

PLEASE BRING THIS AGENDA WITH YOU

1

The Lord Mayor will take the Chair at ONE
of the clock in the afternoon precisely.



COMMON COUNCIL

SIR/MADAM,

You are desired to be at a Court of Common Council, at **GUILDHALL**, on
THURSDAY next, the **16th day of October, 2014**.

JOHN BARRADELL,
Town Clerk & Chief Executive.

*Guildhall,
Wednesday 8th October 2014*

Sir Roger Gifford

Peter Hewitt, FCSI, FRSA

}

Aldermen on the Rota

1 Question - That the Minutes of the last Court are correctly recorded?

2 To read a Vote of Thanks to the Lord Mayor

3 The Right Honourable The Lord Mayor to lay before the Court a letter of the Lord Mayor Elect declaring his assent to take upon himself that Office.

4 Resolutions on Retirements, Congratulatory Resolutions, Memorials

5 The Right Honourable The Lord Mayor's report on overseas visits.

6 To elect a Chief Commoner.

One nomination has been received in accordance with Standing Order No. 18, namely, that of William Harry Dove, M.B.E., J.P., Deputy.

(N.B. A notice of the nominees is on display in the Members' Reading Room)

7 Statement from the Chairman of the Policy and Resources Committee.

8 Docquets for the Hospital Seal.

9 List of applicants for the Freedom of the City

(A list of names, together with those of the nominators, has been separately circulated).

10 The Remembrancer's report of measures introduced into Parliament which may have an effect on the services provided by the City Corporation.

Subordinate Legislation

Title	with effect from
The Licensing Act 2003 (Hearings) (Amendment) Regulations 2014, S.I. No. 2341	1st October 2014
The Education (Independent School Standards) (England) (Amendment) Regulations 2014, S.I. No. 2374	29th September 2014
The Thames Water Utilities Limited (Thames Tideway Tunnel) Order 2014, S.I. No. 2384	24th September 2014
The Licensing Act 2003 (Permitted Temporary Activities) (Notices) (Amendment) Regulations 2014, S.I. No. 2417	1st October 2014
The Licensing Act 2003 (Mandatory Licensing Conditions) (Amendment) Order 2014, S.I. No. 2440	1st October 2014
The Absolute Ground for Possession for Anti-social Behaviour (Review Procedure) (England) Regulations 2014, S.I. No. 2554	20th October 2014
The Anti-social Behaviour, Crime and Policing Act 2014 (Publication of Public Spaces Protection Orders) Regulations 2014, S.I. No. 2591	20th October 2014

(The text of the measures and the explanatory notes may be obtained from the Remembrancer's office.)

11 The Town Clerk to report the appointment of Mr Mark Greenburgh and Mr Dan Large as co-opted members of the Standards Committee.

12 To appoint the following:-

a) Christ's Hospital (one vacancy for the balance of a term to expire in January 2017)

Alastair John Naisbitt King, MSc, Deputy

b) Homerton University Hospital NHS Foundation Trust (one vacancy for a three year term expiring September 2017)

Nominations received:-

Alastair John Naisbitt King, MSc, Deputy

Emma Price

13 **QUESTIONS**

14 **MOTIONS**

15 **Awards and Prizes**

Open Spaces Awards

Report of the Chairman of the Open Spaces & City Gardens Committee, and West Ham Park Committee.

"I am delighted to announce that the City Corporation's Open Spaces have again received several prestigious Green Flag and London in Bloom Awards.

The Green Flag Award is the national standard for parks and green spaces and aims to recognise and reward the best green spaces in the country. All sites must be freely accessible to the public and perform well against eight criteria, including safety and security, cleanliness, management and sustainability. This year the following Open Spaces retained the Award: Ashted Common, Bunhill Fields, Burnham Beeches, Coulsdon Common, Epping Forest, Farthing Downs and New Hill, Hampstead Heath, Highgate Wood, Kenley Common, Queen's Park, Riddlesdown, Spring Park, West Ham Park, West Wickham Common and the City of London Cemetery and Crematorium.

Green Heritage Site accreditation, which is sponsored by English Heritage, is awarded in recognition of achieving the required standard in the management and interpretation of a site with local or national historic importance. The following Open Spaces retained their Green Heritage Site accreditation this year to acknowledge the heritage value of the sites: Ashted Common, Bunhill Fields, Burnham Beeches, Epping Forest, Farthing Downs and New Hill, Hampstead Heath, Highgate Wood, Kenley Common, Queen's Park, West Ham Park and the City of London Cemetery and Crematorium. In addition, Riddlesdown was awarded Green Heritage accreditation for the first time this year, meaning that the City Corporation now holds 15 Green Flag and 12 Green Heritage Awards.

The City Corporation's Open Spaces were also successful at the London In Bloom Awards, held on the 8 September 2014. The City achieved eight gold awards and one silver gilt award, and was awarded category winner in the small park, large park and small cemetery Categories. The City Gardens within the Square Mile were awarded the Borough of the Year Award.

Having scored consistently highly in both the regional and national campaigns of In Bloom over recent years, the City Gardens team has been entered into the Britain in Bloom Champion of Champions award this year. This prestigious award will be announced at a ceremony in Bristol this evening. An update on the results will be circulated following this meeting.

The achievement of these Awards is a great tribute to the dedication and hard work of all the staff in the Open Spaces Department and the large teams of local volunteers who help to maintain the high quality of our Open Spaces.

I commend these achievements to the Court.”

16 POLICY AND RESOURCES COMMITTEE

(Mark John Boleat)

2 October 2014

Cheapside Business Improvement District

At its meeting on 12th June 2014 the Court of Common Council approved the creation of a Business Improvement District (BID) for the Cheapside area and agreed that the Cheapside Initiative (CI) should act as the delivery agent by managing the BID process.

We have considered and approved the CI's formal proposals for progressing the BID to the consultation stage in advance of undertaking a BID Ballot in March 2015. It is now proposed that the City Corporation act as the BID Proposer and as the BID Body for the initiative and that the functions associated with this be delegated to this Committee. The detailed operational aspects of the initiative would be the subject of a Memorandum of Understanding (MoU) between the City Corporation and the BID Board made up of local representatives.

A printed and circulated report is now submitted for your consideration and we commend its **recommendations** to you.

17 HOSPITALITY WORKING PARTY OF THE POLICY AND RESOURCES COMMITTEE

(Deputy John Bennett, Chief Commoner)

18 September 2014

(A) Applications for the Use of Guildhall

In accordance with the arrangements approved by the Court on 21 June 2001 for the approval of applications for the use of Guildhall, we now inform the Court of the following applications which have been agreed to:-

<u>Name</u>	<u>Date</u>	<u>Function</u>
Blueprint	Friday 23 January 2015	Dinner
Buta Arts Centre	Thursday 12 March 2015	Concert

Worshipful Company of Fuellers	Monday 16 March 2015	Banquet
ClearView Financial Media	Thursday 7 May 2015	Awards Ceremony
William Reed	Tuesday 9 June 2015	Dinner
Motion Europe	Thursday 11 June 2015	Dinner
Old Wellingtonian Society	Tuesday 17 June 2015	Banquet
The Worshipful Company of Glovers	Sunday 26 July 2015	Reception
International Association of Young Lawyers	Wednesday 2 September 2015	Reception
Ifs (Institute of Financial Services) School of Finance	Friday 11 September 2015	Graduation
Wine & Spirit Education Trust	Thursday 26 November 2015	Awards Ceremony
The Guild of Freemen of the City of London	Monday 14 December 2015	Dinner

18 September 2014

(B) Global Law Summit

It is proposed that the City of London Corporation hosts a reception on 24th February 2015 as part of the programme for delegates attending the Global Law Summit in London.

The Global Law Summit is an international legal conference taking place from 23rd - 25th February 2015 at the QEII Conference Centre. The Summit, celebrating 800 years of Magna Carta and the rule of law, is expected to attract over 2,000 delegates, speakers and guests from across the world and will serve to promote London and the UK as a global centre for legal services. Speakers will include chairmen and general counsel from leading British and international companies, members of the senior judiciary and representatives from the Bar and major law firms. It will be the first such conference to take place in London.

We **recommend** that hospitality be granted in the form of a reception and that arrangements be made under the auspices of the Policy and Resources Committee; the cost to be met from City's Cash and within the approved cost parameters.

This would be a Full Court event.

(C) Prime Minister of France – report of action taken under urgency procedures

We report action taken as a matter of urgency, pursuant to Standing Order No.19, in approving arrangements for the Prime Minister of France, Mr Manuel Valls, to deliver a speech on France's economic policy and reform programme on 6th October 2014.

The City enjoys strong working relationships with France, with the City of London Corporation and Paris Europlace jointly sponsoring the Anglo-French Committee, which brings together senior industry representatives to discuss issues of mutual interest.

With the event due to take place in advance of the October meeting of the Court of Common Council, the Court's approval was sought and obtained in accordance with urgency procedures. We hereby report the action taken.

This was a Committee event.

15 September 2014

(D) Prime Minister of Italy – report of action taken under urgency procedures

We report action taken as a matter of urgency, pursuant to Standing Order No.19, in approving arrangements for the Prime Minister of Italy, Mr Matteo Renzi, to deliver a speech on Italy's economic policy on 2nd October 2014.

Italy is a major UK trading partner, with the Italian economy the world's 8th largest and the 3rd largest in the Eurozone. All the major Italian banks have London representation, focusing on trade finance and commercial banking and Italian insurers are active in the London wholesale markets. The country also currently holds the EU Presidency, making the visit of particular interest to the City.

With the event due to take place in advance of the October meeting of the Court of Common Council, the Court's approval was sought and obtained for the event and associated hospitality in accordance with urgency procedures. We hereby report the action taken.

This was a Committee event.

18 **FINANCE COMMITTEE**

(A) City Fund and Pension Funds - 2013/14 - Statement of Accounts and Auditors' Management Letters

On the 23rd May 1996, the Court authorised this Committee to approve, amongst other things, the Statement of Accounts for the City Fund and Pension Funds. We have duly considered and approved the 2013/14 City Fund and Pension Funds Statement of Accounts. Copies of the Statement have been placed in the Members' Reading Room and are available from the Chamberlain. The management letters from Deloitte LLP on its audit of the funds are attached for the information of the Court. In addition, the Statement and letters have been published on the City's website.

(B) Annual Reports and Financial Statements for Bridge House Estates and Sundry Trusts 2013/14

On the 23rd May 1996, the Court authorised this Committee to approve, amongst other things, the Annual Reports and Financial Statements for Bridge House Estates and the Charitable Trusts. We have duly considered and approved the Annual Reports and Financial Statements for the year ending 31 March 2014. Copies of the Annual Reports and Financial Statements have been placed in the Members' Reading Room and are available from the Chamberlain. The management letter from Moore Stephens LLP on its audit of the funds is attached for the information of the Court. In addition, for Bridge House Estates, the Annual Report and Financial Statements and the management letter have been published on the City's website.

19 **THE CITY BRIDGE TRUST COMMITTEE**

(Jeremy Paul Mayhew)

25 September 2014

(A) Review of City Bridge Trust's Priorities and Policies

Following the launch of the *Investing in Londoners* programmes in September 2013, this paper sets out proposals to make some minor amendments to the policy which guides the application of Bridge House Estates surplus income in order to strengthen and improve the work of the City Bridge Trust (under which the *Investing in Londoners* programmes are delivered). It is also recommended that changes be made to the procedures which support the delivery of the funding priorities set out in that policy to enable more efficient administration and a more effective application of the charity's resources.

A printed and circulated report is now submitted for your consideration and we commend its **recommendations** to you

25 September 2014

(B) Prince's Trust Strategic Grant

This paper proposes releasing an additional £1.05m per year from the Bridge House Estates surplus income for a period of 10 years (over and above the Investing in Londoners grants programmes budget, or their successor) to provide a long-term strategic grant to the Prince's Trust Charity (£1m per year) with associated grant management costs to the City Bridge Trust (£50,000 per year). The purpose of the proposed strategic grant is to build upon the Prince's Trust's excellent work with some of London's hardest to reach young people: it will provide the Prince's Trust with a financial commitment that will allow it to increase its programmes targeted at Londoners, and part-finance one of its centres in Tower Hamlets.

A printed and circulated report is now submitted for your consideration and we commend its **recommendations** to you.

20 **STANDARDS COMMITTEE****(Charles Edward Lord, O.B.E., J.P., Deputy)**

6 October 2014

Amendments to the Members' Code of Conduct – Disclosable Interests and the Mandatory Registration of Gifts and Hospitality

In accordance with our terms of reference, the Standards Committee is required to prepare, keep under review and monitor the City of London Corporation's Members' Code of Conduct and make recommendations to the Court of Common Council in respect of the adoption or revision, as appropriate, of such Code of Conduct.

This was considered initially by the Court on 24th July 2014 and Members felt that some further work should be undertaken and the matter brought back to the Court for consideration. In reaching its decision about a revised Members' Code of Conduct, this Committee has consulted widely with all Members of the Court of Common Council; taken into account the previous Standards regime, whereby Members were expected to register a more substantial list of membership bodies; and reflected on practice across local authorities.

A printed and circulated report has therefore been submitted for your consideration and **we commend** its recommendations to revise the Members' Code of Conduct and to introduce a mandatory registration regime for gifts and hospitality, as of 1st January 2015.

MOTION

21 By the Chief Commoner

“That the public be excluded from the meeting for the following item of business below on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act, 1972:-

action taken under urgency procedures approving recommendations of the Hampstead Heath, Highgate Wood and Queen's Park Consultative Committee on the Hampstead Heath Ponds Project?”



WOOLF, MAYOR

HOWARD, LORD MAYOR LOCUM TENENS **COURT OF COMMON COUNCIL**

11th September 2014
MEMBERS PRESENT

ALDERMEN

Charles Bowman
Peter Estlin
Jeffrey Richard Evans
Sir Roger Gifford
Alison Gowman
Timothy Russell Hailes JP

Gordon Warwick Haines
Peter Hewitt, FCSI, FRSA
Sir David Howard Bt MA DSc
Vincent Thomas Keaveny
Ian David Luder JP BSC (Econ)
Professor Michael Raymond Mainelli FCCA
FCSI FBSC

Dr Andrew Charles Parmley MusM Hon FGS
Neil Graham Morgan Redcliffe
William Anthony Bowater Russell
Sir David Hugh Wootton
Alan Colin Drake Yarrow

COMMONERS

Randall Keith Anderson
Kenneth Edwin Ayers MBE,
Deputy
Alex Bain-Stewart MSc JP
John Alfred Barker, OBE, Deputy
Douglas Barrow, Deputy
John Bennett, Deputy (Chief
Commoner)
Nicholas Michael Bensted-Smith,
JP
Christopher Paul Boden
Mark Boleat
David John Bradshaw
Revd Dr William Goodacre
Campbell-Taylor
Nigel Kenneth Challis, MA, FCA,
FCSI(Hon)
John Douglas Chapman, Deputy
Karina Dostalova
William Harry Dove OBE, Deputy
Simon D'Olier Duckworth, OBE,
DL
The Revd Dr Martin Raymond
Dudley
Peter Gerard Dunphy
Emma Edhem
Anthony Noel Eskenzi, CBE,
DSc, Deputy
John William Fletcher, BSc

William Barrie Fraser, OBE,
Deputy
Marianne Bernadette Fredericks
George Marr Flemington Gillon
Stanley Ginsburg, JP, Deputy
The Revd Stephen Decatur
Haines MA, Deputy
Brian Nicholas Harris
Christopher Michael Hayward
Tom Hoffman
Ann Holmes
Robert Picton Seymour Howard,
Deputy
Michael Hudson
Wendy Hyde
Jamie Ingham Clark
Clare James MA
Gregory Percy Jones QC
Henry Lewellyn Michael Jones,
Deputy
Alastair John Naisbitt King, MSc,
Deputy
Stanley Keith Knowles, MBE,
Deputy
Gregory Alfred Lawrence
Vivienne Littlechild JP
Oliver Arthur Wynlayne Lodge,
TD, BSc

Edward Lord, OBE, JP
Professor John Stuart Penton
Lumley
Paul Nicholas Martinelli
Jeremy Paul Mayhew, MA, MBA
Deputy Catherine McGuinness
Andrew Stratton McMurtrie
Wendy Mead
Brian Desmond Francis Mooney
MA
Gareth Wynford Moore
Hugh Fenton Morris
Alastair Michael Moss, Deputy
Sylvia Doreen Moys
Joyce Caruthers Nash, OBE,
Deputy
Barbara Patricia Newman, CBE
John Richard Owen-Ward MBE,
Deputy
Graham David Packham
Dhruv Patel
Ann Marjorie Francescia
Pembroke
Judith Lindsay Pleasance,
MA(Hons)
James Henry George Pollard,
Deputy
Stephen Douglas Quilter,
BSc(Hons)

Richard David Regan, OBE,
Deputy
Delis Regis
Elizabeth Rogula
Virginia Rounding
John George Stewart Scott, JP,
BA(Hons), FRPSL
Ian Christopher Norman Seaton
Dr Giles Robert Evelyn Shilson,
Deputy
Jeremy Lewis Simons, MSc
Graeme Martyn Smith
Angela Mary Starling
Patrick Thomas Streeter
David James Thompson
James Michael Douglas
Thomson, Deputy
John Tomlinson, Deputy
James Richard Tumbridge
Michael Welbank, MBE, Deputy
Mark Raymond Peter Henry
Delano Wheatley
Philip Woodhouse

1. Questions Resolved - That the minutes of the last Court are correctly recorded.

2. Resolutions There were no resolutions.
on Retirements,
Congratulatory.

3. Resolutions, Memorials There was no report.
4. Policy Statement There was no policy statement.
5. Hospital Seal. Sundry documents were sealed with the Hospital Seal.
6. Freedoms The Chamberlain, in pursuance of the Order of this Court, presented a list of the under-mentioned, persons who had made applications to be admitted to the Freedom of the City by Redemption:-

Carole Logue Marie	Chiropractor	Torrington, Connecticut, United States of America
Madeleine Lise Lessard		
Ethel Kathleen Eileen Skinner	Bank Clerk, retired	Laindon West, Basildon, Essex
Julie Ann Munday	Ticket Office Clerk	Basildon, Essex
Anna Iwona Oram	Sales Supervisor	Hook Green, Meopham, Kent
John Walter Oram	Consulting Electronics Engineer	Meopham, Kent
Thomas Ernest Burns	London Taxi Driver	Islington
Benjamin Sargent Cain	Fire Fighter	Teddington, Middlesex
Mark Gerald Charles Dickens	School Bursar	Lye Green, Crowborough, East Sussex
Guy Arron Slack	Facilities Manager	Kettering, Northamptonshire
Caroline Lisa Palacio	Solicitor	Southampton, Hampshire
Susanna Jane Eastham	Professional Services Executive Director	Ewell, Epsom, Surrey
Darren Anthony Eastham	Telecoms Sales Manager	Ewell, Epsom, Surrey
Janet Pauline Dudmish	Full Time Carer	Islington
Pablo Robins	Security Officer	Ealing
Timothy Charles Ward	Construction Company Director, retired	Cobham, Surrey
Cheryl Anne Trafford	Teacher and Museum Educator, retired	Rutherway, Oxford
Jennifer Anne Hardy	University Administrator	Tooting Bec
Kevin Maurice Huggett	Guest House Proprietor	St Leonards On Sea, East Sussex
Natalie Pearl Haverstock	Entertainment Company Managing Director	Docklands
Jacqueline Bridget Basu	I.T. Project Manager, retired	Coventry
Sudhindra Nath Basu	Design Engineer, retired	Coventry, West Midlands
David Bernard Ward	Food Process Line Leader	Netherley, Liverpool, Merseyside
Anne-Marie Patricia Nankivell	Guildhall Library Assistant	Westwood Hill
Barrington John Ward	Water Cooler Company Chief Executive Officer	Overton, Hampshire
David Richard Harrison	Carpenter and Builder	Wallington, Surrey
Terence Stephen Peck	Roofing Company Managing Director	Bexley, Kent
Gary Raymond Peck	Roofing Company Managing Director	Romford, Essex
Arthur James Doman	Upholsterer, retired	Hornchurch, Essex

Oluwatosin Adedamola Abimbola Omotokunbo Oluwaseun Ajose	Student	Catford
Lyn Denise Snodgrass Grant Stewart Harrison	Personal Consultant Construction Company Managing Director	Surbiton, Surrey Whitely, Fareham, Hampshire
Sarah Clarke Michael Morris Hayman	Civil Servant Co-Founder of A Campaigns Business	Walton On Thames, Surrey Eastfields Avenue, Wandsworth
Christopher John Hurley	Civil Servant	Rue Des Goddards, Castel, Guernsey
Hansjorg Martin Wirz Barbara Christina Wilson Jayson Spencer Brinkler Michael David Lenette	University Professor, retired Club Administrator Photographer Information Technology Consultant	Basel, Switzerland Wallingford, Oxfordshire Catford Walderslade, Chatham, Kent
Muhsin Mustafa Andrew Brian Lucas Janet Margaret Gunn Harry Peter Russell	City of London Guide Licenced House Manager Conservator Area Manager	New Eltham Marsh Wall, Canary Wharf Kennington Oval South Witham, Grantham, Lincolnshire
Michael Philip Gee Mark John Skelton	English Teacher Marketing Agency Creative Director	Deal, Kent Hendon
Simon Christopher Briggs	Banker	Forest Grange, Forest Road, Horsham, West Sussex
Paul Anthony Steed Graham Bulpitt Nicholas Charles Bealer Paul Martyn Read Lakshmi Nath Das Terrence John Clayton John Michael Simpkins Christopher David Glover Michael William Shone Ian Charles Drury William Hurstfield Edwards	Tour Manager Librarian, retired Corporate Stockbroker Signalling Engineer Medical Practitioner Large Goods Vehicle Driver Nurse, retired Cost Engineer Treasury Trader, retired Literary Agent Retail Manager, retired	Haverhill, Suffolk Kingston Upon Thames Hutton, Brentwood, Essex Kenardington, Kent Herne Hill Buntingford, Hertfordshire Woodford Green, Essex Lightmoor Village, Telford Ewell, Surrey Walthamstow Sheerness, Kent
Francis David Hook Andrew James King Ruth Marion Lancashire Alyson Margaret Ruddick Ibrahim Uzun Charlene Denise White Terence Michael Egbelo Raymond Francis Murphy	Security Manager, retired Accountant City of London Guide Full Time Carer Restaurant Company Director Journalist and Presenter Postgraduate Student I.T. Company Director	Chingford Hornchurch, Essex Leigh On Sea, Essex Islington Enfield Blackheath Bermondsey Gerrards Cross, Buckinghamshire
Michael John Morris Agnes Oduro Atuah	Construction Company Director Reablement Support Co- Ordinator	Belmont, Sutton, Surrey Deptford
Kimberley Jackson	Reablement Support Co- Ordinator	Wembley, Middlesex
Stephen Andrew Hardy	Chauffer Drive Company Proprietor	Northampton
Jerome James Farrell Leslie John Mogford	Archivist Shoemaker, retired	Acton Hemsby, Great Yarmouth, Norfolk
Emyr Davies Stephen Gillings	Human Resources Consultant, retired Kitchen Design Consultant	Little Chalfont, Buckinghamshire Welwyn, Hertfordshire

Felicity Anne Chadwick-Histed	Consultancy Partner	Teddington, Middlesex
Pritesh Valla	Hackney Carriage Driver	Islington
John Timothy Morgan	Financial Advisor	West Byfleet, Surrey
Andrew Nigel Wolstenholme	Police Officer	Horsham, West Sussex
Brian Michael Reipond	Electrician, retired	Barking, Essex
Jeremy Clive Brown	Strategy and Innovation Chief Executive Officer	Mayfair
Joan Lilian Melvin	Legal Administrator, retired	Queen's Gate
Robert William Ashburnham Swannell	Retail Company Chairman	London
Ian Martin Tripp	Royal Air Force Officer	Chesham, Buckinghamshire
Sir Quentin Saxby Blake, CBE	Artist and Illustrator	Kensington and Chelsea
Dame Angela Lansbury, DBE, CBE	Actress	Los Angeles, Usa
Paul John Rich Jr	Studies Organisation President	Washington D.C. Usa
Her Serene Highness Princess Marie-Therese Elisabeth Helene Von Hohenberg	Architect	East Twickenham
Michele Daphne Mary McCarthy	Lawyer	Toronto, Canada
Russell Ongers	Service Management Analyst	Wimbledon
Joan Henrietta Collins, OBE	Actress	Kensington and Chelsea

Read.

Resolved – That this Court doth hereby assent to the admission of the said persons to the Freedom of this City by redemption upon the terms and in the manner mentioned in the several Resolutions of this Court, and it is hereby ordered that the Chamberlain do admit them severally to their Freedom accordingly.

