Public Document Pack

CITY OF LONDON

Audit and Risk Management Committee
APPENDIX PACK

Date:	**MONDAY, 8 JULY 2024**
Time:	11.00 am
Venue:	**COMMITTEE ROOMS, WEST WING, GUILDHALL**

8. **INTERNAL AUDIT CHARTER**

   Report of the Chamberlain.

   For Decision
   (Pages 3 - 10)

9. **CITY FUND AND PENSION FUND STATEMENT OF ACCOUNTS UPDATE 2023/24**

   Report of the Chamberlain.

   For Information
   (Pages 11 - 210)

10. **CITY'S ESTATE 2023/24 - AUDIT PLANNING UPDATE**

    Report of the Chamberlain.

    For Information
    (Pages 211 - 254)

11. **CITY BRIDGE FOUNDATION AUDIT PLANNING REPORT FOR YEAR ENDING 31 MARCH 2024**

    Report of the BHE & Charities Finance Director.

    For Information
    (Pages 255 - 286)

12. **2024 GLOBAL INTERNAL AUDIT STANDARDS**

    Report of the Chamberlain.

For Information
(Pages 287 - 310)

13. **RISK MANAGEMENT UPDATE**

Report of the Chief Strategy Officer.

For Information
(Pages 311 - 372)

14. **CORPORATE RISK - DEEP DIVE REVIEWS: CR01 RESILIENCE; CR36 PROTECTIVE SECURITY**

Report of the Chamberlain.

For Discussion
(Pages 373 - 380)

Internal Audit Charter for The City of London Corporation

Purpose

The purpose of the Internal Audit function is to strengthen The City of London Corporation's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Internal Audit function enhances The City of London Corporation's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The City of London Corporation's Internal Audit function is most effective when:

- Internal Audit is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The Internal Audit function is independently positioned with direct accountability to the Audit and Risk Management Committee.
- Internal Auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The City of London Corporation's Internal Audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Head of Internal Audit will report periodically to the Audit and Risk Management Committee and Senior Leadership regarding the Internal Audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement programme.

Mandate

The legal requirement for Internal Audit within the City of London Corporation is outlined in the Accounts and Audit Regulations 2015 (SI No. 234). According to Part 2 (Internal Control), Section 5, a relevant authority must undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control, and governance processes.

Authority

The Audit and Risk Management Committee, having received its authority from the Court of Common Council, grants the Internal Audit function the mandate to provide the Committee and Senior Leadership with objective assurance, advice, insight, and foresight.

The Internal Audit function's authority is created by its direct reporting relationship to the Audit and Risk Management Committee. Such authority allows for unrestricted access to the Audit and Risk Management Committee.

The Audit and Risk Management Committee authorises the Internal Audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out Internal Audit responsibilities. Internal Auditors are accountable for confidentiality and for safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of The City of London Corporation and other specialised services from within or outside The City of London Corporation to complete Internal Audit services.

Independence, Organisational Position, and Reporting Relationships

The Head of Internal Audit will be positioned at a level in the organisation that enables Internal Audit services and responsibilities to be performed without interference from management (See "Mandate" section), thereby establishing the independence of the Internal Audit function. The Head of Internal Audit will report functionally to the Audit and Risk Management Committee and administratively (for example, day-to-day operations) to the Chamberlain and Chief Financial Officer. This positioning provides the organisational authority and status to bring matters directly to Senior Leadership and escalate matters to the Audit and Risk Management Committee, when necessary, without interference and supports the Internal Auditors' ability to maintain objectivity.

The Head of Internal Audit will confirm to the Audit and Risk Management Committee, at least annually, the organisational independence of the Internal Audit function. If the governance structure does not support organisational independence, the Head of Internal Audit will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Head of Internal Audit will disclose to the board any interference Internal Auditors encounter related to the scope, performance, or communication of Internal Audit work and results. The disclosure will include communicating the implications of such interference on the Internal Audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Head of Internal Audit, Audit and Risk Management Committee and Senior Leadership on the Internal Audit mandate or other aspects of the Internal Audit Charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant change to organisation design.
- Significant personnel changes: Head of Internal Audit, Audit and Risk Management Committee, and/or Senior Leadership.

- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of Internal Audit services.

Board Oversight

To establish, maintain, and ensure that The City of London Corporation's Internal Audit function has sufficient authority to fulfill its duties, the Audit and Risk Management Committee will:

- Discuss with the Head of Internal Audit and Senior Leadership the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Internal Audit function.
- Ensure the Head of Internal Audit has unrestricted access to and communicates and interacts directly with the Audit and Risk Management Committee, including in private meetings without Senior Leadership present.
- Discuss with the Head of Internal Audit and Senior Leadership other topics that should be included in the Internal Audit Charter.
- Participate in discussions with the Head of Internal Audit and Senior Leadership about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective Internal Audit function.
- Approve the Internal Audit function's Charter, which includes the Internal Audit mandate and the scope and types of Internal Audit services.
- Review the Internal Audit Charter periodically with the Head of Internal Audit to consider changes affecting the organisation and approve the Internal Audit Charter annually.
- Approve the risk-based Internal Audit programme of work.
- Receive communications from the Head of Internal Audit about the Internal Audit function including its performance relative to its programme of work.
- Ensure a quality assurance and improvement programme has been established.
- Review of the results of the quality assurance and improvement programme annually.
- Make appropriate inquiries of management and the Head of Internal Audit to determine whether scope or resource limitations are inappropriate.

Head of Internal Audit Roles and Responsibilities

Ethics and Professionalism

The Head of Internal Audit will ensure that Internal Auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.

- Report organisational behavior that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Head of Internal Audit will ensure that the Internal Audit function remains free from all conditions that threaten the ability of Internal Auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of Internal Audit determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal Auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on Audit matters to others, either in fact or appearance.

Internal Auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, Internal Auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for The City of London Corporation or its affiliates.
- Initiating or approving transactions external to the Internal Audit function.
- Directing the activities of any City of London Corporation employee that is not employed by the Internal Audit function, except to the extent that such employees have been appropriately assigned to Internal Audit teams or to assist Internal Auditors.

Internal Auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties as they arise and at least annually.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The Head of Internal Audit has the responsibility to:

- At least annually, submit a risk-based Internal Audit plan to the Audit and Risk Management Committee and Senior Leadership for review and approval.
- Communicate the impact of resource limitations on the Internal Audit plan to the Audit and Risk Management Committee and Senior Leadership.

- Review and adjust the Internal Audit plan, as necessary, in response to changes in The City of London Corporation's business, risks, operations, programmes, systems, and controls.
- Communicate with the Audit and Risk Management Committee and Senior Leadership if there are significant interim changes to the Internal Audit plan.
- Ensure Internal Audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of Internal Audit services to the Audit and Risk Management Committee and Senior Leadership periodically and for each engagement as appropriate.
- Ensure the Internal Audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Global Internal Audit Standards and fulfill the Internal Audit mandate.
- Identify and consider trends and emerging issues that could impact The City of London Corporation and communicate to the Audit and Risk Management Committee and Senior Leadership as appropriate.
- Consider emerging trends and successful practices in Internal Auditing.
- Establish and ensure adherence to methodologies designed to guide the Internal Audit function.
- Ensure adherence to The City of London Corporation's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit Charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit and Risk Management Committee and Senior Leadership.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Internal Audit cannot achieve an appropriate level of coordination, the issue must be communicated to Senior Leadership and if necessary escalated to the Audit and Risk Management Committee.

Communication with the Audit and Risk Management Committee and Senior Leadership

The Head of Internal Audit will report periodically to the Audit and Risk Management Committee and Senior Leadership regarding:

- The Internal Audit function's mandate.
- The Internal Audit programme of work and performance relative to its plan.
- Significant revisions to the Internal Audit programme of work or budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement programme, which include the Internal Audit function's conformance with The Global Internal Audit Standards and

action plans to address the Internal Audit function's deficiencies and opportunities for improvement.

- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit and Risk Management Committee.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond The City of London Corporation's risk appetite.

Quality Assurance and Improvement Programme

The Head of Internal Audit will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit function. The programme will include external and internal assessments of the Internal Audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the Internal Audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to Internal Auditing. Also, if applicable, the assessment will include plans to address the Internal Audit function's deficiencies and opportunities for improvement.

Annually, the Head of Internal Audit will communicate with the Audit and Risk Management Committee and Senior Leadership about the Internal Audit function's quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside The City of London Corporation; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

Scope and Types of Internal Audit Services

The scope of Internal Audit services covers the entire breadth of the organisation, including all of The City of London Corporation's activities, assets, and personnel. The scope of Internal Audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit and Risk Management Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for The City of London Corporation.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the Internal Audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal Audit engagements may include evaluating whether:

- Risks relating to the achievement of The City of London Corporation's strategic objectives are appropriately identified and managed.
- The actions of The City of London Corporation's officers, directors, management, employees, and contractors comply with The City of London Corporation's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact The City of London Corporation.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Approval/Signatures

Head of Internal Audit	Date
Audit and Risk Management Committee Chair	Date
Town Clerk and Chief Executive	Date

THE CITY OF LONDON CORPORATION

Statement of Accounts for the City Fund Year Ended 31 March 2024

Agenda Item 9

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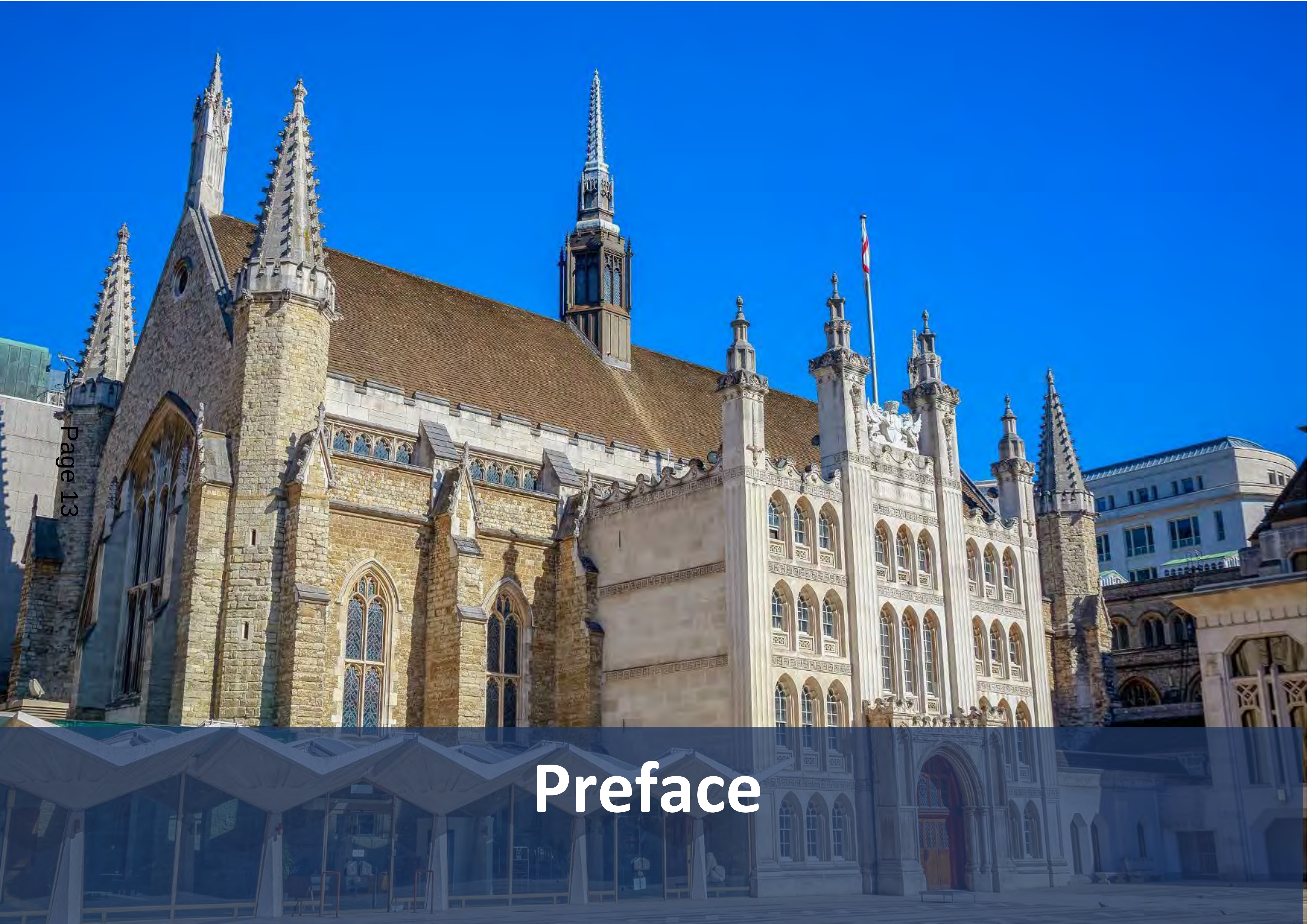


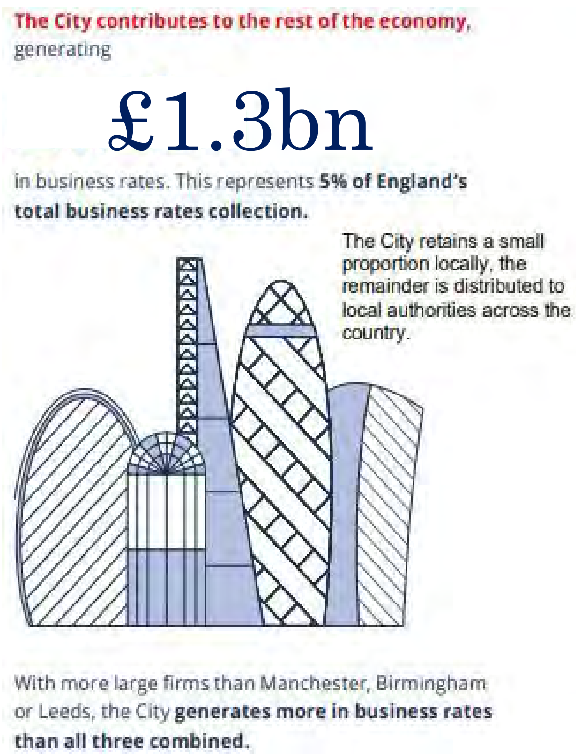
Preface

AN INTRODUCTION TO THE CITY OF LONDON CORPORATION

The City of London Corporation (City Corporation) is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK. The Square Mile is the historic centre of London and is home to the 'City' – the financial and commercial heart of the UK. Our reach extends far beyond the Square Mile's boundaries and across private, public and charitable and community sector responsibilities. This, along with our independent and non-party political voice, convening power and ability to work with others, enable us to promote the interests of people and organisations across London and the UK and play a valued role on the world stage.

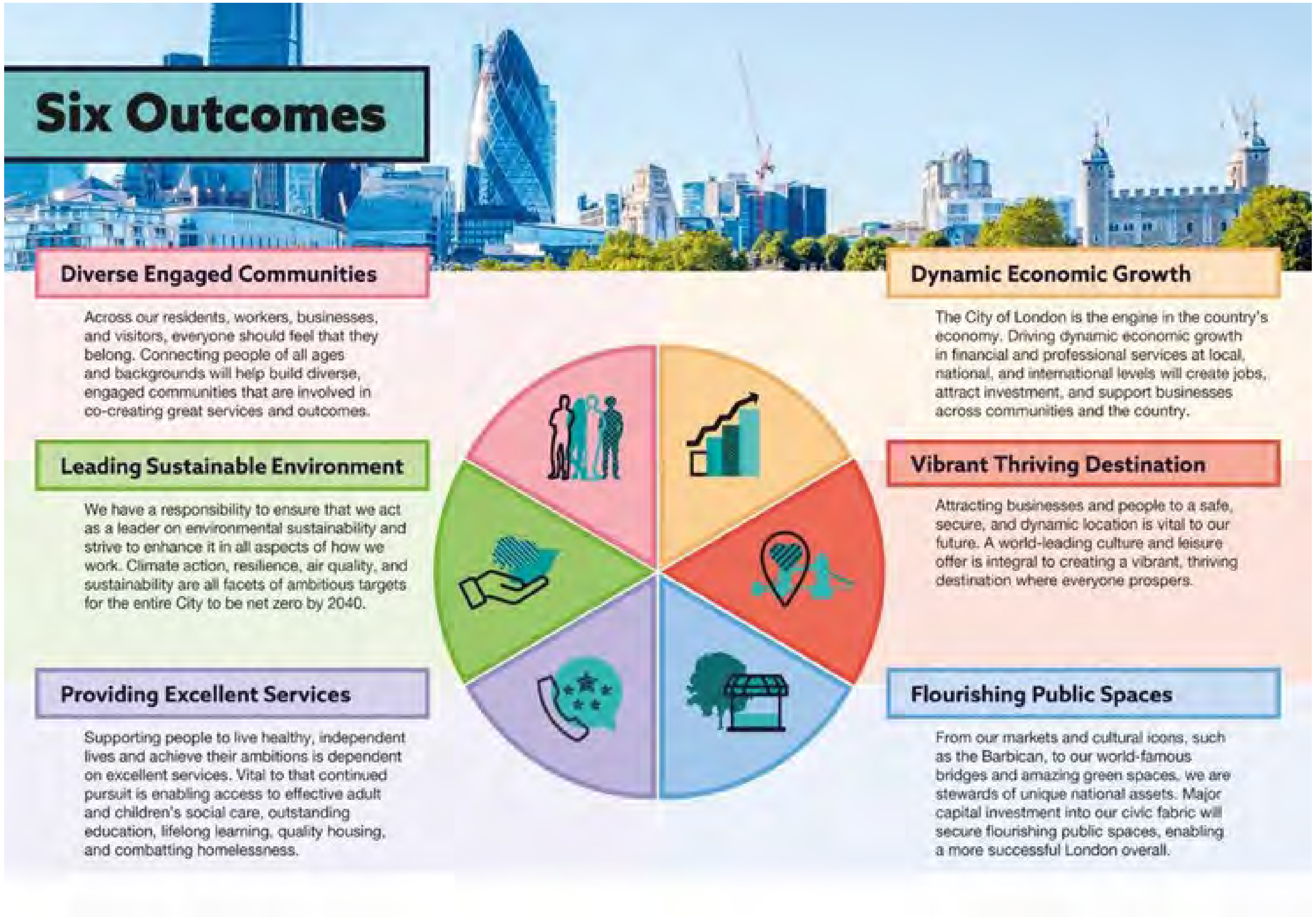
The City Corporation manages two funds, City Fund and City's Estate, and is the sole trustee of City Bridge Foundation, a 900-year old charity which owns and manages five Thames crossings- Tower, London, Southwark, Millennium and Blackfriars Bridges- at zero cost to the taxpayer. The funding arm of City Bridge Foundation distributes funds surplus to bridge requirements and is London's largest independent charitable funder, awarding funding of over £30 million a year to charities across the capital. City's Estate allows us to provide services that are of importance to Greater London as well as to the City at little or no cost to the public. This report covers City Fund and more information is given in the following pages.

As the governing body of the Square Mile, we deliver the functions of a local authority and a police authority for our residents, workers, learners and visitors, as well as being the port health and animal health authorities for London. There are approximately 8,600 residents living in the Square Mile. However, we have a high daytime population in the Square Mile, which is up to 614,500 workers daily.



CORPORATE STRATEGY

A new five-year City of London Corporation Corporate Plan 2024-29 started in April 2024. It informs effective use of our resources and guides planning and decision-making for the City of London Corporation from 2024 to 2029 through six strategic outcomes, ensuring everything we do aligns to our mission to be world-class. Our People Strategy 2024-29 sits alongside the Corporate Plan.



The six Corporate Plan outcomes are of equal importance, reflecting the vast portfolios covered by the City of London Corporation. They are interlinked and delivered through activities across the organisation and in partnership with our stakeholders. We will strive for equity, equality, diversity and inclusion to ensure impactful delivery.

The City of London Corporation is responsible for many sector, department and subject specific strategies, programmes and plans. The Corporate Plan 2024-29 lists existing strategies, strategies in development and major programmes and plans that contain metrics key to measuring and monitoring performance in the City of London Corporate Plan 2024 to 2029. These include:

- Air Quality Strategy 2019-2024
- City of London Joint Health and Wellbeing Strategy 2024-2027
- City Plan 2040
- Climate Action Strategy 2020-2027
- Competitiveness Strategy 2021-2025
- Digital, Data and Technology Strategy 2024-2029
- Education, Skills and Cultural and Creative Learning Strategies 2019-2024
- Equality Objectives 2024-2029
- Policing Plan 2025-2028
- Safer City Partnership 2022-2025
- Social Mobility Strategy 2018-2028
- Transport Strategy 2024-2044

Corporate Plan 2018-23 remained in effect until the end of March 2024. It had three aims: to contribute to a flourishing society, support a thriving economy and shape outstanding environments.

OUR FUNDING STRUCTURE

In common with other local authorities, City Fund receives funding via grants from central government, a share of business rates income and the proceeds of the local council tax. City Fund also generates rental and interest income to help finance its activities. A breakdown of these amounts for 2023-24 is shown below in the financial summary for the year (page 11).

Whilst collecting £1.3bn in business rate income, the City Fund retains only a small proportion of the amounts collected from its area, in accordance with the national arrangements. The remainder is paid over to central government and is redistributed to local authorities throughout the country. Due to its special circumstances – notably its very low resident population and high daytime population – the City of London is allowed uniquely to set its own business rate via the business rate premium. For 2023-24 this was set at 1.4p in the £. These funds are used to support security objectives within the City with the majority being passed to the City of London Police. More information on the role and ongoing work of the City Corporation, can be found on the City's website at www.cityoflondon.gov.uk[1]

[1] The City of London Corporation is responsible for the maintenance and integrity of the corporate and financial information included on its website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

PERFORMANCE

We have sought to further the aims and objectives set out in our corporate plan. The below highlight some of our achievements during this year.

Barbican

- We launched our Zero Tolerance statement and accompanying training for all our staff in November 2022. 800 colleagues have completed the training to date.
- Hosted 477 theatre & dance performances, 184 music performances and over 3,000 film screenings.

Chamberlain's department

- Signed off all outstanding sets of accounts.
- 471 household support payments awarded to vulnerable residents in conjunction with DCCS.
- The Digital Information Team resolved c35,000 requests during the year.
- Successfully recovered £575k following a mandate fraud using Proceeds of Crime legislation to freeze and recover the funds.

City Surveyor

- In 2023, New Spitalfields Market provided City Harvest with 258 tonnes of food, that made 614,000 meals to those most in need, and through rescuing this food, prevented 178 tonnes of GHG emissions.
- New London Architecture (NLA) have rebranded Guildhall space as The London Centre and now provides new public gallery space that exhibits large models of the City of London. It currently attracts over 8,000 visitors each week.

Community and Children's Services

- Homelessness strategy renewed and new Rough Sleeping Assessment Centre opened in the Square Mile.
- 69 new social homes delivered with new homes on York Way receiving a New London Architecture Award for Housing.
- Children's Services rated 'Outstanding' and Adult Skills rated 'Good' by Ofsted .

Environment

- All natural environment sites maintained their Green Heritage Accreditation and Green Flag awards, with several winning London in Bloom Awards.
- The Planning Service was named the 2023 Royal Town Planning Institute's 'National Planning Authority of the Year'.
- 12,195 consignments of animals processed through the Heathrow Animal Reception Centre.
- 100% of major planning applications determined within agreed timescales.
- Continued to liaise with government over the new import controls.
- Maintained Gold accreditation for Transport for London Fleet Operator Recognition Scheme.

Innovation and Growth

- Delivered Vision for Economic Growth: A Roadmap to Prosperity, spearheaded by industry leaders and informed by engagement with over 300 organisations.
- Helped deliver a 66% reduction in carbon emissions from the Corporation's operations and a 27% reduction of fuel combustion in our own buildings.

Corporate Communications

- Social media followers increased by 17.8% in the last year and our posts reached over 12 million people.
- Facilitated 642 days of location filming during the last year.

Risk Management and Priorities for the Coming Year

Our risk management processes help us identify and manage the risks to the organisation. The Audit and Risk Management Committee monitors and oversees the City of London Corporation's risk management strategy and that its risk assurance framework is robust and effective. At an officer level, the Chief Officer Risk Management Group, a sub-committee of the Executive Leadership Board, meets at least once every two months to review the management of corporate and top red departmental risks, discuss developing risk areas and consider wider aspects of risk management within the City Corporation such as its overarching risk management culture. A new Risk Management Strategy 2024-2029 has been agreed and implementation will be a key focus of 2024/25, including updating the risk management policy and dovetailing this work with the Corporate Plan 2024-2029 outcomes and the review into risk appetite completed in 2023/24.

OTHER DISCLOSURES

The Trade Union Regulations 2017 requires public authorities to disclose trade union activity as part of their annual accounts. The below tables set out the information required under this regulation. It outlines the volume of union activity as well as the annual cost to the City Corporation where union activity is carried out during working hours.

Trade Union representatives and full-time equivalents	
Number of trade union representatives (people)	22
FTE trade union representative	22

Total pay bill and facility time costs 2023-24	£m
Total City of London pay bill	212.2
Total cost of facility time	0.1
Percentage of pay spend on facility time	0.03%

Percentage of working hours spend on facility time by union representative	No. of People
0% of working hours	10
1% to 50% of working hours	9
51% to 99% of working hours	3
100% of working hours	0
Total	**22**

FINANCIAL OUTLOOK

The City Corporation has an ambitious programme of investment across its funds aimed at fulfilling its strategic aims and continuing to make the City the place people want to live, work, study, visit and enjoy. City Fund is supporting the Combined Courts project (funded by City's Estate), which will relocate the Magistrates court to a new world class facility and build a new headquarters for the City of London Police. It is also jointly supporting the relocation of the Museum of London with the GLA in our capacity as joint funders of the organisation. These programmes require significant financial investment at a time where the City Fund is facing a number of threats to its funding and pressures on its services. These include:

- **Economic Outlook** – there is significant uncertainty in the economic outlook linked to inflation and interest rates. Levels in recent years have been above anything seen in over a decade so long term projections come with greater uncertainty. The impact on income streams is unknown, particularly on rental income, event bookings, and events at the Barbican. These factors pose a risk to key revenue streams funding activity, and the demand and costs of providing public services.

- The **Fair Funding Review** of local government funding could shift resources away from London. Its implementation has been delayed due to COVID-19 and we are awaiting confirmation from Government on their implementation plans.

- **Business Rates** – the expected changes to the Business Rate Retention System still present a significant risk to the City Corporation as this is a major source of funding for City Fund activity. This has the potential to significantly impact the amounts retained by the City Corporation. These reforms have already been delayed making projecting the timing of this difficult.

The below table sets out the current financial projections for City Fund across the medium-term planning horizon. Over the last decade City Fund has made substantial savings and further mitigations are proposed across the medium-term financial plan to address cost pressures, and its commitments to financing its major projects. Furthermore, provisions have been made to support the growing backlog and forward plan of cyclical works on our operational properties through reprioritisation of reserves. However, projected deficits in 2026-27 and 2027-28 will require addressing as part of the financial planning process carried out in the autumn and radical thoughts are now needed as to how best to ensure City Fund remains in a financially sustainable position to deliver its corporate plan. City Fund maintains adequate levels of both general and earmarked reserves to support its functions across the short to medium term.

City Fund Medium Term Forecast	24/25	25/26	26/27	27/28
Surplus/(Deficit)	**£m**	**£m**	**£m**	**£m**
City Fund position including Police deficit	**26.4**	**5.4**	**(15.7)**	**(32.7)**
General Fund Reserve – working capital	20.0	20.0	20.0	20.0
Major Project Financing Reserve*	77.0	67.0	38.4	5.3
Cyclical Works Programme Reserve	52.7	38.9	25.5	12.7
Climate Action Reserve	13.7	13.0	12.5	11.0

*Numbers to be updated upon finalising 2023-24 accounts

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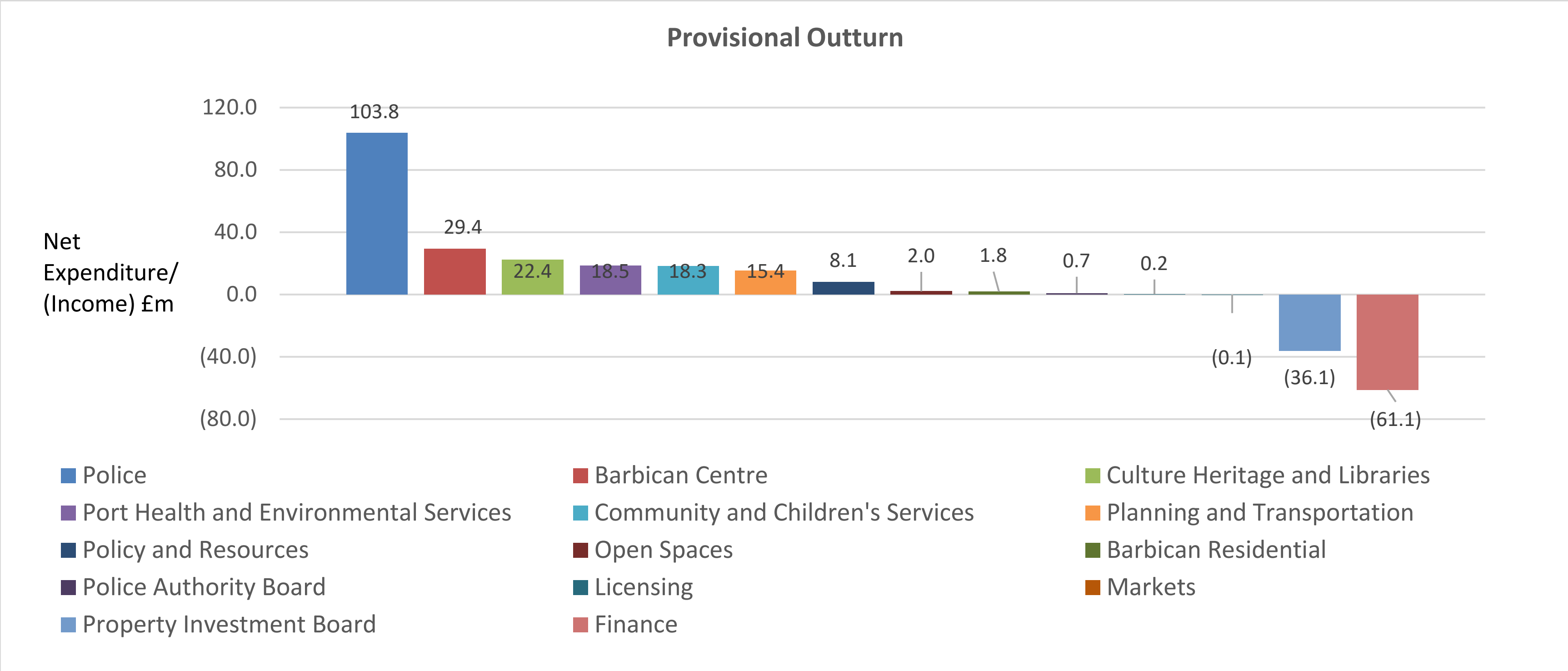
2023-24 FINANCIAL SUMMARY

Revenue Budget

Our budget for 2023-24 was agreed by the Court of Common Council (the City Corporation's primary decision-making body) in March 2023 for both capital and revenue expenditure. The below chart sets out the revenue outturn by Committee, which reflects the operational areas of City Fund activity. The City Fund's largest area of spend is the City of London Police which is largely funded via grants from government along with a contribution from the business rate premium, which for 2023-24 was set at 1.4p in the £. City Fund also benefits from a large property investment portfolio, overseen by the Property Investment Board, which generates additional income to fund our services.

