (GVA) economic contribution of £160.5m, a 80.9% increase since 2013/14. Alongside the economic contribution in 2019/20, the Centre also supported 3,547 FTE jobs, a growth of 77.3% since 2013/14.

From a staffing perspective the majority of the Centre's staff have been successfully working from home since March 2020 with only core operational personnel attending the Centre. Enhanced internal communications have ensured staff were kept up to date, informed and engaged over the last 12 months. At the request of MHCLG many of the Centre's staff have been actively redeployed to support the Department in coping with the increased demands due to Covid-19. This opportunity has provided staff with a greater insight of working across the Civil Service and as a result some staff have requested to transfer permanently into the Department.

In January 2020 immediately prior to Covid-19 the Centre had been successful in retaining Investors in People (IiP) accreditation achieving a stronger Silver standard than awarded three years ago.

The Centre has further expanded and refined its People Plan 2020–2022, which sets out initiatives to keep staff retained and motivated to continue to deliver the Centre's business requirements. The Plan also has a strong learning and development focus which includes strategies to support and enhance the career development of all employees and during the year there has been an enhanced emphasis on training particularly in health and safety. It also includes a detailed Roadmap focusing on a three phased approach – Respond, Recover and Thrive, designed to reinvigorate a sense of renewal and belonging across the QEII team and partners as well as provide a readiness to re-mobilise staff back into full Centre operations.

From a building and operations perspective, the team have worked tirelessly in keeping the Centre at the forefront of Covid-19 compliance and readiness, setting high standards for screening protocols, signage, policy and communications to assure clients, delegates and officials of the Centre's Covid-19 safe and compliant measures and environment.

This financial year has seen a range of improvements and statutory works undertaken including investment driven by our Fire Risk Assessment (FRA) as well as investment in the internal passenger lift infrastructure and the full replacement and upgrading of the business critical, externally located, goods lift.

The Centre's audio visual and ICT teams (QEII Live and Connect) have sought new opportunities to ensure the Centre remains competitive, market aware and is able to meet and exceed client expectations for post Covid-19 event delivery with enhanced capabilities to accommodate hybrid and virtual events. The Centre's ICT infrastructure and plans also worked flawlessly in getting all QEII personnel, wherever they were located, online instantaneously from the outset of the pandemic.

The current recycling rate across the Centre is circa. 92% with just circa. 8% going to landfill. This is in line with the Greening Government Initiative on waste management (2016–2020) where a key target of waste to landfill is less than 10%. The Centre is working towards further reductions in this area.

Throughout the year there has been continuing coverage in the media regarding the Centre's involvement in future plans for the Restoration and Renewal (R&R) programme of the Palace of Westminster. The QEII Centre has been identified by the Joint Committee on the Palace of Westminster as the preferred temporary decant location for the House of Lords. In the event that Parliament does confirm the Centre for decant, Parliament is likely to require the Centre for early occupation ahead of the decant to modify and repurpose the venue for Parliament's needs.

Management had previously been advised that the earliest the Centre would be required would be 01 January 2022. However, following a Strategic Review undertaken by the R&R Sponsor Body it has now been confirmed that the Programme will not occupy the Centre before June 2023. As a result, the Centre is now contracting client's events until 31 May 2023 with provisional event bookings only being taken for the period beyond that date. The Centre is communicating this extended trading position to its clients, business tourism industry bodies and promotional agencies.

In February 2021 the UK Government published a post Covid-19 recovery road map that provided events centres such as the QEII with the opportunity of limited opening at 50% capacity from 17 May 2021. Subject to the success of this roadmap the Government was due to confirm full opening of event centres, with the removal of legal limits on social contact from 21 June 2021. However on 14 June the Government advised that it would delay implementing this step in the roadmap until 19 July.

The Centre's Management have carefully followed all developments throughout the past year and have modelled various scenarios in conjunction with the sponsor Department, for a return to business normality. At the time of writing this report, enquiry levels are growing and there is an expectation for a gradual return of events commencing in the autumn of 2021 but increasing in volume and scale from January 2022. This is of course dependent upon many factors including government legislation, which are out of the Centre's control.

Despite these factors and constraints, the Centre remains committed to delivering a strong and robust business recovery plan with its core priorities being to optimise profitability, whilst maintaining the highest possible standards of health and safety, customer delivery and experience, and facilities.

Once again, I would like to pay tribute to the Centre's team, including our contractors, who collectively have continued to provide high quality services to our clients and have continued to operate and maintain our facilities under the most extraordinarily difficult circumstances. The team's dedication, perseverance and resilience over the course of this most challenging period has been truly exceptional.

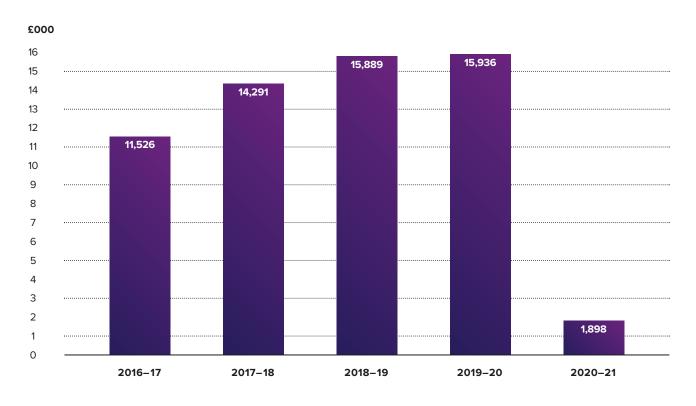
The Centre and its team remain fully committed to delivering a first-class service to the Centre's clients, through maintaining and building successful client partnerships and delivering creative, professional and innovative events. Our aim is to continue to be London's finest specialist events venue with a global reputation for excellence.

Mark Taylor, Chief Executive and Accounting Officer

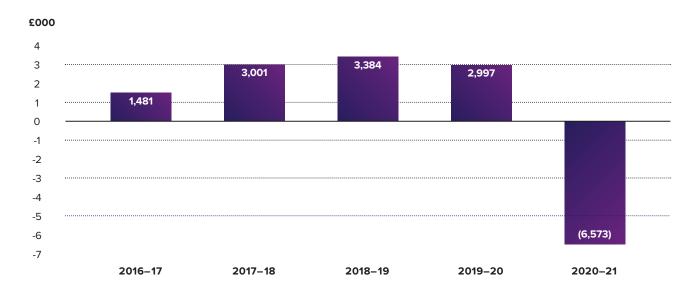
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5 year record of turnover and surplus

TURNOVER



REPORTED SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES



Performance analysis

METHODS OF MEASUREMENT

Capacity utilisation of the Centre is the relationship between the annual room hire revenue and a theoretical annual maximum expressed as 241 days hire of the whole Centre in a leap year and 240 days in a normal year.

The overall score for client, delegate and exhibitor satisfaction is the calculated average of responses to two specific questions in the event questionnaires that accompanies each event. Expressions of overall client, delegate and exhibitor satisfaction are measured on a scale of 0 to 100 per cent with a score of 100 representing maximum overall satisfaction.

As a result of Covid-19 and its impact on trading there is exceedingly limited client feedback to report relating to events. However, the Centre's personnel, who have worked tirelessly with our clients in rescheduling their events have received high levels of praise for their empathy and proactive and collaborative approach in dealing with the impact of the pandemic on their events and businesses.

COMPARISON AGAINST TARGETS SET FOR THE YEAR ENDED 31 MARCH 2021

The Centre's financial targets changed during the year as it became apparent that a return to normal trading would not be possible due to the ongoing Covid-19 pandemic. The business strategy was adjusted to contain the net deficit.

Contribution to MHCLG of £0 (as previously disclosed there was not a requirement for a dividend payment in 2020/21)

Capacity utilisation of the Centre of 6.3% (no target)

In respect to client, delegate and exhibitor satisfaction levels, as there have been only a handful of events, no client questionnaire data has been recorded for the year. The Centre has used the time of closedown to re-evaluate the questionnaires and process and will be introducing a new system during 2021/22 which will be more aligned to our industry.

The number of complaints per 100 events was 0 (target less than 2)

The ratio of non-room hire events revenue to room hire revenue was 4.3% (no target)

3 YEAR RECORD OF PERFORMANCE AGAINST TARGETS

		2019	2020	2021
Contribution to MHCLG				
	Target	£1.90m	£1.90m	£0
		£1.90m	£1.90m	60
Capacity utilisation of the Centre				
	Target	60.0%	60.0%	
		70.1%	62.9%	6.3%
Overall score for client, delegate and exhibitor satisfaction				
	Target	90.0%	90.0%	N/A
		97.0%	97.6%	N/A
The number of complaints per 100 events				
·	Target	<2	<2	_
		0.00	0.00	0.00
The ratio of non-room hire events revenue to room hire revenue				
	Target	90.0%	90.0%	_
		91.4%	103.0%	4.3%

Overview

1. History and Principal Activities

The Queen Elizabeth II Conference Centre (the Centre) was opened by Her Majesty the Queen in 1986. Trading Fund status was granted on 1 April 1997 under the Government Trading Funds Act 1973. Its role is to provide conference facilities for national and international meetings at the highest level and to market its facilities commercially as a high-quality venue for both Government and private sector use. The Centre continues to operate in the marketplace with the trading name, the Queen Elizabeth II Centre, which was introduced in 2014.

2. Development and performance during the financial year

2.1 Trading performance

Turnover in 2020/21 was significantly impacted by Covid-19 and there were major decreases in revenue across all elements of conference activities. Room hire decreased by 90% along with other revenue streams for QEII Live, QEII Taste and QEII Connect all decreasing by 99%. The proportion of secondary revenue from QEII Live, QEII Taste and QEII Connect to room hire was 4.3 % (103% 2019/20).

Total costs of £8.47m were 34.8% lower than those in the previous year. This was a direct consequence of reduced trading and management focus on cost containment as a result of the Covid-19 pandemic. The deficit on ordinary activities of £6.57m was £9.57m below the surplus for 2019/20.