7. Parliament The Remembrancer reported on measures introduced by Parliament which might have an effect on the services provided by the City Corporation as follows:-

Subordinate Legislation

Measure	Date in Force
The Local Authorities (Goods and Services) (Public Bodies) (England) Order 2014, S.I. No. 1197.	1 st June 2014
Representation of the People (England and Wales) (Amendment) Regulations 2014, S.I. No. 1234.	14 th May 2014
The Licensing Act 2003 (Mandatory Conditions) Order 2014, S.I. No. 1252.	28 th May 2014
The School Governance (Constitution and Federations) (England) (Amendment) Regulations 2014, S.I. No. 1257.	1 st Sept. 2014 (part); 1 st Sept. 2015 (part).

The Copyright and Rights in Performances (Research, Education, Libraries and Archives) Regulations 2014, S.I. No. 1372.	1 st June 2014
The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014, S.I. No. 1375.	30 th June 2014
The Housing (Right to Buy) (Limit on Discount) (England) Order 2014, S.I. No. 1378.	21 st July 2014
The Adoption and Children Act Register Regulations 2014, S.I. No. 1492.	25 th July 2014
The Adoption and Care Planning (Miscellaneous Amendments) Regulations 2014, S.I. No. 1556.	25 th July 2014
The Adoption Support Services (Amendment) Regulations 2014, S.I. No. 1563.	25 th July 2014
The Requirements for School Food Regulations 2014, S.I. No. 1603.	1 st January 2015
The Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014, S.I. No. 1627.	31 st July 2014
The Local Audit (Liability Limitation Agreements) Regulations 2014, S.I. No. 1628.	1 April 2015
The Local Audit (Auditor Resignation and Removal) Regulations 2014, S.I. No. 1710.	1 April 2015
The Housing (Right to Buy) (Maximum Percentage Discount) (England) Order 2014, S.I. No. 1915.	21 st July 2014
The Care Planning and Care Leavers (Amendment) Regulations 2014, S.I. No. 1917.	18 August 2014
The Local Audit (Delegation of Functions) and Statutory Audit (Delegation of Functions) Order 2014, S.I. No. 2009.	20 th August 2014
The Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) (Amendment) (No. 2) Regulations 2014, S.I. No. 2026.	1 st July 2014
The Local Government (Transparency) (Descriptions of Information) (England) Order 2012, S.I. No. 2060.	After approval in Parliament
The Openness of Local Government Bodies Regulations 2014, S.I. No. 2095.	6 th August 2014

The Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2014, S.I. No. 2147.

8th August 2014

(The text of the measures and the explanatory notes may be obtained from the Remembrancer's office.)

Read and received.

8. Appointments The Court proceeded to consider appointments on Bridewell Royal Hospital, one for the balance of a term expiring in November 2018 in the room of The Revd. Dr Martin Dudley and, two for the balance of terms expiring in November 2014 in the room of Wendy Mead and one the late Robin Eve.

The Town Clerk reported that one nomination had been received for the three places from Emma Edhem.

Where upon the Lord Mayor declared Emma Edhem to be appointed on the Bridewell Royal Hospital for the balance of a term expiring in November 2018.

9. Questions The Reverend William Campbell-Taylor asked a question of the Chairman of the Policy and Resources Committee regarding the City Corporation seeking accreditation for Living Wage employer status from the Living Wage Foundation. In reply, the Chairman confirmed that an application to the Living Wage Foundation for accredited Living Wage employer status would be submitted by the end of September.

10. Motions There were no Motions.

11. Awards and Prizes There was no report.

12. **COMMUNITY AND CHILDREN'S SERVICES**
(William Billy Dove, OBE, Deputy)

11 July 2014

Decent Homes Upgrade Works to Avondale Square, Holloway and William Blake Estates

This structured programme of works is intended to bring certain facilities within residential properties owned by the City of London Corporation up to Decent Homes standard. The works form part of the rolling maintenance of the City of London Corporation's housing stock and concern specific improvements to the kitchen, bathroom and central heating facilities within residential properties at the Avondale Square, Holloway and William Blake Estates.

The purpose of this report is to seek the approval of the Court of Common Council

to undertake these works, in accordance with the City's Procurement Regulations 2012.

A printed and circulated report is now submitted for your consideration and we **recommend** that the Court agree the structured programme of works set out in the report.

Read and agreed to.

13. **STANDARDS COMMITTEE**
(Charles Edward Lord, OBE, JP)

1 September 2014

Appointment of Co-opted Members of the Standards Committee

The Standards Committee comprises twelve Members, four of whom are co-opted and are independent from the City Corporation. Whilst Co-opted Members are no longer a statutory requirement and have no formal vote, following the introduction of the Localism Act 2011, the City of London Corporation has agreed to the inclusion of Co-opted Members on the Committee to maximise the breadth of knowledge and experience available.

There are currently two co-opted vacancies and following a recruitment exercise two candidates have been nominated by the Selection Panel for appointment. The purpose of this report is to seek your approval to the appointment of Mr Mark Greenburgh and Mr Dan Large as Co-opted Members of the Standards Committee for terms expiring in December 2018.

A printed and circulated report **recommending** the appointments is now submitted for your consideration.

Read.

The Court proceeded to ballot on the recommendation of the Standards Committee.

The Lord Mayor requested the Chief Commoner and the Chairman of Finance Committee, or their representatives, to be scrutineers of the ballots.

Resolved – That the votes be counted at the conclusion of the Court and the result printed in the Summons for the next meeting.

14. **EDUCATION BOARD**
(Catherine McGuinness Deputy)

24th June 2014

Appointment of Governors to City Academy Hackney, City of London Academy Southwark, and Prior Weston Primary School

The City of London Corporation holds responsibility for the appointment of a number of Governors to the several City Academies, as well as a number of other

schools and educational institutions

The purpose of this report is to seek the approval of the Court of Common Council to appoint Nigel Challis CC to the Board of Governors of the City Academy Hackney, Mr Simon Atkinson to the Board of Governors of City of London Academy Southwark and Jeremy Mayhew CC to the Board of Governors of Prior Weston Primary School.

A printed and circulated report is now submitted for your consideration and we **recommend** that the Court agree the appointments set out.

Read.

The Town Clerk advised that the appointment of Nigel Challis and Simon Atkinson was confirmed by the Court at its meeting in July. Therefore no decision was needed regarding their appointments and the Court was being asked to consider the appointment of Jeremy Mayhew only.

The Lord Mayor declared Jeremy Mayhew to be appointed to the Board of Governors of Prior Western Primary School.

15. **(Deputy John Bennett, Chief Commoner)**

16 July 2014

In accordance with the arrangements approved by the Court on 21 June 2001 for the approval of applications for the use of Guildhall, we now inform the Court of the following applications which have been agreed to:-

<u>Name</u>	<u>Date</u>	<u>Function</u>
Holocaust Educational Trust	9 September 2014	Dinner
Allied China Europe Society	15 September 2014	Dinner
Public Relations Office Guildhall – Magna Carta Anniversary Committee	13 October 2014	Dinner
By Word of Mouth – Canada Club	26 November 2014	Dinner
City Food Lecture	10 February 2015	Lecture
EuroWeek	11 February 2015	Dinner
Association of the Luxembourg Fund Industry	1 April 2015	Conference
Seatrade	6 May 2015	Dinner
EuroWeek	20 May 2015	Dinner
The PiXL Club	8 September 2015	Dinner
The Royal British Legion	9 December 2015	Concerts
	10 December 2015	

Received.

16. John
Bennett,
Deputy, Roger
Chadwick

Resolved – that the public be excluded from the meeting for the following items of business below on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local

Government Act, 1972:-

Summary of exempt items considered whilst the public were excluded: -

16A. reporting action taken under the urgency procedures approving various elements of the City of London Freeman's School master plan; and

16B. reporting action taken under the urgency procedures approving various property transactions.

The meeting commenced at 1pm and ended at 1.25pm.

BARRADELL.

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List of Applications for the Freedom

To be presented on Thursday, 16th October, 2014

*To the Right Honourable The Lord Mayor, Aldermen and Commons of
the City of London in Common Council assembled.*

Set out below is the Chamberlain's list of applicants for the Freedom of the City together with the names, etc. of those nominating them.

Stephen Arthur Pickett <i>Ann Elizabeth Esslemont Wendy Mead, CC</i>	a Teacher <i>Citizen and Glover Citizen and Glover</i>	Surbiton, Surrey
Denise Malin <i>Ann Elizabeth Esslemont Wendy Mead, CC</i>	a Local Government Officer <i>Citizen and Glover Citizen and Glover</i>	Surbiton, Surrey
Craig Peter Rahanian <i>Alexander Bain Stewart, CC Michael Hudson, CC</i>	a Diplomat <i>Citizen and Gold and Silver Wyre Drawer Citizen and Painter Stainer</i>	Mayfair
Lorna Hubbell Rahanian <i>Alexander Bain Stewart, CC Michael Hudson, CC</i>	a Diplomat <i>Citizen and Gold and Silver Wyre Drawer Citizen and Painter Stainer</i>	Mayfair
Catherine Agnes Bourillon <i>Alexander Bain Stewart, CC Michael Hudson, CC</i>	a Civil Servant <i>Citizen and Gold and Silver Wyre Drawer Citizen and Painter Stainer</i>	Versailles, France
Pascal Tran-Huu <i>Alexander Bain Stewart, CC Michael Hudson, CC</i>	a French Army Officer, retired <i>Citizen and Gold and Silver Wyre Drawer Citizen and Painter Stainer</i>	Versailles, France
Alan George Boaler <i>Michael Hudson, CC Alexander Bain Stewart, CC</i>	an Underwriter, retired <i>Citizen and Painter Stainer Citizen and Gold and Silver Wyre Drawer</i>	Herne Bay, Kent
Stephen Edward Hazel <i>Michael Hudson, CC Alexander Bain Stewart, CC</i>	an Engineer Surveyor <i>Citizen and Painter Stainer Citizen and Gold and Silver Wyre Drawer</i>	Basildon, Essex
Elle Finn <i>Michael Peter Cawston James William Lane</i>	a Media Company Managing Director <i>Citizen and Tyler and Bricklayer Citizen and Tyler and Bricklayer</i>	Caterham, Surrey

Hannah Elizabeth Proffitt <i>Neville John Watson</i> <i>Peter Francis Clark</i>	an Automotive Engineer <i>Citizen and Fletcher</i> <i>Citizen and Mason</i>	Shavington, Cheshire
Philip William Humphreys <i>John Alexander Smail</i> <i>Anthony John Keith Woodhead</i>	a School Master <i>Citizen and Distiller</i> <i>Citizen and Tax Adviser</i>	Godalming, Surrey
Rachel Clare Lyons <i>Jeremy Plowman Knight</i> <i>John Leonard Damian Butterworth</i>	a Nurse, retired <i>Citizen and Founder</i> <i>Citizen and Founder</i>	Exeter, Devon
Karen Lynn Aldred <i>The Rt. Hon The Lord Mayor</i> <i>John Nicholas Woolf</i>	a Solicitor <i>Citizen and Tax Adviser</i>	Barnes
Farrah Deeba Hart <i>Amber Bielby</i> <i>James H Lambert</i>	a Public Health Manager <i>Citizen and Glass Seller</i> <i>Citizen and Basketmaker</i>	Tower Hill
Lesley Anne Rideout <i>John Alfred Barker, OBE, Deputy</i> <i>Stephen Decatur Haines, CC</i>	a Senior Exam Invigilator <i>Citizen and Basketmaker</i> <i>Citizen and Pewterer</i>	Harlow, Essex
Ian Rideout <i>John Alfred Barker, OBE, Deputy</i> <i>Stephen Decatur Haines, CC</i>	a London Licensed Taxi Driver <i>Citizen and Basketmaker</i> <i>Citizen and Pewterer</i>	Harlow, Essex
James Edward Rideout <i>John Alfred Barker, OBE, Deputy</i> <i>Stephen Decatur Haines, CC</i>	an Information Services Technician <i>Citizen and Basketmaker</i> <i>Citizen and Pewterer</i>	Harlow, Essex
David Richard Littlechild <i>Vivienne Littlechild, CC</i> <i>Douglas Gordon Fleming Barrow, Deputy</i>	a Duty Free Business Managing Director <i>Citizen and Common Councilman</i> <i>Citizen and Shipwright</i>	Andrewes House, Barbican
Harpreet Singh Giani <i>Christopher Bernard Potter</i> <i>Michael Ian Guile</i>	a Barrister <i>Citizen and Clockmaker</i> <i>Citizen and Wheelwright</i>	Pinner
John Anthony Roddy <i>Jurgita Zilinskiene</i> <i>Patrick Otto Rarden</i>	a Security Services Company Chief Executive <i>Citizen and Fruiterer</i> <i>Citizen and Fruiterer</i>	Gorse Covert, Warrington, Cheshire
Kenneth Charles Stewart, QPM <i>Jurgita Zilinskiene</i> <i>Patrick Otto Rarden</i>	a Detective Chief Superintendent, retired <i>Citizen and Fruiterer</i> <i>Citizen and Fruiterer</i>	Orpington, Kent
Scott Andrew Biddle <i>Colin Francis Sach</i> <i>Lawrence Stephen Phillips</i>	a Civil Servant <i>Citizen and Baker</i> <i>Citizen and Information Technologist</i>	Watford, Hertfordshire
Keith Bernard Jones <i>Paul Jonathan Garratt</i> <i>Joanna Marjorie Edwards</i>	an Engineer, retired <i>Citizen and Carman</i> <i>Citizen and Marketor</i>	Walton-le-Dale, Preston
Mortimer Howard Fitzgerald Kanini <i>Ian David Luder, Ald.</i> <i>Linda Jane Luder</i>	an Interior Design Consultant <i>Citizen and Cooper</i> <i>Citizen and Fletcher</i>	Catford

Natalie Anne Vandersluis <i>John Alexander Smail</i> <i>Gordon Mark Gentry</i>	a Business Process and I.T. Consultant <i>Citizen and Distiller</i> <i>Citizen and Baker</i>	Richmond
David Thomson <i>John Alexander Smail</i> <i>Anne Elizabeth Holden</i>	a Chelsea Pensioner <i>Citizen and Distiller</i> <i>Citizen and Basketmaker</i>	Royal Hospital Chelsea, Royal Hospital Road, Chelsea
Russell James Morley <i>Howard Andre Beber</i> <i>Brian John Coombe</i>	a Baking Trade Manager, retired <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Marlsborough, Wiltshire
Andrew Robert Merry <i>Timothy James Callow</i> <i>Michael Peter Cawston</i>	a Yeoman Warder <i>Citizen and Security Professional</i> <i>Citizen and Tyler and Bricklayer</i>	H.M. Tower of London
Patrick Valere Maria Jerome Maselis <i>John George Stewart Scott, CC</i> <i>Margaret Claire Scott</i>	a Breakfast Cereal Company Director <i>Citizen and International Banker</i> <i>Citizen & Stationer & Newspapermaker</i>	Roeselare, Belgium
Christopher Anthony Major Henniker <i>Roger Arthur Holden Chadwick, CC</i> <i>Timothy Russell Hailes, Ald, JP.</i>	a Solicitor <i>Citizen and Bowyer</i> <i>Citizen and International Banker</i>	Chiswick
Edward Glen Hodge <i>Ivor Cook</i> <i>Douglas William Abbott</i>	a Bank of England Security Consultant, retired <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Reydon, Southwold, Suffolk
Brian Stephen Hubert Correya <i>Ivor Cook</i> <i>Ivor Lee Cook</i>	an Assets and Data Manager <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Woodford Green, Essex
Ruby Olga Marieclare Correya <i>Ivor Cook</i> <i>Ivor Lee Cook</i>	a United Nations Travel Officer <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Woodford Green, Essex
Hugh William Paul Clift <i>Vivienne Littlechild, CC</i> <i>Wendy Marilyn Hyde</i>	an Export Training Company Director <i>Citizen and Common Councilman</i> <i>Citizen and World Trader</i>	Wandsworth
Dennis Vincent Hone, CBE <i>Mark John Boleat, CC</i> <i>Sir Roger Gifford, Kt, Ald.</i>	an Accountant <i>Citizen and Insurer</i> <i>Citizen and Musician</i>	Clerkenwell
Brian Vincent Hallard <i>Steven William Tamcken</i> <i>Michael Richard Ramsden</i>	a Theatre Company Director <i>Citizen and Basketmaker</i> <i>Citizen and Loriner</i>	Hunstanton, Norfolk
Anthony Averbs <i>Jonathan Martin Averbs</i> <i>Tony Michael Warrilow</i>	a Chartered Engineer, retired <i>Citizen and Fletcher</i>	Orpington, Kent
John Alfred Lawrence <i>John Leslie Barber</i> <i>Dean Hollington</i>	a Maintenance Worker <i>Citizen and Blacksmith</i> <i>Citizen and Blacksmith</i>	Elm Park, Hornchurch, Essex

Robin Michael George Fuller <i>Michael Peter Cawston</i> <i>Timothy James Callow</i>	a Tower of London Yeoman Warder <i>Citizen and Tyler and Bricklayer</i> <i>Citizen and Security Professional</i>	H.M. Tower of London
Rachel Anne Fuller <i>Michael Peter Cawston</i> <i>Timothy James Callow</i>	a Civil Servant <i>Citizen and Tyler and Bricklayer</i> <i>Citizen and Security Professional</i>	H.M. Tower of London
Stephen Raymond Anthony Staples <i>Donald Howard Coombe, MBE</i> <i>Richard Howard Coombe</i>	a TV Systems Engineer Company Director <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Leigh-on-Sea, Essex
Brenda Lilian Rayfield <i>Henry Llewellyn Michael Jones, Deputy</i> <i>Delis Regis, CC</i>	a Child and Family Centre Deputy Manager, retired <i>Citizen and Common Councilman</i> <i>Citizen and Common Councilman</i>	South Norwood
Robert Michael John Benham <i>Christopher James Caine</i> <i>Alan Robert Brumwell</i>	a Councillor and Cabinet Member <i>Citizen and Maker of Playing Cards</i> <i>Citizen and Plumber</i>	Romford, Essex
Ashley Charles Sweetland, MBE <i>Barry John Frederick Theobald-Hicks</i> <i>Paul David Herbage</i>	a Commercial Property Company Associate Director <i>Citizen and Scrivener</i> <i>Citizen and Cook</i>	Lime Grove, Totteridge
Nigel Kingsley Blogg <i>Paul George Mason</i> <i>Geoffrey William Ian Snelling</i>	a Crime Scene Examiner <i>Citizen and Basketmaker</i> <i>Citizen and Basketmaker</i>	Buckhurst Hill, Essex
Diana Rose Causton <i>Mervyn Doreen Redding</i> <i>Lawrence John Day</i>	a Business Consultant <i>Citizen and Basketmaker</i> <i>Citizen and Maker of Playing Cards</i>	Leigh-on-Sea, Essex
Barbara Ann Bonnyman <i>John Alexander Smail</i> <i>Gordon Mark Gentry</i>	a Pharmacy Assistant <i>Citizen and Distiller</i> <i>Citizen and Baker</i>	Eaton Socon, St Neots, Cambridgeshire
Jamie John Bonnyman <i>John Alexander Smail</i> <i>Gordon Mark Gentry</i>	a Postman <i>Citizen and Distiller</i> <i>Citizen and Baker</i>	St Neots, Cambridgeshire
Karen Grace Bonnyman <i>John Alexander Smail</i> <i>Gordon Mark Gentry</i>	a Buyer <i>Citizen and Distiller</i> <i>Citizen and Baker</i>	Little Paxton, St Neots, Cambridgeshire
Andrew Leslie Bonnyman <i>John Alexander Smail</i> <i>Gordon Mark Gentry</i>	a Baker <i>Citizen and Distiller</i> <i>Citizen and Baker</i>	Eaton Socon, St Neots, Cambridgeshire
Michael Douglas Johnson <i>Michael Peter Cawston</i> <i>Timothy James Callow</i>	a Security Manager <i>Citizen and Tyler and Bricklayer</i> <i>Citizen and Security Professional</i>	Tunbridge Wells, Kent

Richard Roderick Crichton Brauen <i>Denise Deroy-Parker</i> <i>John Alexander Smail</i>	a Landlord <i>Citizen and Upholder</i> <i>Citizen and Distiller</i>	Wapping
Werner Sarb <i>Joachim Eberhard Seydel</i> <i>David John Hammond</i>	a Hotel Executive, retired <i>Citizen and Blacksmith</i> <i>Citizen and Goldsmith</i>	South Croydon, Surrey
Jennifer Elizabeth Maiden-Brooks <i>Jack Love</i> <i>James Frederick Sacre</i>	a Strategic Policy Manager <i>Citizen and Firefighter</i> <i>Citizen and Stationer and Newspaper Maker</i>	Saltwood, Hythe
Giles Hugh Alexander Fagan <i>William John Alden</i> <i>Christopher Hugh McKane</i>	a Deputy Clerk of the Stationers' Company <i>Citizen and Stationer and Newspaper Maker</i> <i>Citizen and Stationer and Newspapermaker</i>	Westbridge Road
Deborah Jane Rea <i>Trevor James Fenwick</i> <i>William John Alden</i>	a Communications Manager, The Stationers' Company <i>Citizen and Stationer and Newspapermaker</i> <i>Citizen and Stationer and Newspaper Maker</i>	Putney
Yvonne Olive White <i>Anthony John Keith Woodhead</i> <i>John Alexander Smail</i>	a Teacher, retired <i>Citizen and Tax Adviser</i> <i>Citizen and Distiller</i>	Westcliff On Sea, Essex
John Finlay Evelyn Kirkpatrick <i>Timothy John Delano Cunis</i> <i>Richard Lawton Cunis</i>	a Civil Servant <i>Citizen and Merchant Taylor</i> <i>Citizen and Mercer</i>	Hartley Wintney, Hampshire
Henry Denyer Weeds <i>Neville John Watson</i> <i>Peter Francis Clark</i>	a Student <i>Citizen and Fletcher</i> <i>Citizen and Mason</i>	Cranbrook, Kent
Avril Newman <i>Timothy Russell Hailes, Ald, JP.</i> <i>Thomas Sleigh, CC</i>	a Headteacher and Justice of the Peace <i>Citizen and International Banker</i> <i>Citizen and Common Councilman</i>	Greenwich
Patricia Ngosi Komlosy <i>Mervyn Doreen Redding</i> <i>Lawrence John Day</i>	an Entertainer <i>Citizen and Basketmaker</i> <i>Citizen and Maker of Playing Cards</i>	Gerrards Cross, Buckinghamshire
Ashley Linden Baker <i>Michael Hudson, CC</i> <i>Christopher Michael Hayward, CC</i>	a Mobility Communications Engineer <i>Citizen and Painter Stainer</i> <i>Citizen and Pattenmaker</i>	New Eltham
Sarah Anne Fordham <i>Nigel Reginald Pullman</i> <i>Ian Anthony Russell, MBE</i>	a Registered Tour Guide <i>Citizen and Leatherseller</i> <i>Citizen and Leatherseller</i>	Kensington
Kenneth Symons <i>Timothy Russell Hailes, Ald, JP.</i> <i>Thomas Sleigh, CC</i>	a Police Officer <i>Citizen and International Banker</i> <i>Citizen and Common Councilman</i>	Maulden, Bedfordshire
Professor Ian Oakley Angell <i>Michael Raymond Mainelli, Ald</i> <i>Mark Geoffrey Yeandle</i>	a University Professor, Emeritus <i>Citizen and World Trader</i> <i>Citizen and Weaver</i>	Egham, Surrey

Daphne Patricia Wilson <i>John Alexander Smail Gordon Mark Gentry</i>	an Executive Secretary, retired <i>Citizen and Distiller Citizen and Baker</i>	El Paso, Texas, United States of America
Carla Michelle Ashcroft <i>Nicholas John Anstee, Ald. Clare Mary Anstee</i>	an Accounts Manager <i>Citizen and Butcher Citizen and Cooper</i>	Gidea Park, Essex
Colin Richard Turvill <i>Sir David Wootton, Kt., Ald. Alexander Bain Stewart, CC</i>	a Business Energy Brokerage Director <i>Citizen and Fletcher Citizen and Gold and Silver Wyre Drawer</i>	Basingstoke, Hampshire
Duncan Joseph Gordon-Smith <i>Timothy John Delano Cunis Richard Lawton Cunis</i>	a Lawyer <i>Citizen and Merchant Taylor Citizen and Mercer</i>	Furzedown, Wandsworth
Simon Lawrence Rooms <i>Timothy John Delano Cunis Richard Lawton Cunis</i>	a Banker, retired <i>Citizen and Merchant Taylor Citizen and Mercer</i>	Kingston Hill, Kingston Upon Thames, Surrey
His Excellency Guy Victor Joseph Marie Trouveroy <i>Ald. Peter Lionel Raleigh Hewitt Timothy Russell Hailes, Ald, JP.</i>	a Diplomat <i>Citizen and Woolman Citizen and International Banker</i>	Belgravia
Rev, Canon Peter Dominic Newby <i>Catherine Sidony McGuinness, Deputy Stephen Decatur Haines, CC</i>	a Clerk in Holy Orders <i>Citizen and Solicitor Citizen and Pewterer</i>	Moorgate, City of London
Lucy Jane Shabrokh <i>Michael Ernest Garrett, MBE Ian Ronald Evans Williams</i>	a Health Care Practice Manager <i>Citizen and Water Conservator Citizen and Marketor</i>	Epsom, Surrey
Pedram Shabrokh <i>Ian Ronald Evans Williams Michael Ernest Garrett, MBE</i>	a General Practitioner <i>Citizen and Marketor Citizen and Water Conservator</i>	Epsom, Surrey
Morgan Freeman <i>The Rt. Hon The Lord Mayor John Douglas Chapman, Deputy</i>	an Actor <i>Citizen and Common Councilman</i>	Mississippi, United States of America
Michael John Rogers <i>Matthew Charles Falco Lombardi Richardson, Ald Adam Fox McCloud Richardson, CC</i>	a United States Congressman <i>Citizen and Wax Chandler Citizen and Common Councilman</i>	Washington, Dc, United States of America
Jens Peter Breitengross <i>Alison Jane Gowman, Ald. Kenneth Dieter Stern</i>	a Clothing Company Chairman <i>Citizen and Glover Citizen and Wheelwright</i>	Hamburg, Germany
Karl-Joachim Dreyer <i>Alison Jane Gowman, Ald. Kenneth Dieter Stern</i>	a Banking Company Chairman <i>Citizen and Glover Citizen and Wheelwright</i>	Hamburg, Germany

Warwick Ashley Davis

an Actor

Holme, Peterborough,
Cambridgeshire

*John Alfred Bennett, Deputy
Stuart John Fraser, CC*

*Citizen and International Banker
Citizen and Fletcher*

**HH Duke of Seville Francisco
Enrique De Borbon Y Escany**

an Engineering Company Chairman

Madrid, Spain

*Gordon Mark Gentry
John Alexander Smail*

*Citizen and Baker
Citizen and Distiller*

William Robert Griffith

an Attorney

New York, United States of
America

*The Rt. Hon the Lord Mayor
John Nicholas Woolf*

Citizen and Baker

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Report of the Policy and Resources Committee

Cheapside Business Improvement District

To be presented on Thursday 16th October 2014

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

Summary

At its meeting on 12th June 2014 the Court of Common Council approved the creation of a Business Improvement District (BID) for the Cheapside area, with the Cheapside Initiative (CI) acting as the delivery agent by managing the BID process and the key priorities associated with it.