The charts below provide an overview of the 23-24 revenue outturn.



Budget Outturn

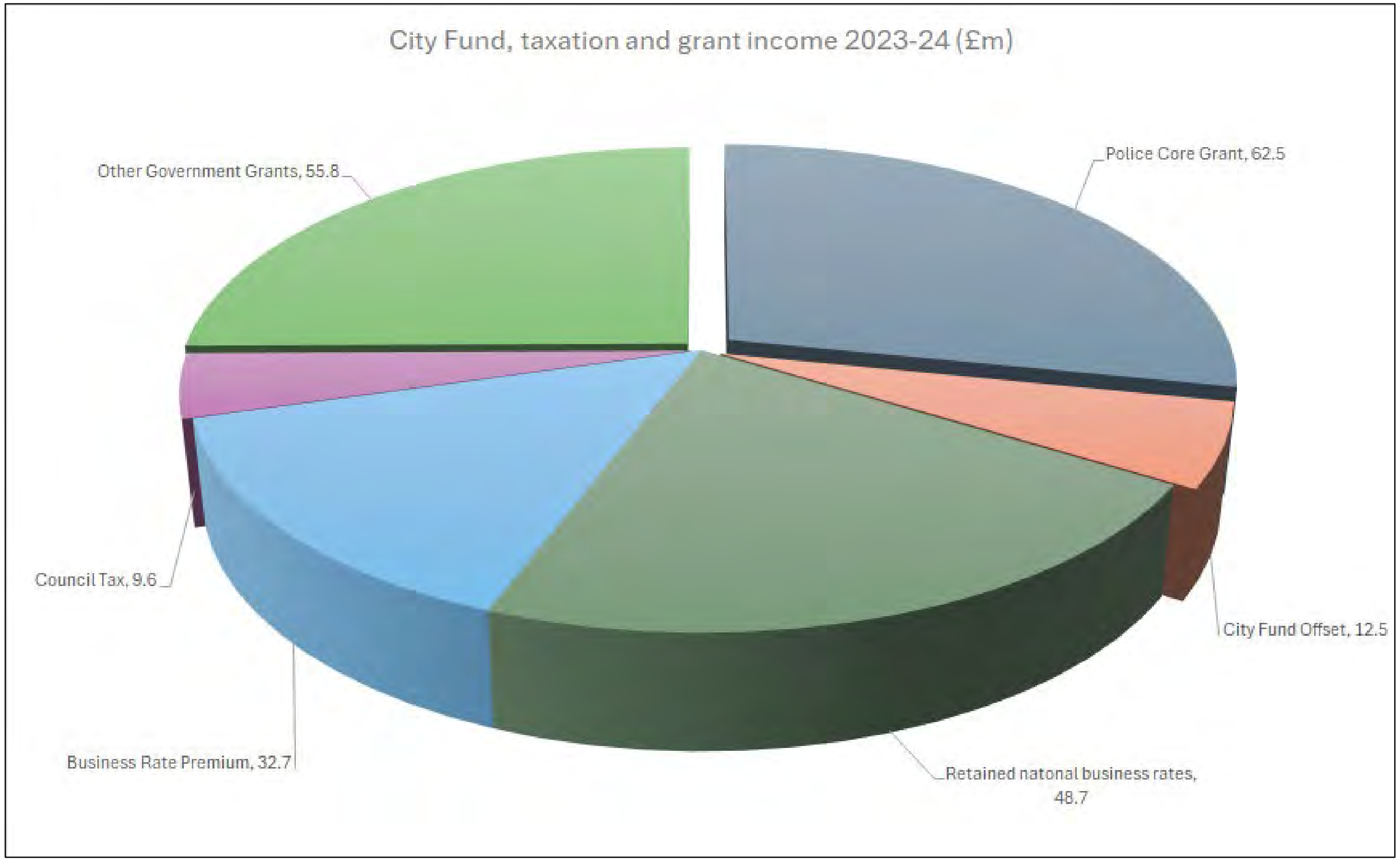
The adjacent table compares each committee outturn to its final budget for 2023-24 Taking into account service expenditure and funding from taxation and grants, the City Fund recorded a £45.7m underspend for the year. The most material variances and the reason for these are:

- Finance (£39.2m) – delays in drawing down central contingencies contributed to an underspend along with slippage on supplementary revenue projects and additional interest income

2022-23	2023-24 Budget v Outturn - City Fund Summary by Committee			
Outturn		**Budget**	**Provisional Outturn**	**Variance (Better)/Worse**
	Net Expenditure (Income)			
£m		**£m**	**£m**	**£m**
30.8	Barbican Centre	30.6	29.4	(1.2)
1.9	Barbican Residential	3.2	1.8	(1.4)
18.2	Community and Children's Services	17.8	18.3	0.5
22.3	Culture Heritage and Libraries	22.8	22.4	(0.4)
(28.6)	Finance	(22.0)	(61.2)	(39.2)
0.3	Licensing	0.4	0.2	(0.2)
(1.4)	Markets	0.0	(0.1)	(0.1)
2.0	Open Spaces	1.9	2.0	0.1
15.9	Planning and Transportation	18.3	15.4	(2.9)
95.7	Police	103.8	103.8	0.0
1.0	Police Authority Board	1.0	0.7	(0.3)
6.6	Policy and Resources	10.3	8.1	(2.2)
16.3	Port Health and Environmental Services	15.7	18.5	2.8
(29.1)	Property Investment Board	(34.9)	(36.1)	(1.2)
151.8	**City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves**	**168.9**	**123.2**	**(45.7)**

Funding from taxation and grants

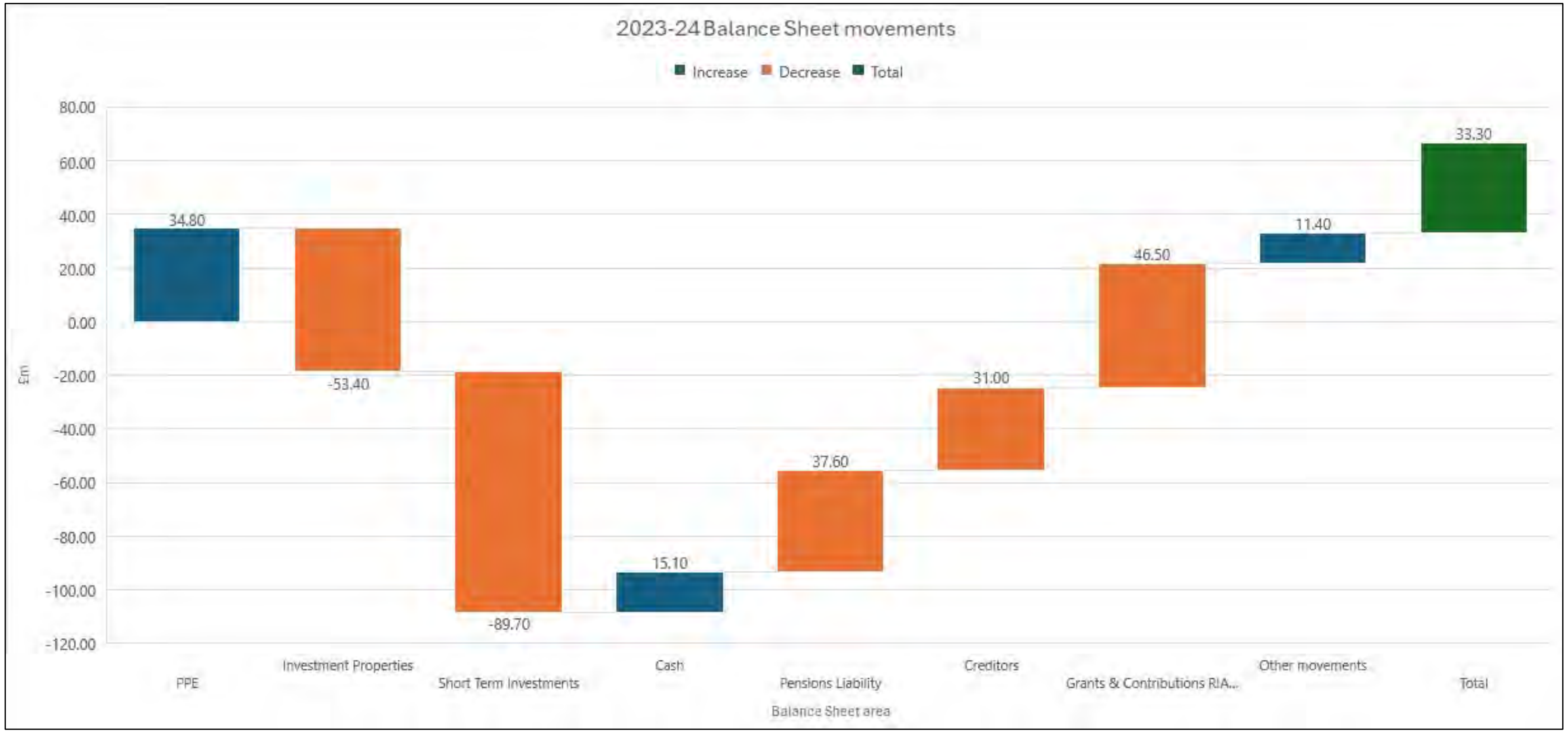
A breakdown of the City Fund taxation and grants income for 2023-24 can be seen in the chart below:



Please note the figures shown here do not take account of statutory accounting adjustments and reserve movements. These may differ to those presented in the main accounts.

Balance Sheet

The City Corporation maintains a strong balance sheet position with net assets totalling £2,097.5m at year end. The key movements which have contributed to an overall balance sheet increase of £33.3m compared to the previous year are shown below. For more detail on these movements please refer to the following notes to the accounts: Cash – Notes 32-34, Short Term Investments – Note 18, Property, Plant and Equipment (PPE) – Note 13, Investment Properties – Note 17, Pension Liabilities – Notes 23-26, Short Term Creditors – note 21, and Grants and Contributions receipts in advance – Note 27.



EXPLANATION OF THE FINANCIAL STATEMENTS

The Statement of Accounts sets out the Corporation's income and expenditure for the year, and its financial position at 31 March 2024. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, which in turn is underpinned by International Financial Reporting Standards.

The **Statement of Responsibilities** sets out the respective responsibilities of the Council and Director of Resources.

The **Auditor's Report** gives the auditor's (Grant Thornton) opinion of the financial statements and of the Corporation's arrangements for securing economy, efficiency and effectiveness in the use of resources.

The **Core Statements** are:

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

The Supplementary Statements are:

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

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

STATEMENT OF RESPONSIBILITIES

The City of London Corporation's Responsibilities

The City of London Corporation is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs. This officer is the Chamberlain/Chief Financial Officer (CFO).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Chamberlain's Responsibilities

The Chamberlain is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 ("the Code").

In preparing this Statement of Accounts, the Chamberlain has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the local authority Code.

The Chamberlain has also:

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

Chamberlain's Certificate

I certify that the Statement of Accounts give a true and fair view of the financial position of the City Fund and the Pension Funds of the City of London Corporation at the reporting date and of its expenditure and income for the year ended 31 March 2024.

Caroline Al-Beyerty - Chamberlain and Chief Financial Officer

Date: 31st May 2024

The City Fund and Pension Fund Accounts were considered and approved on behalf of the Finance Committee.

Henry Nicholas Almroth Colthurst, Deputy

Chairman of the Finance Committee

Randall Keith Anderson, Deputy

Deputy Chairman of the Finance Committee

Independent Auditor's Report to the Members of the City of London Corporation

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Core Financial Statements

Comprehensive Income and Expenditure Statement

2022-23				Notes	2023-24		
Gross Expenditure	Gross Income	Net Expenditure/ (Income)			Gross Expenditure	Gross Income	Net Expenditure/ (Income)
£m	£m	£m			£m	£m	£m
			Services				
197.8	(94.7)	103.1	Police		182.9	(97.0)	85.9
1.0	0.0	1.0	Police Authority Board		1.0	(0.2)	0.8
63.4	(28.7)	34.7	Barbican Centre		64.4	(29.6)	34.8
39.3	(19.4)	19.9	Community & Children's Services		38.9	(20.1)	18.8
23.4	(16.5)	6.9	Housing Revenue Account (HRA)		24.8	(17.4)	7.4
47.4	(35.9)	11.5	Planning & Transportation		51.9	(41.7)	10.2
33.3	(19.1)	14.2	Port Health & Environmental Services		31.4	(17.4)	14.0
25.0	(1.9)	23.1	Culture, Heritage and Libraries		25.3	(3.8)	21.5
29.0	(16.6)	12.4	Finance		45.0	(12.3)	32.7
19.8	(20.8)	(1.0)	Barbican Residential		18.0	(19.9)	(1.9)
26.9	(13.9)	13.0	Policy & Resources		62.1	(7.4)	54.7
2.7	(0.5)	2.2	Open Spaces and City Gardens		2.5	(0.7)	1.8
0.0	(0.1)	(0.1)	Property Investment Board		0.0	0.0	0.0
1.2	(0.7)	0.5	Licensing		1.0	(0.8)	0.2
4.6	0.0	4.6	London NNDR Pool Strategic Investment Pot		0.0	0.0	0.0
1.8	0.0	1.8	Pension Past Service Cost		0.0	0.0	0.0
20.1	0.0	20.1	Major Project Cost		0.0	0.0	0.0
536.7	**(268.8)**	**267.9**	**Cost of Services**		**549.2**	**268.3**	**280.9**
		(20.7)	Other Operating Income	7			(2.4)
		92.2	Financing & Investment Income & Expenditure	7			7.6
		(281.4)	Taxation & Non-Specific Grant Income	7			(301.5)
		58.0	**(Surplus)/Deficit on the Provision of Services**				**(15.4)**
		(12.5)	(Surplus)/Deficit on the Revaluation of Property, Plant & Equipment	13			38.8
		(786.5)	Remeasurements of the Pensions Liability	26			(56.7)
		(799.0)	**Other Comprehensive (Income) & Expenditure**				**(17.9)**
		(741.0)	**TOTAL COMPREHENSIVE (INCOME) & EXPENDITURE**				**(33.3)**

Movement in Reserves Statement

	Notes	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2023 carried forward*		**(266.8)**	**(0.2)**	**(50.7)**	**(83.4)**	**0.3**	**(400.8)**	**(1,663.4)**	**(2,064.2)**
Movement in reserves during 2023-24									
Total Comprehensive Income & Expenditure		**(22.5)**	**7.2**	**0.0**	**0.0**	**0.0**	**(15.3)**	**(18.0)**	**(33.3)**
Adjustments between accounting basis & funding basis under regulations	11	(72.7)	(7.3)	8.6	65.0	(0.3)	(6.6)	6.6	0.0
Net (increase)/decrease before Transfers to Earmarked Reserves		**(95.1)**	**(0.1)**	**8.6**	**65.0**	**(0.3)**	**(21.9)**	**(11.4)**	**(33.3)**
Transfer to/(from) - earmarked reserves		27.8	0.0	0.0	(27.8)	0.0	0.0	0.0	0.0
(Increase) or decrease in 2023-24		**(67.3)**	**(0.1)**	**8.6**	**37.2**	**(0.3)**	**(21.9)**	**(11.4)**	**(33.3)**
Balance at 31 March 2024 carried forward*		**(334.1)**	**(0.3)**	**(42.1)**	**(46.2)**	**0.0**	**(422.9)**	**(1,674.6)**	**(2,097.5)**

* The City Fund balance of £334.1m comprises unallocated revenue funds of £121.6m** and earmarked revenue reserves of £212.5m (see note 12, page 51).

**The unallocated revenue funds of £121.6m will be split as follows, £20m will be retained as the General Fund balance with the remainder being transferred to earmarked reserves in 2024/25.

Restated	Notes	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2022 carried forward		**(300.1)**	**(0.2)**	**(30.5)**	**(53.7)**	**(1.4)**	**(385.9)**	**(937.2)**	**(1,323.1)**
Movement in reserves during 2022-23									
Total Comprehensive Income & Expenditure		**51.7**	**6.3**	**0.0**	**0.0**	**0.0**	**58.0**	**(799.0)**	**(741.0)**
Adjustments between accounting basis & funding basis under regulations	11	(52.1)	(6.3)	(20.2)	4.0	1.7	(72.9)	72.9	0.0
Net (increase)/decrease before Transfers to Earmarked Reserves		**(0.4)**	**0.0**	**(20.2)**	**4.0**	**1.7**	**(14.9)**	**(726.1)**	**(741.0)**
Transfer to/(from) - earmarked reserves		33.7	0.0	0.0	(33.7)	0.0	0.0	0.0	0.0
(Increase) or decrease in 2022-23		**33.3**	**0.0**	**(20.2)**	**(29.7)**	**1.7**	**(14.9)**	**(726.1)**	**(741.0)**
Balance at 31 March 2023 carried forward*		**(266.8)**	**(0.2)**	**(50.7)**	**(83.4)**	**0.3**	**(400.8)**	**(1,663.3)**	**(2,064.1)**

*The City Fund balance of £266.8m comprises unallocated revenue funds of £50.7m and earmarked revenue reserves of £216.1m (see note 12, page 51).

Balance Sheet

31 March 2023		Notes	31 March 2024
£m			£m
1,090.6	Property, Plant and Equipment	13	1,125.4
9.0	Heritage Assets	14	9.0
1,543.2	Investment Property	17	1,489.8
2.9	Intangible Assets		1.9
11.5	Long-Term Debtors	16	11.5
0.0	Long-Term Investments	18	28.6
2,657.2	**Long-Term Assets**		**2,666.2**
964.8	Short-Term Investments	18	846.4
8.6	Assets Held for Sale		4.0
0.6	Inventories		0.5
155.7	Short-Term Debtors	20	167.0
32.1	Cash and Cash Equivalents		47.2
1,161.8	**Current Assets**		**1,065.2**
(382.1)	Short-Term Creditors	21	(351.1)
(57.0)	Grants and Contributions Received in Advance – Revenue	27	(10.5)
(21.4)	Provisions	22	(21.1)
(460.5)	**Current Liabilities**		**(382.7)**
(913.2)	Pensions Liability	26	(875.6)
(103.7)	Grants and Contributions Received in Advance – Capital	27	(110.8)
(224.5)	Rents Received in Advance	28	(225.8)
(52.9)	Other Long-Term Liabilities	29	(39.0)
(1,294.3)	**Long-Term Liabilities**		**(1,251.2)**
2,064.2	**NET ASSETS**		**2,097.5**
(400.8)	Usable Reserves		(422.9)
(1,663.4)	Unusable Reserves	31	(1,674.6)
(2,064.2)	**TOTAL RESERVES**		**(2,097.5)**

The Statement of Accounts was authorised for issue by the Chamberlain on 31st May 2024. Events after the balance sheet date and up to 31st May 2024 have been considered in respect of material impact on the financial statements. No adjustments have been made.

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of City Fund during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Details of these movements are set out in note 32-34 of the accounts. The cash and cash equivalent balance is held in bank current accounts held by the City Corporation.

2022-23		Notes	2023-24
£m			**£m**
58.0	Net (surplus)/deficit on the provision of services		(15.3)
(103.5)	Adjustments for non-cash movements	32	(19.5)
98.1	Adjustments for items that are investing and financing activities	32	73.9
52.6	**Net cash (inflows)/outflows from operating activities**		**39.1**
(46.6)	Investing activities	33	(65.4)
(4.8)	Financing activities	34	11.1
1.2	**Net (increase)/decrease in cash and cash equivalents**		**(15.1)**
(33.3)	Cash and cash equivalents at the beginning of the reporting period		(32.1)
(32.1)	**Cash and cash equivalents at the end of the reporting period**		**(47.2)**

Notes to the Core Financial Statements

1. Critical Judgements in the Basis of Preparation and Applying Accounting Policies

In applying the accounting policies set out on page 140, the City Corporation has had to make certain judgements about complex transactions or those involving uncertainty about future events. These are as follows:

Related Parties

The City Corporation makes an assessment of the relationships it has with other entities, establishing where control and influence lay and adopting the appropriate accounting practice to reflect the relationship. After a thorough evaluation, we have determined that the Museum of London (MoL) should not be classified as a subsidiary, associate, or joint venture for accounting purposes. We therefore disclose this relationship as a related party in the relevant disclosure (note 35, page 92). This judgment is based on the following key considerations:

1. **Absence of Significant Control (IFRS 10):** CoLC does not exercise significant control over MoL's operations. While CoLC appoints board members, these members are legally obligated to act in MoL's best interests without being bound by CoLC's directives.

2. **Independent Legal Entity (Museum of London Act 1965):** MoL operates as a distinct legal entity under the Museum of London Act 1965, with its own statutory obligations, governance structure, and objectives.

<u>Alternative Judgment:</u>

In considering an alternative judgment, it could be argued that MoL should be classified as an associate based on the significance of CoLC's financial support and board appointments. This alternative judgment highlights the following points:

1. **Significance of Financial Support (IPSAS 36)**: CoLC provides annual funding to MoL, which plays a critical role in supporting MoL's operations. However, it is important to clarify that this financial support is not indicative of significant influence or control over MoL's activities. The financial support provided by CoLC is aligned with the cultural and historical preservation objectives of MoL, and it does not lead to decision-making authority over MoL's operations. The absence of specific directives or obligations in the Museum of London Act 1965, which established MoL, regarding the funding amount further emphasises that this financial support is not tied to conditions that would imply control. Instead, it serves the broader mission and independence of MoL in fulfilling its cultural and historical preservation responsibilities.

2. **Board Appointments:** CoLC appoints members to MoL's Board of Governors, contributing to the governance structure. While these members are legally bound to act in MoL's best interests, their appointment by CoLC could suggest a level of influence. However, it is crucial to note that their primary responsibility is to act in MoL's best interests, and they are not obligated to follow directives from CoLC. This legal framework ensures MoL's operational autonomy and independence in decision-making.

<u>Impact of the Alternative Judgment:</u>

If the alternative judgment were adopted, it would imply the consolidation of an appropriate share of MoL's financial figures, including Total Assets of £74.4m, Total Liabilities of £20.9m, Total Income of £61.1m, and Total Expenditure of £57.5m, into the City of London Corporation's financial statements. These figures are from 2022/23 MoL Accounts as the MoL are not required by the Charity Commission to publish their 2023/24 accounts until January 2025.

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2. Assumptions Made About the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by Management about the future or that are otherwise uncertain. The estimates and associated assumptions are continually reviewed and are based on historical experience and other factors including expectations of future events that are considered to be reasonable under the circumstances. However, because balances cannot be determined with certainty, actual results could be materially different from those estimates. Changes in accounting estimates may be necessary, if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience.

The items in the authority's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<table>
<tr><th>Item</th><th>Uncertainties</th><th>Effect if actual results differ from assumptions</th></tr>
<tr><td>Pensions Liability</td><td>Estimation of the net liability to pay pensions depends on a number of complex adjustments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. The actuarial firm Barnett Waddingham LLP have been appointed as the City Corporation's actuary to provide the City Fund with expert advice about the assumptions to be applied.</td><td>The total value of the Pensions Liability as at the end of March 2024 is £875.6m (consisting of City Fund £25.4m, Police Pension Scheme £847.6m and Judges Pension Scheme £2.5m). The estimation of the net liability to pay pensions depends on a number of complex assumptions used in the calculation of the liabilities. These include the discount rate used, the rate at which salaries are projected to increase, changes to retirement ages, mortality rates and expected returns on pension fund assets. Where the outcome is different to the assumptions this will impact on the pension liability. Variations in the key assumptions will have the following impact on the net liability:
<table>
<tr><th rowspan="3">Assumptions</th><th colspan="2">Movement in liability</th></tr>
<tr><th>Increase in Assumption</th><th>Decrease in Assumption</th></tr>
<tr><th>£m</th><th>£m</th></tr>
<tr><td>0.1% adjustment to discount rate</td><td>(25.3)</td><td>25.9</td></tr>
<tr><td>0.1% adjustment to salary increase rate</td><td>2.4</td><td>(2.4)</td></tr>
<tr><td>0.1% adjustment to Pension increase rate</td><td>24</td><td>(23.4)</td></tr>
<tr><td>1 year adjustment to life expectancy</td><td>59.8</td><td>(57.4)</td></tr>
</table>
</td></tr>
<tr><td>Property, plant and equipment</td><td>The carrying values of property, plant and equipment and investment properties are primarily dependent on judgements of variables such as the state of the property market, location, asset lives, condition of the property, indices etc. All properties included on the balance sheet at current or fair value are revalued at least once within a five year period as part of a rolling programme with subsequent</td><td>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. The net book value of non-current operational assets subject to potential revaluation as at the end of March 2024 is £880.3m (£854m as at the end of March 2023). If the value of the Corporation's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately c£88.03m.</td></tr>
</table>

Item	Uncertainties	Effect if actual results differ from assumptions
	additions being included in the accounts at their cost of acquisition until the asset is next revalued. Revaluations are carried out with sufficient regularity to ensure that their carrying value is not materially different from their value at the year end, list of assets that were valued as at the end of March 2024 are available on page 56 of the accounts. The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Corporations external valuers.	An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for assets subject to depreciation would increase by £3m for every year that useful lives had to be reduced.
Valuation of Investment property	The Corporation's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.	A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the CIES. The net book value of investment properties as at the end of March 2024 is £1,489.8m (£1,543.2m as at the end of March 2023). If the value of the Corporation's investment properties were to reduce by 1%, this would result in a £14.89m debit to "Financing and Investment Income and Expenditure" in the CIES. Conversely, an increase in operational property values would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the CIES and/or gains being recorded as appropriate in the CIES.

Notes to the Comprehensive Income and Expenditure Statement

3. Expenditure and Funding Analysis

2023-24					
	As Reported to Management	Adjustments to Arrive at Net Charge to General Fund and HRA Balances	Net Expenditure Chargeable to City Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£'m	£'m	£'m	£'m	£'m
Committees					
Police	103.8	0.9	104.7	(18.8)	85.9
Police Authority Board	0.7	(0.0)	0.7	0.1	0.8
Barbican Centre	29.4	5.3	34.7	0.1	34.8
Community and Children's Services	18.3	0.9	19.2	(0.4)	18.8
HRA	0.0	(0.1)	(0.1)	7.5	7.4
Planning and Transport	15.4	(6.4)	9.0	1.2	10.2
Port Health and Environmental Services	18.5	(0.3)	18.2	(4.2)	14.0
Culture, Heritage and Libraries	22.4	(0.1)	22.3	(0.8)	21.5
Finance	(61.1)	(2.3)	(63.4)	96.1	32.7
Barbican Residential	1.8	0.0	1.8	(3.7)	(1.9)
Policy and Resources	8.1	1.4	9.5	45.2	54.7
Open Spaces and City Gardens	2.0	(0.1)	1.9	0.0	1.8
Property Investment	(36.1)	0.0	(36.1)	36.1	0.0
Licensing	0.2	0.0	0.2	0.0	0.2
Markets	(0.1)	(0.1)	(0.2)	0.2	0.0
London NNDR Pool Strategic Investment Pot	0.0	(2.2)	(2.2)	2.2	0.0
Net Cost of Services	**123.2**	**(3.0)**	**120.2**	**160.8**	**280.9**
Other Income and Expenditure	(123.2)	(64.4)	(187.6)	(108.7)	(296.3)
(Surplus) or Deficit on the Provision of Services	**0**	**(67.4)**	**(67.4)**	**52.1**	**(15.4)**
Opening City Fund and HRA Balances			**(267.0)**		
Add (Surplus) or Deficit on City Fund and HRA Balance in Year			(67.4)		
Closing City Fund and HRA Balances at 31 March*			**(334.4)**		

2022-23	As Reported to Management	Adjustments to Arrive at Net Charge to General Fund and HRA Balances	Net Expenditure Chargeable to City Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£'m	£'m	£'m	£'m	£'m
Committees					
Police	95.7	(3.6)	92.1	11.0	103.1
Police Authority Board	1.0	0.0	1.0	0.0	1.0
Barbican Centre	30.8	(0.2)	30.6	4.1	34.7
Community and Children's Services	18.2	0.6	18.8	1.1	19.9
HRA	0.0	(0.1)	(0.1)	7.0	6.9
Planning and Transport	15.9	(6.9)	9.0	2.5	11.5
Port Health and Environmental Services	16.3	(1.5)	14.8	(0.6)	14.2
Culture, Heritage and Libraries	22.3	(5.4)	16.9	6.2	23.1
Finance	(28.6)	(7.6)	(36.2)	48.6	12.4
Barbican Residential	1.9	0.0	1.9	(2.9)	(1.0)
Policy and Resources	6.6	3.1	9.7	3.3	13.0
Open Spaces and City Gardens	2.0	0.0	2.0	0.2	2.2
Property Investment	(29.1)	0.0	(29.1)	29.0	(0.1)
Licensing	0.3	0.0	0.3	0.2	0.5
Markets	(1.4)	(0.2)	(1.6)	1.6	0.0
London NNDR Pool Strategic Investment Pot	0.0	3.3	3.3	1.3	4.6
Pension Past Service Cost	0.0	0.0	0.0	1.8	1.8
Major Project Cost	0.0	20.1	20.1	0.0	20.1
Net Cost of Services	**151.9**	**1.6**	**153.5**	**114.4**	**267.9**
Other Income and Expenditure	(151.9)	31.7	(120.2)	(89.7)	(209.9)
(Surplus) or Deficit on the Provision of Services	**0.0**	**33.3**	**33.3**	**24.7**	**58.0**
Opening City Fund and HRA Balances			**(300.3)**		
Add (Surplus) or Deficit on City Fund and HRA Balance in Year			33.3		
Closing City Fund and HRA Balances at 31 March*			**(267.0)**		

Further information on the City Corporation's Committees can be found on the website at : http://democracy.cityoflondon.gov.uk/mgListCommittees.aspx?bcr=1

4. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the City Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

2022-23						2023-24				
Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustment Account	Other Adjustments	Total Adjustments	Committees	Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustment Account	Other Adjustments	Total Adjustments
£'m	£'m	£'m	£'m	£'m		£'m	£'m	£'m	£'m	£'m
4.3	7.3	0.0	(0.6)	11.0	Police	2.4	(22.0)	0.0	0.8	(18.8)
0.0	0.0	0.0	0.0	0.0	Police Authority Board	0.0	0.0	0.0	0.0	0.0
0.8	2.9	0.0	0.4	4.1	Barbican Centre	0.0	(0.6)	0.0	0.7	0.1
0.0	1.1	0.0	0.0	1.1	Community and Children's Services	0.0	(0.2)	0.0	(0.1)	(0.3)
5.0	0.7	0.0	1.3	7.0	HRA	7.3	(0.1)	0.0	0.4	7.6
0.1	1.8	0.0	0.6	2.5	Planning and Transport	0.0	(0.4)	0.0	1.6	1.2
0.0	2.1	0.0	(2.7)	(0.6)	Port Health and Environmental Services	0.0	(0.4)	0.0	(3.9)	(4.3)
5.4	1.2	0.0	(0.4)	6.2	Culture, Heritage and Libraries	0.0	(0.2)	0.0	(0.6)	(0.8)
22.1	1.0	0.0	25.5	48.6	Finance	36.3	0.4	0.0	59.3	96.0
0.0	0.7	0.0	(3.6)	(2.9)	Barbican Residential	0.0	(0.1)	0.0	(3.6)	(3.7)
2.3	1.1	0.0	(0.1)	3.3	Policy and Resources	45.4	(0.2)	0.0	(0.1)	45.1
0.0	0.2	0.0	0.0	0.2	Open Spaces and City Gardens	0.0	0.0	0.0	(0.1)	(0.1)
0.0	0.0	0.0	29.0	29.0	Property Investment	0.1	0.0	0.0	36.0	36.0
0.0	0.2	0.0	0.0	0.2	Licensing	0.0	0.1	0.0	0.0	0.0
0.0	0.2	0.0	1.4	1.6	Markets	0.0	0.0	0.0	0.3	0.3
0.0	0.0	0.0	1.3	1.3	London NNDR Pool Strategic Investment Pot	0.0	0.0	0.0	2.2	2.2
0.0	1.8	0.0	0.0	1.8	Pension Past Service Cost	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	Major Project Cost	0.0	0.0	0.0	0.0	0.0
40.0	**22.3**	**0.0**	**52.1**	**114.4**	**Net Cost of Services**	**91.5**	**(23.7)**	**0.0**	**92.8**	**160.6**
(23.1)	42.6	(66.6)	(42.6)	(89.7)	Other Income and Expenditure	(27.0)	43.1	(1.9)	(122.9)	(108.7)
16.1	**64.9**	**(66.6)**	**9.5**	**24.7**	**Surplus or Deficit on Provision of Services**	**64.5**	**19.4**	**(1.9)**	**(30.1)**	**52.1**

Adjustments for Capital Purposes

This column adjusts for capital items which need to be included in the CIES such as:

- the net gain on the disposal of fixed assets
- revaluation gains or losses on investment properties
- income from capital grants.