The Centre's economic contribution has not been evaluated for 2020/21 due to the impact of Covid-19. The most recent assessment was for 2019/20 which indicated that the Centre's business generated a total gross UK expenditure of £334m, an increase of 1.9% on 2018/19 and 74.2% increase since 2013/14; creating a Gross Value Added (GVA) economic contribution of £160.5m, a 80.9%% increase since 2013/14. Alongside the economic contribution in 2019/20, the Centre also supported 3,547 FTE jobs, a growth of 77.3% since 2013/14.

2.2 Capital structure

The amount of Public Dividend Capital remains unchanged at $\pounds 821k$. As a result of the previous agreement between MHCLG with R&R, it had been agreed that no dividend payment would be required for 2020/21 which resulted in a retained deficit of $\pounds 6.57m$ and decreased the General Reserve at 31 March 2021 to $\pounds 9.14m$.

2.3 Cash management

Cash balances decreased by £7.66m in the year principally as a result of the significant impact Covid-19 had on revenue. Suppliers' invoices were paid in accordance with CBI guidelines, within 30 days from the delivery of goods or services or, if later, receipt of an agreed invoice. Credit control measures were effective in limiting exposure to the risk of bad debts.

2.4 Non-current asset management

Due to Covid-19 the annual fixed asset check was not performed.

3. Performance against targets

As a result of Covid-19 restrictions and the impact this had on the Centre's business – the Centre was required to close after March 2020 normal targets for the business were not applicable and the focus was realigned to contain the net deficit.

4. Trends and factors affecting underlying performance during financial year

4.1 The market in which we operate

The conference and meetings market are both local and international and are very competitive by nature. A wide range of facilities suitable for hosting conferences is available from large purpose-built conference centres in major cities to single rooms in institutions and hotels, with new and additional capacity regularly coming on stream.

The Centre can accommodate large conferences either alone or as part of a London syndicate and small to medium sized events in rooms that can be let singly. It enjoys a prestigious location facing Westminster Abbey and close to Whitehall, the Houses of Parliament and the London Eye.

The products and services offered by the Centre target sections of the market that value quality, reliability, security and the latest technology. Its competitive advantage is enhanced by its partnership with Compass/Leith's (QEII Taste), whose reputation for quality catering and excellent service is widely recognised. The Centre is an ideal venue for large conferences, with or without an associated exhibition, and for annual general meetings and gatherings of international organisations. It also competes successfully for a diverse range of other events including award ceremonies, banquets, receptions, product launches, fashion shows and other special events.

The global Covid-19 pandemic of course significantly altered the business event market in 2020/21. The Centre's management were expecting that there would be a significant impact upon its trading due to Covid-19 and the team were quick to adapt and position the Centre at the forefront of Covid compliance and readiness in order to accommodate events as soon as the governments guidelines permitted. However, the ongoing infection levels and elongated government restrictions resulted in the Centre being unable to accommodate its normal portfolio of client events.

The Centre, which closed in March 2020, has as a result had very limited trading opportunities throughout the year aside from a brief period in the late autumn where it was able to accommodate within the government guidelines a few smaller meetings. The Centre also examined other none core activities such as filming and supporting the education sector and the NHS and in January 2021 opened an asymptomatic testing site for rapid lateral flow testing for Civil Servants in conjunction with the Government Property Agency (GPA).

In February 2021 the UK Government published a post Covid-19 recovery road map that provided events centres such as the QEII with the opportunity of limited opening at 50% capacity from 17 May 2021. Subject to the success of this roadmap the Government was due to confirm full opening of event centres, with the removal of legal limits on social contact from 21 June 2021. However on 14 June the Government advised that it would delay implementing this step in the roadmap until 19 July.

The Centre remains at a high level of readiness to resume trading as soon as the government guidelines permit.

4.2 Market conditions

Covid-19 and the UK wide and global lockdowns have significantly impacted all of the Centre's core markets throughout 2020/21.

The conference, exhibition and events market, which operates on lengthy event planning lead times is watching carefully as the other Covid-19 recovery measures are implemented. The market recovery timing will be impacted by multiple factors notably the general return of confidence of the general populace to venture out, (including attending events), the rollout of the UK and global vaccination programme, the relaxation of travel restrictions and the UK and world economic conditions.

The Centre's Management have carefully followed all developments throughout the past year and have modelled various scenarios in conjunction with their sponsor Department MHCLG, for a return to business normality. At the time of writing this report enquiry levels are growing and there is an expectation for a gradual return of events commencing in the autumn of 2021 but increasing in volume and scale from January 2022. This is likely to initially be domestically focused with little international activity until after mid-January 2022 onwards. This is of course dependent upon many factors including government legislation, which are out of the Centre's control.

4.3 Management of principal risks

A full review of the Centre's risk management process took place during the year along with an internal audit. A new Strategic Risk Register along with a risk appetite matrix was developed and has been maintained by Management. This is discussed at quarterly meetings of the Risk Management Working Group. Risk is also an agenda item of the bi-monthly Directors' Meetings. The purpose is to evaluate the potential impact of these risks on profitability, to determine what controls are in place to minimise each risk and to propose additional control measures where appropriate. New risks identified are evaluated and added to the Strategic Risk Register with appropriate remedial actions. Activity is monitored by the Audit and Risk Assurance Committee which is chaired by a non-executive director. The key risks facing the business are reported in the governance statement.

4.4 Centre strengths and resources

The Centre's principal strengths are its location and the quality of its facilities and services. Its principal resource is the considerable experience, expertise and professionalism of its staff and of its on-site contractors. Analysis of client feedback questionnaires confirms that the Centre is preferred mainly because of the quality of service provided, whether it be the creativity of QEII Tastes' cuisine, the flair of the QEII Live team, the attentiveness of our event managers or our flexibility in dealing with changing circumstances. The Centre's proactive and thorough implementation of Covid-19 measures set high industry standards for screening protocols, signage, policy and communications providing assurance to clients, delegates and officials of the Centre's Covid-19 safe and compliant measures and environment.

5. Trends and factors affecting future performance

5.1 Strategy

The strategic aim of the Centre is to meet the financial objectives of the Trading Fund Order. Following the Government's decision in December 2012 that the Centre would continue to manage its business, through the appointment of a new CEO, there has been a thorough review of the Centre's business strategy. To this end the Centre has established itself as the finest specialist events venue in London with a global reputation for excellence, successful client partnership working and the delivery of creative, professional and innovative events. Its corporate priorities anticipate a growth in clients' expectations of the quality and range of available services, and the use of leading-edge technology. Integrated commercial, operational, financial and HR strategies are updated annually in the light of past performance and perceived changes in market conditions.

5.2 Objectives

The broad operational objective of the Centre, as set out in its Framework Document, is to achieve best value for money in operating the venue as a high-quality facility for use, on a commercial basis, by private sector and Government clients for national and international events. Its specific objectives are to further strengthen commercial performance by optimising use of the Centre, to maximise revenue from room hire and the sales of ancillary services, to maintain the interior of the building and its services consistent with a high-quality venue and to ensure that all staff members are properly trained, well-motivated and have opportunities to develop their full potential.

Following a year of closure and disruption due to Covid-19 the Centre's revised forward objective is to successfully re-establish the Centre's business, through delivering maximum levels of income at minimum levels of cost, whilst maintaining high standards of customer delivery, experience and facilities.

5.3 Building enhancement

This financial year has seen a range of improvements and statutory works undertaken including investment driven by our Fire Risk Assessment (FRA) as well as investment in the internal passenger lift infrastructure and the full replacement and upgrading of the key externally located goods lift.

The Centre's audio visual and ICT teams (QEII Live and Connect) have sought new opportunities to ensure the Centre remains competitive, market aware and is able to meet/exceed client expectations for post Covid-19 event delivery with enhanced capabilities to accommodate hybrid and virtual events. The Centre's ICT infrastructure and plans also worked flawlessly in getting all QEII personnel online instantaneously from the outset of the pandemic.

5.4 Competitive facilities

Market conditions have ensured that a high level of competitiveness remains, and pricing policies have been aggressive against all competitors. Management are determined to ensure that the Centre remains competitive without compromising standards and its position in the marketplace. Post Covid-19 it is expected that there will be an enhanced focus on health safety for clients and delegates and therefore the Centre has focused on implementing measures to assure clients, delegates and officials of the Centre's Covid-19 safe and compliant environment.

5.5 Trading outlook

5.5.1 Trading overview

The Centre's levels of advanced bookings, pre Covid-19 were encouraging, albeit not as positive as the corresponding period in the previous year. The trading position for 2020/21 was significantly affected by Covid-19 with circa. 56% of clients cancelling, and circa 44% postponing or rescheduling events. The Centre has proactively and collaboratively worked with its clients to accommodate their requirements for re-scheduling and future events with regards to new dates and postponing to future years during these extraordinary times. In addition, the Centre is prepared, based on new Event Industry and H&S guidelines, to reopen to accommodate events as part of the Governments roadmap which has scheduled progressive reopening of the indoor events sector from May 2021.

The market post Covid-19 is expected to be exceedingly competitive and in the early stages of recovery will be domestically focused as the vaccine is rolled out across the globe and travel restrictions are progressively lifted. Whilst the road map has resulted in an increase in enquiries since March 2021, the recovery of the events market will be gradual with a progressive return in the autumn but is not expected to start to build with any volume or scale until January 2022, with little international activity until after mid-January 2022 onwards. The results for the year 2021/22 are therefore likely to be significantly below the record levels achieved in 2019/20.

Ministers have approved the 2021–2023 business plan for rebuilding the business consistent with the UK Government's post Covid-19 recovery road map.