Your Committee has now considered and approved the CI's formal proposals for progressing the BID to the consultation stage in advance of undertaking a BID Ballot in March 2015. It is proposed that the City Corporation act as the BID Proposer and as the BID Body for the initiative with the implementation of the proposals being dealt with in conjunction with a BID Board made up of representatives of local stakeholders. The detailed operational aspects will be the subject of a Memorandum of Understanding (MoU) between the City Corporation and the Board.

The BID proposal is considered to be in accordance with City Corporation policies and will complement the work of the service departments and established partnerships.

It is intended that, subject to the Court delegating the responsibilities of the BID Proposer and the BID Body to the Policy and Resources Committee, a further report will be considered by your Committee seeking approval to the detailed terms of the MoU.

Recommendations

1. That approval be given to the following:-

- i) the functions of the BID Proposer and BID Body be delegated to the Policy and Resources Committee;
- ii) subject to the approval of (i) above, that Committee be authorised to enter into an MoU with the BID Board as out in this report to manage the arrangements for the implementation of the day to day operations and to agree the final terms of the MoU; and
- iii) the day-to-day management of the BID Body's functions be delegated to the City Surveyor (subject to this being exercised in accordance with the approved MoU and within the BID levy receipts credited to the BID account).

Main Report

Background

1. In May / June 2014 the Policy and Resources Committee and Court of Common Council considered a report relating to the City Corporation promoting the setting up of a Business Improvement District (BID) for the Cheapside area as a means of promoting the area as a seven day retail and leisure destination and resolved to authorise the Cheapside Initiative to act as the City Corporation's delivery agents to promote the BID by developing the BID Proposal for further approval by the City Corporation.
2. As previously reported, the Cheapside Initiative (CI) has undertaken a perception analysis of those businesses within the approved footprint of the BID to ascertain their enthusiasm for promoting a BID for the area. As part of the perception analysis views were sought on a range of issues that has helped inform the development of the projects identified in the BID Proposal.
3. BID arrangements will not come into force unless the BID proposals are approved by a ballot of the non-domestic ratepayers in the BID area who will be liable for the levy. The BID Proposal (or Business Plan) sets out businesses priorities for improvements for the area and areas of services, as well as how the BID will be managed and operated. Under BID legislation all proposals must be approved by the local authority before moving towards a Ballot.
4. The BID timetable previously agreed would see the Ballot taking place on 12 March 2015 with the BID "go live" date being 1 May 2015. Consultation on the approved BID Proposal is due to commence in November 2014.

Current Position

5. Following consultation the CI has developed the Business Proposal and is seeking formal approval from the City Corporation for the City to propose the BID, prior to undertaking the presentational design work and commencing formal consultation on the City's behalf.
6. The BID Proposal identifies the BID offer relating to identified projects with associated spend and sets out the BID budget together with details of the BID levy and governance.

Projects

7. Five project areas have been identified:

- **Employment enterprise and training** - the BID will be working in partnership with the 'Heart of the City' to provide free support in developing Corporate Social Responsibility programmes and a dedicated employment service to place local people in to jobs.
- **Environment, signage and way finding** – this includes looking at improving street signage and information given to businesses, developing projects to provide green infrastructure in the area, and seeking to contribute to the integration of new strategies and developments such as the Bank Area Strategy and Bloomberg development.
- **Tourism and culture** – for example, working with the City Corporation Cultural and Visitor Development Team and City Information Centre to promote the area and providing an on-street ambassadorial programme to welcome and orientate tourists.
- **Marketing and promotion** - continuing to deliver a successful Privilege Card scheme; developing a website and a social media platform for member businesses and sending regular newsletters to inform members of what is happening locally.
- **Business awareness and networking opportunities** - projects include hosting corporate networking events and retail symposiums; monitoring activity in the area to include footfall and sales data; providing a focus for matters relating to enterprise in the area; and providing a focus for discussions with the City Corporation and City Police by running bespoke events to inform stakeholders on issues such as cyber-crime and economic crime.

The activities identified within each project area are considered to align and reinforce the City Corporation policies and work with established service operations and partnerships. Full details of the projects will be available on request.

Budget

8. Over the period of the five year period of the BID the proposed levy would generate an income of £1,847,595 with additional voluntary contributions (from property owners) generating an estimated additional income of £480,000. The total income derived would equate to £2,327,595. The revenue derived from the BID levy will pay for all the project areas identified above, with the voluntary contribution element being partly earmarked to pay for the BID management and overhead costs.

BID Levy

9. The BID Levy remains as previously advised with a business rate multiplier set at 0.25% together with a threshold of excluding properties falling below a rateable value of £180,000 and a capped contribution of businesses paying no more than £3,750. The rates have been set to ensure that the contributions are seen as being de minimus to the 220 businesses that would be affected.

Cost

10. The cost to the City Corporation is as previously advised. All costs relating to the Levy collection will be fully reimbursed. There would be a cost associated with running the ballot that is estimated at about £2,200 that will be picked up by the Electoral Services Team as part of their budget.

Governance

11. Following the Ballot (if successful), the BID Body responsible for implementing the BID arrangements will be the City Corporation, and it is proposed that responsibility for the BID Body functions be delegated to Policy and Resources Committee and day-to-day responsibility delegated to the City Surveyor. Implementation will be undertaken in conjunction with a voluntary board to be made up from the local business community. The board will initially be supported by an executive team made up of a Chief Executive, an Operations Manager and an Administrator who will be contracted by the City. The City Corporation as BID proposer and BID Body would enter into a Memorandum of Understanding (MoU) with the Board setting out the Board's role in operational delivery and consultation. The City Corporation would have Member and Officer representation on the BID Board. The precise details of the MoU have yet to be determined and it is recommended that approval of the final details and settled form of the MoU be delegated to the Policy and Resources Committee in early 2015, prior to the Ballot.

Options

12. Previously it was agreed that the City Corporation would support the promotion of a BID in the Cheapside area on the understanding that the proposals would be in accordance with policy and would not relate to the delivery of services normally provided for by service departments. If Members were minded to not approve the BID proposal in their current form and a further report was required, then it would impact on the BID timetable which seeks to commence consultation in November 2014 to go to Ballot in March 2015 and have a BID "go-live" date of 1 May 2015. If minor modifications are required then it would be possible to deal with under delegated authority and will not impact on the timetable. The BID proposals are in accordance with the City Corporation policies and will not impact on the delivery of existing services and so it is considered that the City Corporation should approve the BID Proposal to enable commencement of formal consultation in advance of the BID Ballot

Proposals

13. It is proposed that the City Corporation approve the BID Proposal and that the Cheapside Initiative commence formal consultation on the City's behalf with those businesses within the identified thresholds that fall within the previously approved BID area. As proposer of the BID and proposed BID Body, the City Corporation would enter into a MoU with the BID Board to set out agreed arrangements for implementation of day to day operations in accordance with the BID Proposal. Details of the MoU are yet to be finalised

and it is proposed that these be reported to the Policy and Resources Committee once finalised in February 2015.

Corporate & Strategic Implications

14. The BID Proposal accords with four of the five Key Themes contained in the City Together Strategy and the policies contained in the Core Strategy as amended in the Draft Local Plan together with the City Visitor Strategy.

Financial Implications

15. There are no additional financial implications to those previously identified, relating to the approval of the BID Proposals. A detailed report seeking approval of a MoU will set out detailed consideration of financial matters in terms of the arrangements for accounting and spending of the BID levy.

Conclusion

16. The BID Proposal is in accordance with City Corporation policies and will complement the work of established service operations and partnerships. Approval of the Proposals will allow the CI to commence the process of consultation with the affected businesses to enable progression to ballot.

All of which we submit to the judgement of this Honourable Court.

DATED this 2nd day of October, 2014.

SIGNED on behalf of the Committee.

Mark Boleat
Chairman

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Report – Finance Committee

City Fund and Pension Funds - 2013/14 Statement of Accounts and Auditors' Management Letters

To be presented on Thursday, 16 October 2014

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

On the 23rd May 1996, the Court authorised this Committee to approve, amongst other things, the Statement of Accounts for the City Fund and Pension Funds. We have duly considered and approved the 2013/14 City Fund and Pension Funds Statement of Accounts. Copies of the Statement have been placed in the Members' Reading Room and are available from the Chamberlain. The management letters from Deloitte LLP on its audit of the funds are attached for the information of the Court. In addition, the Statement and letters have been published on the City's website.

All of which we submit to the judgement of this Honourable Court.

DATED this 22nd day of July 2014.

SIGNED on behalf of the Committee.

ROGER CHADWICK
Chairman

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City of London Corporation – City Fund

Final Report to the Audit and Risk
Management Committee on the audit for the
year ended 31 March 2014

Updated paper

the
Distinctive
audit

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“I am delighted to present our final report on the findings from our 2013/14 external audit.”

Heather Bygrave, Engagement Lead Partner

This report updates the version presented to the meeting of the Audit and Risk Management Committee on 22 July 2014. There are no significant changes to the conclusions reported then.

A reminder of our audit plan:

- Materiality: £4.5m (revised from estimate of £4.8m in our audit planning report).
- Threshold for reporting misstatements: £225k.
- Significant risks over valuation of investment properties, the Project BE property transfer, fraud in recognition of grant income and management override of controls.
- We have taken a fully substantive audit approach.



The big picture

The Big Picture

We have issued an unmodified audit report.

Statement of accounts

- The key judgement areas were in relation to the valuation of properties, the valuation of pension liabilities and the estimation of provisions for business rates appeals.
- We also provide comments on the Crossrail commitment. The position is unchanged from that anticipated in our planning report to the Committee.

Audit work on the financial statements

- Valuation of investment properties - We focused on the key assumptions made, and the reasonableness of the valuations arrived at, by the City's valuers. We concluded satisfactorily on their reasonableness.
- Grant income recognition - We focused on the judgements made by officers in determining the basis of recognition for individual grants. We did not identify any exceptions.
- Transfer of properties from other funds – The Property Investment Board received a report on the rationale for the transaction. Our review of valuation reports concluded that the transaction had been made and recorded at fair value.
- Management override of controls - Auditing standards presume that there is always a risk of management override of controls. We did not identify any areas of concern from our work.
- In response to our audit challenge, officers have made changes to the calculation of the provision for the impact of appeals by business rate payers which has had the effect of increasing the charge to the Collection Fund from £58m to £114m. This has impacted on a number of lines in the financial statements, although the impact on the City Fund balance is limited to £0.1m due to the safety net mechanism and timing of entries. We also identified a misclassification of £0.6m within net current assets and a classification change within the cash and cash equivalents note. These were corrected in the final version of the financial statements.
- There were two uncorrected items: In the disclosure of investments in the pension liability disclosure, instruments have not been segregated by industry type, company size etc. In addition, dwellings were overstated by £350,000 as the valuation process counted an additional property in error. Officers did not adjust for these items as they conclude that they were immaterial.
- We have not identified any material control deficiencies from our work to date. We have included other matters in this version of the report.

Value for money conclusion

- We issued an unmodified value for money conclusion. We provide an explanation of our conclusion on the risk to the financial resilience of the City Fund posed by budget deficits in the later years of the Medium Term Financial Strategy.

Officers have again faced the challenge of finalising the financial statements at the same time as responding to audit queries.

We received the full draft financial statements on 30 June 2014. We have completed our work and our audit report is unmodified.

Matters reported as outstanding in the version of this report distributed to the Committee on 22 July 2014 have been completed without any significant changes to our conclusions.

There were no changes to the primary statements arising from the completion of our work completed after the meeting. An entry was made to reclassify an amount from cash equivalents to cash within the notes to the accounts.

Under the Audit Commission Act 1998, we issue a certificate 'when the audit of the accounts has been concluded'. The audit certificate can be issued as soon as all the work required to meet auditors' responsibilities under sections 2 and 3 of the Code has been completed. One of these is to issue an opinion on the City Fund's Whole of Government Accounts (WGA) return. The deadline for the audited return is 4 October. We have commenced but not completed our work. This matter did not delay issue of our audit report.

Significant audit risks

This section explains the nature of significant risks, how these risks have been addressed by our audit work and our conclusions. We also explain related presentational and disclosure matters within the financial statements.

Valuation of investment properties

The valuations arrived at by the City's valuers were reasonable in material respects.

Nature of risk

The City has a substantial portfolio of investment properties which are subject to annual revaluation. Some of the properties require the application of specialist valuation assumptions. The current and recent economic volatility has affected property values, generally, and the City has recorded significant gains and losses over the last 3 years.

All properties are valued in accordance with the Royal Institution of Chartered Surveyors Valuation and Appraisal Standards. The portfolio has been valued by four external firms of valuers at 31 March 2014.

A summary of the portfolio is shown below:

At 1 April 2013 £m	Additions £m	Transfers £m	Disposals £m	Revaluations £m	At 31 March 2014 £m
794	167	16	(67)	106	1,016

The key judgement area(s), its impact on the financial statements and our audit challenge

We involve real estate specialists from Deloitte as part of the engagement team to assist us.

Our work included:

- assessing the overall performance of the City Fund investment and strategic property portfolios against published data on overall property market movements, for the period from March 2013 to March 2014 and sought and challenged reasons for over- or under-performance against the wider market for individual properties;
- undertaking a desktop analysis to assess a selection of properties, comparing the key assumptions adopted against publicly available benchmarks and information;
- considering the approach and methodology of the valuers, together with the instructions from the City.

We noted that the process followed in preparation of the valuations appears to be reasonable.

The Investment Property Databank ("IPD") index reports changes in capital values of various property types. Reported movements in Central London in the year to 31 March 2014 are summarised in the table below:

Property Type	Change in Capital Value
Central and Inner London offices	+21%
City offices	+16.2%
Central London standard shops	+6.4%

With like-for-like portfolio movements of 10.5% the City Fund investment property portfolio has increased in value broadly in line with the wider London property market.

We believe the internal and external valuations produced for the City Fund as at 31 March 2014 are a reasonable reflection of their market value. However, going forwards, the City should monitor the valuations of:

- Fleetbank House in the context of market appetite to risk going forward, since in the current market investors are overlooking the future over-rent at lease expiry in 2023 in pricing terms. However, should investment interest in the City decline in future periods, the appetite for such risk may decrease and hence the value could fall; and
- developments in progress (St Alphage House, International House, 100 Cheapside and 12 – 14 New Fetter Lane) are monitored in the coming year, since these valuations are likely to see the greatest degree of value change going forward.

Transfer of properties to the City Fund

We identified this as an audit risk as it is a significant, unusual transaction between different funds under common control.

Nature of risk

The Resource Allocation Sub Committee previously allocated £110m of City Fund's cash reserves to property in order to secure a better rate of financial return. The Corporation executed the remainder of this plan through the transfer of properties from City's Cash and Bridge House Estates with value of £104m (excluding stamp duty).

The transaction required compliance with relevant statutory requirements by the City Fund and transferors and appropriate governance arrangements.

The transaction has a significant impact on the current year financial statements and will require appropriate disclosure in the financial statements and explanation in the Explanatory Foreword.

The key judgement area(s), its impact on the financial statements and our audit challenge

We reviewed the report to the Property Investment Board to confirm our understanding of the business rationale for the transaction. We also inspected the approvals for the transaction.

An area of particular focus in evaluating the Corporation's arrangements for securing compliance with relevant statutory requirements applying to the City Fund and the transferors was the value at which the properties were transferred. The Corporation engaged external valuers to provide advice. In view of the size of the transaction, we utilised internal valuation specialists from Deloitte Real Estate, to assist us in our review of the work of the valuer and challenge key assumptions in the valuation.

Our work included:

- Reviewing the qualifications and experience of the valuer and the instructions provided to them by the City;
- Challenge of the explanations for exceptional movements in the valuation between the previous year end and the transaction date; and
- A more detailed consideration and challenge of the assumptions used in the valuation of a selection of properties.

There were no concerns arising from our work. The valuation of the properties rose by 12.7% from the valuation at 31 March 2013 (as recorded in the transferors' balance sheets) to the transaction value recorded in December 2013, with full year increase of 13.0%. This was only marginally ahead of the wider investment portfolio and broadly in line with the wider London market.

We performed a focused review of the disclosures around this transaction focusing on the commentary provided in the Explanatory Foreword and the disclosures provided in the related parties note. We concluded that there was sufficient and appropriate disclosure to give a true and fair view.

Grant income recognition

We focused on the judgements made by officers in determining the basis of recognition for individual grants. We did not identify any exceptions from our work.

Nature of risk

The City received grants and contributions totalling £169.1m.

Accounting for grant income can be complex as the timing for recognising income in the accounts will depend on the scheme rules for each grant. Under the Code, income from grants is recognised as soon as all conditions have been met.

We have retained this as a risk in view of the size of this income stream and some of the complexities around recognition of individual grants.

The significant risk in relation to management override, its impact on the financial statements and our audit challenge

We noted that the Corporate Accountancy Unit had sent out instructions to staff involved in the preparation of the accounts highlighting the accounting requirements for grants.

We also carried out extended testing to check that recognition of income in 2013/14 properly reflects any conditions within the grant offer letter and accompanying documentation.

Our work did not identify any exceptions from our work.

Management override of controls

We did not identify any issues in relation to management bias from our work to date.

Nature of risk

Standards on auditing include a presumption of a risk of management override of key controls which cannot be rebutted by the auditor. This recognises that management may be able to override controls that are in place to prevent inaccurate or even fraudulent financial reporting.

The significant risk in relation to management override, its impact on the financial statements and our audit challenge

Our audit work is designed to test management override of controls and key estimates.

We have summarised our findings above on the key estimates around grant income recognition, investment property valuation and the value at which properties were transferred to the City Fund.

Other audit work completed to address the significant risk

Specific areas of work are:

Journals

In testing journals, we analysed the whole population of journals to identify those which had features which could be indicators of possible fraud and to focus our testing on these. We have not identified any issues from this work.

Accounting estimates

In addition to the key estimates discussed above, we have tested the basis for other estimates used in the financial statements and have not identified any evidence of management bias from our work to date. We discuss other areas of significant judgement, which we do not consider give rise to a significant risk of material misstatement, in the next section.

Significant transactions

We did not identify any significant transactions outside the normal course of business or transactions where the business rationale was not clear. We discuss the transfer of properties to the City Fund earlier in this report.

Other matters in your financial statements

Other matters in your financial statements

We comment on other key areas of judgement and other matters which do not represent significant audit risks

The Crossrail commitment

- The notes to the financial statements since 2008/9 have disclosed a commitment made by the City to contribute £200 million towards the cost of Crossrail. The wording in the 2014 draft financial statements is as follows:

“The City of London Corporation has agreed with Government that £200m will be provided from City Fund towards the costs of constructing Crossrail. The payment of this amount is dependent on the achievement of a number of conditions, primarily the completion of certain works in relation to Crossrail stations. Whilst it is now looking quite likely that the conditions will be met, there is still some 2 years to go before the works are due to complete. Therefore a liability has not been recognised in the financial statements pending performance of the conditions but will be recognised when it becomes payable. At this stage it is anticipated that the contribution will be made in 2016. The financing strategy for the contribution is based on the accumulation of annual rental income from specific investment properties and capital receipts from the sale of assets. The City Surveyor is in the process of identifying the most advantageous properties to sell”.

- During our audit of the 2008/9 financial statements we discussed with officers their assessment of the accounting treatment for this item. We concurred with officers that the agreement with the Government, contained within an exchange of letters between the Corporation and the Secretary of State, is an “executory contract” (contracts under which both parties are still to perform to an equal degree the actions promised by and required of them under the contract). As such it falls outside the scope of International Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets (unless onerous).
- As a result, in past financial statements, whilst the transaction has been disclosed as a commitment, a liability has not yet been recognised on the balance sheet pending performance of the undertakings made by the Secretary of State, which include completion of certain works in relation to Crossrail stations.
- We have reviewed the position of the relevant works at 31 March 2014, all of which were incomplete at that date. We therefore agree there should be no change to the past treatment in the 2013/14 accounts with disclosure only as a significant commitment.

Other matters in your financial statements (continued)

We comment on other key areas of judgement and other matters which do not represent significant audit risks

Valuation of properties

- We noted in our planning report that the Code had been updated to provide clarification on the frequency of revaluation of property, plant and equipment. The Code requires that items within a class of property, plant and equipment are revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates. However, the Code allows valuations to be carried out on a rolling basis, but only if revaluation of the class of assets is completed within a short period and provided that revaluations are kept up to date (e.g. by the use of indices).
- The area of concern for the City Fund related to the "Other land and buildings" class where revaluations have in the past been carried out on a rolling basis. Assets in other classes are either revalued on an annual basis or are carried at historical cost. The value of "Other land and buildings" at 31 March 2014 is £383m.
- We agreed with officers that the key concern was whether the design of the programme of valuations caused the carrying amount of operational properties to be consistent with their fair value at that date in material respects. Subsequent clarification was issued by CIPFA which confirmed this view.
- In the light of this, officers revised the design of the valuation programme. As a result £289m or 77% of properties by value at 1 April 2013 were subject to a full or desktop valuation at the balance sheet date. The remaining value of assets in the other land and buildings category not subject to formal valuation at the balance sheet date was £85m. Taking into account the comparatively small value not subject to formal valuation, the comparatively small general price change over the period (approximately 5%) and existing officer processes for bringing forward in the valuation programme any individual properties with unusual factors impacting on their valuation, we concluded that the design of the valuation programme was adequate to meet its objective.