Net Changes for Pensions Adjustments

This column removes the employer pension contributions charges to services during the year and replaces them with pension related expenditure and income calculated in accordance with International Accounting Standard (IAS) 19 *Employee Benefits*.

Collection Fund Adjustment Account

This is a timing difference between what is chargeable under statutory regulations for business rates and council tax, which is largely based on estimates at the start of the year, and the income recognised under generally accepted accounting practices.

Other Adjustments

This column includes:

- the re-mapping of items reported to service committees to financing and investment income and expenditure in the CIES. Such items include income and expenditure relating to investment properties reported to the Property Investment Board, trading activities reported to the Markets Committee and interest on cash balances reported to Finance Committee
- the elimination of recharges between committees which would otherwise result in gross expenditure and income being overstated in the CIES.

The above adjustments are reallocation of figure and therefore have no overall impact on the total amount.

The net difference remaining relates to annual leave entitlement and financial instrument adjustments.

5. Expenditure and Income Analysed by Nature

City Fund income and expenditure included in the net cost of services is analysed below.

2022-23		2023-24
£'m		**£'m**
	Expenditure	
240.1	Employee expenses	212.2
251.9	Other service expenses	268.7
39.5	Support service recharges	40.0
39.3	Depreciation, amortisation and impairments	50.2
41.9	Interest payments	39.5
0.5	Precepts and levies	0.3
320.5	Business rates tariff and levy payments to Government	302.8
0.0	Payments to Government's housing capital receipts pool	0.0
0.0	Gain on the disposal of assets	0.0
93.4	Unrealised loss on revaluation of investment properties	56.5
1,027.1	**Total expenditure**	**970.3**
	Income	
(182.5)	Fees, charges and other service income	(184.7)
(23.3)	Interest and investment income	(52.1)
(479.1)	Business rates and council tax income	(477.3)
(262.5)	Government grants and other grants, contributions and reimbursements	(268.4)
0.0	Unrealised (gains)/loss on revaluation of investment properties	0.0
(21.7)	Gain on the disposal of assets	(3.2)
(969.1)	**Total Income**	**(985.7)**
58.0	**(Surplus) or Deficit on the Provision of Services**	**(15.4)**

6. Grant Income

2022-23	Credited to Services	2023-24
£m	**Revenue Grants (Government)**	**£m**
	Home Office	
(18.4)	Police Pensions	(19.3)
(8.7)	Counter Terrorism	(8.1)
(17.3)	National Cyber Security Programme	(10.0)
(4.3)	National Fraud Intelligence Bureau	(4.3)
(9.1)	National Lead Force for Fraud	(4.9)
(2.5)	Police Uplift Programme	(2.2)
(0.3)	Asset Recovery Incentivisation Scheme	(2.9)
(8.9)	Action Fraud Managed Services	(9.4)
(0.1)	Emergency Services Mobile Communications Programme	0.0
(1.0)	Mutual Aid	0.0
(0.1)	National Law Enforcement Data Service	(0.2)
0.0	Fraud Reform	(7.1)
0.0	Fraud and Cyber Crime Reporting Analysis System	(5.1)
(1.7)	Other	(5.4)
	Ministry of Justice	
(1.3)	Other	0.0
	Department for Work and Pensions	
(3.7)	Housing and Council Tax Benefit	(3.7)
(0.1)	Other	(0.1)
(7.2)	HM Courts and Tribunals Service	(7.5)
	Department for Education	
(3.7)	Dedicated Schools Grant	(3.9)
(1.9)	Other	(1.0)
	Ministry of Levelling up, Housing, Communities	
(5.4)	Other	(5.8)
£m	**Revenue Grants (Government) Continued**	**£m**
	Department for Health	
(1.7)	Public Health	(2.2)
(0.2)	Other	(0.7)
(1.8)	Transport for London	(1.8)
(2.5)	Intellectual Property Office	(2.1)
(1.3)	Greater London Authority	(1.5)
	Department for Energy Security and Net Zero	
0.1	Discretionary grants to Businesses	(0.2)
(1.1)	Other	0.0
(1.7)	Department for Environment, Food & Rural Affairs	(1.1)
0.0	HM Treasury	(0.4)
(0.8)	Arts Council England	(0.3)
(4.3)	Other revenue grants (Government)	(2.5)
	Non Government revenue grants and contributions	
(4.6)	S106/S278 and other developer contributions	(3.2)
(20.8)	Other	(26.2)
	Capital Grants and contributions (funding revenue expenditure under statute)	
(0.3)	Section 106 contributions	0.0
(136.7)	**Total**	**(143.1)**

7. Income and Expenditure below Cost of Services

2022-23		2023-24
Net Expenditure/ (Income)		Net Expenditure/ (Income)
£m		£m
(21.7)	Net Gain on Disposal of Fixed Assets	(3.2)
0.3	Inner and Middle Temple Precepts	0.2
0.2	Local levies	0.2
0.0	Payment to Government Housing Capital Receipts Pool	0.0
0.5	Pension Fund Administration Expenses	0.5
(20.7)	**Total Other Operating Income and Expenditure**	**(2.3)**
	Investment Properties	
(29.0)	Operational	(35.9)
93.4	(Gain)/loss on revaluation	56.5
(23.0)	Interest receivable and similar income	(52.1)
41.9	Pension Interest Cost	42.6
(1.4)	Contribution from Trading Services	(0.2)
0.2	Impairment gains/losses	(0.1)
10.1	Financial instrument (gain)/loss	(3.2)
92.2	**Total Financing and Investment Income and Expenditure**	**7.6**

There are no restrictions on the City Fund's ability to realise the value inherent in its Investment Property or on the City Fund's right to the remittance of income and the proceeds of disposal.

Operational Investment Properties is comprised of income of £52.4m and operating expenses of £16.5m.

Contribution from Trading Services comprises a turnover of £9.8m and expenditure of £9.6m.

2022-23		2023-24
Income		Income
£m		£m
(40.6)	Retained National Business Rates	(42.9)
(28.0)	City Fund Non Domestic Rates Premium	(32.7)
(12.1)	City Fund Offset	(12.5)
(8.1)	Council Tax Income	(9.6)
	Non Ringfenced Government Revenue Grants	
(6.5)	Revenue Support Grant	(7.2)
(62.3)	Police Core Grant	(62.5)
(44.2)	NNDR grants	(48.1)
(0.2)	Other	(0.5)
	Capital Grants & Contributions	
(15.1)	Home Office	(25.4)
(25.9)	Greater London Authority	0.0
(0.3)	Transport for London	0.0
(1.4)	Ministry of Justice	(2.1)
(22.5)	Section 106 and CIL	(31.0)
(14.2)	Other Capital Grants and Contributions	(27.0)
(281.4)	**Total Taxation and Non-Specific Grant Income**	**(301.5)**

8. Dedicated Schools Grants

In 2023-24, the City Fund received a specific grant from the Department for Education, the Dedicated Schools Grant (DSG), of £3.4m (2022-23: £3.4m). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the School Finance (England) Regulations 2019. The Schools Budget includes elements for a range of education services provided on an authority-wide basis and for the Individual School Budget for maintained schools.

Details of the deployment of DSG receivable for 2023-24 are as follows:

2022-23	Schools Budget Funded by DSG		
	Central Expenditure	Individual School Budget	Total
	£m	£m	£m
Final DSG for 2022-23 before Academy recoupment	1.3	2.1	3.4
Academy Figure recouped for 2022-23	0.0	0.0	0.0
Total DSG after Academy recoupment for 2022-23	**1.3**	**2.1**	**3.4**
Plus: Brought forward from 2021-22	1.3	0.0	1.3
Less: Carry forward to 2022-23 agreed in advance	0.0	0.0	0.0
Agreed initial budgeted distribution in 2022-23	**2.6**	**2.1**	**4.7**
In year adjustments	0.0	0.0	0.0
Final budgeted distribution for 2022-23	**0.0**	**0.0**	**4.7**
Less: Actual central expenditure	(1.5)	0.0	(1.5)
Less: Actual ISB deployed to schools	0.0	(2.1)	(2.1)
Plus: Local authority contribution for 2022-23	0.0	0.0	0.0
Carry forward to 2023-24	**1.1**	**0.0**	**1.1**

2023-24	Schools Budget Funded by DSG		
	Central Expenditure	Individual School Budget	Total
	£m	£m	£m
Final DSG for 2023-24 before Academy recoupment	1.3	2.1	3.4
Academy Figure recouped for 2023-24	0.0	0.0	0.0
Total DSG after Academy recoupment for 2023-24	**1.3**	**2.1**	**3.4**
Plus: Brought forward from 2022-23	1.1	0.0	1.1
Less: Carry forward to 2023-24 agreed in advance	0.0	0.0	0.0
Agreed initial budgeted distribution in 2023-24	**2.4**	**2.1**	**4.5**
In year adjustments	0.0	0.0	0.0
Final budgeted distribution for 2023-24	**0.0**	**0.0**	**4.5**
Less: Actual central expenditure	(1.8)	0.0	(1.8)
Less: Actual ISB deployed to schools	0.0	(2.1)	(2.1)
Plus: Local authority contribution for 2023-24	0.0	0.0	0.0
Carry forward to 2024-25	**0.6**	**0.0**	**0.6**

9. Remuneration and Exit Packages of Employees

Tables 1 to 3 set out the information required in accordance with the Accounts and Audit Regulations 2015 for 2023-24 and 2022-23 respectively.

The number of officers whose remuneration, excluding employer's pension contributions, were £50,000 or more grouped in rising bands of £5,000 is set out in Table 1 (only bands which include officers are shown in the table). Officers have been classified between those employees charged wholly to the City Fund, including Police officers, and those employees charged partly to the City Fund and partly to other funds of the City Corporation.

The information in Table 1 relates to those officers' full salary and not just the part charged to the City Fund. This excludes senior officer salaries which are included in table 2.

Table 3 relates to the Exit packages of employees.

Proportion to City Fund						
Wholly charged to CF		Partially charged to CF		Wholly charged to CF		Partially charged to CF
2022-23			Salary Range	2023-24		
Police Officers	Other		£	Police Officers	Other	
114	71	121	50 - 54,999	197	113	172
179	50	119	55 - 59,999	157	97	110
117	25	78	60 - 64,999	96	64	118
89	15	64	65 - 69,999	77	33	64
72	10	30	70 - 74,999	65	14	70
49	10	44	75 - 79,999	26	10	33
13	2	15	80 - 84,999	20	15	27
11	2	13	85 - 89,999	4	5	16
4	1	6	90 - 94,999	2	6	14
7	2	8	95 - 99,999	7	7	5
2	2	4	100 - 104,999	2	0	11
6	0	5	105 - 109,999	3	6	5
2	0	2	110 - 114,999	2	2	4
0	0	5	115 - 119,999	0	1	1
1	0	3	120 - 124,999	0	2	3
0	1	3	125 - 129,999	0	1	2
0	0	4	130 - 134,999	0	0	7
0	0	2	135 - 139,999	0	1	2
0	0	0	140 - 144,999	0	1	0
1	1	0	145 - 149,999	0	0	1
0	0	0	150 - 154,999	0	1	0
667	**192**	**526**	**Total**	**658**	**379**	**665**

Table 2 - Senior Officer Remuneration

2023-24	Proportion charged to Local or Police Authority Activities	Total Salary	Salary (including fees & allowances)	Bonus	Compensation for Loss of Office	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salary is £150,000 or more a year									
Town Clerk & Chief Executive – I. Thomas	55%	297.0	163.0	0.0	0.0	0.0	163.0	0.0	163.0
Managing Director I&G - Brussels Office - N. Collier	100%	230.0	230.0	0.0	0.0	0.0	230.0	48.0	278.0
Comptroller & City Solicitor - M.Cogher	65%	216.0	140.0	0.0	0.0	0.0	140.0	29.0	169.0
Managing Director Barbican Centre - C. Spencer	100%	214.0	214.0	0.0	0.0	0.0	214.0	45.0	259.0
Police Commissioner - A. McLaren	100%	197.0	197.0	11.0	0.0	22.0	230.0	60.0	290.0
Chamberlain - C. Al-Beyerty	60%	192.0	115.0	0.0	0.0	0.0	115.0	24.0	139.0
City Surveyor - P Wilkinson	40%	190.0	76.0	0.0	0.0	0.0	76.0	16.0	92.0
Temporary Commissioner - P.O'Doherty	100%	187.0	187.0	11.0	0.0	0.0	198.0	52.0	250.0
Chief Operating Officer - E.Moore - Left January 2024	65%	184.0	120.0	0.0	0.0	0.0	120.0	22.0	142.0
Assistant Commissioner - P.Betts	100%	172.0	172.0	11.0	0.0	0.0	183.0	52.0	235.0
Director of Innovation and Growth - D.Nussbaum	67%	160.0	107.0	0.0	0.0	0.0	107.0	22.0	129.0
Salary is between £50,000 and £150,000									
Chief Strategy Officer	40%	145.0	58.0	0.0	0.0	0.0	58.0	12.0	70.0
Temp Assistant Commissioner	100%	144.0	144.0	11.0	0.0	22.0	177.0	38.0	215.0
Director of Community & Children's Services	100%	135.0	135.0	0.0	0.0	0.0	135.0	0.0	135.0
Chief People Officer	45%	134.0	60.0	0.0	0.0	0.0	60.0	12.0	72.0
Executive Director of Corporate Communications and External Affairs	100%	133.0	133.0	0.0	0.0	0.0	133.0	28.0	161.0
Executive Director of Environment	100%	131.0	131.0	0.0	0.0	0.0	131.0	0.0	131.0
Joint Chief Finance Office	100%	130.0	130.0	0.0	0.0	0.0	130.0	27.0	157.0
Service Delivery Director	100%	129.0	129.0	0.0	0.0	0.0	129.0	27.0	156.0
Commander	100%	126.0	126.0	11.0	0.0	41.0	178.0	38.0	216.0
Interim Executive Director of Environment	100%	125.0	125.0	0.0	0.0	0.0	125.0	26.0	151.0
Director of Markets & Consumer Protection	55%	121.0	66.0	0.0	0.0	0.0	66.0	14.0	80.0
Interim Deputy Town Clerk	55%	121.0	67.0	0.0	0.0	0.0	67.0	14.0	81.0
Temp Commander	100%	112.0	112.0	0.0	0.0	0.0	112.0	32.0	144.0

2022-23	Proportion charged to Local or Police Authority Activities	Total Salary	Salary (including fees & allowances)	Bonus	Compensation for Loss of Office	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salary is £150,000 or more a year									
Town Clerk & Chief Executive - J. Barradell - left December 2022	55%	226.0	124.0	0.0	0.0	0.0	124.0	43.0	167.0
Managing Director I&G - Brussels Office - N. Collier	100%	230.0	230.0	0.0	0.0	0.0	230.0	48.0	278.0
Police Commissioner - A. McLaren	100%	206.0	206.0	11.0	0.0	23.0	240.0	62.0	302.0
Comptroller & City Solicitor - M.Cogher	65%	201.0	131.0	0.0	0.0	0.0	131.0	27.0	158.0
City Surveyor - P Wilkinson	40%	201.0	80.0	0.0	0.0	0.0	80.0	17.0	97.0
Chief Operating Officer – E.Moore	65%	198.0	129.0	0.0	0.0	0.0	129.0	27.0	156.0
Managing Director Barbican Centre - C. Spencer - Started May 2022	100%	189.0	189.0	0.0	0.0	0.0	189.0	39.0	228.0
Chamberlain - C. Al-Beyerty	60%	178.0	107.0	0.0	0.0	0.0	107.0	22.0	129.0
Chief Strategy Officer – D.Corradine	40%	179.0	53.0	0.0	0.0	0.0	53.0	11.0	64.0
Executive Director of Environment – B.Roberts	100%	175.0	175.0	0.0	0.0	0.0	175.0	0.0	175.0
Deputy Town Clerk – D.Roberts	55%	166.0	92.0	0.0	0.0	0.0	92.0	19.0	111.0
Temporary Commissioner – P.O'Doherty	100%	166.0	166.0	10.0	0.0	0.0	176.0	50.0	226.0
Assistant Commissioner – P.Betts	100%	166.0	166.0	10.0	0.0	0.0	176.0	50.0	226.0
Director of Innovation and Growth - D.Nussbaum	67%	162.0	109.0	0.0	0.0	0.0	109.0	23.0	132.0
Salary is between £50,000 and £150,000							0.0		
Director of Markets & Consumer Protection	55%	108.0	59.0	0.0	0.0	0.0	59.0	24.0	83.0
Director of Community & Children's Services - left October 2022	100%	92.0	92.0	0.0	0.0	0.0	92.0	18.0	110.0
Town Clerk & Chief Executive - I. Thomas - Started February 2023	55%	40.0	22.0	0.0	0.0	0.0	22.0	0.0	22.0
Managing Director Barbican Centre – W.Gompertz	100%	14.0	14.0	0.0	0.0	0.0	14.0	3.0	17.0
Managing Director Barbican Centre – S.Dwesar	55%	15.0	15.0	0.0	0.0	0.0	15.0	3.0	18.0

Table 3 - Exit Packages charged to City Fund

2022-23					2023-24			
Number of Compulsory Redundancies (FTE No.)	Number of Other Departures Agreed (FTE No.)	Total Number of Exit Packages by Cost Band (FTE No.)	Total Cost of exit Packages in Each Band (£'000)		Number of Compulsory Redundancies (FTE No.)	Number of Other Departures Agreed (FTE No.)	Total Number of Exit Packages by Cost Band (FTE No.)	Total Cost of exit Packages in Each Band (£'000)
18.0	2.0	20.0	189.2	£0 - £20,000	18.0	1.0	19.0	57.4
16.0	0.0	16.0	432.7	£20,001 - £40,000	2.0	2.0	4.0	123.6
4.0	1.0	5.0	234.9	£40,001 - £60,000	0.0	0.0	0.0	0.0
2.0	1.0	3.0	204.2	£60,001 - £80,000	0.0	0.0	0.0	0.0
0.0	1.0	1.0	94.3	£80,001 - £100,000	0.0	0.0	0.0	0.0
0.0	2.0	2.0	125.9	£100,001 - £150,000	0.0	0.0	0.0	0.0
40.0	**7.0**	**47.0**	**1,281.2**	**Total**	**20.0**	**3.0**	**23.0**	**181.0**

10. Audit Fees

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Estimated costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the City Fund's external auditor, are set out in the adjacent table.

The 2023-24 audit will be carried out by Grant Thornton. Audit Fees of £39,500 (2022-23: £35,000) in respect of the City of London Pension Fund are met by the Pension Fund and are not included in the table.

*Note: The audit fee figure shown for grant certifications for 2023-24 is an estimate, as these audits cannot commence until prior year grant certification audits have concluded.

2022-23		2023-24
£'000		£'000
411.5	External audit services carried out by the appointed auditor under the National Audit Office Code of Audit Practice in accordance with the Local Audit and Accountability Act 2014.	340.0
25.0	Certification of grant claims and returns by the appointed auditor	41.0*
0.0	Audit Standards Procedural Review (ISA 315 & 240)	20.0
436.5		**401.0**

Notes to the Movement in Reserves Statement

11. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

City Fund Balance

This is the statutory fund into which all receipts are required to be paid and out of which all liabilities are to be met in respect of the City Fund's activities as a local authority, police authority and port health authority, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the City Fund unallocated reserve, which is not necessarily in accordance with proper accounting practice. The City Fund Balance is not available to fund Housing Revenue Account (HRA) services. With this exception, the City Fund Balance therefore summarises the resources that the City Fund is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the City Fund is required to recover) at the end of the financial year.

Housing Revenue Account (HRA) Balance

The HRA Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund the City Fund's HRA landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

This reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

This reserve holds the grants and contributions received towards capital projects which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Major Repairs Reserve

The City Fund is required to maintain this reserve, which controls an element of resources limited to being used on capital expenditure on HRA assets or the financing of historic capital expenditure by the HRA. The balance shows the resources that have yet to be applied at the year-end.

2023-24	Usable Reserves					Movement in Unusable Reserves
	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transfers to or from the Pensions Reserve)	(19.2)					19.2
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	1.9					(1.9)
Holiday pay (transfers to or from the Accumulated Absences Reserve)	(1.1)					1.1
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (transfers to or from the Capital Adjustment Account)	(18.0)	(9.4)				27.4
Transfer of deferred non-current assets sale proceeds from revenue to the Deferred Capital Receipts Reserve	0.0					0.0
Transfer to the Pooled Investment Reserve	3.2					(3.2)
Total Adjustments to Revenue Resources	**(33.3)**	**(9.4)**	**0.0**	**0.0**	**0.0**	**42.6**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	6.2		(6.2)			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0.0					0.0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1.4					(1.4)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(46.0)					46.0
Posting of HRA resources from revenue to the Major Repairs Reserve		2.1			(2.1)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(1.1)			1.1		0.0
Total Adjustments between Revenue and Capital Resources	**(39.5)**	**2.1**	**(6.2)**	**1.1**	**(2.1)**	**44.6**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			15.0			(15.0)
Use of the Major Repairs Reserve to finance capital expenditure					1.8	(1.8)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				63.8		(63.8)
Cash payments in relation to deferred capital receipts			(0.3)			0.3
Total Adjustments to Capital Resources	**0.0**	**0.0**	**14.7**	**63.8**	**1.8**	**(80.4)**
Total Adjustments	**(72.7)**	**(7.3)**	**8.6**	**65.0**	**(0.3)**	**6.6**

2022-23	Usable Reserves					Movement in Unusable Reserves
	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transfers to or from the Pensions Reserve)	(64.2)	(0.7)				64.9
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	66.6					(66.6)
Holiday pay (transfers to or from the Accumulated Absences Reserve)	0.8					(0.8)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (transfers to or from the Capital Adjustment Account)	(123.2)	(8.4)				131.6
Transfer of deferred non-current assets sale proceeds from revenue to the Deferred Capital Receipts Reserve	(0.4)					0.4
Transfer to the Pooled Investment Reserve	(10.0)					10.0
Total Adjustments to Revenue Resources	**(130.4)**	**(9.1)**	**0.0**	**0.0**	**0.0**	**139.5**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	27.1	1.1	(28.2)			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0.0					0.0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1.4					(1.4)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	53.4					(53.4)
Posting of HRA resources from revenue to the Major Repairs Reserve		1.7			(1.7)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(3.6)			3.6		0.0
Total Adjustments between Revenue and Capital Resources	**78.3**	**2.8**	**(28.2)**	**3.6**	**(1.7)**	**(54.8)**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			8.0			(8.0)
Use of the Major Repairs Reserve to finance capital expenditure					3.4	(3.4)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				0.4		(0.4)
Cash payments in relation to deferred capital receipts						0.0
Total Adjustments to Capital Resources	**0.0**	**0.0**	**8.0**	**0.4**	**3.4**	**(11.8)**
Total Adjustments	**(52.1)**	**(6.3)**	**(20.2)**	**4.0**	**1.7**	**72.9**

12. Transfers (to)/from Earmarked Revenue Reserves

This note sets out the amounts set aside within the City Fund Balance in earmarked revenue reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet City Fund expenditure in 2023-24.

	Notes	Balance at 31 March 2022	Transfers Out 2022-23	Transfers In 2022-23	Balance at 31 March 2023	Transfers Out 2023-24	Transfers In 2023-24	Balance at 31 March 2024
		£m	£m	£m	£m	£m	£m	£m
Highway Improvements	i	(51.6)	5.6	(10.2)	(56.2)	8.2	(10.6)	(58.6)
Major Projects Reserve	ii	(53.6)	43.2	(57.1)	(67.5)	49.6	(36.8)	(54.7)
Business Rate Equalisation	iii	(34.8)	37.7	(6.7)	(3.8)	0.0	(1.5)	(5.3)
Cyclical Works Programme Reserve	iv	(30.0)	0.0	0.0	(30.0)	0.0	0.0	(30.0)
Build Back Better Reserve	v	(17.0)	2.2	0.0	(14.8)	0.0	0.0	(14.8)
London NNDR Pool SIP	vi	(9.2)	4.6	(1.2)	(5.8)	0.0	(2.2)	(8.0)
Crime Reduction Initiatives	vii	(9.0)	1.9	(0.3)	(7.4)	4.1	(2.6)	(6.0)
Police Future Expenditure	viii	(5.2)	2.7	(8.2)	(10.7)	5.1	(3.5)	(9.2)
Other Earmarked Reserves	ix	(21.6)	0.7	(3.6)	(24.5)	1.9	(3.4)	(26.0)
Total		**(232.0)**	**98.6**	**(87.3)**	**(220.7)**	**68.8**	**(60.6)**	**(212.5)**

(i) Highway Improvements - Created from on-street car parking surpluses to finance future highways related expenditure and projects as provided by section 55 of the Road Traffic Regulation Act 1984, as amended by the Road Traffic Act 1991.

(ii) Major Projects Reserve – This reserve has been established to fund the 2 major projects funded from City Fund resources, Police Accommodation and the Museum of London Relocation.

(iii) Business Rate Equalisation Reserve – This reserve will be used to fund collection fund deficits that will be accounted for in future years.

(iv) Cyclical Works Programme Reserve – This reserve is ringfenced to support cyclical works on our operational properties.

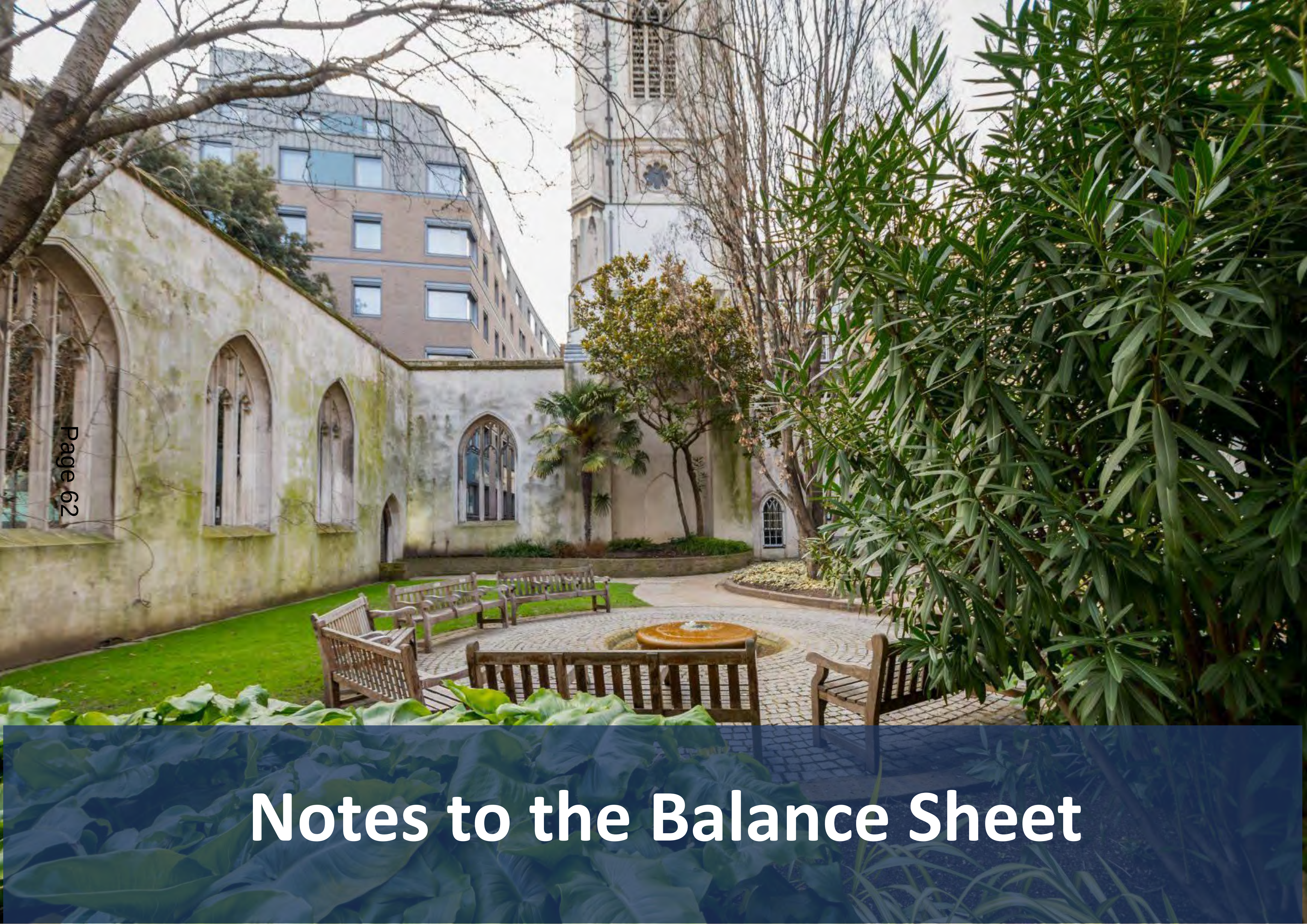
(v) Build Back Better Reserve – Funds set aside to finance the build back better programme which seeks to support the Climate action strategy to net zero.