5.5.2 Going concern assessment – Summary and Management's view

There are two trading risks which impact the going concern status of the Centre, the Restoration and Renewal (R&R) Programme and the Covid-19 global pandemic. The Centre's Audit and Risk Assurance Committee, Advisory Board and Management Board have continually reviewed and considered both these key risks at their meetings over the course of the last 12 months. Whilst there has been a significant impact on the UK and global events sector due to Covid-19, the demand for a return to face to face meetings and events remains strong both nationally and internationally. The success of the UK's vaccination programme and the increasing rollout globally are being positively received by the sector with the market expectation of a return starting from the autumn 2021 growing in scale and volume from January 2022.

Restoration and Renewal (R&R) programme

The first core trading risk facing the business continues to be the uncertainty created regarding the Centre's involvement in future plans for the R&R programme of the Palace of Westminster. The QEII Centre has been identified by the Joint Committee on the Palace of Westminster as the preferred temporary decant location for the House of Lords. In the event that Parliament does confirm the Centre as the preferred decant site, Parliament is likely to require the Centre for early occupation ahead of the decant to modify and repurpose the venue for Parliament's needs, in which case the Centre will cease trading.

Management had been previously advised that the earliest the Centre would be required would be from 1 January 2022. This created material uncertainty for the Centre's trading future beyond that date. All the Centre's clients had been informed of this situation and for those with provisional dates and contracted events beyond 1 January 2022 the risk of their event not proceeding had been highlighted. As previously reported the Restoration and Renewal Sponsor Body launched a Strategic Review of the R&R programme in May 2020. Following the publication of the review report in March 2021, a new later date for the Centre's potential requirement was advised; not before June 2023. As a result, the Centre is now contracting clients' events until 31 May 2023 with provisional event bookings only being taken for the period beyond that date. The Centre is communicating this extended trading position to its clients, business tourism industry bodies and promotional agencies and the Centre's management continue to work closely with all stakeholders to try to ensure the best possible outcome for all concerned.

Conclusion on the impact of R&R on Going concern

It is clear that uncertainty exists for the Centre's trading future beyond 1 June 2023 as a result of the R&R programme (and if it does go ahead the Centre will have no alternative but to cease trading). There remains however, significant uncertainty related to the future plans of the R&R Programme. Furthermore the Centre has agreed arrangements with its sponsoring Department, which is committed to provide sufficient support and funding, via a loan facility, to enable the Centre to provide events and conference services until such time as the Centre has to cease trading should the decant go ahead. Accordingly management considers it appropriate to continue to adopt the going concern basis.

Covid-19

The second core trading risk facing the Centre is the continuing impact upon the meetings and events sector caused by the Covid-19 pandemic and the associated UK and international lockdowns. This has resulted in a loss of most of the revenue for 2020/21 and the postponement of circa 44% of events into 2021/22 and 2022/23.

The Centre's Management have carefully followed all developments throughout the past year and have modelled various scenarios in conjunction with their sponsor Department MHCLG, for a return to business normality.

Ministers have approved the 2021–2023 business plan for rebuilding the business. This is based upon the UK Government's post Covid-19 recovery road map published in February 2021 that provided events centres such as the QEII with the opportunity of limited opening at 50% capacity from 17 May 2021. Subject to the success of this roadmap the Government was due to confirm full opening of event centres, with the removal of legal limits on social contact from 21 June 2021. However on 14 June the Government advised that it would delay implementing this step in the roadmap until 19 July.

At the time of writing this report, enquiry levels are growing and there is an expectation for a gradual return of events commencing in the autumn of 2021 and increasing in volume and scale from January 2022.

Having built up reserves during the last few years, the Centre has been drawing upon these reserves during the last 12 months to cover operating costs and have sought to reduce cost wherever possible. In July 2020 MHCLG provided a Letter of Comfort to support the Centre committing to provide funding in the form of a loan, if required, as per the Framework Agreement in the Government Trading Funds Act 1973.

In March the Centre exercised this borrowing facility with a loan of £1.179m to further strengthen its cash reserves (net of client deposits received) going in to 2021/22 which at 31 March 2021 stood at £3.4m. In addition MHCLG has arranged for additional support and has amended via Parliament the Statutory Instrument as part of the Centre's framework agreement to increase the Centre's borrowing facility from £2m to £12m. This Statutory Instrument was laid in Parliament on 8th June 2021 and came in to force on 29th June 2021.

In addition, the Centre's management has put in place strengthened procedures for financial control and cashflow management which ensures the tightest possible control on value for money.

Conclusion on the impact of Covid-19 on Going concern
At the time of signing, the Centre continues to navigate the significant impact of Covid-19 on its revenue and operations, and has agreed arrangements with its sponsoring Department for the necessary financial support to enable it to successfully trade through the period of expected business recovery at least until June 2023. Management have hence concluded that the Centre remains a going concern.

5.5.3 Withdrawal from the European Union

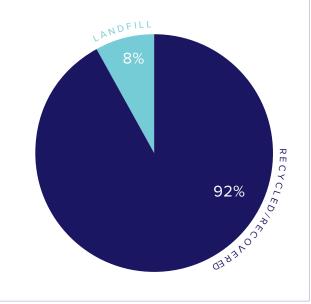
The withdrawal of the UK from the European Union (EU) officially took place on 31 January 2021. Leading up to this, there had been much economic and business uncertainty on the impact exiting the EU would have, and increasing concern for the UK meetings industry sector. To date the impact on the Centre's trading has been minimal, with the movement of global goods being the main impact. The full impact will not be known until the restrictions of the pandemic are removed and the events sector across the UK and the European Economic Union begins the process of recovery. For example, delegates who enter the UK to speak at events are required to have a particular visa, but due to the current lack of events and travel restrictions the consequences of these changes are unknown.

6. Environmental, social and community issues

6.1 Recycling success

In 2020/21 the Centre generated 28 tons of waste of which 2 tons was sent to landfill and 26 tons was recycled/recovered, a recycling rate ratio of circa 92%. This is in line with the Greening Government Initiative on waste management (2016–2020) where a key target of waste to landfill is less than 10%. The overall volume of waste generated 25.36 tons was down 10% on the previous year due to the reduction in trading resulting in less waste particularly food related.

During the lock down period the Centre's building management undertook a program of housekeeping across all storage and basement areas. Legacy equipment from the technical department and obsolete catering equipment was removed and legacy IT, audio visual and lighting equipment was repurposed to local schools and colleges.



QEII CENTRE WASTE ANALYSIS 2020/21

6.2 Energy efficiency

The Operations team have continued to look for efficiency savings across the Centre. Management are engaged with our energy provider to resolve the Centre's increased power consumption and subsequent billing. It has been independently assessed and determined that following the installation of a Smart Meter the consumption levels were metered as having increased significantly despite building and event activity levels remaining static. The Centre and its representatives have made representations to resolve this issue.

6.3 Corporate Social Responsibility/Sustainability Reporting
The Centre is exempt from producing a sustainability report on
the basis that its headcount is below the 250 staff threshold.
In 2018/19 the Centre joined the Green tourism accreditation
programme at the Bronze level and were delighted to be
awarded the Silver Award in 2019/20. The Centre's recent EPA
assessment has rated the Centre as C. The Centre continues to
actively support the Victoria/Westminster BID Clean team and
Ambassador personnel with the CEO also serving on the BID's
Board of Directors.

7. Accounts Direction

This statement of accounts has been prepared in accordance with a Treasury direction, dated 19 December 2016, given in pursuance of section 4(6)(a) of the Government Trading Funds Act 1973.

Morbhtaylor

Mark Taylor, Chief Executive and Accounting Officer | 2 July 2021

Accountability Report

DIRECTORS' REPORT

1. Management Board

The following served as members of the Management Board during the year.

Mark Taylor Chief Executive
Alison White Non-executive
Simon Hughes Non-executive
Noel Hourican Finance Director
Raj Pragji HR Director

Diane Waldron Sales & Marketing Director
Neil Chandler Director Venue Operations

No Directors have outside interests that conflict with their management responsibilities.

2. Advisory Board

An Advisory Board is also in place, details of which is included in the Governance statement on page 11.

3. Employee Engagement

The Centre delivers a range of employee engagement activities to keep staff motivated and engaged to deliver ongoing excellent customer service. The Centre maintains regular contact with managers and staff through meetings, workshops, circulars, forums and via consultation with trade union representatives. The Centre actively promotes learning and development including continuous professional development, encouraging staff to keep skills and knowledge updated and relevant. The Centre operates a variety of reward and recognition schemes, for example, staff participate in an annual bonus scheme based on the surplus for the financial year.

4. Policy in Relation to Employment of People with a Disability

The Centre operates fair and open recruitment and will not discriminate on any grounds as defined by the Equality Act 2010. Full and fair consideration is given to any applicants with a disability, having due regard to their experience, skills and capabilities.

5. Pension Scheme

Staff are eligible to join the Principal Civil Service Pension Scheme. The accounting policy on pension costs can be found in note 1.11 of the Financial Statements and information on the Scheme can be found in note 4 to the Financial Statements.

6. Value of Property

QEIIC do not recognise the conference Centre land and buildings in their accounts because MHCLG holds title to the land and building, which reflects the fact that the risk and rewards from the building do not fully sit with QEIIC, as outlined in the original QEIIC Trading Fund order from 1987. MHCLG commissions a valuation of the property on an annual basis and the valuation at 31st March 2021 was £35.0m.

7. Auditor's remuneration

The Comptroller and Auditor General is appointed auditor under the provisions of the Government Trading Funds Act 1973 and reports his findings to the Houses of Parliament. The cost of the audit of the accounts is £44,000 (2020: £40,000). No other services were provided.

8. Operational performance

The average absence from work during the year due to sickness was 2.61 days per employee (2020: 2.35 days).

9. Personal Data Incidents

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There have been no personal data related incidents during the year.

10. Countering fraud, bribery and corruption

The Centre has comprehensive fraud and whistleblowing policies and processes in place. These are reviewed annually and updated in accordance with Government guidance. Management considers these to adequately cover the Centre's requirements but to date this has not been tested by actual events.