Other matters in your financial statements (continued)

We comment on other key areas of judgement and other matters which do not represent significant audit risks

Pension liabilities

- Previously, the Local Government Pension Scheme has been accounted for by all participating funds and other employers as if it were a defined contribution plan. This means that pension costs were recognised in the Comprehensive Income and Expenditure Statement on the basis of contributions payable in the year and the cost of paying future pensions was not included in the balance sheet.
- The accounting treatment reflected an exemption where an authority is not able to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes as the plan exposes the participating authorities or other entities to actuarial risks associated with the current and former employees of other authorities or entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual authorities/entities participating in the plan.
- Officers reviewed the accounting treatment this year and concluded that contributions payable would form a consistent and reliable basis for apportioning pension costs and liabilities across the different funds participating in the scheme. Management prepared a paper explaining the change in accounting policy and how the accounting would work. The change is consistent with the direction of travel in financial reporting, including a Financial Reporting Review Panel case in October 2013 which concluded that the schedule of contributions is as a minimum funding requirement to be accounted for in accordance with IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'.
- The pension liability remains an area requiring significant judgment by officers in consultation with the actuary. We did not identify this as an area of significant audit risk this year as we concluded the pension accounting was of less significance to a user of the accounts as statutory mitigation entries mean that the City Fund is charged on the basis of contributions payable. This change has not significantly impacted on our approach or depth of work.
- We found that the assumptions used fell within a reasonable range, but at the prudent end of this range. Last year we concluded they were more centred. The principal area of difference between our benchmark assumption and what had been used in the calculation was in relation to inflation assumptions. We estimate the liability would have been £75 million lower across the local government and police pension schemes if our benchmark assumptions had been used.

Other matters in your financial statements (continued)

We comment on other key areas of judgement and other matters which do not represent significant audit risks

Localisation of business rates

- The Government introduced a business rates retention scheme from 1 April 2013. The intention behind the scheme is to provide a direct link between business rates growth and the amount of money councils have to spend on local people and local services.
- The scheme involves a system of tariffs and top-up payments to and from government to even out situations where business rates are not in proportion to current spending. The introduction of the scheme has required the City to make new or changed accounting entries and to determine separate surpluses for Council Tax, National Non Domestic Business Rates and Business Rates Supplement within the Collection Fund.
- We did not identify this as a significant audit risk, however, as CIPFA issued detailed guidance on the accounting implications for the localisation of business rates, including example entries, to assist with implementation.
- The accounting and estimation processes for appeals against rateable values required the exercise of judgement, but the impact on the Corporation would be below the audit materiality threshold due to a safety net which limits the City's losses.
- Our work identified two adjustments to the logic in the calculation of the provision for appeals. This resulted in an increase in the total provision for all preceptors from £58m to £114m and consequent changes to various balance sheet amounts and entries in the Collection Fund. Under the Regulations, the City Fund's interest in national business rates is limited to 30%. Additionally, the Regulations provide for central government to make safety net payments where the authority's income drops below more than 92.5% of its index linked spending baseline. Whilst the City will not enjoy a share in growth above the baseline, the mechanism sets a limit on the impact of a fall in net business rates income. There is therefore not a material change to the position on the City Fund balance as a result of the change in provision amount with an immediate impact on the reserve balance at 31 March 2014 of only £0.1m.
- The adjustments to the appeals provision were reflected in the final version of the financial statements. This impacted on a number of calculations which the City has to make and a number of lines within the financial statements.

Value for Money conclusion

Value for money conclusion

We identified one risk in relation to financial resilience

Work performed

Under the Code of Audit Practice 2010 we are required to include in our audit report a conclusion on whether the City of London Corporation has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources in respect of the City Fund - this conclusion is known as “the VFM conclusion”.

Our conclusion is based on the following two reporting criteria:

- The organisation has proper arrangements in place for securing financial resilience. The focus of this criterion is on whether the organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The focus of this criterion is on whether the organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Risk assessment

Our preliminary assessment was that there were no risks in relation to our VFM responsibilities which required additional local work to be carried out and we therefore did not identify any risks or additional local work in our audit plan.

We have subsequently carried out a detailed risk assessment which also takes account of the latest refresh of the Medium Term Financial Strategy, as well as the outturn financial and performance information for 2013/14. The risk assessment has involved consideration of common risk factors identified by the Audit Commission, concluding on whether they represent actual risks for the purpose of our VFM conclusion on the City Fund. We undertook this work through review of relevant documentation, including committee papers and discussion with officers. We also considered whether there were other risks which might be specific to the City Fund. We did this principally through our consideration of what has been reported in the Annual Governance Statement, any concerns reported by regulators and other matters which have come to our attention from our work carried out in relation to our other Code responsibilities.

Conclusion from risk assessment

On the basis of our work, and taking into account additional guidance issued subsequently by the Audit Commission, we identified a risk in relation to the financial sustainability of the City Fund in the medium term in the light of the impact of the Spending Round 2013 and focused our work in this area. In particular, the timing of Government announcements and the scale of reduction in grant funding means that the City needed to agree a medium term financial strategy in February 2014 which included budget deficits for the final two years of the medium term financial strategy for local authority spending and a breach of the City Police reserve policy in early 2016/17.

Risk to financial sustainability in the medium term

In forming our view on this risk we considered the following:

- Following an analysis of the Spending Round 2013, the City forecast in February 2014 a deficit in the later years of the Medium Term Financial Strategy for local authority expenditure. It also forecasts deficits through the period for Police expenditure, to be met in the first two years by drawing on the Police reserve set aside for this purpose. The position reported in the Medium Term Financial Strategy at February 2014 is shown below. We understand that the estimate of the deficit for local authority expenditure in 2017/18 has subsequently risen to £11m (before management action, which we comment on below).

Value for money conclusion (continued)

We expect to issue an unmodified value for money conclusion

(Surplus)/Deficit £m	2014/15	2015/16	2016/17	2017/18
Non Police	(6.8)	0.2	4.7	8.9
Police	4.6	4.7	6.7	NA

- The City has a track record of responding to challenges posed by reductions in government funding and, before that, reductions in key sources of rental and investment income and has added to its reserves in successive years through to 2013. In 2014, revenue reserves were drawn on to finance the reinvestment of funds previously held in deposits into property investments in order to achieve higher returns. Excluding this, the underlying trend has been maintained with a contribution to revenue reserves before revenue contribution to capital of £9m.
- The City has also not needed to make significant changes to forecast surplus/deficit position for the non Police expenditure during the period covered by the preceding period medium term financial strategy in each of the last 3 years.
- The City has also continued its track record of spending within the City Fund revenue budget, recording an underspend of £3.7 million in 2013/14. The City will need to continue to make sure going forwards that it strikes an appropriate balance between prudent budgeting and forecasting which maintain continued financial resilience on the one hand and providing accurate information for decision making purposes on spending plans on the other.

	Unallocated reserve £m	Earmarked reserves £m	Total £m	Change over year £m	Underspend £m
2014	43.4	64.2	107.6	-68.6	3.7
2013	70.9	105.3	176.2	+18.5	6.5
2012	63.7	94.0	157.7	+17.6	13.7
2011	52.9	87.2	140.1	+9.9	4.4
2010	48.5	81.7	130.2	+4.4	7.9

- The police authority received positive feedback in the year from HMIC on its progress in responding to funding cuts.
- The City carried out a programme of service based reviews over the last year, the outcome of which is not yet reflected in the Medium Term Financial Strategy. Savings proposals generated through this process are progressing through member scrutiny, but together with other areas of the ongoing review programme which are in progress, and, for Police expenditure, with the reserve set aside for this purpose, are at the scale required to meet the currently forecast budget deficit. The process to date has included consideration of the risks and impacts of individual savings schemes and initial member challenge. The City has received the same scale of reductions to central government funding as the London Boroughs but the impact has been less marked. As a result, the programme has not required the same level of member choices over priorities.
- Whilst revenue reserves have fallen in 2013/14, the position at 31 March 2014, together with the surplus the City has budgeted to make in the current financial year on local authority expenditure, provides some cover in the event of slippage in the savings programme or unexpected charges or drops in income.

Conclusion

We concluded satisfactorily on this area of risk. We expect to issue an unmodified value for money conclusion.

Responsibility Statement

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit and Risk Management Committee and the Chamberlain and Finance Committee discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report;
- Our internal control observations; and
- Other insights we have identified from our audit.

What we don't report

- As you will be aware, our audit was not designed to identify all matters that may be relevant to the board.
- Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.
- Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our Plan.

The scope of our work

- Our observations are developed in the context of our audit of the financial statements.
- We described the scope of our work in our audit plan and the supplementary "Briefing on audit matters"

We welcome the opportunity to discuss our report with you and receive your feedback.



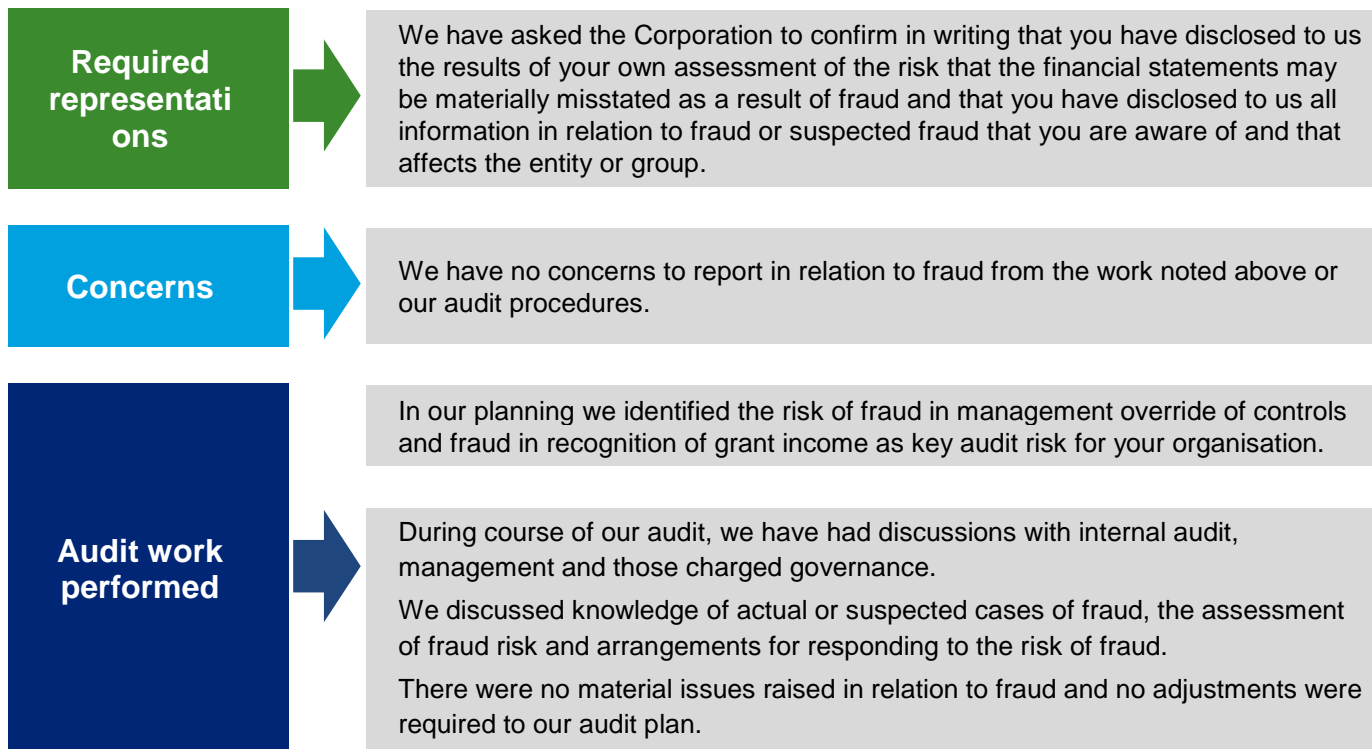
Deloitte LLP
Chartered Accountants

St Albans
3 September 2014

This report has been prepared for the members of the City of London Corporation, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

Appendices

Appendix 1: Fraud: responsibilities and representations



The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Appendix 2: Independence and fees

As part of our obligations under International Standards on Auditing (UK and Ireland), the Listing Rules and the Companies Act, we are required to report to you on the matters listed below:

Independence confirmation

We confirm that we comply with APB Ethical Standards for Auditors and that, in our professional judgement, we are independent and our objectivity is not compromised.

Fees

Details of the fees charged by Deloitte for the period from 1 April 2013 to 31 March 2014 are summarised on the next page.

Non-audit services

Details of non audit services in the period from 1 April 2013 to the date of this report and provided on the next page. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

We provided an assessment of the impact of these on our independence and relevant safeguards in our planning report and there were no new engagements in the remainder of the financial year.

We obtained pre-approval from the Audit Commission in line with the rules governing this.

Relationships

There are no relationships, including the provision of non-audit services, we have with the City, its members and senior officers and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.

Appendix 2: Independence and fees (continued)

We summarise audit and non audit fees for the year

The professional fees earned or proposed by Deloitte for the period from 1 April 2013 to 31 March 2014 are as follows:

	Current year £000	Prior year £000
Audit of the City Fund	*117	104
Audit related assurance services		
Certification of grants and returns on behalf of the Audit Commission	22	24
Other non-audit services		
Lease advisory services	14	49
Tax advisory services - Research paper on financial transaction tax	18	-
Total fees	171	177
Audit of the City of London pension scheme	21	21

*The fee includes an amount of £8,657 which is additional to the original Audit Commission scale fee. This reflects the loss of synergies previously available from our role as auditor of the private and voluntary funds of the Corporation. The amount has been approved by the Audit Commission subsequent to the issue of our planning report. In addition, the return made to the Government in relation to pooled business rates no longer requires certification and a deduction has been made by the Audit Commission from the scale rate in respect of this. Our work on the Collection Fund drew on the work carried out for certification purposes. The Audit Commission has advised that auditors, where appropriate, should agree compensating adjustment to the audit scale rate locally and seek subsequent approval from the Commission. Our estimate of the additional cost, including the additional work to audit the provision for appeals, is £4,115.

In March 2014 the Audit Commission agreed a rebate to be distributed across local audit bodies. The announcement came following a meeting of the Audit Commission's Board, who met to discuss the strategy for managing any retained earnings prior to its closure at the end of March 2015. The decision was made as part of the Board's role in setting the Commission's strategy and objectives and for determining its budget and the way it carries out its functions. The rebate was set at 13.7 per cent of the 2012/13 annual audit fee. The rebate sent to City of London Corporation was £14,222 in respect of the City Fund and £2,874 in respect of the City Local Government Pension Scheme. These amounts are not reflected in the information above.

In addition to the above, the professional fees earned or proposed by Deloitte for services in the period from 1 April 2013 to 31 March 2014 in respect of other funds of the Corporation and other entities controlled by the Corporation are estimated as follows:

	£
Other non-audit services not covered above	
Lease advisory services	15
Total non-audit services excluding City Fund	15

Internal control and risk management

Summary of observations and recommendations

We have identified risk management and control observations, as detailed below.

Control assertion	Observation	Deloitte recommendation
Reconciliation of bank accounts	We identified one bank account with a balance of £133,000 where officers were unable to support the amount recorded in the general ledger. In response to our request for confirmation of the balance, the bank advised that the account had been closed prior to the year end. Officers are seeking confirmation from the bank that the status is 'dormant' rather than 'closed'.	We recommend that even those bank accounts which are unlikely to have many transactions are reconciled on a regular and frequent basis.

Control assertion	Observation	Deloitte recommendation
Grant claims	We identified one claim which was submitted prior to calculating entitlement and was then subsequently validated.	<p>We recommend entitlement is calculated in advance of submitting a claim to the grantor.</p> <p>More generally, although no errors were identified in the recognition of grant income from sample testing, the City may wish to consider the application of central controls to the accounting for such income given the significant sums involved and the complexity of treatment.</p>

Control assertion	Observation	Deloitte recommendation
National Non-Domestic Rates (NNDR) bad debt provision	The percentages applied to each category of NNDR debt when calculating the bad debt provision have not been reassessed for some years.	Periodically reassess the bases used for calculating the NNDR bad debt provision.

Appendix 3: Draft management representation letter

We set out in draft the representations we request

Deloitte LLP
3 Victoria Square
Victoria Street
St Albans
AL1 3TF

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of the City of London Corporation (City Fund) for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position of City of London Corporation (City Fund) at 31 March 2014 and of the results of its operations, other comprehensive income and expenditure and its cash flows for the year then ended in accordance with applicable accounting framework and Accounts and Audit Regulations 2010.

We acknowledge our responsibilities for preparing financial statements for the City of London Corporation (City Fund) ("the local authority") which present fairly and for making accurate representations to you. For the avoidance of doubt, references to the local authority should be taken as applying equally to the City of London Pension Scheme and references to the financial statements of the local authority, includes information in those financial statements dealing with the City of London Pension Scheme.

We confirm, to the best of our knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable financial reporting framework and the Accounts and Audit Regulations 2003 (as amended) which give a true and fair view.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
3. The measurement processes, including related assumptions and models used to determine accounting estimates in the context of the applicable financial reporting framework are appropriate and have been applied consistently.
4. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures".
5. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
6. We confirm that the financial statements have been prepared on the going concern basis. We do not intend to liquidate the Corporation or cease trading as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.
7. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. The misstatements were as follows: There were two uncorrected items: In the disclosure of investments in the pension liability disclosure, instruments have not been segregated by industry type, company size etc. In addition, dwellings were overstated by £350,000 as the valuation process counted an additional property in error. Officers did not adjust for these items as they conclude that they were immaterial.

Appendix 3: Draft management representation letter (continued)

We set out in draft the representations we request

8. Your testing identified an error where an accrual for expenditure before the year end of £43,000 had been incorrectly omitted from the balance sheet. We confirm our assessment that the accruals balance is not materially misstated in respect of this and any further errors which may be present in this balance.
9. We are not aware of events or changes in circumstances occurring during the period which indicate that the carrying amount of fixed assets may not be recoverable.
10. The Corporation has satisfactory title to all assets.
11. We have reconsidered the remaining useful lives of the fixed assets and confirm that the present rates of depreciation are appropriate to amortise the cost or revalued amount less residual value over the remaining useful lives.

Information provided

12. We have provided you with all relevant information and access.
13. All minutes of member and management meetings during and since the financial year have been made available to you.
14. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
15. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
16. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
17. We are not aware of any fraud or suspected fraud that affects the entity and involves:
 - (i). management;
 - (ii). employees who have significant roles in internal control; or
 - (iii). others where the fraud could have a material effect on the financial statements.
18. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
19. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements.
20. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
21. No claims in connection with litigation have been or are expected to be received.
22. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent.
23. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
24. We are not aware of any events or changes in circumstances occurring during the period which indicate that the carrying value of fixed assets may not be recoverable.

Appendix 3: Draft management representation letter (continued)

We set out in draft the representations we request

25. We have evaluated whether the restrictions, terms or conditions on grants have been fulfilled with, and deferred income to the extent that conditions have not been fulfilled.
26. We confirm that:
- all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
 - all settlements and curtailments have been identified and properly accounted for;
 - all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
 - the actuarial assumptions underlying the valuation of the scheme liabilities (including the discount rate used) accord with the City's best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business.
 - the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
 - the amounts included in the financial statements derived from the work of the actuary are appropriate.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

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City of London Corporation Pension Fund

Report to the Audit and Risk Management
Committee on the Year Ended 31 March 2014
Pension Fund Audit

the
Distinctive
audit

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The big picture

The Big Picture

We have pleasure in setting out in this document an update to our report originally presented to the Audit and Risk Management Committee of the City of London Corporation Pension Fund for the year ended 31 March 2014 at their meeting on 22 July 2014. This report summarises the principal matters that arose from our audit for the year ended 31 March 2014.

This summary is not intended to be exhaustive but highlights the most significant matters to which we would like to bring your attention. It should, therefore, be read in conjunction with the report and the appendices thereto.

Findings from the audit

We completed our audit in accordance with our Audit Plan, which was presented to you prior to the commencement of the audit.

We subsequently issued:

- An unmodified opinion on the pension scheme accounts within the City Fund statement of accounts
- An unmodified opinion on the consistency of the pension scheme annual report with the City Fund statement of accounts.

Our report presented to the meeting on 22 July 2014 reported on a difference of £6.5m between the Change in Market Value balance and the Net Asset Statement which officers were investigating at that time. Subsequent to the meeting this difference was resolved, but a number of adjustments to various balances and disclosures were required. We have included a recommendation in this updated report to determine the root causes of these accounting issues and develop an action plan in response.

Significant representations

Details of the representations we requested and received are included at Appendix 1. There are no new representations to highlight compared to those requested for our 2013 audit.

Independence

We have identified no matters which would affect our independence as auditor. Our reporting requirements in respect of independence matters, including fees, are covered in appendix 4.

“I am delighted to present our final report on the findings from our 2013/14 audit.”

Heather Bygrave, Audit Partner

A reminder of our audit plan:

- Materiality: £4.5m (2012/13: £3.9m).
- Threshold for reporting misstatements: £0.225m (2012/13: £0.195m).
- Significant risks over contributions, benefits, Investments and management override of controls.

Significant audit risks

This section explains the nature of significant risks, how these risks have been addressed by our audit work and our conclusions. We also explain related presentational and/ or disclosure matters within the financial statements.

1. Completeness and accuracy of contributions

Significant audit risk

Nature of risk

Unlike the positions in the private sector, we are not required to issue a separate statement on contributions for the Fund. Nevertheless, in view of the complexity arising from the participation of different employers within the Fund, we have included the identification, calculation and payment of contributions as an area of significant risk.

Impact on the financial statements and our audit challenge

Errors in processing contributions can lead to issues such as non-compliance with the Schedule of Contributions and deducting incorrect amounts from active members' payroll, which can be costly to rectify and result in reputational damage.

Work completed to address the significant risk

We have performed the following testing to address the significant risks around contributions:

- reviewed the design and implementation of controls present at the Fund for ensuring contributions from all Scheduled and Admitted bodies are identified and calculated correctly;
- we performed tests of details to test whether each material income stream was calculated in accordance with the actuarial valuation and schedule of rates; and
- we developed an expectation based on changes in membership numbers and changes in contribution rates to analytically review the contributions received in the year, the results of which fell within our tolerance level.

We note the following from our testing:

- Employer contributions for one member selected within our sample was overpaid for the current and prior years. The Employer rate was changed from 18.5% on April 2011 to 17.5% as part of the change in Fund Rules. A manual correction was made in the month of April 2011 as this member transferred department in this month and was not captured in the automatic update. It would appear from May 2011, the old rate of 18.5% continued to be applied until the member left in November 2013. After flagging this error to officers, they tested all salary changes in that month and found a total error of £55k in relation to this. We sample tested this population identified by management and tested completeness of the population with no further issues noted. Although this amount is not quantitatively material and falls within below our reporting threshold, this represents a weakness in the system which is therefore qualitatively material and management are currently reviewing.

Deloitte view

Apart from the one member noted who's contributions were overpaid, we have formed a satisfactory conclusion in this area based on the results from the procedures performed.

2. Valuation of investments

Significant audit risk

Nature of risk

The Fund makes some use of investments in unquoted investments vehicles, such as private equity houses.

Although these funds are normally subject to external audit, up to date audited accounts were not available at the time that the pension fund accounts were compiled and audited. In such cases, year end fair values of investments in such funds will need to be estimated on the basis of unaudited information. In addition, market volatility raises questions about how to value these investments. It would normally be expected that the reasonableness of the fund managers' valuation could be assessed by comparison with the funds' latest available audited accounts as adjusted for subsequent cash movements (investments and distributions) between the pooled investment vehicle and the investors. However, market volatility means such comparison may be inappropriate especially when there is a significant time period between the latest audited accounts and the fund year end.

As these investments are more complex to value we have identified the Fund's investments in pooled investment vehicles as a significant risk.

Impact on the financial statements and our audit challenge

Incorrect valuations of investments can lead to misstatements in the financial statements impacting investment decisions and future recovery plans.

Audit procedures completed to address the focus area

The following tests were performed to address the significant risk around investments:

- we have reviewed the design and implementation of controls present at the Fund for ensuring investments are valued correctly;
- we have obtained a further understanding of the valuation of investments. The value of unquoted investments vehicles represents less than 2% of the assets of the Fund as a whole. The majority of the investments held by the Fund being in investments which have a quoted value;
- we have reconciled the total value of the investments held by the Fund as reported in the investment report from BNY Mellon to the value of investments reported in the Net Assets Statement;
- we have compared the valuations provided by BNY Mellon to the reports provided by the investment manager;
- we have engaged our internal financial instrument specialists to ensure our testing approach was appropriate given the Fund's specific investment strategy and portfolio;
- we have performed a test of detail on a sample basis of quoted investment and compared the value reported by the BNY Mellon to the quoted price obtained from Bloomberg, DataStream or other third party sources; and
- we have performed a test of detail on a sample basis of the unquoted pooled investments to the valuations received from the external investment managers.