(vi) Unallocated London NNDR Pool Strategic Investment Pot (SIP) – This relates to yet to be allocated SIP funds generate through the London NNDR Pool. The City Corporation acts a lead authority for the pool and in that role has the final say on the allocation of SIP funds.

(vii) Police Future Expenditure Reserve - Revenue expenditure for the City Police service is cash limited. The net position each year is taken from/to this reserve to fund future service costs.

(viii) Under the guidelines of the Proceeds of Crime Scheme funds received by the City Police must be ring fenced for “crime reduction initiatives”.

(ix) Other Earmarked Reserves – The total for all other reserves set aside for specific purposes including service projects, VAT, the School’s reserve and renewals and repairs.



Notes to the Balance Sheet

13. Property, Plant and Equipment

Movements on Balances 2023-24	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation								
at 1 April 2023	**249.2**	**611.8**	**7.8**	**126.1**	**1.5**	**138.7**	**0.4**	**1,135.5**
Additions	14.6	8.2	(0.2)	1.5	0.1	85.5	0.0	109.7
Transfers	6.3	19.3	0.0	0.0	0.0	(24.9)	0.0	0.7
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(12.8)	(40.8)	0.0	0.0	0.0	0.0	0.0	(53.6)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(13.9)	(4.4)	0.0	0.0	0.0	(0.2)	0.0	(18.5)
Derecognition - disposals	(0.3)	0.0	0.0	(1.1)	0.0	0.0	0.0	(1.4)
at 31 March 2024	**243.1**	**594.1**	**7.6**	**126.5**	**1.6**	**199.1**	**0.4**	**1,172.4**
Accumulated Depreciation and Impairment								
at 1 April 2023	**(0.1)**	**(7.3)**	**(2.2)**	**(80.2)**	**0.0**	**0.0**	**0.0**	**(89.8)**
Depreciation Charge	(1.8)	(11.7)	(0.8)	(5.7)	0.0	0.0	0.0	(20.0)
Depreciation written out to the Revaluation Reserve	0.8	14.0	0.0	0.0	0.0	0.0	0.0	14.8
Depreciation written out to the Surplus/Deficit on the Provision of Services	1.0	0.5	0.0	0.0	0.0	0.0	0.0	1.5
Derecognition - disposals	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.9
at 31 March 2024	**(0.1)**	**(4.5)**	**(3.0)**	**(85.0)**	**0.0**	**0.0**	**0.0**	**(92.6)**
Net Book Value								
at 31 March 2023	**249.1**	**604.5**	**5.6**	**45.9**	**1.5**	**138.7**	**0.4**	**1,045.7**
at 31 March 2024	**243.0**	**589.6**	**4.6**	**41.5**	**1.6**	**199.1**	**0.4**	**1,079.8**

Property, Plant and Equipment (Continued)

Movements on Balances 2022-23	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation								
at 1 April 2022	**251.0**	**601.7**	**7.8**	**121.1**	**1.5**	**95.4**	**0.4**	**1,078.9**
Additions	4.1	8.3	0.0	2.0	0.0	52.5	0.0	66.9
Transfers	3.4	3.4	0.0	0.0	0.0	(9.2)	0.0	(2.4)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1.5	0.6	0.0	0.0	0.0	0.0	0.0	2.1
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4.6)	(2.0)	0.0	0.0	0.0	0.0	0.0	(6.6)
Derecognition - disposals	(6.2)	(0.1)	0.0	3.0	0.0	0.0	0.0	(3.3)
at 31 March 2023	**249.2**	**611.9**	**7.8**	**126.1**	**1.5**	**138.7**	**0.4**	**1,135.6**
Accumulated Depreciation and Impairment								
at 1 April 2022	**0.0**	**(5.1)**	**(1.4)**	**(71.5)**	**0.0**	**0.0**	**0.0**	**(78.0)**
Depreciation Charge	(2.7)	(11.1)	(0.8)	(7.7)	0.0	0.0	0.0	(22.3)
Depreciation written out to the Revaluation Reserve	1.7	8.8	0.0	0.0	0.0	0.0	0.0	10.5
Depreciation written out to the Surplus/Deficit on the Provision of Services	0.9	0.1	0.0	0.0	0.0	0.0	0.0	1.0
Derecognition - disposals	0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	(1.0)
at 31 March 2023	**(0.1)**	**(7.3)**	**(2.2)**	**(80.2)**	**0.0**	**0.0**	**0.0**	**(89.8)**
Net Book Value								
at 31 March 2022	**251.0**	**596.6**	**6.4**	**49.6**	**1.5**	**95.4**	**0.4**	**1,000.9**
at 31 March 2023	**249.1**	**604.6**	**5.6**	**45.9**	**1.5**	**138.7**	**0.4**	**1,045.8**

Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code of Practice on infrastructure assets, this note does not include disclosure of gross costs and accumulated depreciation. This is due to historical reporting practices and resultant information deficits meaning that this would not faithfully represent the asset position to the users of the financial statements and would not provide the basis for these users to take economic or other decisions relating to infrastructure assets.

We have also utilised the provisions granted under The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 which allows for the derecognition of replaced elements of infrastructure assets to be assumed to be at nil value and confirms that prior year adjustments are not required in relation to this matter. This means that the figures presented below represent the spend and depreciation calculated for this asset class.

2022-23	Infrastructure Assets Movement on Balances	2023-24
£m		£m
47.7	**Opening Net Book Value at 1 April**	**44.8**
5.3	Additions	9.2
(8.2)	Depreciation	(8.3)
44.8	**Closing Net Book Value at 31 March**	**45.7**

Reconciliation of Property, Plant and Equipment

The below table reconciles the individual disclosure notes to the total property, plant and equipment balance on the face of the balance sheet.

2022-23	Reconciliation of Property, Plant and Equipment	2023-24
£m		£m
1,048.5	Other PPE Assets	1,079.8
44.8	Infrastructure Assets	45.7
1,090.6	**Total PPE Assets Net Book Value**	**1,125.4**

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Depreciation

The useful lives and depreciation rates generally used in the calculation of depreciation are listed below.

- General operational buildings — 50 years
- Council Dwellings — 65 years
- Certain listed[3] operational buildings — 75 – 125 years
- Leasehold Improvements — 10 – 30 years
- Infrastructure — 10 – 25 years
- Heavy vehicles and plant — 7 years
- Equipment — 5 -12 years
- Cars and light vans — 5 years
- Assets under construction — None
- Community Assets — None

Where there is a material impact on depreciation and/or the carrying value, components are treated as separate assets and depreciated over their own useful economic lives. Indicative economic lives of typical asset components include:

- Internal fit-out — 10-25 years
- Plant and Machinery — 15-25 years

HRA Dwelling Valuations

Dwellings are valued at their 'existing use with vacant possession' and then reduced to reflect 'existing use for social housing'. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current DLUHC guidance (guidance for valuers – 2016) identifies a vacant possession adjustment factor for London of 25%. This factor has been adopted in establishing the Existing Use Value-Social Housing. The estimated vacant possession value of HRA dwellings at 31st March 2024 is £723.5m (£727.6m 31st March 23) which has been reduced by 75% to £182.5m (£183.6m at 31st March 23) to reflect social housing.

The City Fund also maintains the Barbican Estate which, whilst classed as Council Dwellings, sits outside of the HRA and is not subject to the adjustment factor.

[3] A building which is included on the statutory list of 'buildings of special architectural or historic interest'.

Commitments

Significant capital commitments above £1m totaling £461m were outstanding at 31 March 2024, detailed as:

- £379m relating to Salisbury Square demolition and development scheme
- £37m for York Way Estate Provision of Social Housing
- £33m for Sydenham Hill Provision of Social Housing
- £7m for Central Criminal Court
- £3m for Finsbury Circus Reinstatement
- £2m for Avondale Fire Doot Replacement

Revaluations

The following have been revalued at 31 March 2024 in accordance with the Rolling Five Year Programme of Revaluation or to reflect material changes in value:

- Barbican Centre, including the Barbican lending library
- Barbican Estate residential properties, baggage stores, and car bays
- Barbican Commercial
- Bishopsgate Police Station
- Central Criminal Court
- City of London Cemetery and Crematorium properties
- City of London Information Centre
- Golden Lane Community Centre
- Cleansing Depot and Offices at Walbrook Wharf
- Guildhall
- Housing Commercial Properties (shop units, garages and parking spaces)
- Housing Dwellings (including guest flats)
- Public Car Parks
- Public Conveniences
- Spitalfields Market
- Surplus Properties
- Investment Properties

The City Fund is not aware of any material change in value of any other assets and therefore the valuations have not been updated. The current asset values used in the accounts for the Barbican Centre, Central Criminal Court, Public Car Parks, Public Conveniences, Walbrook Wharf (depot and offices), Golden Lane Recreation Centre, Cemetery and Crematorium, Police Station, and the investment properties are based on assessments by external valuers. The firms of chartered surveyors who have prepared valuations for the City Fund are Knight Frank LLP, Gerald Eve LLP, JLL LLP and Savills (UK) Ltd.

All other asset values have been prepared by registered RICS valuers employed in the City Corporation’s City Surveyor’s Department.

14. Heritage Assets

The carrying value of heritage assets currently held in the Balance Sheet at historic cost is £9.0m (2022-23 £9.0m) which relates almost exclusively to one asset – the capital’s only Roman Amphitheatre. The amphitheatre was discovered in Guildhall Yard during an archaeological dig taking place in preparation for a building project. In 2002, the doors to the amphitheatre opened for the first time in nearly 2,000 years.

The London Metropolitan Archives look after 105km of books, maps, films and photographs about London and Londoners dating from as far back as 1067. Guildhall Library also specialises in the history of London with a printed books collection from the 15th century onwards and many special collections including those devoted to Samuel

Pepys, John Wilkes and Sir Thomas More. Reliable valuations are not available for these assets and the cost of obtaining such valuations in order to recognise them on the balance sheet would outweigh the benefit of such recognition to the users of the financial statements.

Further information on the Roman Amphitheatre and the London Metropolitan Archives, including opening times and details of the collections held by the LMA, can be found on the City Corporation website (https://www.cityoflondon.gov.uk/things-to-do/history-andheritage/london-metropolitan-archives)

15. Capital Expenditure and Finance

The total amount of capital expenditure incurred in the year is shown, in the table adjacent, together with the resources that have been used to finance it. Where assets are acquired under finance leases (see note 30) the transactions are considered to be the same as if the City Fund had purchased the assets and financed this by taking out a loan. Liabilities are therefore recognised for the same amount as the assets acquired under finance leases.

A nil or negative Capital Financing Requirement (CFR) indicates that the City Fund's provision for debt is equal to or greater than the debt incurred. Where capital expenditure is to be financed in future years by charges to revenue the expenditure results in a positive CFR, a measure of the capital expenditure incurred historically that has yet to be financed. The net increase in the capital financing requirement of £5.7m reflects the recognition of £7.1m of additional borrowing requirement to fund capital schemes, partially offset by a £1.4m minimum revenue provision made in the year.

2022-23		2023-24
£m		£m
86.7	**Opening Capital Financing Requirement**	**94.1**
	Capital Investment	
72.1	Property, Plant and Equipment	118.9
5.6	Investment Properties	3.1
0.4	Intangible Assets	(0.1)
23.9	Revenue Expenditure Funded for Capital Under Statute	46.0
	Sources of Finance	
(1.4)	Minimum Revenue Provision	(1.4)
(8.0)	Capital Receipts	(15.0)
(36.7)	Capital grants, contributions and donations	(107.2)
(3.4)	Major Repairs Reserve	(1.8)
(48.8)	Direct revenue contributions	(36.8)
3.7	Adjustment to CFR	0.0
94.1	**Closing Capital Financing Requirement**	**99.8**

2022-23		2023-24
£m		£m
	Explanation of movement in year	
(1.4)	Minimum Revenue Provision	(1.4)
0.0	Assets acquired under finance leases	0.0
5.1	Increase in underlying need to borrow	7.1
3.7	Adjustment to CFR	0.0
7.4	**Increase/(decrease) in Capital Financing Requirement**	**5.7**

16. Long Term Debtors

31 March 2023		31 March 2024
£m		**£m**
8.8	Net Investment in Finance Leases	8.5
1.6	Rent	2.0
1.0	Loans to Museum of London	0.9
0.1	Other Loans	0.1
11.5	**Total**	**11.5**

17. Investment Properties

2022-23		2023-24
£m		**£m**
1,642.1	Balance at start of the year	1,543.2
(11.1)	Transfers	0.0
	Additions:	
0.0	Purchases	0.0
0.0	Construction	0.0
5.6	Subsequent expenditure	3.1
0.0	Disposals	0.0
	Revaluations:	
(93.4)	Net gains from fair value adjustments	(56.5)
1,543.2	**Balance at end of the year**	**1,489.8**

18. Financial Instruments

The financial instruments recognised in the City Fund financial statements include trade debtors and creditors, bank deposits and investments.

Categories of Financial Instruments

The financial instruments disclosed in the Balance Sheet are made up of the following categories under IFRS 9.

Long Term	Current		Long Term	Current
31 March 23	31 March 23 Restated		31 March 24	31 March 24
£m	£m		£m	£m
		Investments		
0.0	351.2	Fair value through profit and loss	0.0	447.0
0.0	613.6	Amortised Cost	28.6	399.4
0.0	**964.8**	**Total Investments**	**28.6**	**846.4**
		Debtors		
11.5	64.7	Amortised Cost	11.5	54.2
11.5	**64.7**	**Total Debtors**	**11.5**	**54.2**
		Creditors		
0.0	(81.4)	Amortised Cost	0.0	(103.2)
0.0	**(81.4)**	**Total Creditors**	**0.0**	**(103.2)**
		Long Term Liabilities		
(4.3)	0.0	Amortised Cost	(3.8)	0.0
(4.3)	**0.0**	**Total Long Term Liabilities**	**(3.8)**	**0.0**

Investments

The City Fund's investments comprise cash that is not required for day to day purposes invested in deposits of varying fixed lengths and money market funds (including short dated bonds). Investments in fixed term deposits, call accounts and notice accounts are classified as amortised cost financial assets because they comprise of cash flows which are solely payments of principal and interest. Investment in money market funds are classed as fair value through profit or loss financial assets as the net asset value of these funds can vary slightly.

Fair Value of Assets and Liabilities

Financial assets held at fair value through profit and loss are valued using unadjusted quoted prices in active markets for identical assets (level 1 inputs in the fair value hierarchy).

All other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Short-term investments, debtors and creditors are carried at cost as this is a fair approximation of their value.

Income, Expense, Gains and Losses

The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

2022-23		2023-24
£m		£m
10.1	Net(gain)/loss on financial assets at fair value through profit and loss	(3.2)
10.1	**Total net (gains)/losses in Surplus or Deficit on the Provision of Services**	**(3.2)**
(25.0)	Interest (income)/expenses from financial assets	(54.0)
(25.0)	**Total interest revenue in Surplus or Deficit on the Provision of Services**	**(54.0)**

31 March 2023 Restated			31 March 2024	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
		Financial assets		
4.3	4.3	Long Term Debtors - investment properties	4.3	4.3
7.2	7.2	Long Term Debtors – other	7.2	7.2
0	0	Long Term Investments	28.6	28.6
964.8	964.8	Short Term Investments	846.4	846.4
64.7	64.7	Short Term Debtors	54.2	54.2
1,041.0	**1,041.0**	**Total financial assets**	**940.7**	**940.7**
		Financial liabilities		
(81.4)	(81.4)	Short Term Creditors	(103.2)	(103.2)
(4.3)	(4.3)	Long Term Liabilities	(3.8)	(3.8)
(85.7)	**(85.7)**	**Total financial liabilities**	**(107.0)**	**(107.0)**

The fair value of long term debtors in relation to investment properties (comprising finance lease debtors) have been assessed based on the investment property fair values categorised within Level 2 of the fair value hierarchy (see accounting policy 1.21). Other long term debtors consist mainly of a loan to and finance lease debtor with the Museum of London. As there is no active market for these items, the fair value is assumed to be the same as the carrying value categorised within level 3 of the fair value hierarchy.

19. Nature and Extent of Risks arising from Financial Instruments

The City Fund's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to City Fund
- Liquidity risk – the possibility that the City Fund might not have enough funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise as a result of changes in factors that affect the overall performance of the financial markets such as interest rates, stock market movements and foreign exchange rates.

The City Corporation has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and sets treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code. The City Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Court of Common Council in the annual treasury management strategy statement.

Credit Risk

Credit risk arises from deposits with banks, other financial institutions and other local authorities, as well as credit exposures to the City Fund's customers. Deposits are only made with banks with a minimum Fitch (a leading credit rating agency) "rating" of Long term A and Short term F1 or are building societies with assets over £10bn (or which have a minimum credit rating similar to that set for the banks). The City Fund also invests in money market funds, which are subject to a minimum credit rating of AAAmmf (Fitch) or equivalent. The City Fund also holds investments in in two Short Dated Bond Funds. These financial instruments typically do not obtain their own standalone credit rating. Instead, the funds will invest in a wide array of investment grade instruments, which the City Corporation actively monitors in terms of the fund's composition and credit quality of its underlying assets.

The creditworthiness of the counterparties on the City Fund's lending list is carefully monitored. The lending list is reviewed on a regular basis using advice from credit rating agencies and in-house judgements based partially on credit default swap rates. Security of the investments is the prime criteria when selecting investments with liquidity and yield being secondary and tertiary considerations. The lending limits attributable to HSBC, Barclays, Goldman Sachs International Bank, NatWest and Santander UK were maintained at maximum lending limits of £100m each during 2023-24, and Lloyds Bank was fixed at £150m (Lloyds being the City of London Corporation's banker). The lending limit for the Nationwide Building Society was £100m. The maximum duration for such loans is fixed at three years. The lending limits for the Yorkshire, Coventry, Skipton and Leeds Building Societies were maintained at £20m each and the duration for such loans is fixed at 1 year. The list also contains twelve foreign banks with individual limits of £100m with a maximum loan duration of three years. The included foreign banks are Australia and New Zealand Banking Group, National Australia Bank, Bank of Montreal, Royal Bank of Canada, Toronto-Dominion Bank, Landesbank Hessen-Thueringen Girozentrale, Cooperatieve Rabobank, DBS Bank, United Overseas Bank, Skandinaviska Enskilda Banken, Swedbank, and Svenska Handelsbanken. The lending list also includes five highly rated money market funds (Aberdeen Sterling Liquidity Fund, CCLA Public Sector Deposit Fund, Deutsche Managed Sterling Fund, Federated Hermes Short-Term Sterling Prime Fund, and Invesco

Sterling Liquidity Portfolio); three highly rated Ultra-Short Dated Bond Funds (Federated Hermes Sterling Cash Plus Fund, Aberdeen Standard Investments Short Duration Managed Liquidity Fund and Payden Sterling Reserve Fund); and two Short Dated Bond Funds (Legal & General Short Dated Sterling Corporate Bond Index Fund and Royal London Investment Grade Short Dated Credit Fund). The City Corporation also lends to other UK local authorities with a limit of £25m to any individual authority.

The City Fund's maximum exposure to credit risk in relation to its investments in banks, building societies, local authorities and money market funds cannot be assessed generally, as the risk of any institution failing to make interest payments or failing to repay the principal amount borrowed would be specific to each individual institution. No credit limits were exceeded during the reporting period and the City Fund does not expect any losses from non-performance by any counterparty in relation to outstanding deposits. As at 31 March 2024, the City Fund had £933.5m in cash, cash equivalents and investments.

The City Fund, along with other Funds of the Corporation, share a common Corporation cashbook and at any time cash balances will be put out to investments in bank notice accounts, money market funds or deposit accounts. Each fund has a share of the invested balances in proportion to this relative holding in the Corporation cashbook. There is little exposure to credit risk arising from these investments.

The City Fund does not generally allow credit for customers. Therefore, the potential maximum exposure to credit risk is with customers for which prudent provision for bad debts and expected credit losses has been included within the accounts based on the length of time past the due date and progress on recovery action.

31 March 2024	<3 months	3-6 months	6-12 months	>1 year	Total
Expected loss rate	1%	4%	156%	47%	11%
Gross carrying amount (£m)	19.5	6.4	0.3	5.7	31.9
Loss provision (£m)	0.2	0.3	0.4	2.7	3.6

Liquidity risk

The authority has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loans Board, for access to longer term funds. The authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. At present, the City Fund has no borrowing exposure.

Market risk

Interest rate risk (narrative updated)

The authority is exposed to significant risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the CIES will rise,
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Changes in interest receivable on variable rate investments are posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement. The Treasury Management Team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget, quarterly during the year. According to this assessment strategy, if interest rates had been 1% higher with all other variables held constant, the financial effect at 31 March on investments with variable rates would be:

2022-23		2023-24
£m		£m
	Increase in interest receivable on investments held at variable rates	
4.3	City Fund	4.6
4.3	**Total**	**4.6**

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. The majority of the City Fund's financial investments held at amortised cost are due to mature within twelve months as at 31 March 2024, except for one investment of £28.6m, and therefore the impact of a 1% movement in interest rates on the fair value of fixed rate investment assets would not be material. Within its financial investments held at fair value through profit or loss, the City Fund holds two short dated bond fund investments whose value is sensitive to fluctuations in interest rates. Based on the combined modified duration of these investments as at 31 March 2024, the Corporation estimates that a 1% increase (decrease) in interest rates will decrease (increase) their carrying value by £4.6m.

Foreign exchange risk

The authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

Other price risks

The City of London Corporation has no material investments in equity shares attributable to the City Fund.

20. Short-term debtors

31 March 2023 Restated	Short-term Debtors by Nature	31 March 2024
£m		£m
	Trade and Rental Debtors	
13.0	Trade Debtors	11.8
18.5	Rents	20.0
(10.3)	Less: Allowances for expected credit losses and doubtful debts	(9.9)
21.2	**Sub-Total Trade and Rental Debtors**	**22.0**
	Collection Fund Debtors	
30.1	Collection Fund Debtors	32.6
(11.6)	Less: Impairment allowances for collection fund debtors	(15.3)
18.5	**Sub-Total Collection Fund Debtors**	**17.3**
	Sundry Debtors	
97.7	Accruals	98.4
10.8	Payments in Advance	18.0
6.7	VAT Debtors	6.4
0.0	London Business Rates Pool	0.1
0.8	Other	4.9
116.0	**Sub-Total Sundry Debtors**	**127.7**
155.7	**Total**	**167.0**

The table provides a breakdown of the short-term debtor balance including the allowance made for expected credit losses and bad debts. Many of the amounts due to the City Corporation relate to transactions with other public bodies where grants and reimbursements are due to fund our activities. The remaining amounts relate to outstanding business rate arrears, rental income, Penalty Charge Notice income, payments made in advance and recovery of VAT paid to suppliers.

The prior year balances have been restated to align the note headings with the underlying nature of the debtor balances and the City Corporation's internal reporting structure. This has resulted in changes to the amounts reported in each category compared to the prior year.

31 March 2023 Restated	Short-term Debtors by Counterparty	31 March 2024
£m		**£m**
54.6	Central Government	62.3
1.2	Greater London Authority and Transport for London	1.4
99.9	All Other Parties	103.3
155.7	**Total**	**167.0**

The table provides an alternative breakdown of the short-term debtor balance by counterparty. This analysis is required to comply with the City Corporation's disclosure requirements in relation to transactions with related parties.

The prior year balance with the Greater London Authority and Transport for London has been restated to include additional Transport for London balances.

21. Short-term creditors

31 March 2023 Restated	Short-term Creditors by Nature	31 March 2024
£m		£m
	System Creditors	
(12.2)	Trade Creditors	(10.5)
(18.8)	Goods Received Not Invoiced	(23.9)
(31.0)	**Sub-Total System Creditors**	**(34.5)**
	Service Area Specific Creditors	
(7.3)	Deposits	(7.5)
(6.4)	Barbican Control Accounts	(11.3)
(5.2)	Police Control Accounts	(5.6)
(5.3)	Project Accounting Accruals	(15.6)
(24.2)	**Sub-Total Service Area Specific Creditors**	**(40.0)**
	Sundry Creditors	
(40.8)	Sundry Accruals	(32.9)
(5.8)	Mayoral CIL	(6.5)
(43.0)	Receipts in Advance	(23.7)
(10.3)	London Business Rates Pool	(2.2)
(214.4)	Collection Fund Creditors	(199.7)
(12.6)	Other	(11.6)
(326.9)	**Sub-Total Sundry Creditors**	**(276.6)**
(382.1)	**Total**	**(351.1)**

The table provides a breakdown of the short-term creditor balance. The largest individual balance relates to creditors associated with the Collection Fund, including the share of the Collection Fund due to Central Government and the GLA.

The remaining balances primarily relate to supplier invoices, goods received but not invoiced, creditors associated with specific service areas, manual accruals of amounts owed to other entities, Community Infrastructure Levy (CIL) collections due to the GLA, amounts received in advance including rents, and the London Business Rates Pool.

The London Business Rates Pool position relates to the City Corporation's role as lead authority to account for all the outstanding movement for the Pool. The year-end balance represents the amount owed by the Pool to external local authorities.

The prior year balances have been restated to align the note headings with the underlying nature of the debtor balances and the City Corporation's internal reporting structure. This has resulted in changes to the amounts reported in each category compared to the prior year.

31 March 2023	Short-term Creditors by Counterparty	31 March 2024
£m		£m
(94.8)	Central Government	(65.4)
(105.2)	Greater London Authority and Transport for London	(103.2)
(182.1)	All Other Parties	(182.4)
382.1	**Total**	**(351.1)**

The table provides an alternative breakdown of the short-term creditor balance by counterparty. This analysis is required to comply with the City Corporation's disclosure requirements in relation to transactions with related parties.

22. Provisions

With the introduction of the Business Rates Retention Scheme from 1 April 2013, Local Authorities are liable for successful appeals against business rates in their proportionate share. A provision is recognised for the best estimate of the City Fund's liability at the year-end for appeals. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals outstanding as at 31 March 2024 and an analysis of successful appeals and trends in 2023-24.

	National Business Rates	City Fund Premium on Business Rates	Total
	£m	£m	
Balance at 1 April 2023	**(20.4)**	**(1.0)**	**(21.4)**
Appeals settled in 2023-24	25.4	2.3	27.7
Provisions made in 2023-24	(25.4)	(2.0)	(27.4)
Balance at 31 March 2024	**(20.4)**	**(0.7)**	**(21.1)**

23. Pension Schemes

As part of the terms and conditions of employment of its employees, the City Fund makes contributions towards the cost of post-employment benefits. Employees are members of the following pension schemes:

- The City of London Corporation Pension Scheme
- The Police Pension Schemes (1987, 2006 and 2015)
- The Judges' Pension Scheme
- The Teachers' Pension Scheme.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the City Corporation. Notes 24 to 26 provide further information on each of the above schemes.

City of London Pension Scheme

The City Corporation Pension Scheme (the "Scheme") is operated under the regulatory framework for the Local Government Pension Scheme (LGPS) with policy determined in accordance with Pension Fund Regulations. It is a funded defined benefit scheme, meaning that the employers and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets. Prior to 1 April 2014, LGPS pension benefits were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme.

The City Corporation administers the Scheme on behalf of its participating employers. The City Corporation's Corporate Services Committee is responsible for personnel and administration matters, whilst its Pensions Committee is responsible for appointing fund managers and monitoring performance. These functions were previously carried out by the Establishment Committee and the Financial Investment Board.

The principal risks to the authority of the scheme are the mortality rate assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

As an employer participating in the Scheme the City Corporation's estimated share of the net deficit is the responsibility of the City Corporation as a whole. The Corporation and its three funds have a policy in place to share the net defined benefit cost of the pension fund across the three funds. As such the City Fund recognises the net defined benefit cost along with a share of scheme assets and scheme liabilities. The total net defined benefit cost is apportioned across the City Corporation's three funds based on the proportion of pensionable payroll of each fund.

Disclosures in relation to City Corporation and the City Fund's share of the overall scheme which satisfy the requirements of a defined benefit pension scheme are set out in this note. This information is not used to determine the employer's pension contribution rate. This is calculated at the triennial valuation and updated by any subsequent interim valuations. The most recent triennial valuation was as at 31 March 2022 and found that the Pension Fund's funding position had improved to 98% (from 90% as at 31 March 2019). The valuation informed consideration of the level of employer's pension contribution to be charged from 1 April 2023 to 31 March 2026, which remain unchanged since 2019-20 at 21.0% per annum.