11. Changes in Property, plant and equipment

Changes in property, plant and equipment are summarised in note 7 to the Financial Statements.

Governance statement

As Accounting Officer, working with the Centre's Management Board, I have responsibility for maintaining effective governance and a sound system of internal control to underpin the achievement of the strategic objectives of the Trading Fund. The key strategic objectives are to optimise commercial revenues from effective operations of the Centre and to achieve targets set by Government including the payment of a dividend to MHCLG, except on those occasions when specified, (for example 2020/21 where the requirement for a dividend was relaxed due to the potential impact upon trading by the R&R programme).

This statement sets out the key challenges faced by the Centre, the risks identified and under active management, and the control and assurance processes in place to mitigate these risks.

The Advisory Board, chaired by the MHCLG Commercial Director, supports the Permanent Secretary in providing advice to the Secretary of State and Ministers in respect of the regime of corporate planning and target setting. The Advisory Board comprises of MHCLG Commercial Director, two Non-Executive Directors, the CEO, the Finance Director, the HR Director, the Sales & Marketing Director, the Director of Venue Operations and representatives of MHCLG. The Advisory Board met on six occasions during 2020/21 and has overseen an extraordinarily difficult and complicated trading year.

The Audit and Risk Assurance Committee (ARAC), supports the Management Board and me (as Accounting Officer) in our responsibilities for risk management, control and governance within the Centre. There is also in place a proportionate structure of other committees where accountability has been devolved to ensure decision-making is conducted appropriately.

Key risks to Centre

At the time of writing this Annual Report there are two core trading risks, the R&R programme and Covid-19.

The first core trading risk facing the business continues to be the uncertainty created regarding the Centre's involvement in future plans for the R&R programme of the Palace of Westminster. The QEII Centre has been identified by the Joint Committee on the Palace of Westminster as the preferred temporary decant location for the House of Lords. In the event that Parliament does confirm the Centre as the preferred decant site, Parliament is likely to require the Centre for early occupation ahead of the decant to modify and repurpose the venue for Parliament's needs.

Management had been previously advised that the earliest the Centre would be required would be 01 January 2022. However, following a Strategic Review undertaken by the R&R Sponsor Body it has now been confirmed that the Programme will not occupy the Centre before June 2023. As a result, the Centre is now contracting client's events until 31 May 2023 with provisional event bookings only being taken for the period beyond that date. The Centre is communicating this extended trading position to its clients, business tourism industry bodies and promotional agencies.

The second core trading risk facing the Centre is the continuing impact upon the meetings and events sector as a result of the Covid-19 pandemic and the UK wide lockdown and operating restrictions.

This has had a significant impact on the Centre which was required to close on 23rd March 2020. Since that date the Centre has only been able to undertake minimal trading, in line with Covid-19 operating restrictions and has therefore achieved a reduced turnover of $\mathfrak{L}1.9m$.

Having built up reserves over the last number of years, the Centre has been drawing upon these reserves during the last 12 months to cover operating costs and have sought to reduce costs wherever possible. In July 2020 MHCLG provided a Letter of Comfort to support the Centre committing to provide funding in the form of a loan, if required, as per the framework agreement in the Government Trading Funds Act 1973.

In March the Centre exercised this borrowing facility with a loan of £1.179m to further strengthen its cash reserves (net of client deposits received) which at 31 March 2021 stood at £3.4m. In addition, MHCLG has arranged for additional support and, with Parliamentary approval, has amended the Statutory Instrument as part of the Centre's framework agreement to increase the Centre's potential borrowing facility from £2m to £12m. The Statutory Instrument was laid in Parliament on 8th June 2021 and came in to force on June 29th 2021.

The Centre continues to navigate the significant impact Covid-19 has had on its revenue and operations and the continuing uncertainty going forward. Management have carefully followed all developments throughout the past year and have modelled various scenarios in conjunction with the sponsor Department MHCLG, for a return to business normality. Ministers have approved the 2021–2023 business plan for rebuilding the business consistent with the UK Government's post Covid-19 recovery road map. At the time of publication, client enquiry levels are growing and there is an expectation for a gradual return of events commencing in the autumn of 2021 but increasing in volume and scale from January 2022.

Another trading risk to note is the UK meetings industry sectors concern about the economic and business uncertainty of the UK's withdrawal from the European Union. However, to date this has not had any known or quantifiable impact on the Centre's trading performance.

The Risk Management Process

At the heart of the risk management process is an integrated system of long-term planning, allocation of responsibilities and budgetary control. The Centre's business and corporate plan (BCP) has, in the past, been prepared and approved annually with a three to five-year horizon; however for 2020/21 it had been agreed that a one year plan would be produced in light of the uncertainties with the combination of the potential Parliamentary decant and the Covid-19 pandemic.

Ministers have approved the 2021–2023 business plan which sets out the programme for rebuilding the business. This plan is based upon the UK Government's post Covid-19 recovery road map that will potentially provide events centres such as the QEII with the opportunity of limited opening at 50% capacity from 17 May 2021, if successful, this could lead to full opening, with the removal of legal limits on social contact from 21 June 2021 at the earliest; however, Covid-19 mitigation guidance and measures vet to be determined.

Responsibility for delivering a specific section of the BCP is allocated to a Director or the relevant senior manager. Targets are set for the coming year and a plan is drawn up incorporating income expectations and appropriate levels of cost to run the business effectively which includes identification of risks, and mitigations, taking account of the risk appetite determined by the Management Board.

Directors allocate specific responsibilities, financial authority, and budgets to the managers within their departments. As a result of the current economic climate, and in line with a prudent approach to financial management, close scrutiny of expenditure across all areas of the Centre's operations has been maintained during the year. Close monitoring of all expenditure is undertaken by all managers at regular intervals.

Directors and Managers supply regular reports on the management of risks in their areas of responsibility including progress reports on key projects. These procedures are assessed and overseen by a Risk Management Working Group (RMWG). Strategic risk is also considered at the bi-monthly Directors' meetings, the Audit and Risk Assurance Committee and the Management Board.

The Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee met four times during 2020/21. It is an effective committee chaired by Alison White, an experienced independent Non-Executive Director and qualified accountant. The Audit and Risk Assurance Committee comprises of two Non-Executive Directors and in attendance is the CEO, the Director of Finance of the Centre, the NAO, the Government Internal Audit Agency (GIAA) and a representative of MHCLG. The quorum was met for all meetings throughout the year.

The Committee oversees the risk management processes and regularly reviews the Centre's strategic risk register. The Committee continued to provide advice about refreshing the risk management process during the year, and subsequently oversaw an internal audit.

The key risks which were identified and managed during the year included:

- Implications of the proposed R&R programme and its possible potential future impact on the business, which has been a standing item requiring continual review since 2016.
- · Impact of Covid-19 on all areas of the business.
- Commercial impact on the Centre of exiting from the European Union.
- Impact of reduced revenue and requirement for MHCLG support.
- Retaining and attracting staff of the necessary qualifications and skills due to restraint on pay and benefits and MHCLG redeployment.
- Health and Safety compliance with Covid-19 legislative requirements and industry best practice.
- Management of services and costs, from FM provider MOJ (and their 3rd party suppliers Kier, OCS and KBR) ensuring satisfactory delivery against agreed approved orders.
- MoJ Accruals.

- Building maintenance and repair due to assets (lifts in particular) having exceeded their normal useful life with no ability to replace them due to timing of proposed R&R project.
- The inclusion of the Centre as part of Government's emergency contingency planning.
- Disaster and Recovery planning for business continuity.
- · Cyber security improvements.

Corporate Governance

The governance structure is organised so that decisions can be taken at the appropriate level. As a result of the elongation of the Covid-19 pandemic, there has been an increased frequency of many of the meetings associated with managing the Centre and to comply with Government guidelines all meetings have been held virtually and online.

The main elements of the structure other than the Advisory Board, RMWG and the Audit and Risk Assurance Committee referred to above are as follows:

- The Management Board, chaired by the Centre's Chief Executive and Accounting Officer, which comprises the executive and non-executive directors, meets at least six times a year, and is accountable for achievement of the strategic objectives and performance of the Centre. This Board oversees the completion and approval of the Centre's business and corporate plan.
- The Directors' meeting brings together the executive directors on a bi-monthly basis to review, monitor and manage operational performance, to manage strategic risks, to ensure clarity of accountability and decision-making at the correct level to optimise performance. In response to Covid-19 during 2020/21, the Directors met daily for the first two months of the pandemic and then reverted to 2–3 times per week.
- The Business Performance Management meeting brings directors and managers together on a quarterly basis to review business performance and strategy. In response to Covid-19 during 2020/21 these meetings have been held twice weekly.
- The Remuneration Committee meets annually to review and approve the results of the performance appraisal process and the proposed allocation of the corporate bonus and the pay remit.
- The Catering Strategic Board meetings are held on a quarterly basis to govern the management of the Catering Contract with Compass/Leith's: this includes reviewing contract performance and joint strategies for growing the business. The CEO and Directors of Finance, Sales and Marketing and Operations are present at meetings with the caterers, who are represented via their onsite General Manager as well as the Divisional Director. As a result of Covid-19 the regular walk rounds with the Catering Manager, FM Manager, and Director of Venue Operations to ensure that all catering areas are being maintained to an appropriate standard were suspended.
- Monthly Facilities Management Contract meetings are held between the Centre's management and its contract providers Kier and OCS. The contract is split between two providers, with OCS covering cleaning, porterage, reception and security and Kier covering building maintenance and engineering. The CEO chairs a quarterly update meeting with the onsite contractors' management team and regional management.