It was identified that the value per the investment manager reports was £0.6m lower than the value provided by the custodian. The differences largely arise over the level of accrued income that the custodian believes could be recognised as an asset where the investment manager does not consider there is sufficient certainty. The difference represents less than 0.01% of the overall assets of the Fund and is common throughout pension funds which have a similar custodial relationship. It is understood this is a matter of judgement taken by officers and the conclusion reached by them is satisfactory.

Deloitte view

No issues were identified during the completion of the testing.

We confirm there are no matters we wish to bring to the attention of the Committee.

3. Accuracy of benefit calculations

Significant audit risk

Nature of risk

Changes were made to the Fund from April 2008 which introduced complexities into the calculation of both benefits in retirement and ill health and death benefits which are in addition to the annual increases required by the 1997 Regulation and Pension (Increases) Act 1971.

The risk noted was that benefits payable could be inaccurately recorded and that unauthorised payments could be made to non-existent members.

Impact on the financial statements and our audit challenge

Incorrect benefit calculations or making payments to members who are not eligible can lead to misstatements in the financial statements, financial loss, pensioner's being wrongly paid and reputational damage.

Work completed to address the focus area

The following tests were performed to address the significant risk around benefits:

- we reviewed the design and implementation of controls present at the Fund for ensuring the accuracy, completeness and validity of benefits through discussion with the pensions team and testing that controls were in force during the year under review;
- we obtained a schedule of benefits paid and selected a sample of benefits for detailed testing. The sample was tested through agreement to supporting documentation, and review of the calculation, by reference to the qualifying service, Fund rules and benefit choices made by the member; and
- we developed an expectation based on the prior year balance, adjusted for changes in membership numbers and pension increases to analytically review the pension benefits paid in the year.

Deloitte view

We have formed a satisfactory conclusion in this area based on the results from the procedures performed. There are no matters to bring to the attention of the Committee.

4. Management override of controls

Presumed significant audit risk

Nature of risk

In accordance with ISA 240 (UK and Ireland) management override is always a significant risk. The primary risk areas surrounding the management override of internal controls are over the processing of journal entries and the key assumptions and estimates made by management.

Work completed to address the significant risk

Our audit work included

- we reviewed the controls around the financial reporting process, including segregation of duties, existence of reporting manuals, reviews and processing and approval of journal entries;
- we have performed substantive testing on journal entries to confirm that they have a genuine, supportable rationale;
- we have reviewed ledgers for unusual items and on a test basis investigated the rationale of any such postings;
- we have reviewed significant management estimates and judgements such as year-end accruals and provisions and consider whether they are reasonable;
- we have made enquiries of those charged with governance as part of our planning and detailed audit processes; and
- we reviewed and challenged the financial statements and management judgements against the SORP, LGPS and UK pension regulations.

Deloitte view

There are no matters to bring to the attention of the Committee.

We have not identified any significant judgements or estimates used by management and there is no indication of significant bias.

Insight - Internal control and risk management

In this section we set out our comments regarding your internal control and risk management processes. We communicate any significant deficiencies in the internal control environment to the audit committee.

Accounting and Internal control and risk management



We highlight two observations from our audit procedures

We are required to provide a view, based on our audit procedures, on the effectiveness of your system of internal control relevant to risks that may affect financial reporting; and other risks arising from the entity's business model and the effectiveness of related internal controls.

Observation

As observed in the prior year, following the implementation of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 that applies from 1 April 2011, the Regulations require each pension fund to have a separate bank account. This change is being adopted because it will enable pension fund monies to be clearly ring-fenced from other monies of the local authority, and thus reflects a longstanding Audit Commission view on best practice.

We continue to note that whilst the scheme has set up the account in line with the required timeframe, it has not been used for all transactions within the pension scheme. The current process is such that all transactions are monitored within the pooled cash account as before, with a net monthly transfer to the pension scheme bank account following the close of monthly accounting to clear down the pooling account.

This means that at any point in time there may be pension scheme cash within the main corporation pooling account.

Recommendation

This is the third time this recommendation has been raised to the Committee. The cash balance at the year end of £18m is three times greater than materiality and this issue needs to be rectified going forward. This will give the Fund greater clarity over the transactions undertaken by the scheme and demonstrate improved governance and compliance with regulations.

Management response

We have established a separate bank account for the pension fund. The desirability of placing individual financial transactions through the account was discussed at several Chamberlain's department meetings prior to implementation. We are currently experiencing problems in utilising the account for all cash transactions as all feeder systems such as payroll, payment of creditors and income collection would require major reconfiguration to enable input directly into the account.

We believe that there is a workable solution that can be implemented and this is currently being investigated with the aim of implementing it by December 2014.

Accounting and Internal control and risk management (continued)



We highlight two observations from our audit procedures

Observation

We identified a difference of £6.5m between the Change in Market Value balance and the Net Asset Statement in the initial draft of the statement of accounts. This difference was resolved, but a number of adjustments to various balances and disclosures within the pension fund statements were required.

Recommendation

We appreciate the particular issues this year arose from changes close to the year end – a move to pooled investment vehicles and changes to fund managers. However we recommend the City determine the root causes of these accounting issues and develop an action plan in response.

Management response

This was the first such move to pooled investment vehicles after several years of segregated mandates with equity fund managers. A prompt identification of the consequences for financial reporting would have allowed more time for consideration of the significant implications that have resulted from what, at face value, is a relatively innocuous change in investment arrangements. The expertise and capacity issues will be considered in the context of the likely frequency of such significant changes in investment arrangements and financial reporting requirements to provide an appropriate and proportionate solution.

Consideration of fraud

Consideration of fraud

Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional. Two types of intentional misstatements are relevant as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

We have made enquiries of management and others within the Fund as appropriate, regarding their knowledge of any actual, suspected or alleged fraud affecting the Fund. In addition, we are required to discuss the following with the Committee:

1. Whether the Committee have knowledge of any fraud, alleged or suspected fraud
2. The role that the Committee exercise in oversight of the:
 - assessment of the risks of fraud and
 - design and implementation of internal controls to prevent and detect fraud
3. The Committee's assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. Whether the Committee has disclosed to us all information in relation to any fraud, alleged or suspected fraud.

Representations from the Committee in this area are included in the letter of representation included in Appendix 1 of this report.

Management override of controls

In addition to the procedures above, we are required to design and perform audit procedures to respond to the risk of management's override of controls, which included:

- understanding and evaluating the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements, we tested the appropriateness of a sample of such entries and adjustments
- a review of accounting estimates for biases that could result in material misstatement due to fraud. We also perform a retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's financial statements.
- obtaining an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the Fund and its environment.

Responsibility Statement

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit & Risk Management Committee discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Any internal control observations; and
- Insights we may have identified from our audit.

What we don't report

- As you will be aware, our audit was not designed to identify all matters that may be relevant to the board.
- Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.
- Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements.

The scope of our work

- Our observations are developed in the context of our audit of the financial statements.
- We described the scope of our work in our audit plan dated 16 January 2014.

We welcome the opportunity to discuss our report with you and receive your feedback.

Deloitte LLP

Chartered Accountants

St. Albans

2 October 2014

This report has been prepared for the Audit and Risk Management Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

Appendices

Appendix 1: Draft representation letter

Deloitte LLP
3 Victoria Square
Victoria Street
St Albans
AL1 3TF

Our Ref: *DWB/GYW/2014*

Date:

Dear Sirs

City of London Corporation Pension Fund (the “Fund”)

This representation letter is provided in connection with your audit of the financial statements of the fund for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Fund, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, the financial transactions of the Pension Fund during the year ended 31 March 2014, and the amount and disposition of the fund’s asset and liabilities as at 31 March 2014, other than liabilities to pay pensions and other benefits after the end of the fund year.

We acknowledge as members of City of London Corporations Pension Fund our responsibilities for ensuring that the financial statements are prepared which give a true and fair view, for keeping records in respect of active members of the Fund and for making accurate representations to you.

We confirm, to the best of our knowledge and belief, the following representations.

1. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Fund have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of Officer and Committee member meetings, have been made available to you.
2. We acknowledge our responsibilities for the design, implementation and operation of internal control to prevent and detect fraud and error.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We are not aware of any significant facts relating to any frauds or suspected frauds affecting the Fund involving:
 - (i). management;
 - (ii). employees who have significant roles in internal control; or
 - (iii). others where the fraud could have a material effect on the financial statements.
5. We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the Fund’s financial statements communicated by members, former members, employers, regulators or others.
6. We are not aware of any actual or possible instances of non-compliance with laws and regulations, the effects of which should be considered when preparing financial statements.

Appendix 1: Draft representation letter (continued)

7. Where required, the value at which assets and liabilities are recorded in the net asset statement is, in the opinion of the Authority, the fair value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Fund. Any significant changes in those values since the balance sheet date have been disclosed to you.
8. We confirm the completeness of the information provided regarding the identification of related parties, and the adequacy of related party disclosures in the financial statements.

We have made enquiries of any key managers or other individuals who are in a position to influence, or who are accountable for the stewardship of the Fund and confirm that we have disclosed in the financial statements all transactions relevant to the Fund and we are not aware of any other such matters required to be disclosed in the financial statements, whether under Statement of Recommended Practice – Financial Reports of Pension Schemes (revised May 2007) (“Pensions SORP 2007”), Code of Audit Practice on Local Authority Accounting in the United Kingdom in 2013/14: based on International Financial Reporting Standards or other regulations.

9. We confirm that the financial statements have been prepared on the going concern basis. We do not intend to wind up the fund. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Fund’s ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.
10. You have been informed of all changes to the Fund rules during the year and up to the current date.
11. We have not commissioned advisory reports which may affect the conduct of your work in relation to the Fund’s financial statements.
12. No claims in connection with litigation have been or are expected to be received.
13. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
14. There have been no events subsequent to 31 March 2014 which require adjustment of or disclosure in the financial statements or notes thereto.
15. There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.
16. The pension fund accounts and related notes are free from material misstatements, including omissions.
17. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
18. The Fund has satisfactory title to all assets.
19. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent.

Appendix 1: Draft representation letter (continued)

20. No transactions have been made which are not in the interests of the members of the Fund during the Fund year or subsequently.
21. We confirm that:
- all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
 - all settlements and curtailments have been identified and properly accounted for;
 - all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
 - the actuarial assumptions underlying the valuation of the scheme liabilities (including the discount rate used) accord with the directors' best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
 - the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
 - the amounts included in the financial statements derived from the work of the actuary are appropriate.
22. All trades in complex financial instruments are in accordance with our risk management policies, have been conducted on an arm's length basis and have been appropriately recorded in the accounting records, including consideration of whether the complex financial instruments are held for hedging, asset/liability management or investment purposes. None of the terms of the trades have been amended by any side agreement and no documentation relating to complex financial instruments (including any embedded derivatives and written options) and other financial instruments has been withheld.
23. We confirm that the Pension Fund Annual Report is compliant with the requirements of Regulations 34(1)(e) of the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance.
24. We confirm that the information that is contained within the Pension Fund Annual Report and Accounts for the year to 31 March 2014 is complete, accurate and consistent with the information that is contained within the Accounts.

We confirm that the above representations are made on the basis of adequate enquiries of other officials of the Fund (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed on behalf of City of London Corporation Pension Fund

Appendix 2: Audit adjustments

Unadjusted misstatements detail

Uncorrected misstatements

We report all individual identified uncorrected misstatements in excess of £225,000 (2013: £195,000) for the financial statements:

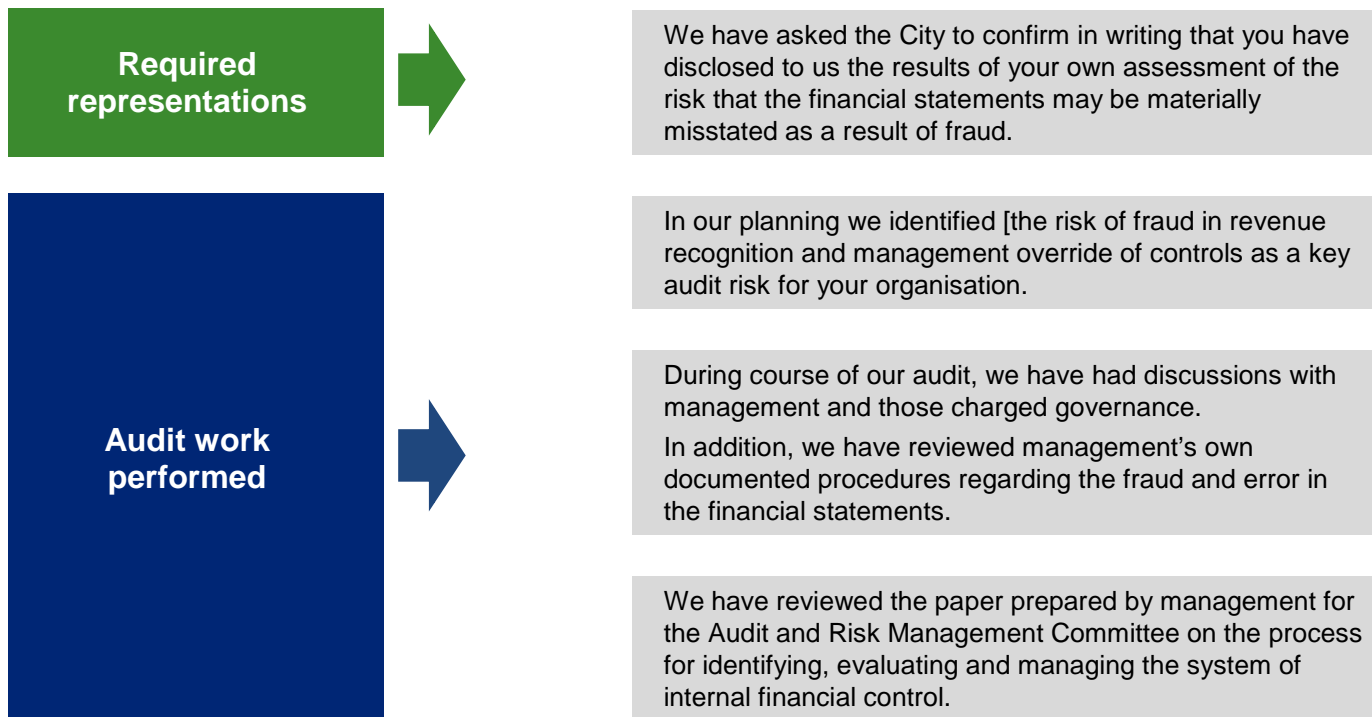
	Credit/ (charge) to current year fund account £'000	Increase/ (decrease) in net assets £'000	Increase/ (decrease) in prior year net assets £'000	Increase/ (decrease) in contributions £'000
Uncorrected misstatements				
None noted				

Disclosure misstatements

Auditing standards require us to highlight significant disclosure misstatements to enable those charged with governance to evaluate the impact of those matters on the financial statements.

There was no disclosure misstatements noted as part of our audit which remained uncorrected.

Appendix 3: Fraud: responsibilities and representations



The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Appendix 4: Independence and fees

As part of our obligations under International Standards on Auditing (UK and Ireland) we are required to report to you on the matters listed below:

Independence confirmation

We confirm that we comply with APB Ethical Standards for Auditors and that, in our professional judgement, we are independent and our objectivity is not compromised.

Fees

Our fee for the audit of the 2014 accounts was £21,000 plus disbursements and VAT (2013: £21,000).

In March 2014 the Audit Commission agreed a rebate to be distributed across local audit bodies. The announcement came following a meeting of the Audit Commission's Board, who met to discuss the strategy for managing any retained earnings prior to its closure at the end of March 2015. The decision was made as part of the Board's role in setting the Commission's strategy and objectives and for determining its budget and the way it carries out its functions. The rebate was set at 13.7 per cent of the 2012/13 annual audit fee. The rebate sent to City of London Corporation Pension Fund was £2,874.

Non-audit services

In our opinion there are no inconsistencies between APB Revised Ethical Standards for Auditors and the Fund's policy for the supply of non-audit services or of any apparent breach of that policy. To confirm we have not performed any non-audit services in the year or previous year to the pension fund. We continue to review our independence and ensure appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of our work performed and to otherwise advise as necessary.

Relationships

We are required to provide written details of all relationships between us and the audited entity, its trustees and senior management and its affiliates, including all services provided by us and the DTTL network to the audited entity, its trustees and senior management and its affiliates that we consider may reasonably be thought to bear on our objectivity and independence and the related safeguards that have been put in place. We can confirm that we are not aware of any such relationships.

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Report – Finance Committee

2013/14 Annual Reports and Financial Statements for Bridge House Estates and the Charitable Trusts

To be presented on Thursday, 16 October 2014

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

On the 23rd May 1996, the Court authorised this Committee to approve, amongst other things, the Annual Reports and Financial Statements for Bridge House Estates and the Charitable Trusts. We have duly considered and approved the Annual Reports and Financial Statements for the year ending 31 March 2014. Copies of the Annual Reports and Financial Statements have been placed in the Members' Reading Room and are available from the Chamberlain. The management letter from Moore Stephens LLP on its audit of the funds is attached for the information of the Court. In addition, for Bridge House Estates, the Annual Report and Financial Statements and the management letter have been published on the City's website.

All of which we submit to the judgement of this Honourable Court.

DATED this 22nd day of July 2014.

SIGNED on behalf of the Committee.

ROGER CHADWICK
Chairman

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MOORE STEPHENS

REPORT TO THOSE CHARGED WITH GOVERNANCE
JULY 2014



City of London Corporation

Bridge House Estates, City's Cash Trusts, the
Corporation's Sundry Trusts & Other Accounts

Audit Management Report on the 2013-14 Financial Statements Audit

www.moorestephens.co.uk

PRECISE. PROVEN. PERFORMANCE.

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Audit management report for the year ended 31 March 2014

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1 Purpose of the report

International Standard on Auditing (UK & Ireland) 260, "Communication with those charged with governance" requires Moore Stephens to report to those charged with governance on the significant findings from our audit.

This report aims to provide the trustees with constructive observations arising from the audit process. We set out in this report details of:

- any expected modifications to our audit report;
- any unadjusted items in the financial statements (except any unadjusted items which are clearly trivial) including the effect of unadjusted items related to prior periods on the current period;
- any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures; and
- any other relevant matters.

Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Our audit does not necessarily disclose every weakness and for this reason the matters referred to may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of the City of London Corporation;
- It must not be disclosed to any third party without our written consent; and
- No responsibility is assumed by us to any other person who may choose to rely on it for their own purposes.

The report has been discussed and agreed with the Chamberlain.

We would like to thank the Chamberlain, Dr Peter Kane, Caroline Al-Beyerty and the Finance Team for their co-operation and assistance during our audit.

Moore Stephens LLP
14 July 2014

2 Audit conclusion

In our opinion the financial statements of the following bodies give a true and fair view and comply with the Charities Act 2011.

Bridge House Estates

Open Spaces

Ashted Common
Burnham Beeches
Epping Forest
Hampstead Heath
Highgate Wood & Queens Park Kilburn
West Ham Park
West Wickham Common and Spring Park Coulsdon & Other Commons

Sundry Trusts

Aida Lewis Winter Distress Fund
Charities administered ICW the City of London Freeman's School
City Educational Trust Fund
City of London Almshouses
City of London Corporation Combined Education Charity
City of London Corporation Relief of Poverty Charity
City of London Freeman's School Bursary Fund
City of London School Bursary Fund
City of London School Education Trust
City of London School Girls Bursary Fund
Corporation of London Charities Pool
Emmanuel Hospital
Guildhall Library Centenary Fund
Hampstead Heath Trust
Keats' House
King George's Field
Samuel Wilson's Loan Trust
Signore Pasquale Favale Bequest
Sir Thomas Gresham Charity
Sir William Coxen Trust Fund
Vickers Dunfee Memorial Benevolent Fund

We are pleased to report that our audit reports, which are included in each of the above financial statements, are unqualified. In our opinion, from information provided to us during the audit, no events or conditions appear to exist which cast doubt on the charities ability to continue as a going concern. We are therefore satisfied with the disclosures in the financial statements.

Our audit opinion is based on your approval of the financial statements and signing of the Letters of Representation, a draft of which has been included as an appendix to this report. Within the letter, you have confirmed that there are no subsequent events that require amendment to the financial statements.

3 Respective responsibilities

Responsibilities of the Trustees

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations. The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charities and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charities will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charities transactions and disclose with reasonable accuracy at any time the financial position of the charities and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charities and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibilities of the Auditor

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

The audit includes the consideration of internal controls relevant to the preparation of the financial statements but we do not express an opinion on the effectiveness of internal control. We are also required to communicate any significant matters arising from the audit of the financial statements that are relevant to those charged with governance in overseeing the financial reporting process. The matters being reported are limited to those deficiencies in control that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to those charged with governance.

International Standards on Auditing (UK and Ireland) do not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate with those charged with governance.

Independence

International Standard on Auditing (UK & Ireland) 260, "Communication with those charged with governance" requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that we have complied with the APB's Ethical Standard 1 – "Integrity, Objectivity and Independence". In our professional judgement the audit process has been independent and our objectivity has not been compromised.

4 Significant audit risks and risk factors

Significant audit risks

As noted in our audit planning report submitted to the Audit and Risk Management Committee in January 2014 the following audit risk areas were identified as significant matters and therefore considered in detail during our audit fieldwork.

Audit risk areas

Revenue recognition (All funds and entities)

Under International Standard on Auditing (UK and Ireland) 240, there is a presumed, albeit rebuttable, significant risk of fraud in revenue recognition. We consider this risk cannot be rebutted for income in all organisations.

Audit findings

We have documented, evaluated and tested the controls which ensure income is completely and accurately recorded across all entities and funds. No significant weaknesses in controls have been identified.

We have substantively tested material income streams and performed procedures to ensure income is complete.

Conclusion:

Satisfactory assurance has been gained in respect of the presumed risk of fraud in revenue recognition.

Management override

Under International Standard on Auditing (UK and Ireland) 240, there is a presumed significant risk of material misstatement owing to fraud arising from the potential for management to override controls.

We carried out focused testing on journals, estimation techniques and any significant/unusual transactions. We reviewed significant estimates and judgements made in the financial statements for evidence of bias.

No significant issues were noted in our testing.

Conclusion:

Satisfactory assurance has been gained in respect of the presumed risk of management override.

Asset Transfers (City's Cash and Bridge House Estates)

We understand that the City of London Corporation is reviewing the possibility of the City Fund purchasing investment properties from the portfolios held by City's Cash and/or Bridge House Estates in order to achieve a better rate of return.

We have reviewed the property transfer process to ensure that appropriate governance was applied to the property transfers between City Fund and Bridge House Estates. Where properties have been transferred we have confirmed that market value was used and have agreed this to supporting valuation reports.

We have reviewed the accounting entries in Bridge House Estates and the City Fund to ensure that they were equal and opposite.

No issues were noted in our testing.

Conclusion:

Satisfactory assurance has been gained in respect of the risk of asset transfers being materially misstated.

City of London Procurement Service (All funds and entities)

The City of London Corporation are currently in negotiations with Accenture regarding the early termination of the contract whereby the two parties worked in partnership to deliver the City's Procurement and Purchase to Pay programme. The Corporation intends to run the service fully 'in-house' and therefore must ensure that a knowledge and skills transfer has taken place to provide for efficient and effective operation.

We have reviewed the knowledge transfer process in place for the ceasing of the Accenture contract and consider it to be reasonable. We note that there are a small number of posts that are yet to be filled and therefore there has not been a full knowledge transfer at this point. No significant delays in accounts payable processing were encountered during our audit.

Conclusion:

Satisfactory assurance has been gained in respect of the risk identified regarding the City of London Procurement Service.

During the audit we identified a further significant audit risk, related to managed investments, which we now bring to your attention.

Audit risk areas

Managed Investments (Bridge House Estates)

During the 2013-14 financial year, the City of London Corporation have changed some of the investments held by fund managers across the Pension Fund, City's Cash and Bridge House Estates into Pooled Investment Vehicles. At the same time the opportunity has been taken to revise the accounting treatment for these managed investments.

All managed investment funds have been designated as held for trading and have been accounted for as 'fair value movements through profit and loss' at the point of transition, as opposed to the previous accounting treatment of 'available for sale'. Designation is allowed when financial assets are managed and their performance evaluated on a fair value basis in accordance with an investment strategy.

The effect of this is that movements in the market value of investments are shown as changes in fair value through the Statement of Financial activities (SOFA) rather than showing as unrealised investment reserve movements.

The process for transitioning investments was not completed until 10 February, therefore managed investments required to be accounted for as 'available for sale' for the first ten months of the year, and 'fair value through profit and loss' for the final two months. The Corporation does not have detailed valuations of the funds at the point of transition, relying on valuations provided by the Transition Manager.

Audit findings

We have audited the value of additions, disposals, investment income and unrealised gains on managed investments to 31 January 2014.