Assets and Liabilities in Relation to Retirement Benefits

a. Reconciliation of present value of the scheme liabilities

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2023	31 March 2023		31 March 2024	31 March 2024
£m	£m		£m	£m
(2,033.3)	(1,037.1)	1 April	(1,406.2)	(717.2)
(69.3)	(35.3)	Current Service Cost	(30.4)	(15.5)
(52.4)	(26.7)	Interest Cost	(66.6)	(34.0)
		Remeasurement gains/losses:		
0.0	0.0	Actuarial Gains/losses arising from demographic assumptions	19.7	10.0
880.7	449.2	Actuarial gains/losses arising from changes in financial assumptions	24.0	12.2
(166.5)	(84.9)	Other Actuarial Gains/Losses	(4.4)	(2.2)
(3.6)	(1.8)	Past Service Cost, including curtailments	(1.2)	(0.6)
0.0	0.0	Liabilities extinguished on settlements	(2.2)	(1.1)
49.3	25.2	Benefits paid	53.5	27.3
(11.6)	(5.9)	Contributions from scheme participants	(12.9)	(6.6)
0.4	0.2	Unfunded Pension Payments	0.4	0.2
(1,406.2)	**(717.2)**	**31 March**	**(1,426.3)**	**(727.4)**

Liabilities are discounted to their value at current prices, using a discount rate of 4.90% (based on the annualised Merrill Lynch AA rated corporate bond yield curve where the spot curve is assumed to be flat beyond the 30 year point).

b. Reconciliation of fair value of the scheme assets

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2023	**31 March 2023**		**31 March 2024**	**31 March 2024**
£m	**£m**		**£m**	**£m**
1,274.7	650.2	1 April	1,263.7	644.5
33.1	16.9	Interest on Assets	60.6	30.9
		Remeasurement gains/losses:		
(40.0)	(20.4)	Return on Assets less interest	54.8	28.0
(1.0)	(0.5)	Administration expenses	(1.0)	(0.5)
34.9	17.8	Contributions by Employer	37.1	18.9
11.6	5.9	Contributions by Scheme Participants	12.9	6.6
(49.7)	(25.4)	Benefits Paid	(53.9)	(27.5)
0.0	0.0	Settlement Prices Received/(Paid)	2.3	1.2
1,263.7	**644.5**	**31 March**	**1,376.4**	**702.0**

Scheme assets consist of the following categories, by proportion of the total assets held:

31 March 2023		31 March 2024
%		%
59	Equity Investments	56
1	Cash	1
13	Infrastructure	13
27	Absolute return portfolio	16
0	Bonds	14
100		**100**

The analysis of investments held and valuations are included in the accompanying Pension Fund accounts.

c. Overall net deficit

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2023	**31 March 2023**		**31 March 2024**	**31 March 2024**
£m	**£m**		**£m**	**£m**
(758.6)	(386.8)	1 April	(142.6)	(72.7)
627.0	319.8	change in liabilities	(20.1)	(10.2)
(11.0)	(5.6)	change in assets	112.7	57.5
(142.6)	**(72.7)**	**31 March**	**(49.9)**	**(25.4)**

Basis for Estimating Assets and Liabilities

The liabilities have been valued by the City of London's independent consulting actuaries (Barnett Waddingham LLP) using the projected unit method, based upon the latest full valuation of the scheme as at 31 March 2022 and updated to the balance sheet date. The main assumptions used in the calculations are as follows:

2022-23		2023-24
	Mortality assumptions:	
	Life expectancy in years from age 65	
	Retiring today	
21.1	Men	20.8
23.5	Women	23.3
	Retiring in 20 years	
22.3	Men	22.0
25.0	Women	24.7
3.25%	Rate of Inflation – RPI	3.20%
2.90%	Rate of Inflation – CPI	2.90%
3.90%	Salary Increases	3.90%
2.90%	Pension Increases	2.90%
4.80%	Discount Rate	4.90%

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on the defined benefit obligation from changes to various actuarial assumptions. The sensitivity analysis has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Change in assumptions at 31 March 2024				
	CITY OF LONDON CORPORATION		CITY FUND SHARE 51%	
	Increase	Decrease	Increase	Decrease
	£m	£m	£m	£m
0.1% change in rate for discounting scheme liabilities	(22.5)	23.1	(11.5)	11.8
0.1% change in rate of increase in salaries	1.6	(1.6)	0.8	(0.8)
0.1% change in rate of increase in pensions	22.0	(21.4)	11.2	(10.9)
One year change in rate of mortality assumption	55.2	(52.9)	28.2	(27.0)

Impact on the City Fund's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Corporation has agreed a deficit recovery period of 20 years from 2015-16 with the scheme's actuary. Funding levels are monitored on an annual basis.

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £25.4m has a substantial impact on the net worth of City Fund as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the City Fund remains sound. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total employer contributions expected to be made to the scheme for the City of London Corporation across all its funds in the year to 31 March 2024 are £36.5m (estimated City Fund Share £18.6m).

The scheme actuary has estimated that the weighted average duration of the defined benefit obligation for scheme members is 17 years.

24. The Police Pension Scheme

There are three Police Pension Schemes - the 1987 Scheme, the 2006 Scheme and the 2015 Scheme. Except where otherwise stated, the "Police Pension Scheme" is used generically to cover all the schemes. The Police Pension Scheme is defined benefit and unfunded. It is administered by the City of London in accordance with Home Office regulations and is not a multi-employer scheme.

The Scheme is funded on a pay as you go basis, with the employer contributing a percentage of police pay into the Pension Fund and the Home Office meeting the balance. At the year end the Police Pension Fund Account is balanced to nil by either receiving a contribution from the City Fund equal to the amount by which the amounts payable from the Pension Fund for the year exceed the amounts receivable or, by paying to the City Fund the amount by which sums receivable by the Fund for the year exceed the amounts payable.

Where the City Fund makes a transfer into the Pension Fund, the Home Office will pay an equivalent top-up grant to the City Fund. Where the City Fund receives a transfer from the Pension Fund, the City Fund must pay the amount to the Home Office. The Police Pension Scheme 2015 came into effect from 1 April 2015 and any benefits accrued from that date will be based on career average revalued salaries.

The Police Pension liability represents the pension benefits Officers have accrued as at 31 March 2024 as assessed via actuarial calculation. These benefits, however, will not be payable until Officers have retired. As an unfunded scheme, the liabilities will be met through employee and employer contributions with any deficit being met by the Home Office.

The last full valuation of the Police Pension Scheme was at 31 March 2020 by the Government Actuary's Department and set contributions for the period 1 April 2024 to 31 March 2027.

Liabilities in Relation to Retirement Benefits

As the scheme is unfunded, it has no assets.

Reconciliation of present value of the scheme liabilities

31 March 2023		31 March 2024
£m		**£m**
(1,245.1)	1 April	(838.3)
(31.4)	Current Service Cost	(12.6)
(32.0)	Interest Cost	(39.4)
	Remeasurement gains/losses:	
0.0	Actuarial Gains/losses arising from demographic assumptions	3.5
518.3	Actuarial gains/losses arising from changes in financial assumptions	7.3
(76.4)	Other Actuarial Gains/Losses	(2.1)
33.2	Benefits paid	38.9
(5.4)	Contributions from scheme participants	(5.8)
0.6	Injury Benefits Paid	0.6
(838.3)	**31 March**	**(847.9)**

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on City Fund's defined benefit obligation from changes to various actuarial assumptions. The sensitivity analysis has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Basis for Estimating Liabilities

The liabilities have been valued by the City of London's independent consulting actuaries (Barnett Waddingham LLP) using the projected unit method, based upon the last full valuation of the scheme updated to the balance sheet date. The main assumptions used in the calculations are as follows

2022-23	Mortality assumptions:	2023-24
	Life expectancy in years from age 65	
	Retiring today	
21.2	Men	21.3
23.5	Women	23.4
	Retiring in 20 years	
22.5	Men	22.5
25.0	Women	24.7
3.25%	Rate of Inflation – RPI	3.25%
2.90%	Rate of Inflation – CPI	2.95%
3.90%	Salary Increases	3.95%
2.90%	Pension Increases	2.95%
4.80%	Discount Rate	4.90%

Change in Assumptions at 31 March 2024

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	Decrease
	£m	£m
0.1% change in rate for discounting scheme liabilities	(13.7)	14.1
0.1% change in rate of increase in salaries	1.6	(1.6)
0.1% change in rate of increase in pensions	12.8	(12.4)
One year change in rate of mortality assumption	31.6	(30.4)

Impact on the City Fund's Cash Flows

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £847.6m has a substantial impact on the net worth of the City Fund as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the City Fund remains sound. Future contributions are expected to be met by an annually assessed grant from the Home Office.

The total employer contributions for the combined position of the Police Pension Schemes 1987, 2006 and 2015 for the year to 31 March 2025 are expected to be £15.2m and the expected top up grant from the Government is £17.4m.

The scheme actuary has estimated that the weighted average combined duration of the defined benefit obligation for the schemes is 16 years.

25. Judges' Pension Scheme

The Judges' Pension Scheme is defined benefit and unfunded. The scheme is subject to the provisions of the Judicial Pensions and Retirement Act 1993. The Treasury is responsible for payment of Judges' pensions and the City of London reimburses them in accordance with regulations made under the Act.

Liabilities in Relation to Retirement Benefits

As the scheme is unfunded, it has no assets.

Reconciliation of present value of the scheme liabilities

31 March 2023		31 March 2024
£m		£m
(2.8)	1 April	(2.2)
(0.2)	Current Service Cost	(0.1)
(0.1)	Interest Cost	(0.1)
	Remeasurement gains/losses:	
0.1	Actuarial Gains/losses arising from demographic assumptions	0.0
0.9	Actuarial gains/losses arising from changes in financial assumptions	(0.0)
(0.2)	Other Actuarial Gains/losses	(0.0)
0.1	Benefits paid	0.1
(2.2)	**31 March**	**(2.3)**

Basis for Estimating Liabilities

The liabilities have been valued by the City of London's independent consulting actuary (Barnett Waddingham LLP) using the projected unit method, based upon the last full valuation of the scheme updated to the balance sheet date. The main assumptions used in the calculations are as follows:

2022-23	Mortality assumptions:	2023-24
	Life expectancy in years from age 65	
	Retiring today	
21.1	Men	20.8
23.5	Women	23.3
	Retiring in 20 years	
22.3	Men	22.0
25.0	Women	24.7
3.25%	Rate of Inflation – RPI	3.45%
2.90%	Rate of Inflation – CPI	2.95%
3.90%	Salary Increases	3.95%
2.90%	Pension Increases	2.95%
4.80%	Discount Rate	4.80%

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on the City Fund's defined benefit obligation from changes to various actuarial assumptions. The sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Change in Assumptions at 31 March 2024

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	**Decrease**
	£m	**£m**
0.1% change in rate for discounting scheme liabilities	(0.02)	0.03
0.1% change in rate of increase in salaries	0.00	0.00
0.1% change in rate of increase in pensions	0.03	(0.03)
One year change in rate of mortality assumption	0.11	(0.10)

Impact on the City Fund's Cash Flows

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £2.5m has an impact on the net worth of the City Fund as recorded in the Balance Sheet. However, the City Fund has set aside funds in an earmarked reserve to assist with meeting its share of liabilities.

The scheme actuary has estimated that the weighted average combined duration of the defined benefit obligation for the scheme is 10 years.

26. Transactions Relating to Post-employment Benefits within the Financial Statements

The Teachers' Pension Scheme is accounted for as if it is a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the CIES is charged with the employer's contributions payable to Teachers' Pension Scheme in the year.

Retirement benefits from schemes accounted for on a defined benefit basis (City of London, Police and Judges') are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge against council tax is based on cash payable in the year, so the real cost of retirement benefits is reversed out of the City Fund and Housing Revenue Account via the Movement in Reserves Statement.

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in the actuarial gains or losses on pensions assets and liabilities line was at 31 March 2024 a gain of £56.7m (at 31 March 2023 it was a gain of £786.5m). The amount included in the Balance Sheet arising from the City Fund's estimated obligation in respect of the defined benefit plans is as follows:

31 March 2023		31 March 2024
£m		**£m**
	Present Value of the defined benefit obligation	
(715.5)	City of London Pension Scheme - City Fund	(725.8)
(829.7)	Police Pension Schemes	(839.5)
(2.3)	Judges Pension Scheme	(2.5)
	Fair Value of plan assets	
644.5	City of London Pension Scheme - City Fund	702.0
	Present value of unfunded obligation	
(1.8)	City of London Pension Scheme - City Fund	(1.6)
(8.4)	Police Pension Schemes	(8.1)
(913.2)	**Net liability on balance sheet**	**(875.6)**

There are no outstanding or pre-paid employee contributions at the balance sheet date.

The table summarises the entries in the financial statements for the City of London, Police and Judges' Schemes:

2022-23					2023-24			
Police	Judges	City of London City Fund	Total		Police	Judges	City of London City Fund	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Comprehensive Income & Expenditure Statement (CIES)				
				Cost of Services:				
31.4	0.2	35.3	66.9	Current service cost	12.6	0.1	15.5	28.2
0.0	0.0	1.8	1.8	Past service costs	0.0	0.0	0.6	0.6
0.0	0.0	0.0	0.0	(gain)/loss from settlements	0.0	0.0	(0.1)	(0.1)
				Other Operating Income				
0.0	0.0	0.5	0.5	Administration expenses	0.0	0.0	0.5	0.5
				Financing & Investment Income & Expenditure				
0.0	0.0	0.0	0.0	Current service cost	0.0	0.0	0.0	0.0
32.0	0.1	9.9	41.9	Interest cost	39.4	0.1	3.1	42.6
63.4	**0.3**	**47.5**	**111.2**	**Total Retirement Benefit Charged to the Surplus or Deficit on the Provision of Services**	**52.0**	**0.3**	**19.6**	**71.9**
				Other Comprehensive Income & Expenditure				
				Remeasurement of the net defined benefit liability:				
0.0	0.0	20.4	20.4	Return on plan assets	0.0	0.0	(28.0)	(28.0)
0.0	(0.9)	0.0	(0.9)	Actuarial (gains) & losses - changes in demographic assumptions	(3.5)	0.0	(10.0)	(13.5)
(518.3)	(0.1)	(449.2)	(967.6)	Actuarial (gains) & losses - changes in financial assumptions	(7.3)	0.0	(12.2)	(19.6)
76.4	0.2	84.9	161.6	Actuarial (gains) & losses – Other	2.1	0.0	2.2	4.3
(441.9)	**(0.8)**	**(343.9)**	**(786.5)**	**Total Other Comprehensive Income & Expenditure**	**(8.8)**	**0.0**	**(48.0)**	**(56.7)**
(378.5)	(0.5)	(296.4)	(675.3)	Total Retirement Benefit Charged/(Credited) to the CIES	43.2	0.2	(28.3)	15.1
				Movement in Reserves Statement				
378.5	0.5	296.4	675.3	Reversal of net charges/credits for retirement benefits in accordance with the Code	(43.2)	(0.2)	28.3	(15.1)
28.4	**0.1**	**17.8**	**46.3**	**Actual amount charged against the City Fund and HRA Balances**	**33.7**	**0.1**	**18.9**	**52.7**

27. Grants and Contributions Received in Advance

A number of grants and contributions have yet to be recognised as income as they have conditions attached to them which if they are not met, will require the monies to be returned to the provider. The balances at the year-end are as follows:

31 March 2023		31 March 2024
£m		£m
	Grants and Contributions Received in Advance - Capital (Long-term)	
(103.7)	S106 / S278 Contributions	**(110.8)**
	Grants and Contributions Received in Advance - Revenue (Short-term)	
(10.9)	S31 Grant for NNDR Reliefs due to Central Government	(1.9)
(46.1)	COVID Additional Relief Fund Receipt in Advance from Central Government	(0.4)
(0.0)	Other Revenue Grants and Contributions	(8.2)
(57.0)	**Total**	**(10.5)**

28. Rents Received in Advance

Premiums received at the commencement of operating leases for investment properties are effectively rents received in advance and are released to revenue on a straight-line basis over the lease term. This totals £225.8m.

29. Other Long-term Liabilities

At the 31 March 2024 the City Fund has long term liabilities of £39.0m, which consists of £35.3m (2022-23: £48.6m) of outstanding London NNDR Pool Strategic Investment Pot (SIP) project funding due to be released over the life span of agreed projects and £3.7m (2022-23: £4.3m) of financial lease liabilities.

30. Leases

Finance Leases

City Fund as Lessee

Nine property agreements have been classified as finance leases – five relating to operational properties and four in respect of investment properties. In addition, as part of the City of London contract for its cleansing services, the vehicles owned by the contractor, but which are used exclusively on the City of London contract have been classified as finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment and Investment Properties in the City Fund's Balance Sheet at the following net amounts:

31 March 2023		31 March 2024
£m		£m
	Property, Plant and Equipment	
14.0	Other Land and Buildings	10.5
1.1	Vehicles, Plant and Equipment	0.5
30.2	Investment Properties	28.2
45.3		**39.3**

The rental payments for most of the property leases are immaterial, the highest being £600 per annum. Consequently, no liabilities are recognised in the balance sheet for these leases and the rental payments are met in full from revenue over the terms of the leases rather than being apportioned between finance charges (interest) and reductions in the outstanding liabilities.

For two investment property leases and the vehicles the City Fund will make payments over the term of the leases to meet the costs of the long term liabilities and the finance costs payable.

The leases are carried under other long term liabilities on the balance sheet:

31 March 2023		31 March 2024
£m		£m
3.2	Investment Property	3.2
1.1	Cleansing Vehicles	0.5
4.3	Long Term Liabilities	**3.7**

The minimum lease payments in relation to the investment property are:

Total Future Minimum Lease Payments	Present Value of Future Lease Payments		Total Future Minimum Lease Payments	Present Value of Future Lease Payments
31 March 2023	31 March 2023		31 March 2024	31 March 2024
£m	£m		£m	£m
0.7	0.5	Not later than one year	0.7	0.5
1.0	0.6	Later than one year and not later than five years	0.5	0.0
12.8	3.2	Later than five years	12.7	3.2
14.5	**4.3**	**Total**	**13.9**	**3.7**

City Fund as Lessor

The gross investment is made up of the following amounts:

31 March 2023		31 March 2024
£m		£m
	Finance lease debtor (net present value of minimum lease payments)	
0.3	Current	0.3
8.5	Non-current	8.3
17.2	Unearned finance income	17.0
26.0	**Gross investment in the lease**	**25.6**

The gross investment in the leases and the minimum lease payments receivable will be received over the following periods:

Gross Investment in Lease	Net Present Value of Minimum Lease Payments		Gross Investment in Lease	Net Present Value of Minimum Lease Payments
31 March 2023	31 March 2023		31 March 2024	31 March 2024
£m	£m		£m	£m
0.6	0.2	Not later than one year	0.5	0.3
2.2	1.1	Later than one year and not later than five years	2.2	1.1
23.4	7.3	Later than five years	23.1	7.1
26.2	**8.6**	**Total**	**25.8**	**8.5**

The City Fund has a gross investment in finance leases relating to the minimum lease payments expected to be received over the remaining terms. There is no residual value anticipated for the properties when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the properties acquired by the lessees and finance income that will be earned by the City Fund in future years whilst the debt remains outstanding.

The minimum lease payments receivable are not contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. Income from investment properties is set out in note 7.

There are no commitments in respect of finance leases entered into before the year end but whose term has yet to commence.

Operating Leases

City Fund as Lessee

The future minimum lease payments due under non-cancellable leases in future years are shown below.

31 March 2023		31 March 2024
£m		£m
2.7	Not later than one year	2.7
4.8	Later than one year and not later than five years	2.8
15.5	Later than five years	14.8
23.0	**Total**	**20.3**

City Fund as Lessor

The City of London has granted leases in respect of several City Fund properties, principally Investment Properties, which are treated as operating leases. The future minimum lease payments receivable under non-cancellable leases in future years are shown below.

31 March 2023		31 March 2024
£m		£m
46.4	Not later than one year	46.5
155.6	Later than one year and not later than five years	151.5
3,244.3	Later than five years	3,452.6
3,446.3	**Total**	**3,650.6**

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

31. Unusable Reserves

31 March 2023		Note	31 March 2024
£m			£m
(353.5)	Revaluation Reserve	A	(308.9)
(2,207.7)	Capital Adjustment Account	B	(2,222.1)
913.2	Pensions Reserve	C	875.6
(24.7)	Collection Fund Adjustment Account	D	(26.6)
2.9	Accumulated Absences Account	E	4.0
(8.8)	Deferred Capital Receipts Reserve	F	(8.6)
0.2	Financial Instrument Revaluation Reserve	G	0.2
15.0	Pooled Investment Adjustment Account	H	11.9
(1,663.4)	**Total Unusable Reserves**		**(1,674.6)**

a. Revaluation Reserve

The Revaluation Reserve contains the gains arising from increases in the value of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account (see note B).

2022-23		2023-24
£m		£m
(346.4)	Balance at 1 April	(353.5)
(55.6)	Upward revaluation of assets	(6.0)
43.0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	44.8
(12.5)	**Surplus on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**38.8**
5.4	Difference between fair value depreciation and historical cost depreciation	5.8
0.0	Assets reclassified as investments	0.0
0.0	Accumulated gains on assets sold or scrapped	0.0
5.4	**Amount written off to the Capital Adjustment Account**	**5.8**
(353.5)	**Balance at 31 March**	**(308.9)**

b. Capital Adjustment Account

The Capital Adjustment Account includes entries for the financing of capital expenditure and other capital transactions. The account contains the amount of capital expenditure financed from revenue, capital receipts and other sources. It is reduced by the amounts provided for depreciation and for the write-down of revenue expenditure funded from capital under statute and adjustments for disposals of long-term assets. The account contains accumulated gains and losses on Investment Properties. It also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2022-23		2023-24
£m		£m
(2,267.2)	Balance at 1 April	**(2,207.7)**
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
39.1	Charges for depreciation, impairment and revaluation losses of non-current assets	28.2
0.0	Revaluation gains on Property, Plant and Equipment	21.1
0.3	Amortisation of intangible assets	0.8
23.9	Revenue expenditure funded from capital under statute	46.0
6.4	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	0.6
69.6	**Total reversal of items relating to capital expenditure debited or credited to the CIES:**	**96.7**
(5.5)	Adjusting amounts written out of the Revaluation Reserve	(5.8)
64.2	**Net written out amount of the cost of non-current assets consumed in the year**	**90.9**
	Capital financing applied in the year:	
(8.0)	Use of the Capital Receipts Reserve to finance new capital expenditure	(15.0)
(3.4)	Use of the Major Repairs Reserve to finance new capital expenditure	(1.8)
(34.6)	Capital grants, contributions & donations credited to the CIES that have been applied to capital financing	(43.3)
(2.1)	Application of grants to capital financing from the Capital Grants Unapplied Account	(63.8)
(1.4)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1.4)
(48.8)	Capital expenditure charged against the City Fund & HRA balances	(36.8)
(98.3)	**Total Capital financing applied in the year:**	**(162.1)**
93.4	Movements in the market value of Investment Properties debited or credited to the CIES	56.5
0.2	Museum of London loan principle	0.2
(2,207.7)	**Balance at 31 March**	**(2,222.1)**

c. Pension Reserve

2022-23		2023-24
£m		£m
1,634.8	Balance at 1 April	913.2
(786.5)	Remeasurements of the net defined benefit liability	(56.7)
111.2	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	71.9
(46.3)	Employer's pension contributions less direct payments to pensioners payable in the year	(52.7)
913.2	**Balance at 31 March**	**875.6**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. Post-employment benefits in the CIES are recognised as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as employer's contributions are paid to pension funds. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The negative pension reserve matches the estimated liabilities on the City of London (City Fund share), Police and Judges' Pension Schemes as determined by independent actuaries using the projected unit method and in accordance with IAS19.

d. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of national business rates and council tax income in the CIES as it falls due from business rate and council tax payers compared with the statutory arrangements for paying across amounts to the City Fund from the Collection Fund. A surplus of £26.6m has arisen in the account. This surplus is largely due to timing differences between our submission of estimated business rate income for the year, submitted in January for the preceding financial year.

e. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the City Fund unallocated reserve from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the City Fund unallocated reserve is neutralised by transfers to or from the Account.

f. Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets, but for which cash settlement has yet to take place. Under statutory arrangements, these gains are not treated as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

g. Financial Instrument Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income.

h. Pooled Investment Reserve

The Pooled Investment Reserve accounts for the fair value movements in Pooled Investments, which are required to be held in a ring-fence reserve until these movement are realised.

Notes to the Cash Flow Statement

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following item:

2022-23		2023-24
£m		£m
(38.3)	Depreciation, impairments and impairment reversal	(28.2)
105.7	(Increase)/Decrease in creditors	90.0
(12.2)	Increase/(Decrease) in debtors	(8.1)
0.0	Increase/(Decrease) in inventories	(0.1)
(64.9)	Movement in pension liability	(19.1)
(6.4)	Carrying amount of non-current assets sold	(0.6)
(93.4)	Movement in investment property values	(56.5)
(1.4)	Deferred credits	(1.3)
18.8	(Increase)/Decrease in contributions to provisions	0.3
(11.4)	Other non-cash items charged to the net surplus or deficit on the provision of services	4.2
(103.5)	**Total**	**(19.5)**

The surplus/deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2022-23		2023-24
£m		£m
(23.3)	Interest received	(52.1)

The surplus on the provision of services has been adjusted for the following non-cash movements:

2022-23		2023-24
£m		£m
28.1	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3.8
70.0	Capital grants credited to the net surplus or deficit on the provision of services	70.1
98.1		**73.9**

33. Cash Flow Statement – Investing Activities

2022-23		2023-24
£m		£m
70.0	Purchase of property, plant and equipment, investment property and intangible assets	112.2
(1,612.9)	Proceeds from short-term and long-term investments	(1,740.3)
1,595.6	Purchase of short-term and long-term investments	1,646.6
(27.7)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3.8)
(72.0)	Capital grants received	(80.1)
0.4	Other receipts from investing activities	0.1
(46.6)	**Net cash outflows/(inflows) from investing activities**	**(65.4)**

34. Cash Flow Statement – Financing Activities

2022-23		2023-24
£m		£m
(5.4)	Billing Authorities - Council Tax and NNDR Adjustments	10.5
0.6	Reduction in finance lease liability	0.6
(4.8)	**Net cash inflows from financing activities**	**11.1**

Other Notes to the Accounts

35. Related Party Transactions

The City Fund is required to disclose information on material "related party transactions" with bodies or individuals that have the potential to control or influence the authority or be controlled or influenced by the authority.

Disclosure

Members are required to disclose their interests, and these can be viewed online at http://democracy.cityoflondon.gov.uk/mgMemberIndex.aspx?bcr=1. Members and Chief Officers have been requested to disclose related party transactions of £10,000 or more in 2023-24, including instances where their close family has made transactions with the City of London.

During 2023-24 the following transactions have been disclosed. This is where Members held positions of control or significant influence in related parties to City Fund are:

Related party	Connected party	2023-24	2022-23	Detail of transaction
		£000	£000	
Allen & Overy LLP	A Member's spouse is a Senior Associate	(36)	-	Income received for building managed by City Fund
Aviva	A Member is Head of HR	(67)	-	Provision of service costs received by City Fund
Deloitte LLP	A Member is a Partner	24/(13)	-	Provision of service costs received by City Fund and a refund paid to Deloitte by City Fund
Deutsche Bank	A Member is a member of the International Client Group	(120)	-	Income received from car park rental and works' project
DLA Piper UK LLP	One member is an equity partner and one member is a consultant to DL A Piper UK LLP	-	(66)	Provision of service costs received by City Fund
Home Office	A Member was the Lead NED	6/7,885	-	Police Grants from Home office to City Fund
Hiscox Group	A Member is Chairman of Hiscox Group	1/(27)	2/(11)	Contribution received by City Fund
London & Partners	A Member is a Director	45/(2)	-	Annual Membership and License Fee paid by City Fund
London Councils	A member is a Director in London Councils Ltd	(8)/(24)	4/(30)	Council Grants to City Fund

Related party	Connected party	2023-24	2022-23	Detail of transaction
		£000	£000	
London Metropolitan University	A Member is the Chair of the University	(1,597)	-	Income received by City Fund for provisions of services to the University
National CRC Group Limited	A Member is the Chair	446		Fees paid by City Fund for services provided
New London Architecture	A member is Chair of New London Architecture	52/(235)	(102)/(99)	Management Fees paid by City Fund and the provision of service costs received by City Fund
Lloyds of London	A Member is a member of council and Deputy Chair, a Member is an underwriter and another Member is an owner of an LLP at Lloyds of London	(1,815)	(50)	Funds to City Fund for Project Works
Partnership for Young London	The City Corporation nominated a Member to the Partnership for Young London and another Member is a Director	15/(10)	(3)/(7)	Consultant fees paid by City Fund; central support charges received by City Fund
Phoenix Group Holdings PLC	A Member is Chairman for Phoenix Group Holdings PLC	(55)	-	Income to City Fund for Sponsorship and logo for Net Zero Summit
UBS	A Member is the Chief Operating Officer of UBS	-	(46)	Membership Fees

The following transactions have been disclosed where Members have declared an interest in parties that have transactions with the City Fund during 2023-24.

Related party	Connected party	2023-24	2022-23	Detail of transaction
		£000	**£000**	
Aon Reinsurance Solutions	A Member is a member of council	-	**(20)**	Contribution towards Sculpture in City
Barbican Association	Two Members are members of the Barbican Association	-	10	Payment of expenses by City Fund
The Bank of England	A Member is an employee	-	(20)	Provision of service costs received by City Fund
St Bart's Hospital	A Member is a Patron	2/(28)	-	Provision of service costs received by City Fund
Bloomberg LP	A Member is an Employee	(168)	-	Payment to City Fund for sponsorship Fees
CBRE	A member is employed by CBRE	156	-	Payment of rent and service charges by City Fund
City of London Guides and Lecturers Association	A Member is a Member of the COL Guides and Lecturers Association	(15)	-	Provision of service costs received by City Fund
City University London	A Member is an Alumni of City University London	(198)	(106)	Provision of service costs received by City Fund
Islington Council	A Member is an Employee	414/(934)	-	National Non-Domestic Rates payment to City Fund and Income received for Services provided by City Fund
Islington Primary School	A Member is an Employee	49	-	Education Grant paid by City Fund
Keltbray Ltd	A Member is a Consultant in Keltbray Ltd	(30)	12/(27)	Provision of service cost received by City Fund and a refund to Keltbray for services provided
Lloyds Banking Group	A Member is an Employee	(6)/(162)	-	Provision of Services costs received by City Fund
London Borough of Sutton	A Member is the Head of Pensions Investments	(729)/(201)	(203)	Provision of service costs received by City Fund
Merchant Taylors' Company	A member is a Court Assistant	10/(2)	-	Provision of service costs received by City Fund
Royal Borough of Kingston	A Member is the Head of Pensions Investments	(229)	(279)	Contribution, administration charges, subscriptions to London Council Grants
Ministry of Defence	Member is a TA officer	-	(63)	Provision of service costs received by City Fund
PWC LLP	A Member is an Advisor of PWC LLP	(8,397)/(111)	-	Consultancy fees paid for services provided by PWC and income received by City Fund for room rental and sponsorship costs
Museum of London	Four Members are on the Board of Governors and a Member is a Friend of the Museum of London	5,451/(447)	5,420/(531)	Grants' paid by City Fund to MOL and Rental Income received from MOL to City Fund

Related Party Transactions with the Museum of London

The Museum of London is financed by the City of London and the Greater London Authority with the latter being the major funder as a co-sponsor. The City of London's contribution in 2023-24 was £42.3m (2022-23: £30.0m) and the City Fund received £0.4m for rent, loan repayments and other services. At 31st March 2024 there was an outstanding receivable of £0.4m relating to rent and loan repayments. For 2023-24, City Fund is committed to provide £5.46m (£5.3m in 2022-23) of grant funding for the running costs of the Museum.

Half of the appointments to the Board are made by the City of London and a Member has declared an interest in the Museum. However, the City of London does not exercise control of the Museum.