- The Health and Safety Committee, chaired by the Director of Venue Operations, meets bi-monthly and is attended by departmental representatives, including the FM and catering contractors. A revised Health and Safety Policy has been disseminated to all staff and a matrix is in place to monitor and record all staff statutory and departmental H&S training. Staff training has been undertaken as a series of online sessions to ensure staff compliance and preparedness for the return to the Centre post Covid-19. The services of HAVIO have been retained in an advisory capacity. To enable the Centre to effectively manage the recording and investigations of accidents, near misses and incidents, an online portal has been implemented for all first aiders and management to access. The system 'STITCH' went live in summer 2020 but has had limited use due to minimal staff on site. The system will be used to report quarterly to ARAC. With recent appointments, the skillset and experience has been increased within the business to manage H&S; this ensures greater accountability and hence, performance, across the site.
- The Sustainability Committee was absorbed into the new Health, Safety and Environmental Committee in March 2020, and core initiatives and developments with sustainability continue to be reviewed at these meetings.

The Centre has complied with the HM Treasury corporate governance code for the period covered by this report.

System of internal control

The system of internal control is designed, inter alia, to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives. It can, therefore, provide reasonable but not absolute assurance of effectiveness. The system of internal control accords with Treasury guidance and has been in place for the full year to 31st March 2021.

Information Security Assurance

The Centre holds a limited level of sensitive information commensurate with its size and commercial remit. There are data collection policy and controls in place which ensure access to information is managed correctly in accordance with the Data Protection and Freedom of Information Act. There is a Senior Information Risk Owner (SIRO) who ensures the overall management of such information. There have been no security breaches during the year.

Conflicts of interest

Members of the Management Board, both executive and nonexecutive, are obliged to report all potential conflicts of interest. There are no relevant interests and potential conflicts to report.

Members of the Management Board, both executive and nonexecutive, are obliged to report all potential conflicts of interest. There are no relevant interests and potential conflicts to report.

Internal Audit

The Government Internal Audit Agency (GIAA) provides internal audit services for the Centre. During the year, internal audit produced reports on (with their opinion rating in brackets below):

- Key Financial Controls (Substantial opinion)
- Risk Management and QEII Key Control Testing (Substantial opinion)
- · Health and Safety Policy Compliance (Substantial Opinion)
- Overall opinion (Substantial opinion)

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of internal audit and the Directors and Managers of the Centre who have responsibility for the development and maintenance of the internal control framework. My review takes into account comments made by the National Audit Office in their management letter and other reports. I have also been advised on the effectiveness of the system of internal control by the Management Board and the Audit and Risk Assurance Committee.

Conclusion

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As Accounting Officer, I have considered the evidence provided regarding the production of the Governance Statement and the independent advice and assurance provided by the Audit and Risk Assurance Committee. I have concluded that the Agency has appropriate risk management and control systems in place.

Remuneration and Staff Report

Paragraphs 1 to 6 and 14 to 17 are not audited. Paragraphs 7 to 13 have been audited.

1. Membership of Remuneration Committee

The Remuneration Committee comprises Alison White, Non-Executive Director and Chair of the Audit and Risk Assurance Committee, Simon Hughes, Non-Executive Director, the Chief Executive and Accounting Officer, Sales and Marketing Director, Finance Director, Director of Venue Operations and HR Director.

2. Policy on remuneration of senior managers

The remuneration of the Chief Executive, comprising salary and bonus, is determined by MHCLG. Salaries of all other staff, including Directors and senior managers, are determined by a Performance Management Pay Scheme under which most receive a basic award. There is some scope for up to ten per cent of high performing staff to receive a higher award and any poor performers receive no increase. In addition, all eligible staff participate in an annual Corporate Performance and Reward Scheme which is linked to both the financial performance of the Centre as well as individual performance.

3. Methods used to measure performance

Staff are appraised against a set of competencies and individually targeted objectives. The appraisals are undertaken bi-annually. This year's appraisal process will be revised to ensure that feedback from MHCLG is incorporated into appraisals for staff who have been redeployed to the Ministry.

4. Relationship between performance and remuneration

Apart from some small allowances, all remuneration is based on either individual performance or group performance.

5. Staff Resources

The Centre maintains a significant pool of technical expertise in the areas of engineering, audio-visual presentation, IT and telecommunications. Further technical support continued to be provided by Ministry of Justice to the Centre in respect of matters relating to the fabric of the building through Kier and OCS as the contractors who operate building systems and facilities on the Centre's behalf.

At 31 March 2021 the gender of staff employed by the Centre was:

	Male	Female
Directors	3	2
Other Employees	22	14

6. Policy on duration of contracts

The notice period for the majority of staff, is one month. However, the Chief Executive, Finance Director and Operations Director have a notice period of 3 months. All new entrants joining the Centre will also have a notice period of 3 months. This will enable better management of vacancies whilst minimising disruption to business and event delivery. The Operations Director is employed on a two year fixed term contract which ends on 1 March 2022.

7. Staff numbers and related costs

COVID-19 has resulted in the Centre's operations being significantly reduced throughout the year to 31 March 2021. A number of staff have been redeployed to other roles in the civil service, either on a full time or part time basis, in order to assist meeting additional requirements created by COVID-19 and to manage the Centre's cost base. Charges for redeployed staff have been included in other revenue in the Income and Expenditure account.

Employee benefits expense	2021 Permanent £000	2021 Others £000	2021 Total £000	2020 Total £000
Wages and salaries	1,704	111	1,815	2,280
Social security costs	179	14	193	247
Pension	453	30	483	507
Increase/(decrease) in holiday pay accrual	7	0	7	21
Temporary agency staff	0	16	16	250
Total staff costs	2,343	171	2,514	3,305
Staff numbers	2021	2021 Fixed	2021	2020
	Permanent	term	Total	Total
Average number of staff for the year				
Administration	9		9	9
Operations	14	1	15	15
Presentations	11	1	12	18
Sales and Marketing	10		10	9
Total average number of staff	44	2	46	51

Staff numbers outlined above represent the average number of staff for the year with an employment contract at the Centre. Since October 2021 a total of 29 staff have been redeployed, 18 on a full-time basis and 11 on a part-time basis, to roles outside the Centre. Staff redeployed were 3 from administration, 8 from operations, 10 from presentations and 8 from sales and marketing. The total annual full time equivalent number of staff redeployed during the year amounts to 10. As COVID-19 restrictions are lifted and the Centre gradually returns to full operations redeployed staff will return to the Centre. It is envisaged that this will occur in multiple stages and across several months, although some staff may transfer permanently to MHCLG.

Staff turnover for the period to 31 March 2021, based on the headcount at the beginning of the period was 14.6%.

8. Details of Directors' service contracts relevant to the cost of early termination

	ŧ	Years of service at 31 March 2021	Length of notice
Mark Taylor	Chief Executive and Accounting Officer	8.00	3 months
Noel Hourican	Finance Director	2.19	3 months
Raj Pragji	HR Director	27.75	1 month
Diane Waldron	Sales & Marketing Director	6.24	1 month
Neil Chandler	Director Venue Operations	1.08	3 months

9. Table of remuneration

Details of the remuneration of members of the Management Board and non-executive directors are set out below. None of the members received any benefits in kind. There were no expense allowances and no payments of compensation for loss of office.

Member/ Function	Basic salary 2021 £000	Bonus 2021 £000	Pension Benefits 2021 £000	Total 2021 £000	Basic Salary 2020 £000	Bonus 2020 £000	Pension Benefits 2020 £000	Total 2020 £000
Mark Taylor Chief Executive	115-120	15–20	46	180–185	115–120	15–20	48	180-185
Noel Hourican Finance	75–80	5–10	30	115-120	75–80	5–10	30	110–115
Raj Pragji Human Resources	70–75	10–15	36	115–120	65–70	10–15	31	110–115
Diane Waldron Sales & Marketing	70–75	5–10	29	110–115	60–65	10–15	24	90–95
Neil Chandler Venue Operations	70–75	0–5	28	100–105	5–10	-	2	5–10
Alison White Non-executive	0-5	0	0	0-5	0-5	0	0	0-5
Simon Hughes Non-executive	0-5	0	0	0-5	0-5	0	0	0-5

(Note) Neil Chandler appointed 2 March 2020

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year prior to the financial year that they are paid to the individual. The bonuses reported in 2020–21 relate to performance in 2019–20 and the comparative bonuses reported for 2020–21 relate to the performance in 2019–20.

10. Fair pay disclosure

The Centre is required to disclose the relationship between the remuneration of the highest-paid director and the median remuneration of the Centre's workforce.

The banded remuneration of the highest paid director in the financial year 2021/21 was £135,000–£140,000 (2019/20: £135,000–£140,000). This was 3.78 times (2019/20 3.31 times) the median remuneration of the workforce which was £36,209 (2019/20 £41,501).

In 2020/21, no employees received remuneration in excess of the highest-paid director (2010/20 nil). Remuneration bands ranged from £25,000–£30,000 to £85,000–£90,000 (2019/20, £20,000–£25,000 to £80,000–£85,000). Total remuneration includes salary, overtime, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

11. Awards to past senior managers

There were no awards to past senior managers.

12. Details of non cash elements of remuneration

There were no non cash elements of remuneration given to any employee during the year.

13. Table of pension benefits

Pension benefits for members of the Management Board are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60 and one providing benefits on a whole career basis (nuvos) with a normal statutory pension age.

Pension benefits of members of the Management Board are set out below. The capitalised value of accrued benefits transferable to another scheme is shown under Cash Equivalent Transfer Value, (CETV). Non-executive members accrue no pension benefits from the Centre.

		Accrued pension £000	Accrued lump sum £000	2021 £000	2020 £000
Mark Taylor	Chief Executive	20–25	nil	313	263
Noel Hourican	Finance	0–5	nil	51	27
Raj Pragji	Human Resources	25-30	55–60	466	427
Diana Waldron	Sales & Marketing	10-15	nil	135	109
Neil Chandler	Venue Operations	0-5	nil	19	1

The real increases during the year of pension benefits are set out below.