We have reviewed the market value of investments at 31 January from the fund Custodian and transition point (10 February) and consider them to be reasonable.

We have audited the movement in fair value between 1 February and 31 March 2014. We have audited the realisation of unrealised gains through reserve movements at 31 January 2014.

We have considered the designation of the financial assets and confirm it is in line with the requirements of accounting standards and the Charities SORP.

No significant issues have been noted. However, an audit recommendation has been raised in section 6 of this report.

Conclusion:

Satisfactory assurance has been gained in respect of the mitigation of the risk of managed investments being materially misstated.

Other risk factors

As noted in our audit planning report submitted to the Audit and Risk Management Committee in January 2014 the following audit risk areas were identified as risk factors which could potentially result in a material misstatement. The table below sets out our approach and conclusions to these risk factors.

Audit risk areas

Allocation of FRS 17 Pension Liability (Bridge House Estates)

The City of London Corporation has decided to split the defined benefit pension liability (£342m at 31 March 2013) between the three funds for the first time in 2013-14. This split is likely to be done on the basis of pensionable pay.

The City Fund liability requires valuation and disclosure in line with IAS 19 under International Accounting Standards, whereas Bridge House Estates and City's Cash will require valuation and disclosure in line with FRS 17 under UK GAAP. The magnitude of any differences between the two valuations is not yet known.

Audit findings

We have reviewed the methodology used to allocate the pension fund liability on the basis of pensionable pay as at 31 March 2014 and 31 March 2013 across the three funds. We have reviewed the prior year adjustment disclosures made to recognise the liability at 31 March 2013 and consider them satisfactory.

We have reviewed the disclosures contained in the Bridge House Estates accounts to ensure they meet the requirements of FRS 17. We have also considered the appropriateness of the assumptions used by the actuary in the calculation of FRS 17.

Conclusion:

Satisfactory assurance has been gained in respect of the pension liability accounted for within the accounts of Bridge House Estates.

Disclosure of reserves (Bridge House Estates)

We consider that the disclosure of reserves in the Bridge House Estates financial statements could be enhanced to demonstrate the availability and type of reserves held – providing greater transparency.

Transfers between reserves have been made during the year to consolidate general reserves and provide more clarity to the readers of the accounts. We have reviewed these transfers and consider the movements to be reasonable. There is no reserves policy in place covering the level of unrestricted funds which should be held. An audit recommendation is included on this in section 6 of this report.

Conclusion:

Satisfactory assurance has been gained in respect of the Bridge House Estates reserves not being materially misstated, however, a reserves policy covering unrestricted reserves should be put in place and the level of reserves monitored against this policy.

Grant expenditure (Bridge House Estates)

Bridge House Estates, through the City Bridge Trust, is committed to supporting charities in London from funds that are not required for the primary purpose of maintaining the five Thames bridges. It is essential that the processes and controls in place ensure that grant payments made are used as intended.

We have reviewed the processes and controls in place over the awarding and payment of grants and identified no significant weaknesses in controls. Substantive testing of grant payments has identified no issues. We have tested a sample of claw-back payments to confirm they are being appropriately applied with no issues to note.

Conclusion:

Satisfactory assurance has been gained in respect of grant expenditure in the Bridge House Estates accounts.

Audit risk areas

Application of FRS 102 (All funds and entities)

We note the upcoming application of FRS102, the update to UK GAAP, and the associated changes to the Charities SORP in 2015-16. While this will not impact on 2013-14 directly, the balance sheets at 31 March 2014 will form the basis of the opening balance sheet for comparatives in the 2015-16 accounts. Planning is required now to ensure that all required disclosures will be able to be met.

Oracle upgrade (All funds and entities)

The City of London Corporation are planning to upgrade the Oracle finance system during the 2014-15 year. While this will have no financial impact on the 2013-14 financial statements, we recognise that there may be an impact on finance staff availability as the upgrade undergoes testing during our audit period.

Audit findings

No significant work has been performed on the transition to FRS102 at this point, but this is work in progress for the Corporation Finance Team.

We will continue to monitor progress in this area during our 2014-15 audits.

Conclusion:

Satisfactory assurance has been gained in respect of risk identified regarding FRS102 for the 2013-14 audit year.

As planned, we communicated our plan of work to the Corporation Finance Team in advance of our audit visits so that time on site was effective and efficient.

Conclusion:

No significant delays have been caused due to the Oracle upgrade.

Going concern and subsequent events

We are required under International Standard on Auditing (UK & Ireland) 570, "Going concern" to consider the appropriateness of the trustees' use of the going concern assumption in the preparation of the financial statements, and to consider whether there are material uncertainties about the charitable company's ability to continue as a going concern which need to be disclosed in the financial statements.

The term "subsequent events" is used to refer to events occurring between the period end date of the financial statements and the date of the auditor's report. International Standard on Auditing (UK & Ireland) 560, "Subsequent events" requires us to assess all such matters before signing our audit report.

In order to gain assurance on these matters our work has included:

- performing a review of budgets and cash flow projections covering a period of 12 months from the expected signing of the audit report, together with management accounts for 2014-15;
- reviewing minutes of relevant City of London Corporation sub-committees held since 31 March 2014;
- enquiring of senior management and the charitable company's solicitors concerning litigation, claims and assessments; and
- performing sample testing of post reporting date transactions.

Conclusion

Our work has not highlighted any concerns or issues affecting Bridge House Estates, City's Cash Trusts and Sundry and Other Trusts ability to continue as a going concern.

5 Significant audit and accounting matters

Significant issues identified during our audit fieldwork

During the course of our audit work and following discussion with management we raised an additional significant audit risk (see section 4 above) with regards to accounting for managed investments. This report brings the matter forward for the attention of those charged with governance.

Adjustments agreed with management

During the final audit visit the accounting treatment for managed investments was discussed and a change agreed with management. This resulted in a number of significant adjustments which were agreed and actioned by management within the financial statements. A summary of the effect of these is shown below.

	Statement of Financial Activities		Balance Sheet	
	DR £'000	CR £'000	DR £'000	CR £'000
Bridge House Estates	2,800	3,800	81,500	80,500

Other audit adjustments

To enable those charged with governance to assess the extent to which the draft financial statements presented for audit have been subject to change as a result of the audit process and ongoing management review, we present below the adjustments made to the accounts during the audit process.

As a result of our audit and management review, adjustments were made to the draft financial statements presented for audit. A summary of the effect of the audit adjustments is shown below. A schedule of the actual adjustments can be found in appendix 1. Where the entity or fund is not noted below or in appendix 1, no adjustments were made.

	Statement of Financial Activities		Balance Sheet	
	DR £'000	CR £'000	DR £'000	CR £'000
Bridge House Estates	0	0	2,549	2,549
City's Cash Trusts				
Burnham Beeches	0	0	30	30
Epping Forest	0	0	43	43
West Wickham Common and Spring Park Coulsdon & Other Commons	0	23	36	13

All audit adjustments have been discussed and agreed with the Chief Accountant and Group Accountant.

Unadjusted items

We are obliged to bring to your attention the errors found during the audit that have not been corrected as not material, unless they are 'clearly trivial', which we have identified as below 1% of assessed materiality, subject to a de-minimis reporting level of £1,000. The items that we are aware of above this amount are set out below.

A summary of the net effect of the unadjusted items is shown below. A schedule of the unadjusted items can be found in appendix 2. Where the entity or fund is not noted below or in appendix 2, no adjustments were made

	Statement of Financial Activities		Balance Sheet	
	DR £'000	CR £'000	DR £'000	CR £'000
Bridge House Estates	102	496	428	34
City's Cash Trusts				
Epping Forest	0	5	5	0
Hampstead Heath	0	3	3	0
West Ham Park	0	8	8	0
Sundry Trusts				
Corporation of London Charities Pool	2	0	0	2
City of London Almshouses	2	0	0	2

It was agreed with the Chief Accountant and Group Accountant that these amounts were not considered material and did not require to be incorporated into the financial statements. We request that the Audit and Risk Management Committee confirm this decision.

Qualitative aspects of accounting practices and financial reporting

During the course of our audit, we consider the qualitative aspect of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. The following observations have been made:

Qualitative aspect considered	Audit conclusion
The appropriateness of the accounting policies used.	<p>We have reviewed the significant accounting policies, which are disclosed in the financial statements, and we consider these to be appropriate to the charities.</p> <p>Two significant changes have been made in the Bridge House Estates accounts during 2013-14. Firstly, pension costs are now accounted for as a defined benefit scheme across the three main City of London funds on a proportional basis. A prior year adjustment has been made to reflect this change in accounting policy.</p> <p>Secondly, following transition of managed investments to pooled investment vehicles (see 'Significant audit issues' above) in February 2014, all managed investments held by Bridge House Estates have been designated as 'fair value through profit and loss'.</p>
The timing of the transactions and the period in which they are recorded.	We did not identify any significant transactions where we had concerns over the timing or the period in which they were recognised.
The appropriateness of the accounting estimates and judgements used.	We are satisfied with the appropriateness of accounting estimates or judgements used in the preparation of the financial statements.
The potential effect on the financial statements of any uncertainties, including significant risks and disclosures such as pending litigation, that are required to be disclosed in the financial statements.	<p>We did not identify any uncertainties including any significant risk or required disclosures that should be included in the financial statements.</p> <p>We have reviewed the accounting treatment of ongoing and potential future works at Hampstead Heath. Additional disclosures have been made in the Hampstead Heath Trustee's Report to reflect the uncertainty of costs in this area.</p>

Qualitative aspect considered

Audit conclusion

The extent to which the financial statements have been affected by unusual transactions during the period and the extent that these transactions are separately disclosed in the financial statements.	From our testing performed, we identified no unusual transactions in the period. As noted above, the two changes in accounting policies have required additional disclosure to account for the changes in accounting treatment and transactions.
Apparent misstatements in the trustees' reports or material inconsistencies within the financial statements.	Our review of the Trustees' reports identified no misstatement or material inconsistency with the financial statements. We have requested a number of adjustments to improve the clarity of disclosures. The requested disclosures have been made.
Any significant financial statement disclosures to bring to your attention.	There are no significant financial statement disclosures that we consider should be brought to your attention, other than the changes in accounting policy noted above. All disclosures made are required by relevant legislation and applicable accounting standards.
Disagreement over any accounting treatment or financial statement disclosure.	There was no disagreement during the course of the audit over any accounting treatment or disclosure.
Difficulties encountered in the audit.	There were no difficulties encountered in the audit of the Open Spaces and Sundry and Other Trusts. All sets of accounts were delivered according to timetable. We faced significant difficulty in the audit of Bridge House Estates due to late changes in the accounting policy for managed investments and the unavailability of investment working papers. The first set of accounts presented for audit were delivered according to timetable, but significant disclosures were required for managed investments, defined benefit pension scheme and related parties thereafter.

Management representations

We have requested that a signed representation letter, covering a number of issues, be presented to us at the date of signing the financial statements. A copy of this letter is included in appendix 4 to this report.

Fraud and irregularity

Responsibility for preventing and detecting fraud and other irregularities lies with the trustees of the charities. We are not required to search specifically for such matters and our audit should not be relied upon to disclose them. However, we planned and conducted our audit so as to give a reasonable expectation of detecting any material misstatements in the financial statements resulting from improprieties or breach of regulations.

We are pleased to report that we did not identify any issues of concern in relation to fraud and irregularity.

Legality

We planned and performed our audit recognising that non-compliance with statute or regulations may materially affect the financial statements.

We are pleased to report that we did not identify any instances of concern with regard to the legality of transactions or events.

6 Accounting systems and internal controls

During the course of our audit of the financial statements, we examined the principal internal controls which the trustees have established to enable them to ensure, as far as possible, the accuracy and reliability of the charitable company's accounting records and to safeguard the charities' assets.

It should be noted that our audit was planned and performed in order to allow us to provide an opinion on the financial statements and it should not be relied upon to reveal all errors and weaknesses that may exist.

Our work did not identify any system weaknesses.

Action plan – audit recommendations

We identified a number of observations which we consider require management action. Recommendations to address the observations are detailed in the action plan below, together with management responses.

Grade	Definition
1	major issues for the attention of senior management which may have the potential to result in a material weakness in internal control
2	important issues to be addressed by management in their areas of responsibility
3	problems of a more minor nature which provide scope for improvement.

We have included only those points considered a priority 1 in this report. A separate report has been provided to management containing points graded priority 2 and 3.

Action plan

1 – Finance team expertise / capacity

Observation	The late changes to the Bridge House Estates managed investments were as a result of a delay in identifying that a revised accounting treatment would be required from the move to pooled investment vehicles. Significant amendments were required to the annual accounts to reflect the revised accounting treatment.
Risk	Without a full understanding of the implications on financial reporting of policy decisions made there is a risk that financial accounting and financial reporting aspects will not be identified and properly reported.
Recommendation	We recommend that the City of London Corporation reviews the expertise and level of resources in the wider finance team. In particular, we consider that the Corporate Treasury Team would benefit from having a staff member with relevant financial accounting experience of financial instruments who can advise on the necessary disclosures required.
Management response	This was the first such move to pooled investment vehicles after several years of segregated mandates with equity fund managers. A prompt identification of the consequences for financial reporting would have allowed more time for consideration of the significant implications that have resulted from what, at face value, is a relatively innocuous change in investment arrangements. The expertise and capacity issues will be considered in the context of the likely frequency of such significant changes in investment arrangements and financial reporting requirements to provide an appropriate and proportionate solution.

2 – City of London Almshouses fixed assets

Observation	<p>As a Registered Social Landlord, the City of London Almshouses calculate their fixed asset balance at 31 March at cost less depreciation net of Social Housing Grant.</p> <p>A fixed asset register could not be provided to support the cost of assets in the Almshouses accounts, nor was evidence for the calculation of depreciation available in the Corporation working papers. There was no supporting evidence for the Social Housing Grant balance brought forward.</p>
Risk	<p>With limited supporting evidence, the Corporation faces the risk that it is unable to identify the individual assets that make up the year end balance and the value of the Social Housing Grant due at the year end. This may result in fixed assets being misstated.</p>
Recommendation	<p>A fixed asset register should be prepared, with the useful economic lives of assets considered on an individual basis, allowing for an appropriate assessment of annual depreciation. In addition evidence for the Social Housing Grant should be obtained and terms and conditions reviewed to ensure the City of London is in full compliance.</p>
Management response	<p>The City of London Almshouses are 44 dwellings including two warden units. Successive external audits have concluded satisfactorily on the financial statements. As the significant capital expenditure was incurred during the late 1980's and early 1990's we have requested the assistance of the London Metropolitan Archives to re-evidence the historic expenditure.</p>

3 – Bridge House Estates – Reserves policy

Observation	<p>Charity law requires trustees to be able to justify income held as reserves.</p> <p>At 31 March 2014 Bridge House Estates held unrestricted and undesignated reserves amounting to £446.1m. Of this figure £80.5m relates to increases in the fair value of fixed asset investments. The remaining balance of £365.6m should be seen as funds available to spend on the charity's purpose.</p> <p>There is no formally documented reserves policy for Bridge House Estates.</p>
Risk	<p>The absence of a documented reserves policy may lead to adverse comment from the Charity Commission. A comprehensive policy will provide a framework for responding to questions regarding the appropriateness of the reserves retained within the charity.</p>
Recommendation	<p>Unrestricted reserves are funds available to be spent and a reserves policy should be drafted which sets out the Trustees policy regarding these reserves given the charity's financial circumstances and changing needs.</p> <p>The Trustees should agree a policy on what level of unrestricted reserves it is appropriate for the charity to hold. The reserves policy should explain the nature and amount of the designation and when the funds are likely to be spent.</p> <p>Actual balances for all reserves should be monitored against this policy on a regular basis.</p>
Management response	<p>The reserves policy is set out on page 26 of the financial statements. The policy deliberately does not include a level of reserves above which any excess capital should be spent – this being the implication of the above recommendation. This is because the practice is for Members to consider how much of the 'surplus' revenue income (after providing for the maintenance and operation of the bridges) should be allocated to grant giving in the context of the five year rolling financial forecasts. Further consideration will be given to this issue and one option would be to designate the 'General Reserve' as 'Income Generating Fund' which is effectively what it represents.</p>

4 – Bridge House Estates – missing title deeds

Observation	<p>Testing of investment properties in BHE identified that title deeds were not available for all properties. We understand that given the long history of land ownership, it is not unusual for Bridge House Estates to own property without having titles registered with the Land Registry or to be in possession of title deeds and documents. An exercise is being carried out to review all properties across the Corporation and confirm title.</p> <p>Where title deeds were unavailable we have obtained audit assurance over ownership by confirming the existence of rental receipts from the properties.</p>
Risk	<p>There is a risk that the City of London Corporation is unable to demonstrate they have full title to properties and that disputes regarding ownership and liability may arise.</p>
Recommendation	<p>We recommend that the exercise to complete title documentation for all properties is completed as soon as possible.</p>
Management response	<p>It is not unusual for organisations such as the City, which have a long history of land ownership, to own real property without having title registered at HM Land Registry or to be in possession of title deeds and documents. A significant amount of property was gifted or granted to the City some hundreds of years ago and in these cases, for example, no conventional title deeds would have been drawn up. The City is, however, continuing with its programme of title registration, albeit presently in respect of properties within the City boundaries.</p> <p>In 1999 the Property Sub-Committee approved the City Surveyor's programme of researching and registering the City's unregistered freehold titles to its land holdings within the City. This programme is integral to the City fulfilling its property asset management responsibilities, while also taking account of Land Registry's target of achieving a comprehensive land register by 2017. Since the start of the registration project, title to 91 buildings has been registered as at March 2014 together with various highway land.</p>

5 – Bridge House Estates – review of risk management strategy

Observation	<p>The Risk Management Statement per the Trustee's Report states that:</p> <p><i>'In order to embed sound practice a Strategic Risk Management Group is in place to ensure that risk management policies are applied, that there is an ongoing review of risk management activity and that appropriate advice and support is provided to Members and officers.'</i></p> <p><i>'The City of London Corporation has approved a strategic risk register for all of its activities. This register helps to formalise existing processes and procedures and enables the City of London Corporation to further embed risk management throughout the organisation. A key risk register has been prepared for this Charity, which has been reviewed by the Trustee. It identifies the potential impact of key risks and the measures which are in place to mitigate such risks.'</i></p> <p>From discussions with management, we noted that the most recent risk register to be submitted to the Bridge house Estates committees for review was in 2011.</p>
Risk	<p>If risks are not routinely identified, monitored and mitigated against, the organisation is exposed to financial and reputational risk. If the process is not undertaken on an ongoing basis, there is the potential that the mitigating actions currently in place are not of the right fit for the risks currently faced by Bridge House Estates.</p>
Recommendation	<p>It is recommended that management produce an updated risk register for Bridge House Estates and that this is reviewed by the relevant Bridge House Estates committee on a regular basis.</p>
Management response	<p>The charity's risks are being managed on an ongoing basis by a number of Chief Officers - Chamberlain, City Surveyor, Director of the Built Environment and the Chief Grants Officer; and overseen by a number of committees – Financial Investment Board; Property Investment Board; Culture Heritage and Libraries; Planning and Transportation; and City Bridge Trust. A task will be undertaken to collate the various risks and prepare a consolidated report for submission to these committees and to the Audit and Risk Management Committee.</p>

6 - Physical access to the Server room (IT audit)

Observation	<p>Our audit review identified that 147 staff and contractors from various departments had access to the server room. We confirmed that some of the people with access no longer required access to the server room. This suggests that access to the server room is not regularly reviewed to ensure it remains current and appropriate.</p> <p>We were not provided with the authorised access request for some of the staff and contractors that had access to the server room, we were informed that access request are sometimes made verbally.</p>
Risk	<p>The server room is a highly sensitive area where key financial information is located. Inappropriate access poses a risk of damage to the servers or any of its components, and the integrity and confidentiality of the data that is being processed or stored. This could result in a material alteration to key financial records.</p>
Recommendation	<p>We recommend that the current access rights to the server room be reviewed to ensure access is only permitted to individuals that require the access as part of their normal duties. This should become a regular activity performed at defined intervals to ensure access rights remains current and appropriate.</p> <p>All access requests to the server room should be formally approved, with the records retained as an audit trail.</p>
Management response	<p>Chamberlain's Chief Technology Officer advises:-</p> <p>A process to review access should be in place. Those with responsibility for controlling access have been requested to;</p> <ol style="list-style-type: none">1. Review and revise current access levels.2. Ensure that 6-monthly reviews are undertaken with the outcome reported to CTO governance board. <p>I believe that access to the computer room requires CTO authorisation in writing. This will be reviewed along with current access levels and the process reinforced if found to be wanting.</p>

7 - Antivirus Management (IT audit)

Observation	<p>While we confirmed that antivirus solutions are installed on the servers and workstations with the latest updates received, we established instances where some online servers did not receive the latest antivirus update, with one of them actually receiving the last update on the 2nd of February 2014.</p>
Risk	<p>Failure to having the latest antivirus update running on the servers may result in the servers being effected by a harmful code or virus, which could bring down the servers and result in information systems being unavailable for use.</p>
Recommendation	<p>We recommend that management reviews the procedure for updating the servers with the latest antivirus updates, and implement corrective measures to make the process more effective.</p>
Management response	<p>Agilisys (IT managed service provider) have been asked to review and remediate any issues and to report at least quarterly on the currency of the AV updates.</p>

Observation	While we confirmed that data is replicated to an offsite location, we established a number of instances where the data tape backup failed during the period under review. We were informed that this was because the backup window was not sufficient for all the contents that needed to be backed up within the set time period. In addition, there was no evidence provided to confirm that restore test are regularly undertaken to verify the integrity of data backed up to tape.
Risk	COLC might not be able to recover and restore data to support critical business processes following a major disaster to the main premises hosting the data centre, especially if the replication to the offsite location fails.
Recommendation	We recommend that the backup window be increased accordingly, and the backup process be reviewed to make it more effective.
Management response	<p>We believe that all data is replicated and that recovery of data is primarily from replicated copy as opposed to tape backup.</p> <p>The nature of tape backup is such that some failures do occur. Where this happens appropriate mitigation should be in place.</p> <p>Agilisys (IT managed service provider) have been asked to review and report on the audit finding, advising as to any weaknesses or concerns.</p> <p>IS service is moving to Infrastructure-as-a-Service by November 2014 and therefore no significant investment in tape backup technology is planned.</p>

7 Future financial reporting developments relevant to the City of London Trusts

The new reporting framework for UK Charities

The Financial Reporting Council (FRC), the body responsible for issuing UK accounting standards, recently finalised its biggest change in the financial reporting framework for a generation.

The new framework is effective for accounting periods commencing on or after 1 January 2015, which means 31 December 2015 or 31 March 2016 for most entities. Whilst early adoption is permitted, charities won't be able to adopt the standard until the new Charity Statement of Recommended Practice (SORP) is published in its final form in Summer 2014.

There are two options for charities – some charities will be able to apply the Financial Reporting Standard for Smaller Entities (FRSSE) if they meet the smaller companies' requirements. Those that don't meet these requirements are eligible for the new FRS 102.

FRSSE or FRS 102?

The first consideration is whether you are eligible to apply FRSSE – for which two of the three criteria must be met: gross income must not exceed £6.5m; gross assets must not exceed £3.26m and employee numbers must not exceed 50.

The second point to consider is the reduced disclosure requirements for the FRSSE compared with the FRS and then how this compares with the Charity SORP. Currently, FRSSE contains a number of disclosure simplifications, the most relevant of which concern leases, segmental reporting, requirements on reporting, acquired/discontinued activities, cash flow statements and related parties. The draft SORP has taken greater cognisance of these than its predecessor so it may be that more charities will adopt FRSSE. However, there are some charity-specific areas where the FRSSE is silent and the draft SORP requires charities to follow the FRS 102 treatment.

We can now expect three years of the existing regime as the FRC plans only to implement changes every three years. These will be driven by developments in international standards and their impact on UK accounts will be considered.

Charity Commission review of pension deficits

As part of a planned programme of thematic reviews of charity accounts, the Charity Commission has recently performed a review of a number of charity accounts which included a pension deficit. They found that only 31 of the 97 accounts reviewed had adequately explained the pension scheme deficit and the plans the charity had to meet the deficit, including whether additional financial support was required to meet the deficit. Of the 97 charities reviewed, 60 were members of a local authority multi-employer scheme.

Appendix 1 – Adjusted Misstatements

As summarised in Section 5, the following adjustments were identified during our audit work and have been incorporated into the financial statements. Where the entity or fund is not noted below, no adjustments were made. All adjustments have been discussed and agreed with the Chief Accountant and Group Accountant.