Related Party Transactions with City's Estate and City Bridge Foundation

During 2023-24, City's Estate provided a grant of £21.1m to City Fund for the Salisbury Square Development.

During the year, City Bridge Foundation contributed for its share of costs - £0.114m (2022-23: £0.052m) towards Corporate IT projects and £0.091m (2022-23: £0.138m) towards the "Secure City" project, relating to CCCTV and telecommunications The balance owed to CBF at year end was nil (2022-23: nil)

Related Party Transactions not disclosed elsewhere in the Accounts

The UK government has significant influence over the general operations of City Fund. It is responsible for providing the statutory framework within which the City Fund operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that City Fund has with other parties (e.g. council tax bills, housing benefits). Grants from government departments are shown in Note 6. Amounts due to and from central government departments at 31 March 2024 are shown in notes respectively. Disclosures are made in respect of other public bodies which are subject to common control by central government in other parts of the accounts as follows:

- Precepts from other Authorities
- Pension Fund

Amounts paid to HM Revenues and Customs in respect of employer's national insurance contributions of £16.77m (2023: £16m).

A Member of the City of London has declared that they are the Lead Non-Executive Director for the Home Office. Further details of the City Fund's Transactions with the Home Office can be found in Note 6 (page 40) and Note 20 (page 65).

In the City of London Police's role as lead force for cybercrime the City Corporation has assumed responsibility of National CRC Group Limited (company no 13027672), which is a company limited by guarantee tasked with promoting the effectiveness and efficiency of the Police Service in connection to the protection from and prevention of cybercrime through England and Wales. The City Corporation assumed this role from December 2021. As the only Member of the company this would be considered a subsidiary of the City Corporation, specifically of City Fund. However, due to the limited activity of the company to date and small financial value (total balance sheet value at 31 March 2023 was £52,931)*, no consolidation has taken place.

*To be updated in final accounts as their 2023/24 accounts is not yet published

36. Members Allowances

In 2021, the Court of Common Council introduced an annual, flat rate, allowance for Members, based on the City Corporation's rate for inner-London Weighting. The allowance is optional and is intended to recompense Members for the duties they undertake on behalf of the City Corporation, while also enabling those who chose not to claim from the scheme to maintain their status as volunteers. During the year, £0.269m in remuneration from the City Fund was claimed for Members undertaking their duties (2022-23: £0.325m).

Members may also claim travelling expenses in respect of activities outside the City and receive allowances in accordance with a scale when attending a conference or activity on behalf of the City Corporation. These costs totaling £2,452.42 (2022-23: £2,334.36) across all of the City's activities. These costs were met from the endowment funds of the City Corporation and not charged to City Fund.

37. Contingent Liabilities

There are no contingent liabilities to disclose as at 31 March 2024.

38. Agency Transactions

The City Fund carries out certain work on an agency basis for this it is fully reimbursed. The City Fund has acted as a Lead Authority for the London Business Rate Pool, which operated from 2018-19 through to 2020-21. This role includes acting as finance lead for the pool, which involves aggregating business rate income from participating authorities and distributing funds on behalf of the pool.

In 2022-23 the City of London alongside Brent, Barnet, Enfield, Hackney, Haringey, Tower Hamlets and Waltham Forest, formed the "Eight Authority Pool". The arrangements for the Eight Authority Pool are the same as those of the London Business Rates Pool with the City of London acting as lead authority.

Although the London-wide Business Rates Pool did not operate during 2023-24, the Eight Authority Pool continued in 2023-24. Residual balances relating to prior year pool activity remain on the City Fund balance sheet pending completion of external audits of all members and completion/settlement of outstanding funds.

The outstanding debtors, cash and creditors balances in relation to both pools are shown below. Please note this excludes London NNDR Pool SIP balances which are included in the City Fund CIES and Balance Sheet.

Business Rate Pool Balances	Balance as at 31 March 2024 £m
Short-Term Debtors	0.0
Cash & Cash Equivalents	2.2
Short-Term Creditors	(2.2)

Supplementary Accounts and Notes

Housing Revenue Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the HRA Statement.

Income and Expenditure Statement

2022-23		Notes	2023-24	
£m			**£m**	**£m**
	Expenditure			
5.1	Repairs and maintenance		5.8	
11.5	Supervision and management		8.8	
3.0	Depreciation of non-current assets		2.1	
3.7	Revaluation (gain)/loss on HRA dwellings		7.2	
0.1	Movement in the allowance for bad debts	1	0.1	
23.4	**Total Expenditure**			**24.0**
	Income			
(10.7)	Dwelling rents		(11.5)	
(2.8)	Non-dwelling rents		(1.9)	
(2.8)	Charges for services and facilities		(3.3)	
(0.2)	Contributions towards expenditure		(0.3)	
(16.5)	**Total Income**			**(17.0)**
6.9	**Net Expenditure/(Income) of HRA Services as included in the City Fund CIES cost of services**			**7.0**
	HRA share of other income and expenditure included in the City Fund CIES			
(0.7)	Net (gain)/loss on Disposal of Fixed Assets			0.0
0.1	Interest and investment income			0.2
0.0	Investment property (gain)/loss on revaluation			0.0
6.3	**(Surplus)/deficit for the year on HRA Services**			**7.3**

Movement on the HRA Statement

2022-23		Notes	2023-24	
£m			**£m**	**£m**
(0.2)	Balance on the HRA at the end of the previous year			(0.2)
6.3	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement		7.3	
(6.3)	Adjustments between accounting basis and funding basis under statute	2	(11.4)	
(0.0)	(Increase)/decrease in year on the HRA			(4.1)
(0.2)	**Balance on the HRA at the end of the current year**			**(4.3)**

1. Impairment Allowance for Bad and Doubtful Debts

2022-23		2023-24
£m		**£m**
0.71	Provision at 1 April	0.85
0.00	Bad Debts written off	(0.03)
0.14	Decrease in Provision	0.11
0.85	**Provision at 31 March**	**0.93**

2. Adjustments between Accounting Basis and Funding Basis under Statute

Note 11 to the City Fund Financial Statements provides further analysis of the adjustments between the accounting basis and funding basis under statute.

3. Housing Stock

As at 31 March 2023 the City Corporation's HRA rental stock was 1,860 dwellings. The HRA also includes costs and service charge income relating to properties sold on long leases of which there were 937 as at 31 March 2023 (2022: 932).

31 March 2023		31 March 2024
No.		**No.**
27	Houses and Bungalows	27
1,833	Flats	1,830
1,860	**Total**	**1,857**

31 March 2022		31 March 2024
No.		**No.**
1,864	Stock at 1 April	1,860
(5)	Sales	(3)
1	New Build	3
1,860	**Stock at 31 March**	**1,860**

4. Arrears of Rent, Service and Other Charges

As at 31 March 2023 the total arrears for rent, service charges and other charges were £7.7m (31 March 2022: £6.9m) as follows:

31 March 2023		31 March 2024
£m		**£m**
0.1	Former residential tenants	0.2
0.3	Current residential tenants	0.4
1.8	Commercial tenants	1.5
5.3	Service charges	4.7
0.1	Other charges	(0.1)
7.7	**Total arrears**	**6.7**

5. HRA Property, Plant and Equipment

The value of council dwellings within the HRA does not include all council dwellings owned by the City Fund (see note 13) as some council dwellings are held outside of the HRA such as the Barbican Estate.

2022-23					2023-24			
Council Dwellings	Other Land & Buildings	Assets under construction	Total	Movements on Balances	Council Dwellings	Other Land & Buildings	Assets under construction	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Cost or valuation				
179.7	**38.2**	**42.5**	**260.4**	**1 April**	**180.3**	**36.6**	**48.9**	**265.8**
4.1	0.0	11.7	15.8	Additions	14.6	0.0	17.8	32.4
3.4	1.6	(5.3)	(0.3)	Transfers	5.7	0.0	(5.7)	0.0
(1.9)	(3.2)	0.0	(5.1)	Revaluation increase/(decrease) recognised in the Revaluation Reserve	(7.0)	(4.5)	0.0	(11.5)
(4.6)	0.0	0.0	(4.6)	Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	(13.9)	(0.1)	0.0	(14.0)
(0.4)	0.0	0.0	(0.4)	Derecognition – disposals	(0.3)	0.0	0.0	(0.3)
0.0	0.0	0.0	0.0	Assets reclassified (to)/from Held for Sale				0.0
180.3	**36.6**	**48.9**	**265.8**	**31 March**	**179.4**	**32.0**	**61.0**	**272.4**
				Accumulated Depreciation and Impairment				
0.0	**(0.2)**	**0.0**	**(0.2)**	**1 April**	(0.1)	(0.2)	0.0	(0.3)
(2.7)	(0.3)	0.0	(3.0)	Depreciation Charge	(1.8)	(0.3)	0.0	(2.1)
1.7	0.3	0.0	2.0	Depreciation written out to the Revaluation Reserve	0.8	0.2	0.0	1.0
0.9	0.0	0.0	0.9	Depreciation written out to the Surplus/Deficit on the Provision of Services	1.0	0.1	0.0	1.1
0.0	0.0	0.0	0.0	Derecognition – disposals	0.0	0.0	0.0	0.0
(0.1)	**(0.2)**	**0.0**	**(0.3)**	**31 March**	(0.1)	(0.2)	0.0	(0.3)
				Net Book Value				
179.7	**38.0**	**42.5**	**260.2**	**1 April**	**180.2**	**36.4**	**48.9**	**265.5**
180.2	**36.4**	**48.9**	**265.5**	**31 March**	**179.3**	**31.8**	**61.0**	**272.1**

6. Housing Asset Valuation

Dwellings are valued at their 'existing use with vacant possession' and then reduced to reflect 'existing use for social housing'. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current DLUHC guidance (guidance for valuers – 2016) identifies a vacant possession adjustment factor for London of 25%. This factor has been adopted in establishing the Existing Use Value-Social Housing. The estimated vacant possession value of HRA dwellings at 31st March 2024 is £723.5m (£727.6m 31st March 23) which has been reduced by 75% to £179.4m (£183.6m at 31st March 23) to reflect social housing.

7. Major Repairs Reserve

2022-23		2023-24
£m		£m
(1.3)	Balance 1 April	0.4
	Transfer from HRA equal to depreciation	
(1.7)	Dwellings	(2.1)
0.0	non dwellings	0.0
0.0	Additional contribution to/(from) HRA	0.0
3.4	Capital expenditure (dwellings)	1.8
0.4	Balance 31 March	**(0.0)**

The reserve is used to finance capital expenditure and the balance is included with other capital reserves in the City Fund Balance Sheet.

8. HRA Capital Expenditure

Expenditure for capital purposes and methods of financing are set out below.

2022-23		2023-24
£m		£m
	Expenditure in year	
	Fixed assets	
11.7	Assets under construction	17.8
4.1	Dwellings	14.6
	Other	
1.3	Revenue expenditure funded from capital under statute	
17.1	**Total Expenditure**	**32.4**
	Methods of financing	
0.6	Capital Receipts	8.4
3.4	Major Repairs Reserve	1.8
13.1	Grants and contributions	22.2
17.1	**Total Financing**	**32.4**

Collection Fund Account

The Collection Fund shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from local taxpayers, and its subsequent distribution to local authorities and the Government. The City Corporation’s share of council tax and business rates income is reflected in the CIES on an accruals basis in line with the Code.

Revenue Account

2022-23				Notes	2023-24		
Council Tax	Business Rates	Total			Council Tax	Business Rates	Total
£m	£m	£m			£m	£m	£m
			INCOME				
(9.6)	0.0	(9.6)	Council Tax Receivable		(10.0)	0.0	(10.0)
(0.2)	0.0	(0.2)	Transfer from City Fund (Reliefs)		(0.2)	0.0	(0.2)
	(1,204.4)	(1,204.4)	National Business Rates	1		(1,259.6)	(1,259.6)
	0.0	0.0	National Business Rates transitional protection payments			0.0	0.0
	(40.8)	(40.8)	GLA Business Rate Supplement			(42.8)	(42.8)
	(29.7)	(29.7)	City Business Rate Premium			(35.2)	(35.2)
(9.8)	**(1,274.9)**	**(1,284.7)**	**TOTAL INCOME**		**(10.2)**	**(1,337.6)**	**(1,347.8)**
			EXPENDITURE				
			Council Tax Precepts and Demands				
8.0	0.0	8.0	City	2	8.9	0.0	8.9
1.0	0.0	1.0	GLA		1.3	0.0	1.3
0.2	0.0	0.2	Impairment of debt for Council Tax		0.1	0.0	0.1
			National Business Rates Precepts and Demands	2			
	321.0	321.0	City			340.8	340.8
	395.9	395.9	GLA			420.4	420.4
	353.1	353.1	Central Government			374.9	374.9
	1.8	1.8	National Business Rates transitional protection payments			(5.5)	(5.5)
	40.5	40.5	Business Rate Supplement collected on behalf of GLA			42.2	42.2
	28.1	28.1	City Business Rate Premium			32.7	32.7
	12.1	12.1	City Offset	5		12.5	12.5

2022-23				Notes	2023-24		
Council Tax	Business Rates	Total			Council Tax	Business Rates	Total
			EXPENDITURE CONTINUED				
			Impairment of debts for Business Rates				
	6.9	6.9	National			12.4	12.4
	0.3	0.3	GLA			0.6	0.6
	0.4	0.4	Premium			0.5	0.5
			Impairment of appeals for Business Rates				
	15.3	15.3	National			84.8	84.8
	1.2	1.2	Premium			2.0	2.0
			Cost of Collection Allowance				
	2.0	2.0	National Business Rates			1.9	1.9
	0.0	0.0	GLA Business Rate Supplement			0.0	0.0
			Contributions towards previous year's estimated Collection Fund Surplus/(Deficit)				
0.3	(37.7)	(37.7)	City		0.8	2.9	3.7
0.0	(46.5)	(46.5)	GLA		0.1	3.6	3.7
	(41.5)	(41.5)	Central Government			3.2	3.2
9.5	**1,052.9**	**1,062.4**	**TOTAL EXPENDITURE**		**11.2**	**1,329.9**	**1,341.1**
(0.3)	(222.0)	(222.3)	(Surplus)/Deficit for Year		1.0	(7.7)	(6.7)
(0.5)	141.2	140.7	Balance 1 April		(0.8)	(80.8)	(81.6)
(0.8)	**(80.8)**	**(81.6)**	**Balance 31 March**		**0.2**	**(88.5)**	**(88.3)**

1. Income from Business Rates

The Local Government Finance Act 1988 replaced the Locally Determined Non-Domestic Rate with a National Non-Domestic Rate (NNDR) set by the Government. In addition to the NNDR, there is a discounted rate for small businesses known as the Small Business Non-Domestic Rate (SBNDR). In 2023-24 the City of London set a non-domestic rating multiplier of 0.526 (52.6p in the £) and a small business non-domestic rating multiplier of 0.513 (51.3p in the £). This comprises the NNDR and SBNDR multipliers of 0.512 and 0.499 respectively, plus a premium of 1.4p in the £ to provide additional funding to enable the City Corporation to continue to support Police, security, resilience and contingency planning at an enhanced level.

In addition, for those business premises which have a rateable value of more than £75,000, the Greater London Authority (GLA) is levying a business rate supplement (BRS) multiplier of 2p in the £ for the 2023-24 financial year to finance the Crossrail project. The City Corporation collects the BRS on an agency basis on behalf of the GLA. The rateable value at the 31 March 2024 was £2.613bn.

2022-23		2023-24
£m		**£m**
(1,374.5)	National Business Rates	(1,373.3)
83.4	Less: Voids	78.4
17.0	Mandatory and discretionary relief	14.1
69.5	Expanded retail, leisure, and hospitality relief	20.6
0.2	Partly occupied allowance	0.7
(1,204.4)	**Net income from national business rates**	**(1,259.6)**

2. Calculation of Council Tax

The Local Government Finance Act 1992 introduced the Council Tax from 1 April 1993, replacing the Community Charge. The Act prescribes the detailed calculations that the City of London Corporation, as a billing authority, has to make to determine the Council Tax amounts. The City of London set a basic amount of £1,003.62 for a Band D property, inclusive of a 2.99% general increase and a 2% increase for Adult Social Care.

To this £1,003.62 is added £142.01 in respect of the precept from the Greater London Authority to arrive at the total Council Tax of £1,145.63 for a Band D property in 2023-24. Prescribed proportions are applied to this basic amount to determine the Council Tax amounts for each of the bands as follows:

BAND	Proportion	Council Tax
		£
A	6/9	763.75
B	7/9	891.04
C	8/9	1,018.34
D	9/9	1,145.63
E	11/9	1,400.22
F	13/9	1,654.80
G	15/9	1,909.38
H	18/9	2,291.26

3. Tax Bases 2023-24

The table below shows the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings. The totals for each area are described as "aggregate relevant amounts" which reflects the number of dwellings adjusted for applicable discounts and exemptions. These amounts, multiplied by the collection rate of 97%, produce the tax base for each of the areas shown.

This amount was approved by the Chamberlain under the delegated authority of the City of London together with the Council Tax bases for each part of the City's area.

BAND	MIDDLE	INNER	CITY AREA	TOTAL
	TEMPLE	TEMPLE	EXCLUDIN G	CITY
			TEMPLES	AREA
A	0.00	0.00	2.33	2.33
B	0.00	0.00	154.82	154.82
C	0.00	0.00	433.57	433.57
D	0.00	0.00	799.83	799.83
E	9.47	0.92	3,098.06	3,108.45
F	31.06	26.36	1,742.22	1,799.64
G	24.17	60.00	2,151.25	2,235.42
H	0.00	4.00	599.00	603.00
AGGREGATE RELEVANT AMOUNTS	**64.70**	**91.28**	**8,981.08**	**9,137.06**
COLLECTION RATE	97%	97%	97%	
TAX BASES	**62.76**	**88.54**	**8,711.65**	**8,862.95**

4. City Fund Offset

To reflect the unique characteristics of the square mile, the Government allows the City Fund to retain an amount from the NNDR paid by City businesses. This totalled £12.5m in 2023-24 (2022-23: £12.1m).

5. (Surplus)/Deficit for the year

A business rates surplus of £6.5m was achieved for the year, but this was in large part due to a prior year surplus of £9.7m which was payable in 2023-24. After adjusting for the prior year surplus, the in year position was a surplus of £16.2m.

Breakdown of Business Rate Collection Fund Deficit	Total	City	GLA	Central Govt
Percentage allocation		30%	37%	33%
Opening collection fund surplus/(deficit)	80.8	24.2	38.9	17.6
Prior year surplus/(deficit)	9.7	2.9	3.6	3.2
In-year surplus/(deficit)	16.2	4.9	6.0	5.3
Closing Surplus/(deficit)	**87.4**	**26.2**	**41.3**	**19.8**

Police Pension Fund

Police Pension Fund Account for the year ended 31 March 2024

2022-23		2023-24	
£m		£m	£m
	Contributions receivable		
	- from employer		
(12.3)	normal	(13.4)	
0.0	early retirements	0.0	
(5.3)	- from members	(5.8)	
(17.6)			**(19.2)**
(0.1)	Transfers in from other Police Authorities		**(0.1)**
	Benefits payable		
28.7	- pensions	31.9	
7.4	- commutations and lump sums	6.7	
36.1			**38.6**
	Payments to and on account of leavers		
0.0	- Transfers out to other Police Authorities	0.0	
18.4	Sub-total: Net amount payable for the year before transfer from Police Authority		**19.3**
(18.4)	Additional contribution from Police Authority		(19.3)
0.0	**Net amount payable/receivable for the year**		**0.0**

i. The Police Pension Fund was established under the Police Pension Fund Regulations 2007 (SI 2007 No. 1932).

ii. It is a defined benefits scheme, administered internally by the City of London and all City of London police officers are eligible for membership of the pension scheme.

iii. The fund's financial statements have been prepared using the accounting policies adopted for the City Fund financial statements set out on pages 140 to 156. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. Information on the long-term pension obligations can be found in the City Fund financial statements (see notes 23 to 26, page 69-79).

iv. Under the rules of the scheme, members may elect to commute a proportion of their pension in favour of a lump sum. Where a member has taken a commutation option, these lump sums are accounted for on an accruals basis from the date the option is exercised.

v. Transfer values represent the capital sums in respect of members' pension rights either received from or paid to other pension schemes in respect of members who have joined or left the service.

vi. The scheme is unfunded and consequently has no investment assets. Benefits payable are funded by contributions from employers and employees and any difference between benefits payable and contributions receivable is met by a top-up grant from the Home Office.

vii. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department.

viii. The account is prepared on an accruals basis and normal contributions, both from the members and the employer, are accounted for in the payroll month to which they relate.

Independent Auditors report to the Members of City of London Corporation Pension Fund

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City of London Pension Fund Account

Fund Account for the year ended 31 March 2024

2022-23		Notes	2023-24
£m			£m
	Dealings with members, employers and others directly involved in the Fund		
(49.8)	Contributions	7	(53.1)
(3.3)	Transfers in from other pension funds		(5.7)
(53.1)			**(58.8)**
53.2	Benefits	8	58.4
3.2	Payments to and on account of leavers	9	5.7
56.4			**64.1**
3.3	**Net (additions)/withdrawals from dealings with members**		**5.3**
8.3	Management expenses	10	8.6
11.6	**Net withdrawals including fund management expenses**		**13.9**
	Returns on investments		
(2.6)	Investment income	11	(5.8)
3.7	Profit and losses on disposal of investments and changes in the value of investments	12	(128.3)
1.1	**Net return on investments**		**(134.1)**
12.7	**Net (increase)/decrease in the net assets available for benefits during the year**		**(120.2)**
(1,388.1)	Opening net assets of the scheme		(1,375.4)
(1,375.4)	**Closing net assets of the scheme**		**(1,495.6)**

Net Asset Statement as at 31 March 2024

2022-23		Notes	2023-24
£m			£m
0.2	Long-term investments		0.2
1,366.0	Investment assets	12	1,483.5
1,366.2	**Total net investments**		**1,483.7**
10.9	Current assets	19	14.0
(1.7)	Current liabilities	20	(2.1)
1,375.4	**Net assets of the Fund available to fund benefits at the end of the reporting period**		**1,495.6**

1. Description of the City of London Pension Fund

a) General

The City of London Pension Fund is part of the LGPS and is administered by the City of London. The City of London is the reporting entity for this pension fund.

The City of London Pension Fund is a funded defined benefits scheme established in accordance with statute. With the exception of serving police officers, teachers and judges who have their own schemes, all City of London staff are eligible for membership of the Local Government Pension Scheme (LGPS).

Benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

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

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

The Fund is administered internally by the City of London. The Fund's investments are managed externally by several fund managers with differing mandates determined and appointed by the City of London.

b) Membership of the Fund

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the City of London Pension Fund include:

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

The following table summarises the membership numbers of the scheme:

	31 March 2024				31 March 2023
	Current contributors	Beneficiaries in receipt of pension	Deferred members	Total	Total
	No.	No.	No.	No.	No.
ADMINISTERING AUTHORITY					
City of London Corporation	4,544	4,553	4,728	13,825	13,239
	4,544	**4,553**	**4,728**	**13,823**	**13,239**
SCHEDULED BODIES:					
Museum of London	279	300	692	1,271	1,226
Magistrates Court	0	19	9	28	28
Multi Academy Trust	17	0	3	20	12
	296	**319**	**704**	**1,319**	**1,266**
ADMITTED BODIES:					
Irish Society	5	9	2	16	15
Parking Committee for London	0	7	4	11	12
Guildhall Club	0	4	4	8	8
City Academy - Southwark	87	13	154	254	235
Sir John Cass (Brookwood)	0	1	0	1	1
AMEY (Enterprise)	0	6	3	9	9
Eville and Jones	0	0	1	1	1
London CIV	8	1	19	28	29
Turning Point	1	0	0	1	1
Agilysis	0	5	15	20	22
Agilysis (police)	0	1	2	3	3
Bouygues (EDTE)	0	0	1	1	1
Cook & Butler	0	1	1	2	2
1SC Guarding Limited	0	3	0	3	1
Skanska	0	1	4	5	5
Veolia	3	1	1	5	5
	104	**53**	**211**	**368**	**350**
TOTAL	**4,944**	**4,925**	**5,643**	**15,512**	**14,855**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. For 2023/24, employer contribution rates range from 15.0% to 21.0% of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website.

2. Basis of preparation

The statement of accounts summarises the Fund's transactions for the 2023/24 financial year and its financial position at 31 March 2024. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24* (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2024. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the Pension Fund because it does not hold any assets as a lessee.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information in Note 18.

The accounts have been prepared on a going concern basis. The administering authority is confident that the Fund will have sufficient resources to meet obligations as they fall due over the foreseeable future.

3. Accounting policies

i. The pension fund accounts are accounted for on an accruals basis for income and expenditure, with the exception of transfer values in and out, which are accounted for on a cash basis.

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

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

iv. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 13). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

v. Acquisition costs are included in the purchase costs of investments.

vi. Assets and liabilities in overseas currencies are translated into sterling at the exchange rates ruling at the net asset statement date. Transactions during the year are translated at rates applying at the transaction dates. Surpluses and deficits arising on conversion are dealt with as part of the change in market values of the investments.

vii. The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administration expenses	All staff costs of the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Oversight and governance	All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Investment management expenses	Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments.

viii. Income from investments is accounted for on an accruals basis. Investment income arising from the underlying investments of the Pooled Investment Vehicles is typically reinvested within the Pooled Investment Vehicles and reflected in the unit price.

ix. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profit and losses realised on sales of investments and unrealised changes in market value.

x. Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such agreement, when received.

xi. Under the rules of the Scheme, members may receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised.

xii. Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations 2013. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

xiii. Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the most recent available equivalent trailing reporting period is used for inclusion in the fund account.

4. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 3, certain critical judgments have had to be made about complex transactions or those involving uncertainty about future events.

The net pension fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 18. These actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

5. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made considering historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the net assets statement at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied. This uncertainty relates solely to the disclosures made in Note 18 and does not impact on the Net Asset Statement or Pension Fund Account.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: • a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £25m • a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £2m • a one-year increase in assumed life expectancy would increase the liability by approximately £56m.
Private equity investments (Note 13)	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018) and use valuation techniques that rely on unobservable inputs.	Private equity investments are valued at £24m in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change.
Infrastructure and pooled property investments (Note 13)	Infrastructure and pooled property investments are valued at fair value using valuation techniques that rely on unobservable inputs.	Infrastructure and pooled property investments are valued at £78m and £119m, respectively in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change.

6. Events after the reporting date

The Pension Fund has a £75m capital commitment to the LCIV Renewable Infrastructure Fund for which two drawdown notices have been issued (£2.65m in April 2024 and £1.86m in May 2024).

There are no other events occurring after the reporting date that necessitate adjustments (adjusting events) or disclosure (non-adjusting events).

7. Contributions receivable

By Category

2022-23		2023-24
£m		£m
(12.6)	Employees' contributions	(13.9)
	Employers' contributions	
(25.6)	Normal contributions	(34.9)
(9.3)	Deficit recovery contributions	(4.0)
(2.3)	Pensions strain contributions	(0.3)
(37.2)	**Total employers' contributions**	**(39.2)**
(49.8)		**(53.1)**

By type of employer

2022-23		2023-24
£m		£m
(46.4)	Administering authority	(49.6)
(2.4)	Scheduled bodies	(2.5)
(1.0)	Admitted bodies	(1.0)
(49.8)		**(53.1)**

8. Benefits payable

By Category

2022-23		2023-24
£m		£m
45.5	Pensions	50.7
7.3	Lump sum retirement benefits	6.0
0.4	Lump sum death benefits	1.7
53.2		**58.4**

By type of employer

2022-23		2023-24
£m		£m
50.0	Administering authority	54.7
2.7	Scheduled bodies	3.1
0.5	Admitted bodies	0.6
53.2		**58.4**

9. Payments to and on account of leavers

2022-23		2023-24
£m		£m
3.0	Individual transfers out	5.5
0.2	Refunds to members leaving service	0.2
3.2		**5.7**

10. Management expenses

2022-23		2023-24
£m		£m
0.8	Administration expenses	0.7
7.2	Investment management expenses	7.5
0.3	Oversight and governance*	0.4
8.3		**8.6**

*Includes audit fees of £35,000 that have been charged to the Pension Fund (2022-23: £35,000). The fee payable for the 2023-24 audit is estimated to be £35,000.

a. Investment management expenses

2022-23					2023-24			
Management Fees	**Performance Related Fees**	**Transaction Costs**	**Total**		**Management Fees**	**Performance Related Fees**	**Transaction Costs**	**Total**
£m	£m	£m	£m		£m	£m	£m	£m
0.6	0.7	0.0	1.3	Infrastructure funds	0.6	0.4	0.0	1.0
4.4	0.0	0.0	4.4	Pooled investments**	4.4	0.0	0.0	4.4
0.6	0.0	0.0	0.6	Pooled property investments	0.6	0.0	0.0	0.6
0.4	0.5	0.0	0.9	Private equity	0.7	0.8	0.0	1.5
6.0	**1.2**	**0.0**	**7.2**	**Total**	**6.3**	**1.2**	**0.0**	**7.5**

**Included £1.1m charged to the Pension Fund by the London CIV regional asset pool (£1.0m in 2022-23).

11. Income from investments

2022-23		2023-24
£m		£m
(0.0)	Infrastructure funds	(0.3)
(0.2)	Interest	(1.1)
(0.0)	Pooled Investments	(0.3)
(2.4)	Pooled property investments	(3.3)
(0.0)	Private equity	(0.8)
(2.6)	**Total**	**(5.8)**

The Pension Fund's investment policies are focused on capital accumulation in pooled vehicles and private equity investments. Dividends and interest are typically retained at pool level. Where any shortfall of the Net Deductions on Contributions and Benefits Paid was previously covered by investment income, it is intended that the Fund will sell holdings in the pooled vehicles, as necessary, to cover any shortfalls. There are no limitations imposed by the fund managers on the selling of these pooled vehicle funds.