	Accrued pension £000	Accrued lump sum £000	£000
Mark Taylor Chief Executiv	e 2.5–5.0	nil	31
Noel Hourican Finance	0-2.5	nil	18
Raj Pragji Human Resou	rces 0–2.5	0-2.5	21
Diana Waldron Sales & Marke	ting 0–2.5	nil	17
Neil Chandler Venue Operat	ions 0–2.5	nil	12

14. Amounts payable to third parties for senior manager services

No payments were made during the year to third parties for senior manager services. (2019/20 £nil)

15. Expenditure on consultancy

In 2020/21 there was no spend on Consultancy. New proposals for Consultancy projects are subject to business case clearance procedures in line with Cabinet Office guidelines.

16. Off-Payroll

There were no other off-payroll arrangements in 2020/21. There were no off-payroll engagements as of 31st March 2021, for more than £245 per day and that lasted longer than six months.

17. Other employee matters

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The Centre operates recruitment in line with the Civil Service Commission Recruitment Principles. All new staff receive a good induction to the Centre and have access to appropriate Learning and Development interventions. The Centre operates a wide range of employee engagement activities to keep staff engaged, updated and motivated to deliver excellent customer service. The Centre is committed to the Health and Safety of all staff and a Health and Safety Committee meets bi-monthly (previously quarterly) to ensure any concerns or issues are promptly dealt with. A bi-annual performance management system assesses individual performance, identifies learning and development needs and opportunities to aid career progression. The Centre promotes its wide range of reward and recognition initiatives on a regular basis. The Centre's annual pay arrangements are progressed in line with Treasury/Cabinet Office pay policy and quidance.

Statement of the Centre and its Chief Executive's Responsibilities

The functions of the Queen Elizabeth II Conference Centre are set out in Statutory Instrument 933, 1997. Primarily these are to provide conference and related services. A more detailed description of aims, objectives, responsibilities and governance arrangements are set out in a Framework Document issued by the Secretary of State.

Under Section 4(6) of the Government Trading Funds Act 1973, as amended, the Treasury has directed the Queen Elizabeth II Conference Centre to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Queen Elizabeth II Conference Centre and of its income and expenditure, Statement Of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- · make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;

- · prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Treasury has appointed the Chief Executive of the Queen Elizabeth II Conference Centre as the Accounting Officer for the Trading Fund. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Queen Elizabeth II Conference Centre's assets, are set out in Managing Public Money published by the HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Comptroller and Auditor General is aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Mark Taylor, Chief Executive and Accounting Officer | 2 July 2021

Parliamentary Accountability and Audit Report

Overview

The Parliamentary accountability and audit report bring together the key Parliamentary accountability documents within the annual report and accounts. This section is subject to audit.

Losses, special payments and gifts

Costs falling into the category of losses, special payments and gifts were below the level, currently £300,000, at which they need to be reported separately for both this financial year and the prior year.

Remote Contingent liabilities

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There were no remote contingent liabilities at 31 March 2021 (2020 none).

The Certificate and Report of the Comptroller and Auditor General to The Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of Queen Elizabeth II Conference Centre for the year ended 31 March 2021 under the Government Trading Funds Act 1973. The financial statements comprise: Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual. I have also audited the information in the Accountability Report that is described in that report as having been audited.

- the financial statements give a true and fair view of the state of Queen Elizabeth II Conference Centre's affairs as at 31 March 2021 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Material uncertainty related to going concern

I draw attention to note 1.1.1 in the financial statements, which states that as part of the Restoration and Renewal Programme for the Palace of Westminster, an expectation exists that the Queen Elizabeth II Conference Centre will be the decant option for the House of Lords. As stated in note 1.1.1, these events indicate that a material uncertainty exists that may cast significant doubt on the Centre's ability to continue as a going concern past 1 June 2023. My opinion is not modified in respect of this matter. In auditing the financial statements, I have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. My evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- examining management's forecasts and cashflows for at least the next 12 months;
- examining and assessing the key assumptions behind the forecasts and cashflows; and
- confirming that agreed financing is sufficient to meet the expected cashflow requirements of the period under assessment.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff

to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Queen Elizabeth II Conference Centre in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Chief Executive as Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so. consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information. I am required to report

I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- the information given in Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Queen Elizabeth II Conference Centre and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Agency and Chief Executive for the financial statements

As explained more fully in the Statement of the Centre and Chief Executive's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error:
- assessing the Queen Elizabeth II Conference Centre's ability
 to continue as a going concern, disclosing, as applicable, matters
 related to going concern and using the going concern basis of
 accounting unless the Accounting Officer anticipates that the
 services provided by Queen Elizabeth II Conference Centre will
 not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, Queen Elizabeth II Conference Centre's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Centre's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; of detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Queen Elizabeth II Conference Centre's controls relating to the Government Trading Funds Act 1973;
- discussing among the engagement team and involving relevant internal and/or external specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- obtaining an understanding of Queen Elizabeth II Conference Centre's framework of authorities as well as other legal and regulatory frameworks that the Queen Elizabeth II Conference

Centre operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Queen Elizabeth II Conference Centre. The key laws and regulations I considered in this context included the Government Trading Funds Act 1973, Managing Public Money, Employment Law and tax legislation; and

 assessing the nature of the control environment of the Queen Elizabeth II Conference Centre its business performance and performance targets, and other risk assessment procedures performed relating to fraud, non-compliance with laws and regulations and regularity

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board:
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud, reviewing internal audit reports, and continuous risk assessment procedures performed relating to fraud, non-compliance with laws and regulation or irregularity as appropriate.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General National Audit Office, 157–197 Buckingham Palace Road Victoria, London SW1W 9SP 06 July 2021

Statement of Comprehensive Net Income for the year ended 31 March 2021

The notes on pages 21 to 24 form an integral part of these accounts.

		2021	2020
	NOTES	0003	£000
Revenue	2	1,898	15,936
Depreciation and amortisation	7, 8	(1,908)	(1,846)
Staff costs	3	(2,514)	(3,305)
Other expenditure	6	(4,049)	(7,835)
Operating (deficit)/surplus for the year	2	(6,573)	2,950
Interest receivable		-	47
Operating (deficit)/surplus for the year after inte	rest	(6,573)	2,997
Payment to MHCLG		-	(1,900)
Retained (deficit)/surplus		(6,573)	1,097

Notes to the Statement of Comprehensive Net Income:

i All operations are continuing. I ii There were no other recognised gains or losses during the year.

Statement of Financial Position

as at 31 March 2021

The notes on pages 21 to 24 form an integral part of these accounts.

	NOTES	£000	000£
Non-current assets			
Property, plant and equipment	7	9,000	9,447
Intangible assets	8	0	0
Total non-current assets		9,000	9,447
Current assets			
Trade and other current receivables	9	1,098	1,245
Cash and cash equivalents	10	4,093	11,754
Total current assets		5,191	12,999
Total assets		14,191	22,446
Current liabilities			
Trade and other current payables	11	2,871	5,544
Total current liabilities		2,871	5,544
Non-current assets plus net current assets		11,320	16,902
Non-current liabilities			
Deferred Revenue	12	176	364
Loan from MHCLG	12	1,179	0
Total non-current liabilities		1,355	364
Assets less liabilities		9,965	16,538
Taxpayers' equity			
Public Dividend Capital		821	821
General Reserve		9,144	15,717
		9,965	16,538

The Queen Elizabeth II Conference Centre trading fund order from 1997 included details of Public Dividend Capital, which is a form of long-term Government finance representing MHCLG equity interest in the Queen Elizabeth II Conference Centre.

Statement of Cash Flows

for the year ended 31 March 2021

The notes on pages 21 to 24 form an integral part of these accounts.

		2020	2019
NO	TES	0003	£000
Cash flows from operating activities			
Operating surplus after interest		(6,573)	2,997
Depreciation and amortisation	7, 8	1,908	1,846
Interest received		0	(47)
Loss on disposal of non current assets	7	0	0
(Increase)/Decrease in trade and other receivables	9	147	1,856
Increase/(Decrease) in trade and other payables			
due within one year	11	(2,673)	(1,574)
Increase/(Decrease) in trade and other payables			
due after more than one year	12	(188)	(49)
Net cash inflow from operating activities		(7,379)	5,029
Cash flows from investing activities			
Property, plant and equipment and intangibles purchases	7, 8	(1,461)	(1,332)
Interest received		0	47
Cash flows from financing activities			
Loan received from MHCLG	12	1,179	0
Payment to MHCLG	18	0	(1,900)
Net Increase/(Decrease) in cash and cash equivalents		(7,661)	1,844
Cash and cash equivalents at the beginning of the period	10	11,754	9,910
Cash and cash equivalents at the end of the period	10	4,093	11,754
		(7,661)	1,844

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

The notes on pages 21 to 24 form an integral part of these accounts.

	Public Dividend Capital £000	General Reserve £000
Balances at 1 April 2019 Comprehensive Net Income for the year	821	14,620 1,097
Balances at 1 April 2020 Comprehensive Net Income for the year	821	15,717 (6,573)
Balances at 31 March 2021	821	9,144

Notes to the Financial Statements

for the year ended 31 March 2021

Note 1

Accounting Policies

These accounts have been prepared in accordance with the Government Trading Act 1973 and the 2020/21 Government Financial Reporting Manual (FReM) issued by the Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Queen Elizabeth II Conference Centre for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Queen Elizabeth II Conference Centre are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

These accounts have been prepared on a going concern basis under the historical cost convention.

1.1.1 Going concern assessment – Summary and Management's view

There are two trading risks which impact the going concern status of the Centre, the Restoration and Renewal (R&R) Programme and the Covid-19 global pandemic. The Centre's Audit and Risk Assurance Committee, Advisory Board and Management Board have continually reviewed and considered both these key risks at their meetings over the course of the last 12 months. Whilst there has been a significant impact on the UK and global events sector due to Covid-19, the demand for a return to face to face meetings and events remains strong both nationally and internationally. The success of the UK's vaccination programme and the increasing rollout globally are being positively received by the sector with the market expectation of a return starting from the autumn 2021 and increasing in scale and volume from January 2022.