	Statement of Financial Activity		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
Bridge House Estates				
Managed investment adjustments agreed with management				
Managed investment income	2,800			
Realised investment gains (drawdowns) <i>Being the correct treatment of investment income post transition</i>		2,800		
Unrealised gain on investments Managed investment reserve <i>Being the reversal of investment gains post transition</i>		1,000	1,000	
Investment revaluation reserve Unrestricted general fund <i>Being the realisation of unrealised gains at transition point</i>			80,500	80,500
	2,800	3,800	81,500	80,500
Bridge House Estates				
Other audit adjustments				
Rental Debtors Other Creditors <i>Being correction of netting off adjustment for rental debtors</i>			1,949	1,949
Property income received in advance Rental debtors <i>Being the reclassification of property income received in advance</i>			200	200
Other debtors Realised investment gains (drawdowns) <i>Being the late adjustment of accrued investment income</i>			400	400
	0	0	2,549	2,549
City's Cash Trusts				
Burnham Beeches				
Accruals Trade Creditors <i>Being the reclassification of accruals as trade creditors</i>			30	30
	0	0	30	30

	Statement of Financial Activity		Balance Sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Epping Forest				
Accruals			43	
Trade Creditors				43
<i>Being the correction of an incorrectly posted accrual reversal</i>				
	0	0	43	43
West Wickham Common and Spring Park Coulston & Other Commons				
Accruals			13	
Trade Creditors				13
<i>Being the correction of misclassified accruals</i>				
Cash			23	
Income		23		
<i>Being the transfer of HLF income from City's Cash</i>				
	0	23	36	13

Appendix 2 – Unadjusted misstatements

As summarised in Section 5, the following unadjusted items were identified during our audit work. It was agreed with the Chief Accountant and Group Accountant that these amounts were not considered material and thus they have not been incorporated into the financial statements.

	Statement of Financial Activity		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
Bridge House Estates				
Debtors				34
Income	34			
<i>Being the correction of income recognition</i>				
Debtors			26	
Income		26		
<i>Being the correction of cut-off error</i>				
Rental debtors			377	
Rental income		377		
<i>Being the correction of cut-off error</i>				
Expenditure		68		
Retained earnings	68			
<i>Being the correction of cut-off error</i>				
Grants payable			25	
Grant expenditure		25		
<i>Being the correction of the grants payable balance</i>				
	102	496	428	34
City's Cash Trusts				
Epping Forest				
Accruals			5	
Expenditure		5		
<i>Being the correction of costs over accrued</i>				
	0	5	5	0
Hampstead Heath				
Accruals			3	
Expenditure		3		
<i>Being the correction of costs over accrued</i>				
	0	3	3	0
West Ham Park				
Accruals			8	
Expenditure		8		
<i>Being the correction of costs over accrued</i>				
	0	8	8	0

	Statement of Financial Activity		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
Sundry Trusts				
Corporation of London Charities Pool				
Interest receivable	2			
Investment income				2
<i>Being the correction of investment income</i>				
	2	0	0	2
City of London Almshouses				
Depreciation expense	2			
Accumulated depreciation				2
<i>Being the correction of depreciation charge for the year</i>				
	2	0	0	2

Appendix 3 – List of entities key financials

The list of entities on which we have reported on, and which are covered by this document are included in the table below. We have included in the table incoming resources, surplus/deficit and net assets along with the materiality level we have used during the audit. Materiality was calculated based on either the net assets of the entity or incoming resources.

Activities	Incoming Resources £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Materiality £'000
Bridge House Estates	39,300	-	1,023,500	1,500
City's Cash Trusts				
Ashtead Common Preservation of the common at Ashtead	538	-	-	5
Burnham Beeches Preservation of the Open Space known as Burnham Beeches	890	(17)	821	9
Epping Forest Preservation of Epping Forest in perpetuity	7,214	302	6,774	69
Hampstead Heath Preservation of Hampstead Heath for the recreation and enjoyment of the public	9,370	947	2,031	89
Highgate Wood & Queens Park Kilburn Preservation of the Open Space know as Highgate Wood & Queens Park Kilburn	1,421	7	438	14
Sir Thomas Gresham Charity To provide a programme of public lectures	26	-	1	0.5
West Ham Park To maintain and preserve the Open Space known as West Ham Park	1,559	(33)	116	16
West Wickham Common and Spring Park Coulsdon & Other Commons Preservation of West Wickham Common and Spring Park Coulsdon & Other Commons	1,108	12	12	11
Sundry Trusts				
Aida Lewis Winter Distress Fund Assistance and relief for the poor and distressed during winter months	8	6	233	5
Charities Administered ICW the City of London				
Freemen's School Promotion of education through prizes	11	3	16	8
City Educational Trust Fund Advancement of education through grants	159	(28)	3,391	48
City of London Almshouses Almshouses for poor or aged people	375	173	1,484	33

Activities	Incoming Resources £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Materiality £'000
Sundry Trusts Continued				
City of London Corporation Combined Education Charity Advancing education by the provision of grants and financial assistance	39	7	1,044	21
City of London Corporation Relief of Poverty Charity Relief of poverty for widows, widowers or children of a Freemen of the City of London	4	4	154	2
City of London Freemen's School Bursary Fund Promotion of education through bursaries	49	29	743	15
City of London School Bursary Fund Promotion of education through bursaries, scholarships and prizes	224	120	3,240	65
City of London School Educational Trust Advancing education	5	(9)	6	0.5
City of London School for Girls Bursary Fund Promotion of education through bursaries, scholarships and prizes	676	(38)	3,740	80
Corporation of London Charities Pool Investments pool for Sundry Trusts	1,458	531	20,317	295
Emmanuel Hospital Payment of pensions and financial assistance to poor persons	83	18	2,214	44
Guildhall Library Centenary Fund Provision of education and training in library, archives, museum, and gallery services	1	1	21	1
Hampstead Heath Trust To meet a proportion of the maintenance cost of Hampstead Heath	1,349	(32)	28,919	585
Keats House Maintenance of Keats' House	342	6	200	5
King George's Field Open space for sports, games and recreation	13	-	-	1
Samuel Wilson's Loan Trust Granting of low interest loans to young people who have or are about to set up in business	75	61	2,019	40
Signore Pasquale Favale Bequest Granting of assistance to eligible persons in the form of marriage portions	0.5	0.5	12	1

Activities	Incoming Resources £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Materiality £'000
Sundry Trusts Continued				
Sir William Coxen Trust Fund	115	15	2,527	51
Granting of assistance to eligible charitable trusts in the form of donations				
Vickers Dunfee Memorial Benevolent Fund	7	(3)	188	4
Financial assistance to distressed past and present members of the CoL Special Constabulary and their dependents				

Appendix 4 – Management representation letters for Bridge House Estates and the Charities

LETTER OF REPRESENTATION: BRIDGE HOUSE ESTATES

Dear Sirs

City of London - Bridge House Estates

This representation letter is provided in connection with your audit of the financial statements of Bridge House Estates for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the charity for the period ended 31 March 2014, the following:-

1. We have fulfilled our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005 and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge as trustee our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management
 - employees who have significant roles in internal control
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion, the significant assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect our ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
10. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
11. We have disclosed to you the identity of the charity's related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005.

13. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the charity at any time during the year, other than as indicated in the financial statements or, in the case of items not required to be disclosed, in the attached schedule.
14. The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:
 - losses arising from sale and purchase commitments;
 - agreements and options to buy back assets previously sold;
 - assets pledged as collateral.
15. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
16. We have no plans to abandon activities or other plans or intentions that will result in any excess or obsolete stocks, and no stock is stated at an amount in excess of net realisable value.
17. The charity has satisfactory title to all assets and there are no liens or encumbrances on the charity's assets, other than as disclosed in the financial statements.
18. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
19. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005 require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
20. The charity has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
21. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the charity;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
22. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005.
23. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
24. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them
25. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
26. We confirm that we are not aware of any breaches of charity regulations and that we have advised you of the existence of all endowments and funds maintained by us.
27. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
28. All correspondence with regulators has been made available to you, including any serious incidents reports.

29. There is no further requirement for payment to be made for claims from Bovis Lend Lease at 31 March 2014.
30. Except as disclosed in Note 16 to the BHE accounts, as at 31 March 2013 there were no significant capital commitments contracted for by BHE.
31. We are of the opinion that the costs involved in the reconstruction or analysis of past accounting records of heritage assets (bridges) or in valuation are onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets.
32. We confirm that the allocations of Town Clerk support costs is appropriate and based on an appropriate methodology ie apportioning costs on an estimated time basis.
33. We are of the opinion that the property valuations at 31 March 2014 as updated from the internal valuations at 31 March 2013 are not materially misstated

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....
The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)

LETTER OF REPRESENTATION: CITY'S CASH TRUSTS (OPEN SPACES)

Dear Sirs

City's Cash Trusts – Open Spaces

This representation letter is provided in connection with your audit of the financial statements of the City's Cash Trusts (Open Spaces) for the period ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the trusts for the period ended 31 March 2014, the following:-

1. We have fulfilled our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005 and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge as trustee our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management
 - employees who have significant roles in internal control
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion, the significant assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect our ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
10. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
11. We have disclosed to you the identity of the Trusts related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice and the Charities SORP 2005.
13. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the Trusts at any time during the year.
14. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

15. The Trusts have satisfactory title to all assets and there are no liens or encumbrances on the Trusts' assets, other than as disclosed in the financial statements.
16. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
17. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice and the Charities SORP 2005 require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
18. The Trusts have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
19. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the Trusts;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
20. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice and the Charities SORP 2005.
21. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
22. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them.
23. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
24. We confirm that we are not aware of any breaches of charity regulations and that we have advised you of the existence of all endowments and funds maintained by us.
25. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
26. All correspondence with regulators has been made available to you, including any serious incidents reports.
27. We confirm that the allocations of Town Clerk support costs is appropriate and based on an appropriate methodology ie apportioning costs on an estimated time basis.
28. We are of the opinion that the costs involved in the reconstruction or analysis of past accounting records of heritage assets (open spaces) or in valuation are onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....

The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)

LETTER OF REPRESENTATION: CITY OF LONDON CORPORATION SUNDRY TRUSTS AND OTHER ACCOUNTS

Dear Sirs

City of London - Sundry and Other Trusts

This representation letter is provided in connection with your audit of the financial statements of The City of London Corporation Sundry Trusts and Other accounts for the period ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the charities for the period ended 31 March 2014, the following:-

1. We have fulfilled our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005 and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge as trustee our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management
 - employees who have significant roles in internal control
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion, the significant assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect our ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
10. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
11. We have disclosed to you the identity of the charities related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice and the Charities SORP 2005.
13. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the charities at any time during the year.
14. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

15. The Trusts have satisfactory title to all assets and there are no liens or encumbrances on the Trusts' assets, other than as disclosed in the financial statements.
16. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
17. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice and the Charities SORP 2005 require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
18. The Trusts have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
19. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the charities;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
20. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice and the Charities SORP 2005.
21. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
22. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them.
23. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
24. We confirm that we are not aware of any breaches of our charity regulations and that we have advised you of the existence of all endowments and funds maintained by us.
25. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
26. All correspondence with regulators has been made available to you, including any serious incidents reports.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....
The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)

LETTER OF REPRESENTATION: CITY OF LONDON ALMSHOUSES

Dear Sirs

The City of London Almshouses

This representation letter is provided in connection with your audit of the financial statements of the City of London Almshouses for the period ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice, the Registered Social Landlord Statement of Recommended Practice 2010 and the Charities Statement of Recommended Practice 2005.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the City of London Almshouses for the year ended 31 March 2014, the following:-

1. We have fulfilled our responsibilities under section 1(2) of the Housing Act 1996 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice, the Registered Social Landlord Statement of Recommended Practice 2010 and the Charities Statement of Recommended Practice 2005 and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge as Board members our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; and
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
10. We have disclosed to you the identity of the related parties and all related party relationships and transactions of which we are aware.
11. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice.
12. In particular, no Board member, shadow Board member, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the Almshouses at any time during the year.
13. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
14. The City of London Almshouses have satisfactory title to all assets and there are no liens or encumbrances on the Almshouses' assets, other than as disclosed in the financial statements.

15. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
16. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
17. The City of London Almshouses have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
18. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the Almshouses;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
19. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice.
20. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
21. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them.
22. The costs that have been capitalised in respect of the Almshouses are appropriate and that the carrying value at 31 March 2014, including the Social Housing Grant are considered to be reasonable. The useful economic life and assessment of depreciation are considered to be reasonable in respect of the future economic benefit that is expected to be derived from the Almshouses.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....
The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)

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Report – The City Bridge Trust Committee

Review of City Bridge Trust’s Priorities and Policies

To be presented on Thursday, 16th October 2014

*To the Right Honourable The Lord Mayor, Aldermen and Commons of the
City of London in Common Council assembled.*

SUMMARY

Following the launch of the *Investing in Londoners* programmes in September 2013, this paper sets out proposals to make some minor amendments to the policy which guides the application of Bridge House Estates surplus income in order to strengthen and improve the work of the City Bridge Trust (under which the *Investing in Londoners* programmes are delivered). It is also recommended that changes be made to the procedures which support the delivery of the funding priorities set out in that policy to enable more efficient administration and a more effective application of the charity’s resources.

MAIN REPORT

BACKGROUND

The *Investing in Londoners* programmes, representing the new policy for application of income of the Bridge House Estates charity surplus to bridge requirements, were approved by the Court of Common Council (the City of London Corporation being the sole corporate Trustee of the Bridge House Estates charity), in July 2013. The new policy and grant-making programmes set out in that policy were launched at the end of September 2013.

Although the funding priorities have been set for the next five years, it is important that the Trust remains sensitive to its operating environment and that it is able to adapt its policies in order to respond to changing needs in London. A year on from the launch of *Investing in Londoners*, it is timely to review the effectiveness of each of the programmes and to make recommendations designed to secure opportunities to strengthen their delivery in accordance with accepted norms of charity best practice. As a Trust with significant but finite resources, it is important to balance the Trust’s position as a high volume grant-maker against ensuring resources are used to maximum effect.

CURRENT POSITION

The City Bridge Trust is operating in a challenging economic environment. The recent recession has led to many people living on reduced incomes and with increased living costs, resulting in greater and growing calls on the voluntary sector at a time when there are fewer resources available. London local government, a significant funder of the voluntary sector for many years, has taken a significant real term cut in funding from central government between 2009/10 and 2013/14 and it is expected that further reductions in public spending will follow the General Election in May 2015, which will have the potential to affect London's disadvantaged communities. It is in this context that the City Bridge Trust needs to work as effectively as possible to understand the needs of London's communities and how it can help meet those needs through its grant-making and related activity. The proposed changes to the existing grants policy reflect the views of stakeholders as expressed to the City Bridge Trust, both through formal consultation and more informal feedback from applicants and the charitable sector more generally.

INVESTING IN LONDONERS

MAKING LONDON MORE INCLUSIVE

This programme includes the priority of making capital grants of up to £100,000 to improve the accessibility of community buildings. As building costs have increased since figures were first set, there is a danger that the programme, under current criteria, could exclude community-based initiatives the programme is intended to target.

A) It is recommended, therefore, that the threshold for the total costs of developments that normally will be considered on this programme be increased from £5m to £10m. The maximum grant that can be awarded will remain at £100,000.

RESETTLEMENT AND REHABILITATION OF OFFENDERS

This programme currently prioritises projects focused on 'through-the-gate' and on-release work with ex-offenders leaving custody, which precludes those serving a community sentence.

B) It is recommended, therefore, that the wording of this programme be changed to read: *'Through-the-gate' and on-release work with ex-offenders leaving custody or serving community sentences.*

MAKING LONDON SAFER

Although this programme explicitly cites the provision of refuge provision and counselling support for survivors of trafficking, they are not referenced in the priority strand of the programme.

C) It is recommended, therefore, that the wording of this priority strand of the programme be changed to read: *Information, advice, advocacy services and representation for victims of hate crime, trafficking, or child abuse.*

CLOSED PROGRAMMES

Mobilising London's Communities is a closed programme (i.e. a specialist programme to which a limited number of providers are invited to apply) which is intended to help the voluntary and community sector take advantage of provisions within the Localism Act 2011. However, since the City Bridge Trust Committee approved this programme last year, it has become apparent that, in practice, the Localism Act offers few direct opportunities

for which charitable funding is required and the interest shown in accessing these funds has been negligible.

D) It is recommended, therefore, that Mobilising London's Communities be dropped from the closed programmes.

FUNDING POLICIES ADOPTED BY THE 2013/18 QUINQUENNIAL REVIEW

One of the general funding qualifications set out in the last quinquennial funding policy was carried forward was that grants to charities with a turnover of £5m or more will not usually be more than 50% of the total project costs. When this policy was originally adopted, it came from a view that many large charities would have sufficient funds in reserve to meet the remaining 50% of the cost. However, whilst this may be the case for some charities, for others it is not, and Officers are of the view that an organisation's capacity to contribute to project costs should be on a case-by-case basis (as is the case for smaller organisations) and in line with the City Bridge Trust's approach to the level of free reserves held by an organisation.

E) It is recommended, therefore, that the qualification restricting charities with a turnover of £5m or more to no more than 50% of the project costs be removed.

The Trust's general funding qualifications also currently include a ceiling on the size of capital building programmes that will be considered under any grants programme. If this is increased under the *Making London More Inclusive* programme (Recommendation A), it is recommended that the threshold of this general funding qualification also be increased for consistency.

F) If Recommendation (A) is approved, it is recommended that the general funding qualification on the ceiling imposed for the City Bridge Trust's capital funding of building programmes be amended such that grants will normally only be awarded to "...developments of less than £10m in total (in line with the new Making London More Inclusive programme)".

RESIDENTIAL CARE SERVICES AND FACILITIES

The Trust's previous policies explicitly excluded residential care services as being eligible for funding as these should be met through fees and charges. This exclusion was omitted in error from the policy and guidance for Investing in Londoners. However, as occasional enquiries from residential care homes are received, it would be helpful information for applicants if this was explicitly excluded.

G) It is recommended, therefore, that the general funding qualifications be amended to state expressly that the City Bridge Trust does not directly fund residential care services or facilities.

DELEGATED AUTHORITY

Since approving the current arrangements for delegated authority given to officers, the City Bridge Trust Committee agreed to reduce the number of Committee meetings held per annum from 10 to 6. In order to mitigate concerns around target application processing times and to help make the grant-making operation more effective and efficient, it is recommended that the threshold of delegated authority is raised from £5,000 to £10,000 for approval by the Chief Grants Officer alone; and from £25,000 to £50,000 for approval by the Chief Grants Officer in consultation with the Chairman and Deputy Chairman, with reference to the Chamberlain where there is a need for an urgent decision between Committee meetings. The Chamberlain has been consulted over this proposal and is

supportive of the proposition. The Head of Audit & Risk Management has also been consulted on these proposed changes and is content from a risk and control perspective.

H) It is recommended, therefore, that revised delegated authority to the Chief Grants Officer be granted as follows:

- (i) ***The Chief Grants Officer may make decisions on applications of up to £10,000;***
- (ii) ***Decisions on applications of over £10,000 and up to £25,000 may be approved by the Chief Grants Officer in consultation with the Chairman and Deputy Chairman; and***
- (iii) ***Decisions on applications of over £25,000 and up to £50,000 may be approved by the Chief Grants Officer in consultation with the Chairman and Deputy Chairman, with reference to the Chamberlain and where there is a need for an urgent decision between Committee meetings.***

DURATION OF GRANTS

For several years the City Bridge Trust's policy has been that three years is the maximum period that the City Bridge Trust will fund a particular project or activity in an organisation. Whilst the City Bridge Trust remains of the view that, in most instances, this is an appropriate length of time, it is felt that the current arrangements would benefit from enjoying a greater degree of flexibility.

i) Grants of Strategic Importance to London

The current criteria permits exceptions in the case of work deemed to be of strategic importance to London, allowing it to be considered for a further two years, making five years in total. In practice, 'strategic importance' has been interpreted as meaning one of three things: the provision of capacity-building support to the voluntary sector provided the quality of the support is high and the applicant has a reasonable exit strategy following the second grant; where the organisation is the only organisation in a position to deliver that service; or where the organisation is developing a scalable model of delivery or is breaking exceptional new ground.

Given the challenges of the current economic climate, it is proposed that consideration be given to the funding of work of strategic importance, as defined above, with a commitment of five years. As it is vital that the Trust is satisfied that the work funded is helping to meet its strategic objectives, it is therefore recommended that such grants are subject to external evaluation after three years.

I) Applications be considered for grants of five year duration from organisations that:

- (i) ***Provide capacity-building services to support London's voluntary sector at the local borough, sub-regional or pan-London level including, where appropriate, to support the collaboration or consolidation of organisations; or***
- (ii) ***Can demonstrate that they are uniquely placed (by virtue of the nature of their work) to deliver a particular project or service; or***
- (iii) ***Are developing high-quality services that can be scaled-up to benefit all of London or which are breaking exceptional new ground.***

These grants are subject to external evaluation after three years.

ii) Exceptional Grants

Occasionally, work is funded that falls outside the City Bridge Trust's usual priorities through an 'Exceptional' grant. This is to enable the City Bridge Trust to respond to: new needs and circumstances; or work which falls outside the stated priorities but is, nonetheless, of significant importance to London.

Additionally the City Bridge Trust is able to support initiatives which bring major benefits on a London-wide basis, as identified by the Trustee (i.e. The City Corporation) following consultation with voluntary sector leaders and other stakeholders. Such schemes would require funds in addition to the base-line grants budget, so as not to affect the Investing in Londoners budget or its successor programmes.

Currently, the Trust's policy states that three years is the maximum period that will be considered for funding; however, given the exceptional nature of such grants, it is proposed that their duration should be decided on a case-by-case basis but still not exceed 10 years.

J) It is recommended therefore that:

- (i) ***The duration of Exceptional Grants be decided on a case-by-case basis, but should not exceed 10 years in total.***
- (ii) ***Exceptional Grants be subject to external evaluation every three years.***

Number of grants that can be held

Currently, organisations cannot hold more than one grant at a time, except in a case where we support applicants who also apply for a free eco-audit or where existing grant-holders apply for funding under the Arts Apprenticeship programme. Your City Bridge Trust Committee is of the view that this exception should be extended to organisations applying for an Access Audit (grants of up to £5,000) and to the Trust's special one-off initiatives, such as the new programme to help organisations take advantage of the social investment market due to be launched in the autumn, and Exceptional Grants. Many organisations, particularly smaller ones, struggle with implementing good financial systems and with meeting charity accounting requirements. Community accountancy services are needed within the sector more than ever, and so your Committee also recommends the consideration of a second application from second-tier infrastructure bodies, provided it is for the provision of community accountancy services.

K) It is, therefore, recommended that the funding qualification on the number of grants organisations can hold be re-worded as follows: *“Organisations cannot hold more than one grant at a time, except in the case where the application is for a free eco-audit, an access audit, or is made under one of the Trust's special one-off programmes, such as the Arts Apprenticeship programme or the Trust's programme to help organisations gain the skills and experience that will enable them to take advantage of the social investment market. It is possible for an organisation to hold a grant and receive additional funding as a Strategic Initiative or as an Exceptional Grant.*

Organisations in receipt of a revenue grant may also apply for a capital grant under the Trust's Access to Buildings, where the grant is to be used as match-funding for capital funds from a major funder such as the Arts Council, the Heritage Lottery Fund or the Big Lottery Fund.

Second-tier infrastructure bodies may apply for a second grant if the purpose is for the provision of community accountancy services. ”

PROPOSAL

It is recommended that the proposed amendments to the charity’s policy and funding priorities and qualifications, set out in that policy, be approved, as well as to the procedures supporting delivery of the grants programmes, as summarised below.

It is recommended that:

A) The threshold for the total costs of developments that normally will be considered on the Access to Buildings programme be increased from £5m to £10m. The maximum grant that can be awarded will remain at £100,000.

B) The wording of the Resettlement and Rehabilitation of offenders be changed to read: *“Through-the-gate and on-release work with ex-offenders leaving custody or serving community services.”*

C) The wording of the Making London Safer programme be changed to include: *“Information, advice, advocacy services and representation for victims of hate crime, trafficking or child abuse.”*

D) The proposed Mobilising London’s Communities be dropped from the Trust’s closed programmes.

E) The qualification restricting charities with a turnover of £5m or more to no more than 50% of the project costs be removed.

F) If Recommendation (A) is approved, it is recommended that the general funding qualification on the ceiling imposed for the City Bridge Trust’s capital funding of building programmes be amended such that grants will normally only be awarded to *“...developments of less than £10m in total (in line with the new Making London More Inclusive programme)”*.

G) It is recommended, therefore, that the general funding qualifications be amended to state expressly that the City Bridge Trust does not directly fund residential care services or facilities.