12. Investments

Market Value 31-03-2023		Market Value 31-03-2024
£m		£m
	Investment assets	
	Pooled funds	
0.0	Corporate Bonds	212.7
261.4	Diversified growth funds	109.6
575.0	Global equity	635.4
113.9	Multi asset credit	129.8
202.7	UK equities	174.4
1,153.0		**1,261.9**
	Other investments	
75.6	Infrastructure funds	78.2
108.2	Pooled property investments	119.0
29.2	Private equity funds	24.4
213.0		**221.6**
0.0	Investment income due	0.0
1,366.0	**Total investment assets**	**1,483.5**
	Long-term investments	
0.2	Equities	0.2
1,366.2	**Net investment assets**	**1,483.7**

a. Reconciliation of movements in investments

The table below shows the movement in market values by asset type

	Market Value 31-03-2023	Purchases During the Year	Sales During the Year	Change in Value	Market Value 31-03-2024
	£m	£m	£m	£m	£m
Infrastructure funds	75.6	0.2	(1.1)	3.5	78.2
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	1,153.0	207.0	(226.6)	128.5	1,261.9
Pooled property investments	108.2	15.0	(1.7)	(2.5)	119.0
Private equity funds	29.2	0.8	(4.4)	(1.2)	24.4
	1,366.2	**223.0**	**(233.8)**	**128.3**	**1,483.7**
Investment income due	0.0				0.0
Net investment assets	**1,366.2**				**1,483.7**

	Market Value 31-03-2022	Purchases During the Year	Sales During the Year	Change in Value	Market Value 31-03-2023
	£m	£m	£m	£m	£m
Infrastructure funds	68.7	0.6	(4.5)	10.8	75.6
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	1,165.0	0.0	(9.7)	(2.3)	1,153.0
Pooled property investments	101.1	23.6	(1.4)	(15.1)	108.2
Private equity funds	34.1	0.3	(8.1)	2.9	29.2
	1,369.1	**24.5**	**(23.7)**	**(3.7)**	**1,366.2**
Investment income due	0				0
Net investment assets	**1,369.1**				**1,366.2**

b. Investments analysed by fund manager

Market value 31-03-2023		Market value 31-03-2024
£m		£m
	Investments managed by the London CIV	
163.9	LCIV Global Alpha Growth Fund*	192.8
113.9	LCIV Alternative Credit Fund*	129.8
0.0	LCIV Buy & Maintain (Short Duration)* #	105.5
0.0	LCIV Buy & Maintain (Long Duration)* #	107.2
0.2	London CIV	0.2
278.0		**535.5**
	Investments managed outside the London CIV	
45.5	Alternative assets	40.8
105.1	Artemis Institutional Equity Income Fund*	119.9
27.4	Aviva Lime Property Fund	40.8
155.4	C Worldwide Global Equities*	173.0
117.2	Harris Associates Global Equity Fund*	117.1
59.2	IFM Global Infrastructure (UK)	61.8
54.3	Lindsell Train UK Equity Fund	54.5
44.0	M&G UK Residential Property Fund	42.9
36.8	M&G Secured Property Income Fund	35.3
43.3	Liontrust UK Equity Fund#	0.0
145.1	Pyrford Global Total Return Fund#	0.0
116.3	Ruffer Absolute Return Fund*	109.6
138.6	Veritas Global Focus Fund*	152.5
1,088.2		**948.2**
1,366.2	**Total**	**1,483.7**
0.0	Investment income due	0.0
1,366.2	**Net investment assets**	**1,483.7**

#The Pension Fund agreed to invest a total of £207m in Corporate Bonds in November 2023 as part of an asset allocation review following the triennial valuation. Accordingly, an initial investment was made on 6 December 2023 into two new LCIV Buy and Maintain (B&M) funds (50:50 split between long duration and short duration funds). A second and third tranche was made during January 2024 to bring the total invested in each fund to £103.5m.

To fund the new investments in the LCIV B&M funds, the Pension Fund fully disinvested from Pyrford and Liontrust and made drawdowns from equity managers C Worldwide, Harris and Veritas.

*These investments each singularly represent over 5% of the net assets of the Fund.

Alternative assets comprise of private equity and infrastructure investments managed through eleven separate investment managers.

13. Fair value - basis for valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Item	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key Sensitivities affecting the valuations provided
Pooled investments - equity funds (UK and Global)	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled investments – multi-asset funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled property investments	Level 3	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by significant changes in rental growth, vacancy levels, and the discount rate applied to future cash flows as well as more general changes in market conditions.
Private equity funds	Level 3	Comparable valuation of similar companies in accordance with international private equity valuation guidelines.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in the fair value of financial assets or to adjust earnings multiples.
Infrastructure funds	Level 3	Discounted cashflows applied to equity and debt instruments. The Funds determine fair value for these securities by engaging external valuation services.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in the fair value of financial assets or to adjust earnings multiples.

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

	Assessed valuation range	Market value 31-03-2024	Value on increase	Value on decrease
	(+/-)	£m	£m	£m
Private equity funds	10%	24.4	26.8	22.0
Pooled property investments	10%	119.0	130.9	107.1
Infrastructure funds	10%	78.2	86.0	70.4
		221.6	**243.7**	**199.5**

a. Fair value hierarchy

Assets have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 must be traded in active markets, this includes quoted equities, quoted fixed securities, quoted index linked securities and exchange traded unit trusts.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value. Products classified as level 2 comprise open ended pooled investment vehicles which are not exchange traded, unquoted bonds and repurchase agreements.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include private equity investments and infrastructure funds which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of pooled property investments are based on valuations provided by the fund managers which in turn represent estimates by independent professional valuers of the open market value of those investment as at the reporting date.

The values of the investment in private equity and infrastructure funds are based on valuations provided by the general partners to the private equity funds in which City of London Pension Fund has invested.

These valuations are prepared in accordance with the international private equity and venture capital valuation guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are typically undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Guidance released by the Pensions Research Accountants Group (PRAG) in 2016 provides further clarification on the classification of pooled investment vehicles as level 1, 2 and 3. Pooled funds that are not quoted on an exchange are classed as level 2, as these do not meet the definition of level 1 investment: *The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.* The table that follows provides an analysis of the assets of the Pension Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values as at 31 March 2023					**Values as at 31 March 2024**			
Quoted market price	**Using observable inputs**	**With significant unobservable inputs**			**Quoted market price**	**Using observable inputs**	**With significant unobservable inputs**	
Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Financial assets at fair value through profit and loss				
0.0	0.0	75.6	75.6	Infrastructure funds	0.0	0.0	78.2	78.2
0.0	0.0	0.2	0.2	Long-term investments	0.0	0.0	0.2	0.2
0.0	1,153.0	0.0	1,153.0	Pooled investments	0.0	1,261.9	0.0	1,261.9
0.0	0.0	108.2	108.2	Pooled property investments	0.0	0.0	119.0	119.0
0.0	0.0	29.2	29.2	Private equity funds	0.0	0.0	24.4	24.4
0.0	**1,153.0**	**213.2**	**1,366.2**	**Total investment assets**	0.0	**1,261.9**	**221.8**	**1,483.7**
0.0	0.0	0.0	0.0	Investment income due	0.0	0.0	0.0	0.0
0.0	**1,153.0**	**213.2**	**1,366.2**	**Net investment assets**	0.0	**1,261.9**	**221.8**	**1,483.7**

b. Reconciliation of fair value measurements within level 3

The table below shows the movements in level 3 disclosures for 2023-24

Disclosures for level 3	Market value at 31-03-2023	Transfers into level 3	Transfers out of level 3	Purchases at cost	Sales	Unrealised gains / (losses)	Realised gains / (losses)	Market value at 31-03-2024
	£m	£m	£m	£m	£m	£m	£m	£m
Private equity	29.2	0.0	0.0	0.8	(4.4)	(2.2)	1.0	24.4
Pooled property investments	108.2	0.0	0.0	15.0	(1.7)	(2.5)	0.0	119.0
Infrastructure	75.6	0.0	0.0	0.2	(1.1)	3.5	0.0	78.2
Long term investment	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Total level 3	**213.2**	**0.0**	**0.0**	**16.0**	**(7.2)**	**(1.2)**	**1.0**	**221.8**

14. Financial Instruments

a. Classification of financial instruments

at 31 March 2023					at 31 March 2024			
Fair Value through profit and loss	Assets held at amortised cost	Financial liabilities at amortised cost	Total		Fair Value through profit and loss	Assets held at amortised cost	Financial liabilities at amortised cost	Total
£m	£m	£m	**£m**		£m	£m	£m	**£m**
				Financial assets				
75.6	0.0	0.0	**75.6**	Infrastructure funds	78.2	0.0	0.0	**78.2**
0.0	0.2	0.0	**0.2**	Long-term investments	0.0	0.2	0.0	**0.2**
1,153.0	0.0	0.0	**1,153.0**	Pooled investments	1,261.9	0.0	0.0	**1,261.9**
108.2	0.0	0.0	**108.2**	Pooled property investments	119.0	0.0	0.0	**119.0**
29.2	0.0	0.0	**29.2**	Private equity funds	24.4	0.0	0.0	**24.4**
0.0	10.5	0.0	**10.5**	Cash	0.0	13.8	0.0	**13.8**
0.0	0.0	0.0	**0.0**	Investment income due	0.0	0.0	0.0	**0.0**
0.0	0.0	0.0	**0.0**	Other debtors*	0.0	0.0	0.0	**0.0**
1,366.0	**10.7**	**0.0**	**1,376.7**		**1,483.5**	**14.0**	**0.0**	**1,497.5**
				Financial liabilities				
0.0	0.0	0.0	**0.0**	Creditors*	0.0	0.0	0.0	**0.0**
1,366.0	**10.7**	**0.0**	**1,376.7**	**Total**	**1,483.5**	**14.0**	**0.0**	**1,497.5**

*The table above *excludes* debtors valued at £0.2m (31 March 2023: £0.6m) and creditors valued at £2.1m (31 March 2023: £1.6m) which are non-contract based transactions and balances and therefore do not meet the criteria of financial instruments. Further information on current assets and current liabilities outstanding at the reporting date is detailed in notes 19 and 20 below.

b. Net (Gains) and Losses on Financial Instruments

2022-23		2023-24
£m		£m
	Financial Assets	
(3.7)	Fair value through profit and loss	128.3
(3.7)		**128.3**

15. Risk and risk management

The Pension Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio.

The Fund's investments are actively managed by twelve main external fund managers who are charged with the responsibility to increase asset values, whilst maintaining market risk to acceptable levels. They achieve this mainly through diversification of stock portfolios across several geographical locations, various industrial sectors and asset classes. The managers' investing practices are controlled by pre-defined levels of tolerance.

Concentration risk is also controlled and monitored with a maximum proportion cap over the levels held in individual stocks as a set percentage of each manager's overall portfolio of stocks.

As part of each of the external fund managers' investing there is also a strict adherence to the principles of liquidity risk management in order to ensure cash flow requirements are met as and when they fall due.

All of the investing policies and practices are reviewed regularly after thorough consideration of economic and market conditions, and overall care is taken to identify, manage and control exposure to the price movements of several categories of investments.

16. Market risks

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors, asset classes and individual securities. To mitigate market risk, the Pension Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Price risk

In consultation with its investment consultant, Mercer Ltd, the Fund has determined that the following movements in market price risk are reasonably possible for 2023-24, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset type	Value as at 31 March 2024	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Developed market global equities	778.1	20.7%	939.2	617.0
Emerging market global equities	31.9	26.0%	40.2	23.6
Fixed Income	212.7	10.9%	235.9	189.5
Diversified growth funds	109.6	13.1%	124.0	95.2
Multi asset credit	129.8	12.4%	145.9	113.7
UK property (proxy for residential property)	42.9	17.2%	50.3	35.5
Long lease UK property	76.1	11.2%	84.6	67.6
Private equity	24.4	26.7%	30.9	17.9
Unlisted infrastructure	78.2	14.7%	89.7	66.7
Total	**1,483.7**		**1,740.7**	**1,226.7**

Asset type	Value as at 31 March 2023	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Developed market global equities	738.7	19.9%	885.7	591.7
Emerging market global equities	39.2	24.8%	48.9	29.5
Diversified growth funds	261.4	12.4%	293.8	229.0
Multi asset credit	113.9	12.1%	127.7	100.1
UK property (proxy for residential property)	44.0	17.3%	51.6	36.4
Long lease UK property	64.2	10.8%	71.1	57.3
Private equity	29.2	25.4%	36.6	21.8
Unlisted infrastructure	75.6	17.4%	88.8	62.4
Total	**1,366.2**		**1,604.2**	**1,128.2**

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. The pooled multi-asset investments are indirectly subject to interest rate risks, as underlying holdings include fixed income instruments, and this represent the risk that the fair value or these financial instruments will fluctuate because of changes in market interest rates. Fund managers have the discretion to manage interest risk exposure through the use of derivatives.

The Fund's indirect exposure to interest rate movements as at 31 March 2024 and 31 March 2023 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value. Bonds and cash balances are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

Value as at 31 March 2023	Change	Value on increase	Value on decrease	Assets exposed to interest rate risk	Value as at 31 March 2024	Change	Value on increase	Value on decrease
£m	%	£m	£m		£m	%	£m	£m
10.5		10.5	10.5	Cash and cash equivalents	13.8		13.8	13.8
250.5	1.00%	243.8	257.1	Bonds	182.2	1.00%	179.1	185.3
261.0		**254.3**	**267.6**	**Total**	**196.0**		**192.9**	**199.1**

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments owned directly or through a pooled structure, that are denominated in any currency other than the functional currency of the Fund (UK sterling).

The table above summarises the position as at 31 March 2024, and the comparable position as at 31 March 2023 is shown below. The analysis uses historical currency volatility data sourced from the fund custodian, BNY Mellon.

Currency	As at 31 March 2024			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	545.3	2.41%	558.4	532.2
Euro	194.4	1.29%	196.9	191.9
Japanese Yen	36.4	2.53%	37.3	35.5
Swiss Franc	17.4	0.00%	17.4	17.4
Danish Krone	12.6	1.75%	12.8	12.4
Indian Rupee	12.2	0.00%	12.2	12.2
Taiwanese Dollar	10.5	1.82%	10.7	10.3
Mexican Peso	10.4	2.35%	10.6	10.2
Swedish Krona	9.8	2.03%	10.0	9.6
South Korean Won	8.5	2.11%	8.7	8.3
Other overseas	34.9	3.74%	36.2	33.6
Overseas total	**892.4**		**911.2**	**873.6**
Sterling	591.3			
Net investment assets	**1,483.7**			

Currency	As at 31 March 2023			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	396.8	2.60%	407.1	386.5
Euro	133.8	1.51%	135.8	131.8
Japanese Yen	49.2	2.44%	50.4	48.0
Australian Dollar	32.4	2.30%	33.1	31.7
Swiss Franc	17.9	1.90%	18.2	17.6
Hong Kong Dollar	15.4	2.55%	15.8	15.0
Chinese Yuan	11.5	2.07%	11.7	11.3
Indian Rupee	11.3	1.80%	11.5	11.1
Taiwanese Dollar	10.2	2.82%	10.5	9.9
Swedish Krona	10.0	2.23%	10.2	9.8
Other overseas	47.9	1.02%	48.4	47.4
Overseas total	**736.4**		**752.7**	**720.1**
Sterling	629.8			
Net investment assets	**1,366.2**			

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. Officers monitor cash flows and take steps to ensure that there are adequate cash resources to meet the Fund's commitments. The Fund has immediate access to its cash holdings.

Liquid assets are those that can be converted to cash within three months, subject to normal market conditions. As at 31 March 2024, liquid investment assets were £1,261.9m representing 85% of total fund assets (£1,153.1m at 31 March 2023 representing 84% of the Fund at that date). These investments can in fact be liquidated within a matter of days.

Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high-quality counterparts, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner.

17. Funding arrangements

In accordance with statutory regulations a triennial valuation of the Pension Fund was completed by the City's independent consulting actuaries, Barnett Waddingham LLP, as at 31 March 2022 using the projected unit method and the resulting employers' contribution were implemented for the three financial years commencing 1 April 2023.

The main funding assumptions which follow were incorporated into the funding model used in the 31 March 2022 valuations (Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms):

	March 2022	
	% p.a.	Real % p.a.
Financial assumptions		
Discount rate	4.6	2.9
Retail Price Inflation	3.2	1.0
Consumer Price Inflation	2.9	-
Pension increases	2.9	-
Pay increases	3.9	1.0

The discount rate reflects the asset allocation embedded in Fund's long-term strategy; the below table outlines how these assumptions translate into an overall discount rate assumption as at 31 March 2022.

Future assumed returns at 31 March 2022	Percentage of Fund	Return Assumption	Real (relative to CPI)
	%	%	%
Equities	55	6.9	5.2
Property and infrastructure	15	6.4	4.7
Absolute return fund - inflation plus 3.2%	30	4.9	3.2
Expenses (deduction)		(0.2)	(0.2)
Neutral estimate of discount rate based on long-term investment strategy		**6.0**	**4.3**
Prudence allowance		(1.4)	(1.4)
Discount rate		**4.6**	**2.9**

Demographic assumptions

The assumed life expectancy from age 65 is shown below for the 31 March 2022 valuation.

Life expectancy from age 65		31 March 2022
Retiring today	Males	21.0
	Females	23.5
Retiring in 20 years	Males	22.3
	Females	24.9

Commutation assumption

As part of the 31 March 2022 valuation the actuary assumed that members on average exchanged pension to get approximately 50% of the maximum available cash on retirement.

50:50 membership

The actuary has assumed that existing members will continue to participate in their current section.

Funding Position at Valuation date

The valuation at 31 March 2022 revealed that the relationship between the values placed on the assets held by the Fund and the liabilities accrued in respect of pensionable service at that date were as follows:

	March 2022
Past service liabilities	**£m**
Active members	(448.0)
Deferred pensioners	(286.0)
Pensioners	(670.0)
Total	**(1,404.0)**
Assets	1,369.0
Deficit	**(35.0)**
Funding level	**98%**

Based on the above data the derivation of the basic rate of employer's contribution is set out below.

	March 2022
	Contribution rate %
Future service funding rate	18.5
Past service adjustment	2.5
Total contribution rate	**21.0**

The secondary rate contributions agreed with individual employers were set at the 31 March 2022 valuation to restore the Fund to a funding position of 100% over a recovery period of no longer than 11 years.

Whilst the Fund level contribution rate is now 21.0% per annum, within this individual employer contribution rates vary. Having considered the basic rate of employer's contributions above, the City of London Corporation set contribution rates applicable to its employees of 21.0% for each of the financial years 2023-24 to 2025-26. Exceptions are City Academy and the Multi Academy Trust who both pay 17.1% p.a., the London CIV (15.0%) and the Museum of London (16.1%).

18. Funded Obligation of the Overall Pension Fund

31 March 2023		31 March 2024
£m		**£m**
(1,517.7)	Present Value of the defined benefit obligation*	(1,536.6)
1,375.4	Fair Value of Fund Assets (bid value)	1,495.6
(142.3)	Net Liability	**(41.0)**

*The present value of the funded obligation consists of £1,520.9m in respect of vested obligations and £15.7m in respect of non-vested obligations (2022/23: £1,501.5m and £16.2m respectively).

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The above figures show the total net liability of the Fund as at 31 March 2024 and have been prepared by the fund actuary (Barnett Waddingham LLP) in accordance with IAS26. In calculating the disclosed numbers, the value of Fund's liabilities calculated for the funding valuation as at 31 March 2022 have been rolled forward, using financial assumptions that comply with IAS19.

at 31 March 2023		Assumptions	at 31 March 2024	
% p.a.	**Real % p.a.***		**% p.a.**	**Real % p.a.***
2.90	-	CPI increase	2.90	-
3.90	1.00	Salary increase	3.90	1.00
2.90	-	Pension increase	2.90	-
4.80	-	Discount Rate	4.90	-

* Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms.

Life expectancy from age 65		31 March 2023	31 March 2024
Retiring today	Males	21.1	20.8
	Females	23.5	23.3
Retiring in 20 years	Males	22.3	22.0
	Females	25.0	24.7

McCloud and Sargeant judgments

The Government reformed public service pension schemes in 2014 and 2015 and introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. A consultation has been run in relation to the changes proposed for the LGPS and legislation is now being drafted to bring forward these changes. Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023.

Guaranteed Minimum Pension (GMP) Equalisation

On 23 March 2021, the Government published the outcome to its GMP Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. Details of the consultation outcome can be found here.

19. Current assets

Current assets include cash balances of £13.8m at 31 March 2024 (£10.5m at 31 March 2023) and accruals for contributions of £0.2m (£0.4m at 31 March 2023).

20. Current liabilities

Current liabilities represent accruals for investment management expenses, custodian fees and benefits payable of £2.1m (2022/23: £1.7m).

21. Additional voluntary contributions

Market Value at 31 March 2023		Market Value at 31 March 2024
£m		**£m**
2.0	Prudential	2.3
0.6	Standard Life Investments	0.7
0.1	Utmost Life and Pensions	0.1
2.7		**3.1**

Additional voluntary contributions (AVCs) are managed externally and independently from the rest of the Pension Fund. They are paid by members to the Corporation and transferred directly to the relevant fund managers – Prudential, Standard Life Investments and Utmost Life and Pensions (formerly Equitable Life). AVCs of £0.37m were paid in 2023-24 (2022-23: £0.36m).

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

22. Related party transactions

The City of London Pension Fund is administered by the City of London Corporation. Consequently, there is a strong relationship between the local authority and the Pension Fund.

During the reporting period, the administering authority incurred salary expenses amounts to £0.6m (2022-23: £0.6m) which were recharged to the Pension Fund.

The Corporation is also the single largest employer of members of the Pension Fund and the employer contributions paid by it was £36.4m in 2023-24 (2022-23: £32.5m).

23. Key management personnel

The key management personnel of the Fund as at 31 March 2024 were the Chamberlain, Corporate Treasurer, Pensions Manager (Administration) and Group Accountant for Treasury and Investments. Total remuneration payable from the Pension Fund to key management personnel is set out below and has been apportioned based on an estimate of management personnel's time attributable to the Pension Fund.

2022-23		2023-24
£m		**£m**
0.2	Short-term benefits	0.2
0.2		**0.2**

24. Contingent liabilities and contractual commitments

On as 31 March 2024, the Fund had external outstanding capital commitments relating to Renewable Infrastructure of £75m (31 March 2023: £0). Further outstanding capital commitments at 31 March 2024 totaled £8.6m (31 March 2023: £7.2m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

Accounting Policies

Accounting Policies

1. Accounting Policies

The accounting policies set out the specific principles, bases, conventions, rules and practices applied in preparing and presenting the financial statements.

1.1. Basis of Preparation

This Statement of Accounts is prepared for the City of London Corporation ("the City Corporation") only to the extent that it exercises functions in relation to the collection fund of the Common Council, the City Fund administered by the Common Council (collectively referred to as "the City Fund"), as required by the Local Audit and Accountability Act 2014. Accordingly, the reporting entity, for the purpose of these accounts, is the City Fund which is a portion of the City Corporation but is not in itself a legal entity. This means the legal party to transactions and balances allocated to the City Fund is the City Corporation.

Assets, liabilities and transactions of the City Corporation are allocated to the City Fund where they relate to the economic activity of the City Corporation's local authority function, for example where they relate to education, housing, social care; policing; and port health authority functions. Similarly, transactions and balances that relate to the City Corporation's other economic activities are excluded from these accounts.

The basis of allocation has been made on a consistent basis for a number of years and are reported in more detail in the section below – Applying Accounting Policies.

The Statement of Accounts summarises the authority's transactions for the 2023-24 financial year and its position at the year end of 31 March 2024. The Statement of Accounts have been prepared on the base that the Corporation will remain a "going-concern" and will continue to operate in the foreseeable future. The accounts are prepared in accordance with proper accounting practices as required by the Accounts and Audit Regulations 2015. This comprises the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2. Accruals of Expenditure and Income

The accounts of the City Fund are maintained on an accruals basis. Consequently, activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is subsequently identified that debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours less cheques and BACS payments issued but not presented. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the City Fund's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period and are disclosed in the notes.

1.5. Charges to Revenue for Non-current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The City Fund is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, if it had a borrowing requirement it would be required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount, the Minimum Revenue Provision (MRP), calculated on a prudent basis determined in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation would then be replaced by the MRP by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves.

1.6. Employee Benefits

(a) Short-term employee benefits

Short-term benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service.

The cost of leave earned but not taken by employees at the end of the period is recognised within the Surplus or Deficit on the Provision of Services to the extent that employees are permitted to carry forward leave into the following period. However, statutory regulations require this cost to be reversed out of the accounts and this is achieved by crediting the revenue account for 'adjustments between accounting basis and funding basis under regulations' within the Movement in Reserves and debiting the 'statutory adjustments account' on the balance sheet.

(b) Termination benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service in the CIES at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the City Fund Balance to be charged with the amount payable by the employer to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

(c) Retirement benefit costs

(i) <u>Pension Costs – City of London Staff</u>

With the exception of serving police officers and teachers, City of London staff are eligible to contribute to the City of London Pension Fund, which is a funded defined benefits scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three funds (City Fund, City's Estate and City Bridge Foundation). The Corporation and its three funds have a policy in place to share the net defined benefit cost of the pension fund across the three funds. As such the City Fund recognises the net defined benefit cost along with a share of scheme assets and scheme liabilities. The total net defined benefit cost is apportioned across the Corporation's three funds based on the proportion of pensionable payroll of each fund.

- The liabilities attributable to the City Fund are included on the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including mortality rates, employee turnover rates and projections of earning for current employee
- Liabilities are discounted to their value at current prices
- The assets attributable to the City Fund are included in the balance sheet at their fair value using estimated bid values where necessary.

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

- Service cost comprising:
  - current service cost, the increase in liabilities as a result of years of service earned this year, allocated in the CIES to the services for which the employees worked
  - past service cost, the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the CIES as part of non-distributed costs
  - net interest on the net defined benefit liability is charged to the financing and investment income and expenditure line of the CIES. The interest is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments
- Remeasurements comprising:
  - the return on plan assets, excluding amounts included in the net interest on the net defined benefit liability, charged to the pensions reserve as other comprehensive income and expenditure
  - actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the pensions reserve as other comprehensive income and expenditure
- Contributions paid to the Pension Fund, cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the City Fund unallocated reserve to be charged with the amount payable to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are transfers to and from the pension reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pension reserve thereby measures the beneficial impact to the City Fund unallocated reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

(ii) Pension Costs – Police Officers and Judges'

The Police Pension Scheme is unfunded. Prior to 1 April 2006 each police authority was responsible for paying the pensions of its own former employees on a "pay as you go" basis. Under the current arrangements the City Fund no longer meets pension costs directly; instead it contributes a percentage of police pay into the Police Pension Fund. At the year end the Police Pension Fund is balanced to zero by either receiving a contribution from the City Fund equal to the amount by which the amounts payable from the Pension Fund for the year exceed the amounts receivable or, by paying to the City Fund the amount by which sums receivable by the Pension Fund for the year exceed the amounts payable. Where the City Fund makes a transfer to the Pension Fund, the Home Office will pay an equivalent top-up grant to the City Fund. Where a transfer is made out of the Pension Fund, the City Fund must pay the amount to the Home Office.

The payment of pensions to former judges' is the responsibility of the Treasury with the City of London reimbursing the Treasury for the City Fund's share of the liability. The City Fund's estimated liability has been determined by independent actuaries in accordance with IAS19.

The accounting treatment for the estimated liabilities on the Police and Judges' schemes are similar to that outlined above for the City of London Pension Scheme.

(iii) Pension Costs - Teachers

The payment of pensions to former teachers under the Teachers' Pension Scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Community and Children's Services line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year.

1.7. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

(a) Adjusting Events

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

(b) Non-adjusting Events

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.8. Financial Instruments

(a) Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

(b) Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

(i) Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

(ii) Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets (excluding statutory amounts such as council tax and NNDR) held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

The City Corporate currently has finance lease debtors for ground rents due on leases properties. Due to the low value of these rents compared to the investment lessees have made in these properties it is highly unlikely that default will occur and therefore no expected credit loss has been applied to these amounts.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

(iii) Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

(iv) Financial Assets Measured at Fair Value through Other Comprehensive Income (designated equity instruments)

The authority has designated an equity investment in the Municipal Bonds Agency as a financial asset measured at FVOCI on the basis that it is not held for trading and is held for strategic purposes. Fair Value gains and losses are recognised through other comprehensive income and expenditure. Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

The City Fund is not party to any material finance guarantees and therefore no adjustment to the accounts has been made.

1.9. Interest Income

Interest is credited to the City Fund and Housing Revenue Account based upon average balances held by the Chamberlain and invested by him in the London Money Markets.

1.10. Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received.

Where a grant or contribution has been received but the conditions of entitlement have not been satisfied, the grant or contribution is treated as a receipt in advance.

(a) Revenue

Specific, ring-fenced, revenue grants are credited to the appropriate service revenue accounts. Non ring-fenced grants to finance the general activities of a local authority (e.g. Revenue Support Grant) are disclosed in the CIES within taxation and non-specific grant income.

(b) Capital

Where a capital grant or contribution has been recognised as income in the CIES, and the expenditure to be financed from the grant or contribution has been incurred at the Balance Sheet date, the grant or contribution is transferred from revenue to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

Where a capital grant or contribution has been recognised as income in the CIES, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account within the usable reserves section of the balance sheet reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution is transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

1.11. Business Improvement Districts

A Business Improvement District (BID) scheme applies across an area of the City (Cheapside & Aldgate). The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the CIES.

1.12. Community Infrastructure Levy

The City Corporation has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The City Corporation charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area. CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

1.13. Heritage Assets

Heritage assets are those assets intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Where the cost or value of heritage assets cannot be obtained at a cost which is commensurate with the benefits to the users of the financial statements, such assets will not be recognised in the Balance Sheet. The City Corporation does not consider the expense of obtaining information on cost or values to be justified and therefore recognises on the City Fund balance sheet only those heritage assets for which information on costs is readily available. The City Corporation considers that heritage assets will have indeterminate lives and high residual values; hence the City Corporation does not consider it appropriate to charge the City Fund depreciation for these assets (see note 14, page 57, for details of these assets).

1.14. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Unallocated Reserve. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Unallocated Reserve. The gains and losses are therefore reversed out of the Unallocated Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.15. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City Fund. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the debtor (or cash where consideration has been received) and the related revenue are recognised in the financial statements of the period in which the change in circumstances occurs. Where an inflow of economic benefits or service potential is probable (rather than virtually certain) and can be reliably measured, contingent assets are disclosed as notes to the accounts.

1.16. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City Fund. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a note to the accounts, a provision is recognised in the financial statements for the period in which the change in probability occurs (except in circumstances where no reliable estimate can be made). Where a contingent liability exists, but a reliable estimate cannot be made, a note is disclosed in the accounts unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.17. Provisions

Provisions are made where an event has taken place that gives the City Fund a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the City Fund may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation from the City Fund. Provisions are charged as an expense to the appropriate service line in the CIES in the year that the City Fund becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the City Fund settles the obligation.

1.18. Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Freehold land has an indefinite life and the land within the lease is recorded as an operating lease unless it is an immaterial part of the lease.

(a) Finance Leases

(i) <u>City Fund as Lessee</u>

The City of London recognises property, plant and equipment held under finance leases as assets at the commencement of the lease at amounts equal to its fair value and, where material, liabilities at the lower of the present value of the minimum lease payments or the fair value of the property. The asset recognised is matched by a liability for the obligation to pay the lessor. Minimum lease payments are apportioned between a finance charge (interest) and a reduction of the outstanding liability. The finance charge element is allocated to revenue and is calculated so as to produce a constant periodic rate of interest on the remaining balance of the liability. Where liabilities are immaterial, a liability is not recognised and the full rental is charged to revenue over the term of the lease.