Restoration and Renewal (R&R) programme

The first core trading risk facing the business continues to be the uncertainty created regarding the Centre's involvement in future plans for the R&R programme of the Palace of Westminster. The QEII Centre has been identified by the Joint Committee on the Palace of Westminster as the preferred temporary decant location for the House of Lords. In the event that Parliament does confirm the Centre as the preferred decant site, Parliament is likely to require the Centre for early occupation ahead of the decant to modify and repurpose the venue for Parliament's needs, in which case the Centre will cease trading.

Management had been previously advised that the earliest the Centre would be required would be from 1 January 2022. This has created material uncertainty for the Centre's trading future beyond that date. All the Centre's clients had been informed of this situation and for those with provisional dates and contracted events beyond 1 January 2022 the risk of their event not proceeding had been highlighted. As previously reported the Restoration and Renewal Sponsor Body launched a Strategic Review of the R&R programme in May 2020. Following the publication of the review report in March 2021, a new later date for the Centre's potential requirement was advised; not before June 2023. As a result, the Centre is now contracting clients' events until 31 May 2023 with provisional event bookings only being taken for the period beyond that date. The Centre is communicating this extended trading position to its clients, business tourism industry bodies and promotional agencies and the Centre's management continue to work closely with all stakeholders to try to ensure the best possible outcome for all concerned.

Conclusion on the impact of R&R on Going concern

It is clear that uncertainty exists for the Centre's trading future beyond 1 June 2023 as a result of the R&R programme (and if it does go ahead the Centre will have no alternative but to cease trading). There remains however, significant uncertainty related to the future plans of the R&R Programme. Furthermore the Centre has agreed arrangements with its sponsoring Department, which is committed to provide sufficient support and funding, via a loan facility, to enable the Centre to provide events and conference services until such time as the Centre has to cease trading should the decant go ahead. Accordingly management considers it appropriate to continue to adopt the going concern basis.

Covid-19

The second core trading risk facing the Centre is the continuing impact upon the meetings and events sector caused by the Covid-19 pandemic and the associated UK and international lockdowns. This has resulted in a loss of most of the revenue for 2020/21 and the postponement of circa 44% of events into 2021/22 and 2022/23.

The Centre's Management have carefully followed all developments throughout the past year and have modelled various scenarios in conjunction with their sponsor department MHCLG, for a return to business normality.

Ministers have approved the 2021–2023 business plan for rebuilding the business. This is based upon the UK Government's post Covid-19 recovery road map that will potentially provide events centres such as the QEII with the opportunity of limited opening at 50% capacity from 17 May 2021, if successful, this could lead to full opening, with the removal of legal limits on social contact from 21 June 2021 at the earliest, although Covid-19 mitigation guidance and measures yet to be determined.

At the time of writing this report, enquiry levels are growing and there is an expectation for a gradual return of events commencing in the autumn of 2021 and increasing in volume and scale from January 2022.

Having built up reserves during the last few years, the Centre has been drawing upon these reserves during the last 12 months to cover operating costs and have sought to reduce cost wherever possible. In July 2020 MHCLG provided a Letter of Comfort to support the Centre committing to provide funding in the form of a loan, if required, as per the Framework Agreement in the Government Trading Funds Act 1973.

In March the Centre exercised this borrowing facility with a loan of £1.179m to further strengthen its cash reserves (net of client deposits received) going in to 2021/22 which at 31 March 2021 stood at £3.4m (excluding clients deposits). In addition MHCLG has arranged for additional support and has amended via Parliament the Statutory Instrument as part of the Centre's framework agreement to increase the Centre's borrowing facility from £2m to £12m. This Statutory Instrument was laid in Parliament on 8th June 2021 and came in to force on 29th June 2021.

In addition, the Centre's management has put in place strengthened procedures for financial control and cashflow management which ensure the tightest possible control on value for money.

Conclusion on the impact of Covid-19 on Going concern

At the time of signing, the Centre continues to navigate the significant impact of Covid-19 on its revenue and operations, and has agreed arrangements with its sponsoring department for the necessary financial support to enable it to successfully trade through the period of expected business recovery at least until June 2023. Management have hence concluded that the Centre remains a going concern.

1.2 Property, plant and equipment

The freehold title in the land and buildings is held by MHCLG. This is revalued on an existing use basis each year and disclosed in the accounts for the Department net of the Centre's interest in the property. The Centre does invest in structural enhancements to the property which are capitalised as building improvements and valued at depreciated historical cost. Management consider that, in the absence of a readily obtainable market for such items, this provides a suitable approximation for fair value. Non-property assets held by the QEIIC at 31 March 2020 are carried in the statement of financial position at depreciated historical cost. The depreciated historical cost is used as a proxy for fair value, since the useful life over which the asset class is depreciated is considered to be a realistic reflection of the consumption of that asset class. Items of furniture, IT and operational equipment valued under £1,000 are written off in the year of purchase. The cost of a tangible asset is written off on a straight-line basis over its expected useful life from the month of acquisition. Expected useful lives are as follows:

	Life in years
Building improvements	4–15
Furniture	3-10
IT & telecommunications equipment	2–10
Operational equipment	3–10

1.3 Intangible assets

Intangible assets acquired separately are revalued internally each year by reference to relevant pricing indices published by the Government. The cost or valuation of an intangible asset is written off on a straight-line basis over its expected useful life. Items valued under £1,000 are written off in year of purchase. Expected useful lives are as follows:

Computer Software Life in years

1.4 Value added tax

In the financial statements all figures are shown net of recoverable Value Added Tax.

1.5 Income recognition

The main source of funding for QEIIC is income from conference activities which includes Room hire, QEII Live, QEII Connect and QEII Taste. Under IFRS15 and the 5-step model, there is a contractual arrangement between QEIIC and the organisations that hire QEIIC conference space. Revenue is recognised in the month event occurs and the obligations in the Hire Agreement have been met. Where an event straddles year-end, an accrual is made in the accounts to recognise the relevant income in the correct period. The recognition of this income is the point in time at which the performance obligation is deemed to be satisfied. QEIIC also receive a small amount of other income which is rental of roof space and car park spaces. This is invoiced in advance as per agreed contracts and recognised in the month of occurrence with the performance obligations deemed to be recognised over time.

1.6 Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Lease receipts under operating leases are recognized as income on a straight-line basis over the lease term.

1.7 Accounting estimates and judgements

The Centre makes certain estimates and assumptions regarding the future, particularly with respect to accruals. Estimates and judgements are continually evaluated based on historical experience and other relevant factors. In the future, actual experience may differ from these estimates and assumptions.

1.8 Provisions

The Centre recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where these criteria are not met a contingent liability may be disclosed in the financial statements.

1.9 Foreign currency transactions

Amounts paid or received in foreign currency are converted to sterling at the rate ruling on the day of the transaction. Differences on exchange are immediately written off to the Statement of Comprehensive Net Income.

1.10 Insurance

In accordance with Government policy, the Centre is self-insured. Payments in respect of insurable losses are charged to the Statement of Comprehensive Net Income as they occur.

111 Pensions

Pension costs are the monthly contributions by the Centre to the Principal Civil Service Pension Scheme, which accepts the liability for the payment of pensions after retirement.

1.12 Production Costs

Production costs (see note 6) represent the direct cost of staging events excluding staff costs and equipment hire.

1.13 Financial Instruments

Financial assets and financial liabilities arise from QEIIC's normal operational activities and are recognised in accordance with standard accruals accounting principles. The QEIIC financial assets comprise cash at bank and in hand & financial liabilities comprise deferred revenue and the loan from MHCG. The fair values of financial assets and liabilities are deemed to be their book values, unless there is appropriate cause to apply an alternative basis of valuation.

1.14 New accounting standards in issue but not yet effective or adopted

There are a number of IFRSs, amendments and interpretations issued by the Internal Accounting Standards Board that are effective for financial statements after this accounts period. The following have not been adopted early;

IFRS 16 Leases – effective from 2022/23 (for FReM entities). The Centre will be reviewing all existing contracts and operational leases to ensure that when the standard is adopted that we are prepared to provide a true and fair position on the financial statements. The Centre holds very few leases and therefore the application of this standard to the Centre is anticipated to be immaterial.

IFRS 17 Insurance contracts – effective from 2021/22. This may not be relevant to the Centre.

Note 2

Income analysis

Whilst its principal source of income arises from conference activities (Room Hire, QEII Live, QEII Connect & QEII Taste) the Centre also receives income from renting space within and on its roof. None of the Centre's costs or net assets is identified specifically with the rental activities.

	2021	2020
	£000	£000
Income from room hire	787	7,643
Other income from QEII: Live, Taste, Connect & Support	404	8,056
Income from conference activities	1,191	15,699
Other rental income	220	237
Redployment of staff at cost	487	_
Income from operating activities	1,898	15,936
Surplus on conference activities	(6,793)	2,713
Surplus on rental activities	220	237
Operating surplus for the year	(6,573)	2,950

Note 3

Staff numbers and related costs

Covid-19 has resulted in the Centre's operations being significantly reduced throughout the year to 31 March 2021. A number of staff have been redeployed to other roles in the civil service, either on a full time or part time basis, in order to assist meeting additional requirements created by Covid-19 and to manage the Centre's cost base. Charges of £487K for redeployed staff have been included in other revenue in the Income and Expenditure Statement – see note 2.