H) Revised delegated authority to the Chief Grants Officer be granted as follows:

- (i) *The Chief Grants Officer may make decisions on applications of up to £10,000;*
- (ii) *Decisions on applications of over £10,000 and up to £25,000 may be approved by the Chief Grants Officer in consultation with the Chairman and Deputy Chairman; and*
- (iii) *Decisions on applications of over £25,000 and up to £50,000 may be approved by the Chief Grants Officer in consultation with the Chairman and Deputy Chairman, with reference to the Chamberlain, and where there is a need for an urgent decision between Committee meetings.*

I) Applications be considered for grants of five year duration from organisations that:

- (i) *Provide capacity-building services to support London's voluntary sector at the local borough, sub-regional or pan-London level including, where appropriate, to support the collaboration or consolidation of organisations; or*
- (ii) *Can demonstrate that they are uniquely placed (by virtue of the nature of their work) to deliver a particular project or service; or*
- (iii) *Are developing high-quality services that can be scaled-up to benefit all of London or which are breaking exceptional new ground.*

Such grants to be subject to external evaluation after three years.

- J) (i) The duration of Exceptional Grants be decided on a case-by-case basis, but should not exceed 10 years in total.
- (ii) Exceptional Grants be subject to external evaluation every three years.

K) The funding qualification on the number of grants organisations can hold be re-worded as follows:

“Organisations cannot hold more than one grant at a time, except in the case where the application is for:

- *a free eco-audit, or*
- *an access audit, or*
- *is made under one of the Trust's special one-off programmes, such as the Arts Apprenticeship programme or the Trust's programme to help organisations gain the skills and experience that will enable them to take advantage of the social investment market.*

Additionally, organisations in receipt of a revenue grant may also apply for a capital grant under the Trust's Access to Buildings, where the grant is to be used as match-funding for capital funds from a major funder, such as the Arts Council, the Heritage Lottery Fund or the Big Lottery Fund.

Second-tier infrastructure bodies may apply for a second grant if the purpose is for the provision of community accountancy services.

It is possible for an organisation to hold a grant and receive funding as a Strategic Initiative or as an Exceptional Grant.”

CONCLUSION

The recommendations contained in this paper are intended to strengthen and improve the City Bridge Trust's current grant-making policy, funding priorities and practices, supporting the Trust's effective delivery of the Investing in Londoners grants programmes for the public benefit. They are not, however, intended to preclude any future policy changes that may be deemed necessary, in the light of changing needs in London.

All of which we submit to the judgement of this Honourable Court.

DATED this 25th of September 2014.

SIGNED on behalf of the Committee.

Jeremy Mayhew
Chairman, The City Bridge Trust Committee

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Report – The City Bridge Trust Committee

Prince's Trust Strategic Grant

To be presented on Thursday, 16th October 2014

*To the Right Honourable The Lord Mayor, Aldermen and Commons of the
City of London in Common Council assembled.*

SUMMARY

This paper proposes releasing an additional £1.05m per year from the Bridge House Estates surplus income for a period of 10 years (over and above the Investing in Londoners grants programmes budget, or their successor) to provide a long-term strategic grant to the Prince's Trust Charity (£1m per year) with associated grant management costs to the City Bridge Trust (£50,000 per year).

The purpose of the proposed strategic grant is to build on the Prince's Trust's excellent work with some of London's hardest to reach young people: it will provide the Prince's Trust with a financial commitment that will allow it to increase its programmes targeted at Londoners, and part-finance one of its centres in Tower Hamlets.

This strategic grant will benefit in some of the most socially deprived areas of London, and will allow the City of London Corporation, through its corporate trusteeship of Bridge House Estates, to ensure more work is done across London to assist young people from difficult backgrounds. The City Bridge Trust Committee will oversee the administration of the strategic grant as an exceptional grant.

MAIN REPORT

Background

Officers, following discussions with Chairmen of the City Bridge Trust and the Policy and Resources Committee, have been seeking to build on the City Corporation's work to support young people from difficult backgrounds within London, including young people not in education, employment, or training ('NEETs'). In 2012, additional monies from the Bridge House Estates income surplus funded the 'Getting Young People Working'

programme, which was agreed by the Court of Common Council in October 2012. The programme has enabled each of the 32 London Boroughs to access £100,000 to help address the NEETs issue. This was warmly received by the boroughs and by the recipients of the awards. The work is on-going. The issue of youth unemployment, however, remains a persistent public policy issue.

Current Position

The number of young people referred to as NEETs continues to be a persistent problem for London. The figure of 10% nationally for the 16-18 cohort is usually cited but, in some London boroughs, it could be as high as 20%. In addition, the London Poverty Profile 2013 highlights worrying signs for the future with rising young adult unemployment. This is despite young people in London doing better at school than anywhere else in the country. In 2012:

- A quarter (25%) of economically active young adults in London were unemployed - compared to 20% in the rest of England;
- The young adult unemployment rate was 16 percentage points higher than the average unemployment rate for London.

Proposal

That the Court of Common Council approves a Strategic Grant to the Prince's Trust of £1m per year, for 10 years, to support London's hardest-to-reach young people.

Corporate and Strategic Implications

The evidence of the need of NEETs in London is clear. The Prince's Trust and the City of London Corporation are aligned in their wish to address further this issue. The experience and expertise of the Prince's Trust, the current grant-making experience of the City Bridge Trust, and the Corporation's work to increase the employability of young people in London are all complementary. This grant offers the possibility of harnessing our collective experience and networks and of building a strategic partnership which goes beyond the awarding of the grant. It has the potential to achieve greater impact for the benefit of disadvantaged young people in London. For example, officers will ensure that due regard is given to the wider relationship, with thought given to utilisation of our power to convene and providing placements for the Prince's Trust's young people.

Financial Implications

The grant expenditure and related administration cost would be covered by releasing an additional £1.05m per year from the surplus income from Bridge House Estates fund (over and above the grant money agreed for the Investing in Londoners grants programmes, or their successor). The Chamberlain has advised that there is sufficient scope, within the Bridge House Estates surplus income, to cover these additional costs.

Conclusion

This strategic grant will allow the Prince's Trust to build further on its work of helping tackle social exclusion and deprivation. Working with some of the hardest-to-reach young people, the Trust is able to affect outcomes and beneficially affect young people's lives. The provision of the grant will allow the Prince's Trust to focus on these young people and

enable a potentially greater impact through a strategic partnership between the Prince's Trust, and the City Bridge Trust.

All of which we submit to the judgement of this Honourable Court.

DATED this 25th of September 2014.

SIGNED on behalf of the Committee.

Jeremy Mayhew
Chairman, The City Bridge Trust Committee

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Report – Standards Committee

Amendments to the Members' Code of Conduct – Disclosable Interests and the Mandatory Registration of Gifts and Hospitality

To be presented on Thursday, 16th October 2014

*To the Right Honourable The Lord Mayor, Aldermen and
Commons of the City of London in Common Council assembled.*

Summary

1. In accordance with our terms of reference, the Standards Committee is required to prepare, keep under review and monitor the City of London Corporation's Members' Code of Conduct and make recommendations to the Court of Common Council in respect of the adoption or revision, as appropriate, of such Code of Conduct.
2. An earlier version of the revised Members' Code of Conduct was submitted to the Court at its July meeting. There was considerable debate and a number of views were put forward and it was agreed that further consideration should be given to the terms of the draft Code. Consequently, all Members of the Court were invited to attend a special meeting of the Standards Committee in September which was called to consider the terms of the draft. Having taken into account the views that were expressed, a revised version was circulated to all Members for further comment. A number of comments were received and those views were also taken into account when drafting the final version that is now before Members. We believe that this represents a full and transparent process enabling all Members to have their say on the provisions of their Code of Conduct.

Recommendation

3. That the Court of Common Council approve the proposed revisions to the Members' Code of Conduct and the introduction of a mandatory registration regime for gifts and hospitality, as set out in Appendix 1 to this report; and that the new requirements come into effect as of 1st January 2015, following circulation of revised guidance about the new provisions in the Members' Code of Conduct and an annual reminder to all Members to update their Members' Declarations.

Main report

Background

4. In June 2012, the Police, Standards and Policy & Resources Committees and the Court of Common Council approved the new standards regime under the Localism Act 2011. A Code of Conduct, including appropriate provision in respect of the registration and disclosure of pecuniary interests, and interests other than pecuniary interests, had to be adopted by 1 July 2012, in order to comply with the requirements of the Act. As the regulations defining a disclosable pecuniary interest had not been produced by the Department for Communities and Local Government (DCLG) in time for such matters to be addressed in the June 2012 report, the City Corporation's existing Code of Conduct, with the existing provisions regarding personal and prejudicial interests, was re-adopted as a temporary measure.
5. By September 2012, the necessary regulations had been made and your Standards Committee was asked to finalise a new Code of Conduct and interest provisions. Taking into account the City of London Corporation's duty to promote and maintain high standards of conduct by Members, and the requirement to adopt and publicise a Code of Conduct dealing with the conduct that is expected of Members when they are acting in that capacity, this Committee agreed that a Code of Conduct, in the form suggested by DCLG, be adopted with effect from 26th October 2012. Gifts and hospitality were not classed as disclosable pecuniary interests within the new Regulations.
6. Following the introduction of the Code of Conduct, your Standards Committee has continued to closely monitor the obligations on Members and at various meetings of the Committee since October 2012 discussions have taken place about possible revisions to the Code, including the introduction of a mandatory registration regime for gifts and hospitality, in order to maximise transparency and better reflect the circumstances of the City. Due to the nature of the organisation and the wide-ranging business undertaken by Members of the Court of Common Council, your Committee remains of the view that a number of additional categories, which would require Members to register a broader range of non-pecuniary interests, should be introduced in order to promote transparency, particularly where there might be a perception of influence being exerted.

7. Since 1st April 2013, all Members and Co-opted Members have been encouraged to register one-off gifts and hospitality received to the value of £250 and above, and cumulative gifts and hospitality to the value of £500 and above, from a single source over a 12 month period (year ending 31st March). This report seeks the Court's approval, following the recent all-Member consultation exercises, to introduce a requirement under the Code of Conduct, to register any gift or hospitality received (and accepted) with a value of £100 or more, or multiple gifts and/or instances of hospitality with a cumulative value of £200 or more when received from a single donor within a rolling twelve month period. Special provision being made for holders of ceremonial office.
8. At the meeting of the Standards Committee on 31st January 2014, following the Committee's earlier consideration of possible revisions to the Members' Code of Conduct, Members considered and approved a number of amendments and thereafter submitted their recommendations to the Policy and Resources Committee and the Court of Common Council.
9. The report seeking approval of a number of proposed amendments to the Members' Code of Conduct, including a list of additional categories requiring registration (involving membership) and the introduction of a mandatory gifts and hospitality registration regime was submitted to this Court in July 2014. The proposals reflected your Standards Committee's deliberations over the past two years. In reaching its decision, this Committee has taken into account the previous Standards regime and practice across local authorities in respect of the provisions in their Codes of Conduct. The proposals in relation to registration do not differ radically from the national standards regime in place from 2001 to 2011 and officers are of the view that such requirements, were they to be adopted, would be lawful.
10. The proposals generated a lengthy debate at the meeting of the Court of Common Council, specifically the proposed list of non-pecuniary interests which would henceforth require registration; and also the thresholds for the registration of gifts and hospitality. Whilst some agreement was reached in respect of some of the broader categories for registration, the Court agreed that an all-Member consultation exercise should take place ahead of any further revisions being submitted to the Court for consideration.
11. Since the meeting of the Court of Common Council in July, all Members of the Court of Common Council have been consulted about the Members' Code of Conduct and the proposed revisions to the Code. At a special meeting of the Standards Committee on 11th September 2014, Members of the Court were invited to attend the meeting and comment on the proposed revisions before the Committee. Taking into account the comments of the those Members of the Court that were present, and also those comments that were submitted in writing, the Committee considered each paragraph of the Code and agreed a series of revisions. In respect

of some drafting elements, rather than points of principle, the Comptroller and City Solicitor was tasked with finalising the wording.

12. The objectives to maximise transparency, in line with the Nolan Principles, and better clarify Members' obligations were acknowledged and the majority of Members' (in attendance) were satisfied with the majority of the proposed revisions. The proposed list of non-pecuniary interests which Members would be required to register did however generate some debate, specifically those concerning the membership of a (i) management board or a similar body of any charity or body directed to charitable purpose; (ii) Political Party; (iii) Trade Association; or (iv) any management board or similar body that does not fall within the other defined categories.
13. In respect of the introduction of a mandatory registration regime for gifts and hospitality, your Committee and the majority of those Members present on 11th September, were of the view that a mandatory registration regime was required given the circumstances at the City of London Corporation and the extent of gifts and hospitality offered to Members and Co-opted Members. With regards to the threshold for registration, your Committee acknowledges that there are differing views about an appropriate threshold and on that basis a revised proposal is now set out in Appendix 1 (£100 or more, or multiple gifts and/or instances of hospitality with a cumulative value of £200 when received from a single donor within a rolling twelve month period).
14. Following that meeting, a further proposal was circulated to all Members of the Court of Common Council on 24th September 2014 for supplementary consultation and a number of comments were received from Members. Having considered all of those comments, a number of amendments have been included in the Members' Code of Conduct before the Court at Appendix 1.
15. There is currently special provision for some office holders with significant ceremonial duties and responsibilities in respect of registering gifts and hospitality but your Committee will be undertaking a review of those provisions in due course to ensure that the special nature of these roles is recognised.

Recommendation

16. Subject to the consent of the Court of Common Council, guidance will be circulated to all Members and Co-opted Members in respect of the revised Members' Code of Conduct and the new mandatory requirements in respect of registering gifts and hospitality. Accompanying this guidance, by way of an annual reminder about the importance of reviewing and updating their Members' Declarations, all Members and Co-opted Members will be requested to update their Members' Declaration forms in-line with the newly approved revisions.

17. It is proposed that the new requirements come into effect as of 1st January 2015, thereby enabling Members to familiarise themselves with the new requirements and update their Members' Declaration form following circulation of revised guidance about the new provisions in the Members' Code of Conduct.
18. We **recommend** to the Court of Common Council, for approval and implementation as of 1st January 2015, the revised Members' Code of Conduct incorporating a number of additional categories which would require Members to register a broader range of non-pecuniary interests. We further **recommend** the introduction of a mandatory registration regime for gifts and hospitality with a value of £100 or more, or multiple gifts and/or instances of hospitality with a cumulative value of £200 when received from a single donor within a rolling twelve month period, as set out in Appendix 1.

Appendices:

- Appendix 1 - Revised Members' Code of Conduct incorporating revisions approved by the Standards Committee on 6th October 2014 and The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.

Background Papers:

- Minutes of the meeting of the Standards Committee, 11th September 2014.

All of which we submit to the judgement of this Honourable Court.

DATED this 6th October 2014.

SIGNED on behalf of the Committee.

**Charles Edward Lord OBE, JP
Chairman**

PROPOSED REVISED CODE



CODE OF CONDUCT FOR MEMBERS IN RESPECT OF THE CITY OF LONDON CORPORATION'S LOCAL AUTHORITY, POLICE AUTHORITY AND NON-LOCAL AUTHORITY FUNCTIONS

1. You are a member of the City of London Corporation (“the Corporation”) or a member of a committee of the Corporation (in this Code collectively referred to as a “Member”) and hence you shall have regard to the Seven Principles of Public Life –
 - a) **SELFLESSNESS:** Holders of public office should act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for themselves, their family, a friend or close associate.
 - b) **INTEGRITY:** Holders of public office should not place themselves under a financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties. NB - This Principle applies only to conduct by a Member in their capacity as a Member which may foreseeably lead to the Member being subjected to inappropriate influence in the performance of their duties. It does not apply to contracts of employment, service or other formal and informal business relationships entered into by Members in their private capacities and which are dealt with by the rules on disclosable pecuniary and non-pecuniary interests.
 - c) **OBJECTIVITY:** When carrying out public duties, such as making public appointments, awarding contracts or recommending individuals for rewards or benefits, holders of public office should make all choices on merit.
 - d) **ACCOUNTABILITY:** Holders of public office are accountable for their decisions to the public and should co-operate fully with whatever scrutiny is appropriate to their office.
 - e) **OPENNESS:** Holders of public office should be as open as possible about their decisions and actions and the decisions and actions of their authority and should be prepared to give reasons for those decisions and actions.

- f) **HONESTY:** Holders of public office have a duty to declare any private interests that relate to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
 - g) **LEADERSHIP:** Holders of public office should promote and support high standards of conduct when serving in their public post, in particular as characterised by the above requirements, by leadership and example.
2. As a Member your conduct shall in particular address the Seven Principles of Public Life by:
- a) Championing the public interest, taking into account the needs of your constituents, including those that did not vote for you, and the community as a whole.
 - b) Dealing with representations or enquiries from residents, City voters, members of our communities and visitors fairly, appropriately and impartially.
 - c) Not allowing other pressures, including the financial interests of yourself or others connected to you, to deter you from pursuing constituents' casework, the interests of the Corporation or the good governance of the Corporation in a proper manner.
 - d) Exercising independent judgement and not compromising your position by allowing individuals or organisations to improperly influence you in the performance of your official duties by means of any financial or other obligations.
 - e) Listening to the interests of all parties, including relevant advice from statutory and other professional officers, taking all relevant information into consideration, remaining objective and making decisions on merit.
 - f) Being accountable for your decisions and co-operating when scrutinised internally and externally, including by constituents.
 - g) Contributing to making the Corporation's decision-making processes as open and transparent as possible to enable constituents to understand the reasoning behind those decisions and to be informed when holding you and other Members to account but restricting access to information when the wider public interest or the law requires it.
 - h) Behaving in accordance with all of the Corporation's legal obligations, alongside any requirements contained within the Corporation's policies, protocols or procedures, including on the use of the Corporation's resources.
 - i) Ensuring that, when using or authorising the use by others of the resources of the Corporation, such resources are not used improperly for political

purposes (including party political purposes) and having regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

- j) Valuing your colleagues and officers of the Corporation and engaging with them in an appropriate manner and one that underpins the mutual respect that is essential to good local governance.
- k) Always treating people with respect, including the organisations and constituents that you engage with and those that you work alongside.
- l) Registering and declaring any private interests, both pecuniary and non-pecuniary, that relate to your public duties in a manner conforming with the procedures set out below.
- m) Providing leadership through behaving in accordance with these principles when championing the interests of constituents with other organisations as well as within the Corporation.

Registering and declaring pecuniary and non-pecuniary interests

3. You must, within 28 days of taking office as a Member, notify the Town Clerk (on behalf of the Corporation's Monitoring Officer) of any disclosable pecuniary interest as defined by regulations made by the Secretary of State, where the pecuniary interest is yours, your spouse's or civil partner's, or is the pecuniary interest of somebody with whom you are living with as a husband or wife, or as if you were civil partners, together with any non-pecuniary interests of yours described in paragraph 7 below and thereafter maintain an up to date register of any such interests.
4. The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (Appendix 1) currently define disclosable pecuniary interests under the following categories:
 - a) Employment, office, trade, profession or vocation
 - b) Sponsorship
 - c) Contracts
 - d) Land
 - e) Licences
 - f) Corporate tenancies
 - g) Securities
5. Where you believe you have a sensitive interest¹, you should apply to the Monitoring Officer (via the Town Clerk) for exemption from the requirement that details of the interest be published and made available for inspection.

¹ A 'sensitive interest' is described in the Localism Act 2011 as a member or co-opted member of an authority having an interest, and the nature of the interest being such that the member or co-opted member, and the authority's monitoring officer, consider that disclosure of the details of the interest could lead to the member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.

6. In addition, you must, within 28 days of taking office as a Member, and thereafter on an ongoing basis, notify the Corporation's Monitoring Officer (via the Town Clerk) of any other pecuniary or non-pecuniary interest which you consider should be included on your Members' Declaration form if you are to fulfil your duty to act in conformity with the Seven Principles of Public Life.
7. In any event you are required to disclose your membership of any:
 - (a) Management board or similar organ of any charity or body directed to a charitable purpose (e.g. a trustee or director) but excluding any charity or other such body administered by the Corporation
 - (b) Club or Society active in the City of London or which relates to any functions of the Corporation
 - (c) Fraternal or Sororal Societies
 - (d) Livery Company, City Company without Livery, Guild or Company seeking Livery
 - (e) Political Party
 - (f) Organisation, one of whose principal purposes includes the influence of public opinion or policy, and which is likely to seek to affect the policy of the Corporation or which may have an impact on its services or stakeholders
 - (g) Professional Association
 - (h) Trade Association
 - (i) Trade Union
 - (j) Management board or similar organ of any organisation not falling within paragraph 3 or sub-paragraphs (a)-(i) above.
8. You must also notify the Corporation's Monitoring Officer (via the Town Clerk) of any gift or hospitality received by you as a Member with a value of £100 or more, or multiple gifts and/or instances of hospitality with a cumulative value of £200 or more when received from a single donor within a rolling twelve month period. Such notification must be made within 28 days of receipt, or within 28 days of reaching the cumulative threshold, as appropriate.
9. Special provision shall be made for the Lord Mayor and other holders of special offices in relation to the registration of gifts and hospitality to be set out in Guidance to be issued by the Standards Committee.
10. Entries shall be retained in the register of gifts and hospitality for three years – older entries will be removed.
11. If an interest has not been entered onto the Corporation's register, then the Member must disclose the interest to any meeting of the Corporation at which they are present, where they have a disclosable interest in any matter being considered and where the matter is not a 'sensitive interest'¹.

12. Following any disclosure of an interest not on the Corporation's register or the subject of pending notification², you must notify the Monitoring Officer (via the Town Clerk) of the interest within 28 days beginning with the date of disclosure.
13. Unless dispensation has been granted, you may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a pecuniary interest as defined by regulations made by the Secretary of State.
14. Your participation in any item of business:
 - a) in which you have any other interest; or
 - b) that affects a donor from whom you have received any gift or hospitality;that is registered, or ought to be registered as set out above, will need to be considered by you on a case by case basis. You will only be expected to exclude yourself from speaking or voting in exceptional circumstances, for example where there is a real danger of bias.
15. If in doubt about any of the above matters you are encouraged to seek advice from the Town Clerk or the Corporation's Monitoring Officer.

² This is where an interest has been notified to the Monitoring Officer but has not yet been entered on the register.

APPENDIX 1

STATUTORY INSTRUMENTS

2012 No. 1464

LOCAL GOVERNMENT, ENGLAND

The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012

<i>Made</i>	- - - -	<i>6th June 2012</i>
<i>Laid before Parliament</i>		<i>8th June 2012</i>
<i>Coming into force</i>	- -	<i>1st July 2012</i>

1. The Secretary of State, in exercise of the powers conferred by sections 30(3) and 235(2) of the Localism Act 2011⁽³⁾, makes the following Regulations.

Citation, commencement and interpretation

—(1) These Regulations may be cited as the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 and shall come into force on 1st July 2012.

In these regulations—

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means a member of a relevant authority;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or section 31(7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000⁽⁴⁾ and other securities of any description, other than money deposited with a building society.

Specified pecuniary interests

The pecuniary interests which are specified for the purposes of Chapter 7 of Part 1 of the Act are the interests specified in the second column of the Schedule to these Regulations.

⁽³⁾ 2011 c.20.

⁽⁴⁾ 2000 c. 8.

• SCHEDULE

Regulation 2

<i>Subject</i>	<i>Prescribed description</i>
3) Employment, office, trade, profession or vocation	4) Any employment, office, trade, profession or vocation carried on for profit or gain.
5) Sponsorship	6) Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. 7) This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 ⁽⁵⁾ .
8) Contracts	9) Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— 10) (a) under which goods or services are to be provided or works are to be executed; and 11) (b) which has not been fully discharged.
12) Land	13) Any beneficial interest in land which is within the area of the relevant authority.
14) Licences	15) Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
16) Corporate tenancies	17) Any tenancy where (to M's knowledge)— 18) (a) the landlord is the relevant authority; and 19) (b) the tenant is a body in which the relevant person has a beneficial interest.
20) Securities	21) Any beneficial interest in securities of a body where— 22) (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and 23) (b) either— 24) (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total

⁽⁵⁾ 1992 c. 52.

issued share capital of that body; or

25) (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 30 of the Localism Act 2011 provides that a member or co-opted member of a relevant authority as defined in section 27(6) of the Localism Act 2011, on taking office and in the circumstances set out in section 31, must notify the authority's monitoring officer of any disclosable pecuniary interest which that person has at the time of notification. These Regulations specify what is a pecuniary interest. Section 30(3) of the Act sets out the circumstances in which such an interest is a disclosable interest.

A full impact assessment has not been produced for these Regulations as no impact on the private or voluntary sectors is foreseen.

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