Employee benefits expense

Pen	2021 manent £000	2021 Others £000	2021 Total £000	2020 Total £000
Wages and salaries	1,704	111	1,815	2,280
Social security costs	179	14	193	247
Pension	453	30	483	507
Increase/(decrease) in holiday pay accrual	7	0	7	21
Temporary agency staff	0	16	16	250
Total staff costs	2,343	171	2,514	3,305

Staff numbers		Fixed		
	Permanent	term	Total	Total
Average number of staff for the year				
Administration	9	0	9	9
Operations	14	1	15	15
Presentations	11	1	12	18
Sales and Marketing	10	0	10	9
Total average number of staff	44	2	46	51

Staff numbers outlined above represent the average number of staff for the year with an employment contract at the Centre. Since October 2021 a total of 29 staff have been redeployed, 18 on a full-time basis and 11 on a part-time basis, to roles outside the Centre. Staff redeployed were 3 from administration, 8 from operations, 10 from presentations and 8 from sales and marketing. The total full time equivalent number of staff redeployed during the year amounts to 10. As COVID-19 restrictions are lifted and the Centre gradually returns to full operations redeployed staff will return to the Centre. It is envisaged that this will occur in multiple stages and across several months. It is envisaged that this will occur in multiple stages and across several months, although some staff may transfer permanently to MHCLG.

Staff turnover for the period to 31 March 2021, based on the headcount at the beginning of the period was 14.6%.

Note 4

Pension costs

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha' are unfunded multi-employer DB schemes. However, it's not possible for the Centre to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2016. Details can be found in the resource accounts of the Scheme at (www.civilservicepensionscheme.org.uk)

The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme. Employers' contributions of £483,293 (2019/20 £507,020) were payable to the PCSPS at one of four rates in the range based on salary bands of 26.6% to 30.3% of pensionable pay. Rates in 2021/22 are in the range of 26.6% to 30.3% of pensionable pay.

Note 5

Remuneration of the Management Board

Details of the remuneration and pension benefits of members of the Management Board are given in the Remuneration and Staff Report.

Note 6

Other expenditure

	£000	£000
Maintenance and cleaning	1,438	2,719
Sub-contracted services	1,114	1,531
Production Costs	(16)	1,315
Utilities	768	874
Rates	568	534
Equipment hire	87	317
Advertising and marketing	108	263
Travel and subsistence	10	123
Auditor's remuneration	44	40
Entertaining	1	27
Self-insurance losses	(1)	5
Other costs	41	79
Non-cash items		
Provision for doubtful debts	(113)	8
Total	4,049	7,835

2021

2020

Note 7

Property, plant and equipment

she Ash a see a selection of	Building Improvements	IT & Telecoms Equipment	Operational Equipment	Furniture	Capital under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or Valuation At 1 April 2020 Additions	12,333 119	925 12	4,570 283	1,205 0	193 1,047	19,226 1,461
Disposals	(50)	(139)	(251)	(13)	0	(453)
At 31 March 2021	12,402	798	4,602	1,192	1,240	20,234
Depreciation						
At 1 April 2020	5,255	743	3,089	692	0	9,779
Charge for year	1,133	116	558	101	0	1,908
Disposals	(50)	(139)	(251)	(13)		(453)
At 31 March 2021	6,338	720	3,396	780	0	11,234
Net book value				=		
At 1 April 2020	7,078	182	1,481	513	193	9,447
At 31 March 2021	6,064	78	1,206	412	1,240	9,000

Included within the cost of property, plant and equipment are fully depreciated assets with a cost of £3,281,389 (2020, £2,997,360). The majority of these assets are used as back-up when equipment in use malfunctions and are not in regular day to day use.

Cost or Valuation At 1 April 2019 Additions Disposals	11,640 693 0	856 69 0	4,233 337 0	1,165 40 0	0 193 0	17,894 1,332 0
At 31 March 2020	12,333	925	4,570	1,205	193	19,226
Depreciation						
At 1 April 2019	4,184	623	2,535	593	0	7,935
Charge for year	1,071	120	554	99	0	1,844
Disposals	0	0	0	0	0	0
At 31 March 2020	5,255	743	3,089	692	0	9,779
Net book value						
At 1 April 2019	7,456	233	1,698	572	0	9,959
At 31 March 2020	7,078	182	1,481	513	193	9,447

Note 8

Intangible fixed assets	
·	Computer Software £000
Cost or Valuation At 1 April 2020	65
Additions Disposals	0
At 31 March 2021	65
Amortisation At 1 April 2020 Charge for year Disposals	65 0 0
At 31 March 2021	65
Net book value At 1 April 2020 At 31 March 2021	0 0
Cost or Valuation At 1 April 2019	63
Additions Disposals	2 0
At 31 March 2020	65
Amortisation At 1 April 2019 Charge for year	63
Disposals	0
At 31 March 2020	65
Net book value	
At 1 April 2019 At 31 March 2020	2 0

Note 9

Trade and other current receivables

	2021 £000	2020 £000
Amounts falling due within one year:		
Trade receivables	1,008	1,133
Prepayments and accrued income	105	122
Other receivables	(15)	(10)
	1,098	1,245

During the year the Centre has been substantially closed for business due to Covid-19. As a result new booking levels for both current and future events have been significantly reduced reducing the receivable balance, and this is reflected in the Cash and cash equivalents at year end.

Note 10

Cash and cash equivalents

	2021	2020
	000£	£000
Sovernment Banking Service	2,949	7,824
Commercial banks and cash in hand	1,144	3,930
	4,093	11,754

Note 11

Trade and other current payables

Amounts falling due within one year:

	2021 £000	2020 £000
Trade payables	853	609
Value Added Tax	(277)	(106)
Other taxes and NI	93	108
Accruals and deferred income	861	2,137
Deposits invoiced in advance	945	2,612
Other payables	396	184
	2,871	5,544

Note 12

Trade and other current payables

	2021	2020
	£000	£000
Loan from MHCLG	1,179	0
Deferred revenue due in over one year:	176	364
Deposits invoiced in advance	1,355	364

On 24 March 2021 a loan of £1,179,000 was received from MHCLG. This is repayable in a lump sum no later than 31 December 2022 and accrues interest at a rate of 1.04% per annum.

Deposits invoiced in advance at 31 March 2021 includes invoices totalling $\pounds0.46m$ (2020 $\pounds0.83m$) that were still outstanding for payment and are included in trade receivables (note 9)

Note 13

Operating leases

The Centre leases out certain facilities under operating leases. Car park spaces are let on annual leases and longer-term lease arrangements are in place for roof space to house telecommunications equipment.

	2021 £000	2020 £000
Future minimum lease receipts		
Not later than one year	29	31
Later than one year and not later than five years	69	69
Later than five years	59	76
	157	176

Note 14

Financial instruments

Short-term debtors and creditors have been excluded from this disclosure. The fair values of the Centre's financial assets and liabilities at 31 March 2021 are as follows:

	Book value £000	Fair value £000
Financial assets		
Cash at bank and in hand	4,093	4,093
Financial liabilities		
MHCLG Loan	(1,179)	1,179)
Deferred revenue	(176)	(176)
	(1,355)	(1,355)

Note 15

Financial risks

Liquidity risk

The levels of capital expenditure is managed to be met from available cash balances. The Centre is reliant on the liquidity of MHCLG to meet a major insurable loss.

Credit risk

The level of credit risk is managed by a credit vetting process which is undertaken for all clients using the Centre. In general, the terms and conditions of contract require payment of room hire prior to the date that the event takes place. Accordingly, credit risk is considered to be low.

Interest rate risk

41% of net assets, (assets less liabilities), is in the form of cash on deposit, earning interest at a rate that varies broadly in line with the Bank Rate.

Foreign currency risk

The Centre has no significant exposure to assets, liabilities, income, or expenditure denominated in foreign currencies.

Note 16

Capital commitments

At 31 March 2021 the Centre had a contract commitment with respect to the replacement of the Mews lift. Originally scheduled for installation in summer 2020 but due to Covid-19 this has been rescheduled for completion in summer 2021. The value of the project completed to date is included in capital under construction – see note 7. The estimated cost of the project is £1.4 million. (2020, £1.3m).

Note 17

Related party transactions

The Queen Elizabeth II Conference Centre is an Executive Agency of MHCLG, which is regarded as a related party. The Centre was in receipt of a loan £1.2 million from MHCLG in March 2021. (2020, nil) – see note 12. Centre staff were also redeployed at cost to MHCLG – see note 3. At 31 March 2021 there was a £584K balance in trade debtors outstanding with the Department (2020, nil).

Due to Covid-19 restrictions the level of normal business transactions with other Government bodies which normally amount to significant value was negligible.

No Director, key manager or other related party has undertaken any material transaction with the Centre during the year. Compensation for key management personnel is disclosed in the remuneration report.

Note 18

Financial commitments

The Centre operates its business in accordance with its Trading Fund agreement. The conference building is not owned by the Centre and the Centre does not have a formal lease with the landlord, MHCLG, and accordingly does not pay rent. However, under the terms of a framework document published in November 2018 the minimum dividend payable by the Centre is determined by the capital charge that applies to the building of 3.5%, and 6% of the average capital employed. Payments for 2019/20 was set at £1.90m with no payments for subsequent years.

Estimates of annual current commitments are as follows:

	2021	2020
	£000	£000
Amounts falling due within one year		·
Contribution to MHCLG	0	1,900
Amounts falling due after one year but within five years		
Contribution to MHCLG	0	0

As there is no formal lease there is no term to the commitment.

Note 19

Contingent Liabilities

In line with IAS37, a possible obligation exists for compensation claims arising from a potential decision on the Restoration and Renewal programme. Any such obligation, which would arise if QEII Centre ceases to trade, cannot be quantified at the current time.

Note 20

Events after the reporting period

The lack of business caused by the Covid-19 pandemic has significantly impacted the cash reserves of the Centre. As a result MHCLG has arranged for additional support and, with Parliamentary approval, has amended the Statutory Instrument as part of the Centre's framework agreement to increase the Centre's potential borrowing facility from £2m to £12m. The Statutory Instrument was laid in Parliament on 8th June 2021 and came in to force on 29th June 2021.

Under IAS10 the Centre is required to disclose the date on which the accounts are authorised for issue. The authorised date for issue is the date that the Comptroller and Auditor General certified the accounts.



