(ii) <u>City Fund as Lessor</u>

Amounts due from lessees under finance leases are recorded in the Balance Sheet as a debtor at the amount of the net investment in the lease. The lease payments receivable is apportioned between repayment of the debtor and finance income. The finance income is credited to revenue and calculated so as to give a constant periodic rate of return from the net investment. The asset is written out of the balance sheet as a disposal. A gain, representing the net investment in the lease is credited to income and the difference shown as a gain or loss on disposal. Where the lessee acquires the asset through payment of a premium at the commencement of the lease, this is included as a capital receipt and there is no remaining finance lease asset.

Operating Leases

(i) City Fund as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease). Where rent concessions have been granted because of the Covid-19 pandemic, these have included the forgiveness of a portion of or all lease payments for an agreed period (i.e. a temporary rent reduction or rent holiday). These concessions have been recognised over the periods that the change relate to.

(ii) City Fund as Lessor

Assets subject to operating leases are included in the Balance Sheet according to the nature of the assets. Rental income from operating leases is credited to the CIES. Credits are made on a straight-line basis over the period of the lease, even if the payments are not received on this basis (e.g. there is a premium paid at the commencement of the lease).

1.19. Overheads

The costs of support service overheads are generally apportioned between all services on the basis of employee time spent or other resources consumed on behalf of user services. Similarly, with the exception of vacant properties, the costs of support service buildings (including capital charges) are apportioned on the basis of the office area utilised by each service.

1.20. Property, Plant and Equipment

Property, plant and equipment comprises the following classes of tangible long-term assets; council dwellings, other land and buildings, leasehold improvements, vehicles plant and equipment, infrastructure assets, community assets, assets under construction and surplus assets.

(a) Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised provided that the expenditure is material (generally in excess of £50,000) and the asset yields benefits to the City Fund, and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of property, plant and equipment which is charged directly within service costs.

(b) Valuation

Property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset so that it is capable of operating in the manner intended. Assets are then carried in the Balance Sheet using the following measurement bases:

- Properties regarded as operational - current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), or where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost, based on modern equivalent assets, as an estimate of current value.
- Council dwellings – current value, determined using the basis of existing use value for social housing

- Non-operational assets under construction – historic cost
- Infrastructure, community and heritage assets - historic cost, net of depreciation, where appropriate
- Vehicles, plant and equipment - cost, net of depreciation, as a proxy for current value.
- Surplus assets – fair value, estimating highest and best use

All properties included on the balance sheet at current or fair value are revalued at least once within a five year period as part of a rolling programme with subsequent additions being included in the accounts at their cost of acquisition until the asset is next revalued. Revaluations are carried out sufficiently regularly to ensure that their carrying value is not materially different from their value at the year end.

(c) Revaluations

An increase arising on revaluation is taken to the revaluation reserve unless the increase is reversing a previous impairment loss charged to Surplus or Deficit on the Provision of Services on the same asset or reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset, in which case it is credited to expenditure to the extent of the loss or decrease previously charged there.

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, i.e. a significant decline in an asset's carrying amount during the period that is not specific to the asset (as opposed to impairment – see below), the decrease is recognised in the Revaluation Reserve to the extent that there is a balance on the reserve for the asset and, thereafter, against the Surplus or Deficit on the Provision of Services.

Legislation prescribes that revaluation gains or losses charged to Surplus or Deficit on the Provision of Services are not proper charges to the City Fund.

Such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal inception following implementation from the 2007 Statement of Recommended Practice. Gains arising before that date have been consolidated in the Capital Adjustment Account.

(d) Impairments

An impairment loss arises if the carrying amount of an asset exceeds its recoverable amount. This could be caused by such factors as a significant decline in an asset's value during the period (i.e. more than expected as a result of the passage of time, normal use or general revaluation), evidence of obsolescence or physical damage of an asset, a commitment by the authority to undertake a significant reorganisation, or a significant adverse change in the statutory or other regulatory environment in which the authority operates.

An annual assessment takes place as to whether there is any indication that an asset may be impaired. An impairment loss is recognised in the Revaluation Reserve to the extent that there is a balance on that reserve relating to the specific asset and thereafter to the Surplus or Deficit on the Provision of Services.

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services will not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Any excess above this carrying amount is treated as a revaluation gain and charged to the Revaluation Reserve.

Legislation prescribes that impairment losses and reversal of impairment losses charged to Surplus or Deficit on the Provision of Services are not proper charges to the City Fund. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement of Reserves Statement.

(e) De-recognition

The carrying amount of an item of property, plant and equipment (except for infrastructure assets) is derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from de-recognition of an asset is the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss arising from de-recognition of an asset is included in Surplus or Deficit on the Provision of Services under other operating expenditure.

Legislation prescribes that the gain or loss is not a proper charge to the City Fund or Housing Revenue Account. As a result, the City Fund or Housing Revenue Account is debited (in the case of a gain) or credited (in the case of a loss) with an amount equal to the gain or loss on disposal with the consequent entry being:

- an increase in the Capital Receipts Reserve of an amount equal to the disposal proceeds
- a charge to the Capital Adjustment Account of an amount equal to the carrying amount of the asset.

If the asset derecognised was carried at a re-valued amount, an additional entry is required; the balance on the Revaluation Reserve is written off to the Capital Adjustment Account and reported in the Movement in Reserves Statement. The Capital Receipts Reserve can only be used for new capital investment or set aside to reduce any underlying need to borrow (the capital financing requirement). A proportion of receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government.

For infrastructure assets, the provisions under The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 allow for the derecognition of replaced elements of infrastructure assets to be assumed to be at nil value. This provision has been utilised in forming the statement of accounts. In the event that a disposal proceed was received for an infrastructure asset, the accounting treatment describe above would be utilised for this receipt.

(f) Depreciation

Depreciation is provided for on all property, plant and equipment with a finite useful life, other than freehold land. The depreciation charge is calculated by allocating the Balance Sheet value of the asset, less its residual value, to the periods expected to benefit from its use; generally the straight-line method has been adopted.

The costs of services include charges for depreciation for all property, plant and equipment used in the delivery of services based on the value of assets at the start of the year. Where the effects of major additions or disposals occurring during the year are material, these are also reflected in capital charges to service revenue accounts. Freehold land, certain community assets and assets under construction are not directly used in the delivery of services and therefore do not attract a charge for capital.

(g) Components

Assets other than Housing Revenue Account (HRA) Dwellings

Large assets, for example a building, are reviewed to ascertain whether differences in the useful lives of components would have a material impact on the level of depreciation and/or carrying value of the overall assets. These reviews are undertaken:

- when an asset is acquired
- when an asset is enhanced
- when an asset is revalued.

Where there is a material impact on depreciation and/or the carrying value, the components are treated as separate assets and depreciated over their own useful economic lives.

HRA Dwellings

The components of HRA dwellings are reviewed at the same stages as indicated above. However, upon review, all the main components in HRA dwellings (e.g. roofs, windows, central heating, lifts and electrics) are treated as separate assets and depreciated over their own useful economic lives. This facilitates the use of the Major Repairs Reserve which is classified by Government as 'capital' funding.

1.21. Fair value measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability; or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

1.22. Reserves

Specific amounts have been set aside as reserves for future policy purposes or to cover contingencies. Details of the City Fund's earmarked reserves are set out in note 12 (page 51). Certain reserves are required by the Code to manage the accounting process for long-term assets and retirement benefits and do not represent usable resources. Details of these unusable reserves are set out in note 31 (page 84-87).

1.23. Revenue expenditure funded from capital under statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to revenue and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the authority and amounts directed under statute.

Such expenditure is charged to Surplus or Deficit on the Provision of Services in accordance with the general provisions of the Code. Any statutory provision that allows capital resources to meet the expenditure is accounted for by debiting the Capital Adjustment Account and crediting the City Fund unallocated reserve and inclusion as a reconciling item in the Movement in Reserves Statement.

1.24. Value Added Tax

Income and expenditure excludes any amounts related to VAT as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

1.25. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

1.26. Accounting for Council Tax and National Non Domestic Rates

The council tax and National Non Domestic Rates (NNDR) income included in the CIES is the City Fund's share of accrued income for the year. However, regulations determine the amount of council tax and NNDR that must be included in the City Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the City Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the City Fund's share of the end of year balances in respect of council tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

1.27. Accounting for the London Business Rates Pool Pilot

In 2020-21, the City of London undertook the role of Lead Authority for the 100% London Business Rates Pool Pilot which brought together the business rates generated across the 32 London Boroughs, the City Corporation and the GLA. In 2023-24, the City of London undertook the role of Lead Authority for the 8 Authority Business Rates Pool which brought together the business rates generated across 7 London Boroughs and the City Corporation. In its role as

Lead Authority, the City Corporation has received funds and made payments on behalf of the pool and retaining funds for distribution to pool members in the future. The City Corporation has treated these transactions as an agent on behalf of the pool members and therefore has not accounted for these transactions in its CIES. Any outstanding transaction to or from the pool are shown as a debtor or creditor balances on the City Corporation balance sheet.

2. Accounting Standard issued but not yet adopted

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

- **IFRS 16 Accounting for Leases**

  IFRS 16 Leases will be mandatorily implemented in the Code for 2024/25. This standard replaces IAS 17 Leases and will remove the operating classification for leases where the City Fund acts as lessee, eliminating the ability for organisations to keep operating leases off balance sheet, by reporting them as a note to the accounts.

  This means that, for lease arrangements previously accounted for as operating leases, a right-of -use (ROU) asset and a lease liability will be brought onto the balance sheet as at 1 April 2024. Exemptions are applicable for low value and short-term leases.

  The City Fund, as a lessee, had formerly classified leases into either operating or finance leases, depending on whether it met the criteria for transferring the majority of the risks and rewards relating to ownership. Under IFRS 16 the City Fund will recognise ROU assets and lease liabilities on the balance sheet for most leases.

  Short term leases (those that have a lease term of 12 months or less) and leases of low value assets (under £10k) will not be recognised in accordance with exemption guidelines.

  IFRS 16 will be applied retrospectively, but with a cumulative effect being recognised as at 1 April 2024. Therefore, the ROU asset and lease liabilities will be calculated as if IFRS 16 had previously been applied but will only be recognised in 2024/25 with no prior year adjustments required.

  It is anticipated that the adoption of the Code's adaptation of IFRS 16 will result in the following additions to the balance sheet:

  £14.45m Property, Plant and Equipment - (right-of-use assets)
  £14.45m Lease Liabilities

- **Classification of Liabilities as Current or Non-current (Amendments to IAS 1).** Issued Jan 2020

  The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by.

  This amendment is not expected to have a material impact on the financial statements.

- **Non-current Liabilities with Covenants (Amendments to IAS 1).** Issued Oct 2022
  The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

  This amendment is not expected to have a material impact on the financial statements.

- **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12).** Issued May 2023
  Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - targeted disclosure requirements for affected entities.

  This amendment is not expected to have a material impact on the financial statements.

- **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).** Issued May 2023
  The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

  This amendment is not expected to have a material impact on the financial statements.

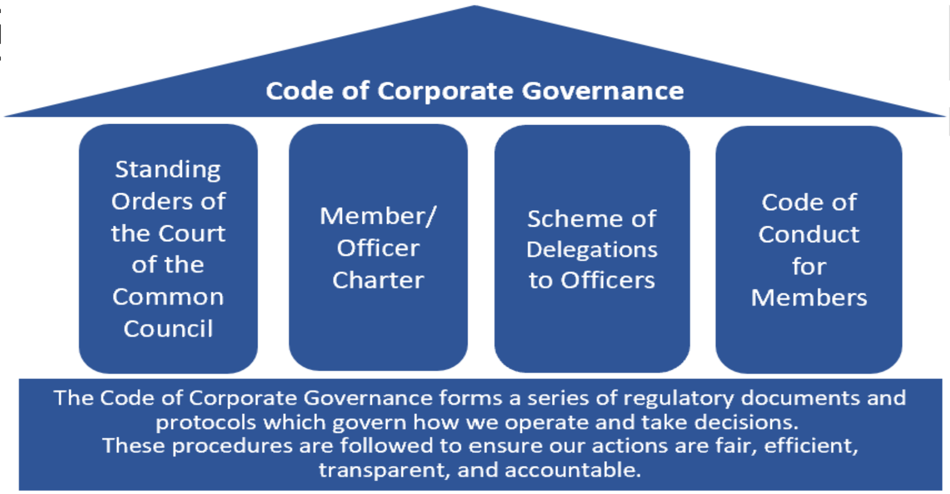
Annual Governance Statement

Executive Summary

1. The City Corporation has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016.*
2. This statement explains how the City Corporation has complied with the code and also meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.
3. The City of London Corporation is satisfied that appropriate governance arrangements are in place. The organisation is committed to continuous improvement and changes that are due to be made in the coming year will strengthen this position further.
4. **The Head of Internal Audit has provided an annual opinion stating that the City has adequate and effective systems of internal control (which includes governance arrangements) in place to manage the achievement of its objectives. This is informed by completed Audit work, discussion with key officers and observation of the governance process in operation.**

Code of Corporate Governance

5. The principles of good governance are embedded within a comprehensive published Code of Corporate Governance, which is a series of regulatory documents and protocols which govern how the City Corporation operates and takes decisions. This code covers both the Local authority and Police Authority roles and is also applied to our private and charitable functions, where appropriate. It links together a framework of policies and procedures, all of which are published on the City of London Corporation's web pages at the following location: Corporate Governance - City of London



- The Standing Orders of the Court of the Common Council outline how the court shall be run.
- The Code of Conduct for Members states members shall have regard for the Seven Principles of Public Life: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.
- Our Member/Officer Charter, in conjunction with the City Corporation's Member and Employee codes of conduct, ensures that appropriate working relationships and mutual expectations are more clearly established and promoted between Members and Officers.
- The Court of Common Council has agreed the principle that authority should be delegated to Chief Officers (and their nominated Deputies or Assistants) under the Scheme of Delegations to Officers for carrying out the day-to-day management of all services and for the discharge of specific statutory and non-statutory functions.

6. Our decision-making arrangements operate on a committee-based system whereby a series of "Grand" committees are appointed annually by the Court of Common Council every April. Those Grand Committees in turn, will appoint sub committees to oversee specific scrutiny and functions. Some Grand and Sub-Committees have decision making powers. These committees, the principal governing body being the Court of Common Council, meet regularly throughout the year at a cadence appropriate to the nature of their business. Common Councillors are elected for three-four year terms on Grand Committees, which are staggered. Some Committees have term limits based on best practice for that sector.

7. Key features of the City Corporation's Governance Framework include effective leadership, scrutiny and review, and robust decision making and risk management.

<table>
<tr><td>Members, Committees and Policy Chair
Provide leadership and set policy to maintain the City's global standing as a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK</td><td>Scrutiny and Review
Committees scrutinize and review policy, plans and performance:</td><td>Risk Management
Corporate risks are considered by the Chief Officer Risk Management Group (chaired by the Chief Strategy Officer), and Executive Leadership Board, and reported to Audit and Risk Management Committee</td></tr>
<tr><td>Decision making
Committee meetings are held in public and recordings are available on City of London Corporation – YouTube channel for up to one year
Decisions are recorded on the City Corporation website</td><td colspan="2">Town Clerk and Chief Executive and other Chief Officers
The Town Clerk and Chief Executive is the Head of Paid Service and responsible for City Corporation staff and for leading the Chief Officer executive leadership team. The Comptroller & City Solicitor is the Monitoring Officer for the purposes of s.5 of the Local Government and Housing Act 1989 with responsibility for supporting lawful decision making and legal compliance and the promotion of high standards of conduct by elected and co-opted members of the Court of Common Council. The Chamberlain and Chief Finance Officer is the City Corporation's s.151 Officer responsible for the proper administration of the Corporation's financial affairs.</td></tr>
</table>

The Corporate Plan

8. The City of London Corporation Corporate Plan defines the key outcomes we want to achieve over a five-year period to help us spend our resources (time and money) on what we value. Corporate Plan 2024-29, which is effective from 1 April 2024, is a living document which will be monitored, reviewed, and refreshed during the five-year period, with progress published annually. It includes positive outcomes which are measurable by assessing impact. These measures will be further developed and refined during the lifetime of the plan. The plan also ties individual contribution to our core purpose, builds on the past and lays a foundation for the future and recognises the City Corporation's spheres of operation and influence: the Square Mile, London, nationally, and globally. It will be implemented through and alongside other strategies and programmes and is agile and iterative to respond to new challenges.

Progress on Issues identified in the 2022-23 Annual Governance Statement

9. The City of London Corporation has taken action to progress issues identified in the Annual Governance Statement 2022-23, as listed below.

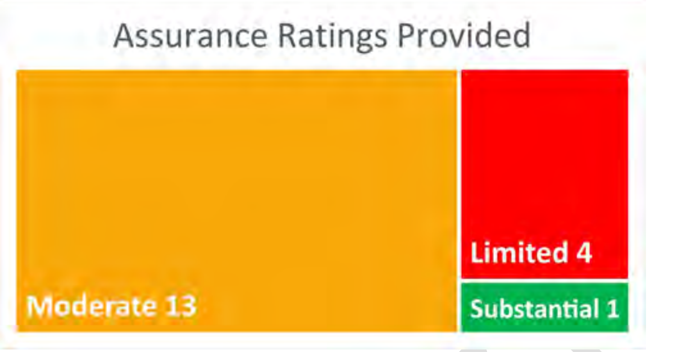
Issue identified	Action Taken	Outcome
Delivery of the Corporate Plan[1]	From July 2023, over a period of 9 months, Corporate Plan 2024-2029 was developed through extensive engagement and collaboration. Corporate Plan 2024-29 is effective from 1 April 2024 and progress is to be reported annually after the end of year 1.	✓
Implementing Internal Audit Review recommendations for Health & Safety	In July 2023 the City of London Corporation undertook an external review of health & safety governance within the organisation. This was undertaken by Quadriga Health & Safety Ltd. The review generated key recommendations, including a need to review the positioning of the central health & safety function into a second line of defence role. It also recommended a review of competent safety personnel across all departments of the organisation. Several recommendations have already been actioned, such as the reporting line of the team, now sitting under the Deputy Town Clerk and improving its reporting cadence into the Executive Leadership Board, and Corporate Services Committee. Actions from the internal audit review of Health and Safety are to be completed by March 2025.	Ongoing
Improving the management of the City Corporation's housing provision	An independent review of customer service functions across housing and repairs was carried out in 2023, identifying 30 recommendations for improvement, which are being taken forward under the name of the Resident Focus Project. An implementation action plan will track progress and updates are provided each month. Significant progress has been made on producing new Service Standards and supporting policies and procedures, to enhance housing management service delivery. A new Housing Strategy for 2024-29 is in the final stages of development and will be supported by an action plan to coordinate service improvements across Housing and Repairs. Additionally, steps are being taken to strengthen compliance activity to ensure safety in the homes we manage, with a new post of Housing Compliance Manager being created to coordinate this vital work. The responsive repairs contract is being re-procured in time for April 2025, with substantial resident and Member involvement to ensure that the new service meets the Corporation's and tenants' priorities.	Ongoing

[1] In July 2023 the Court of Common Council decided that a Corporate Plan 2024-2029 would be implemented from 1 April 2024 and consequently work to attach an Annex to Corporate Plan 2018-2023 for the 2024 year was superseded.

	A new regulatory regime for social housing came into effect on 1 April 2024 and officers are working to ensure that services meet regulatory expectations. The first mandatory Tenant Satisfaction Survey was conducted in late 2023 and showed increased performance on previous years.	
Positioning City of London Corporation as an Employer of Choice through our people and talent offerings	The City Corporation's HR Function, led by the Chief People Officer and overseen by the Executive Leadership Board and Corporate Services Committee, produced the People Strategy 2024-29. The first of its kind for the City Corporation, it captures a range of services and actions to be delivered across the duration, designed to ensure that leaders and the workforce are supported effectively, enable inclusive recruitment and retention of the best talent, and position the City Corporation as an employer of choice. All the People Strategy themes are interconnected to support the achievement of the Corporate Plan objectives while providing an exceptional work environment where all our people can thrive. Key workstrands including Ambition 25, work on the City of London Corporation's Values, and on culture and behaviours are ongoing.	Ongoing
Enabling a data driven organisation through appropriate technology and capability	In 2023-24 the City of London Corporation undertook a detailed Data Maturity Assessment in partnership with Hitachi Solutions. The Assessment outlined a series of key recommendations including the need to review the organisation's data governance, develop a centre of excellence for data and establish a corporate data platform to support more effective data sharing and derive greater value from the organisation's data. These recommendations are in the process of being implemented and are due to complete in 2024-25. The ongoing focus on data will be encapsulated and further progressed through the emerging Digital, Data and Technology Strategy.	Ongoing
Continuing to strengthen Equality, Diversity & Inclusion	The corporate EDI portfolio transferred to the Corporate Strategy and Performance Team in November 2023 with the following agreed areas of focus: • EDI Team: support to the current EDI team. • Compliance: ensure the CoLC is compliant in its EDI duties and commitments. • Political Priorities: take stock and prioritise delivery of the political EDI commitments (namely delivery of the Equality Objectives (published March 2024), completion and embedding the Tackling Racism Taskforce Recommendations and address gaps relating to EDI Data) • Review: scope and agree the terms of reference (with Members) of a review into EDI. Department and Institution EDI teams also provide expertise and support.	Ongoing

Review of Effectiveness

10. The City Corporation identified the following governance performance indicators.

Governance Key Performance Indicators	Outcome
Internal Audit Work: as at 31/03/2024, 18 Internal Audit reviews were completed (final reports issued), the majority of which resulted in a Moderate Assurance opinion. A total of 124 recommendations were raised by Internal Audit, a proportionately greater number than in the previous year[2], although noted that 30% of the recommendations raised were as a result of 2 Limited Assurance reviews	 
Fraud identification: proven fraudulent activities carried out by members or staff	One in 2023/24.
Outcomes of investigations carried out by Monitoring Officer or Independent Panel	In the period 1 complaint was considered by the Panel of Independent Persons under the Code of Conduct. Two were successfully resolved by informal mediation and did not therefore warrant the Panel's formal consideration.
s151 formal issues raised	None in 2023/24
Local Government & Social Care Ombudsman referrals (where upheld)	Compliance with recommendations – 100% (no upheld referrals in the period)
Meeting statutory deadlines/targets as per Electoral Commission Performance Standards	2023: The Electoral Services team carried out 8 elections across 6 wards (some wards had multiple elections) to the national standard. They also delivered the annual canvass which is the statutory audit of the Ward List and the Electoral register to the relevant legislation.
Freedom of Information and Environmental Information Regulations	2023: 1,191 FOIs and 9 EIRs were received. Of these 1,118 (93%) requests were responded to within the statutory Compliance deadline. The Information Commissioners Office target is 90%. 2023: 14 Complaints were received concerning request responses. Of these 22% (3 complaints) were upheld, 22% (3 complaints) were partially upheld, 50% (7 complaints) were not upheld and 7% (1 complaint) was pending at the end of the calendar year.
Number of corporate and service departments that report business plan KPIs	2023-24 Performance: 5 (of 8) corporate and service departments reported business plan KPIs
Appraisals % completed	2023: 80% appraisals completed (City of London Corporation overall average)
Number of staff attending City of London Corporation induction	2023-24 Performance: In total, 691 staff attended the 5 induction events held in the period.

[2] 73 recommendations were raised in FY2022-23. 168 recommendations were raised in FY2021-22

Course completion rates for staff enrolled in mandatory training[3]	2023-24 Performance: Action Counters Terrorism (ACT) 92% Customer Service 95% Data Protection 70% Equality & Inclusion - Our Commitment 92% Fire Awareness Online Module 87% Fraud Awareness 93%	Health, Safety & Wellbeing Induction 79% New Starter Orientation 80% Our Social Media Policy 97% Prevent 99% Secure Remote Working 87%
Number of reports taken by Corporate Projects Board taken under the urgency procedure	2023-24 Performance: 114 reports taken, of which 16 (14%) were taken under urgency	
Number of non-exempt invoices processed without a corresponding purchase order (PO)	2023-24 Performance: Total invoices (26/03/2023 - 25/03/202) was 98,231, breakdown as follows: Invoices with a PO – 54,907 (56%), invoices without a PO (PO Exempt) - 38,942 (40%); invoices without a PO (Non-Exempt) - 4,382 (4%). Compliant invoices 96% with 4% non-compliant.	

Member Governance

In May 2023 a 'light touch' review of the changes introduced to the Committee Structure (implemented as a result of the

11. independent review of the City Corporation's governance arrangements in 2019 by Robert Rodgers, The Lord Lisvane) was undertaken, with a view of rectifying any matters that were not working as hoped. A summary of further changes to be explored was reported to the Policy & Resources Committee in February 2023. An update on progress against these reviews is due in 2024, the vast majority of actions have been completed and/or matters moved on.

12. Business as usual reviews into the various thresholds and responsibilities captured within the Scheme of Delegations and Standing Orders are being completed as per agreed processes.

Changes to Programmes and Projects Governance

13. A review of project governance was undertaken, and the findings reported to the Policy & Resources Committee in July 2023. The review recommended a move to a portfolio management model providing greater assurance regarding delivery of project objectives, more clearly defined roles and responsibilities and, strengthened officer governance in order to enable a more risk-based approach to Member governance of projects. As a result, the new Town Clerk chaired Portfolio Board and the Chamberlain-led Project Assurance Board have been stood up to oversee the implementation of the portfolio management approach and to act as key gateways to Member approval for the most complex, high risk/value projects. The project governance review also included an independent assessment of the effectiveness of Member governance (relating to project delivery), which was debated by the Court of Common Council in July 2023. This review established the primacy of service committees in overseeing project initiation and delivery in line with service objectives and within budgets. The Projects and Procurement Sub-Committee, which was now to be overseen by the Finance Committee, was recognised as having responsibility for corporate assurance of internal capacity and capability to deliver the entire City of London Corporation project portfolio.

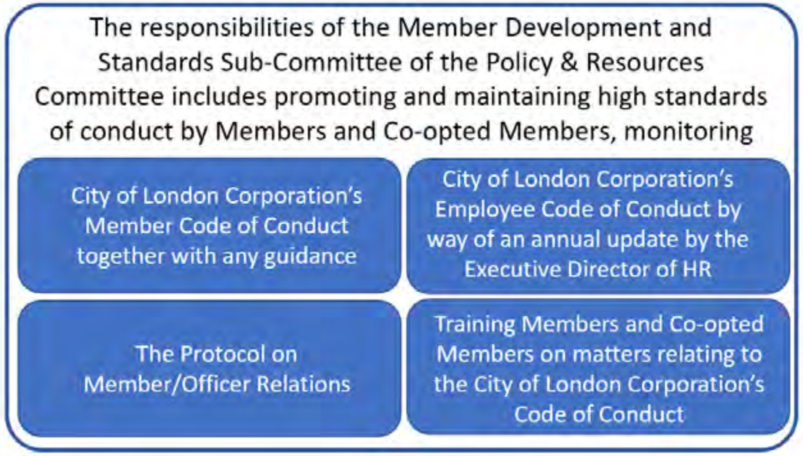
[3] All newly hired staff members are required to complete the mandatory training modules listed within the initial three months of their employment commencing. The data given is in respect of all staff of the City of London Corporation and its Institutions (including the civilian staff of the City of London Police but excluding officers) enrolled on online mandatory learning. The following training modules are on a renewal programme for all staff members: Fire Awareness: every 3 years; Action Counter Terrorism: every 4 years.

Member scrutiny and oversight

14. Appropriate Member scrutiny and oversight is vital in assuring the robustness of the City of London Corporation's governance, and on being elected, new Members receive appropriate induction to enable them to understand and undertake their role. The Member Induction process is managed by the Governance and Member Services team in the Town Clerk's Department. A Member induction programme is organised following Member elections.

Code of Conduct

15. The Panel of Independent Persons comprises a diverse group of 12 independent persons appointed by the Court of Common Council. Its purpose is to receive allegations of misconduct under the Members' Code of Conduct, facilitate informal resolution where appropriate, determine whether to investigate allegations, consider the outcome of investigations and if necessary, hold a hearing and any appeal and present recommendations to the Court regarding breaches of the Code and any sanctions. The regime involves a three-stage process: an assessment stage, a hearing stage and an appeal stage which are considered by separate Sub-Panels. The Panel is also responsible for considering requests for dispensations. Regular training is made available to all Members on the Code of Conduct, and External Members are also subject to this Code.

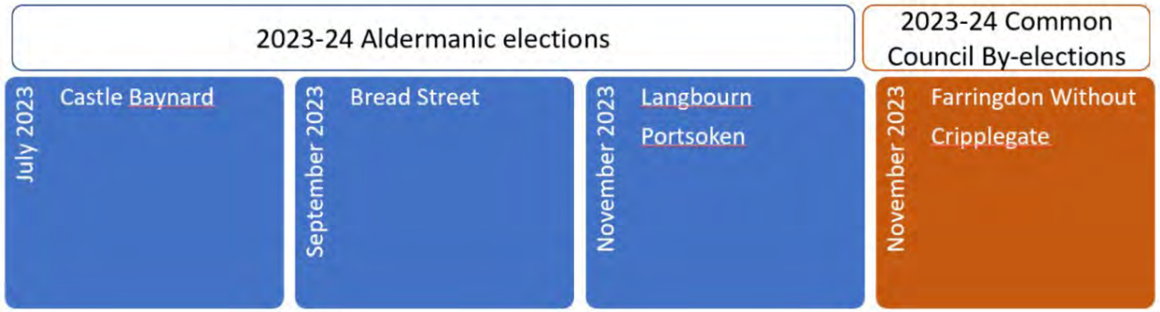


Whistleblowing

16. Whistleblowing is the term used when someone who works in, or for an organisation, wishes to raise concerns about malpractice in the organisation (for example, crimes, civil offences, miscarriages of justice, dangers to health and safety or the environment), and the covering up of any of these. The City of London Corporation has a Whistleblowing Policy and information for employees on how to raise a concern is provided on its website and its staff intranet.

Electoral Arrangements

17. The City Corporation administers electoral registration and elections in the City of London and maintains a database of organisations and individuals in the City of London who are eligible to register to vote. Three separate registers are maintained: the Common Hall Register of Liverymen, the Ward Lists and the Electoral Register. Information on the electoral process and how to vote is published on the City Corporation website, as are the details of forthcoming elections and election results. The electoral process remains robust. Aldermanic elections and Common Council by-elections were held in a number of wards in the 2023-24 year.



18. Common Hall is one of the Executive Bodies through which the City Corporation operates and is a meeting of the Liverymen of the City of London Livery Companies, held at Guildhall twice a year, to elect officers of the City including the Sheriffs and the Lord Mayor. The annual Aldermanic Appraisal Process forms part of the City Corporation's corporative governance information. The Lord Mayor is elected annually at Michaelmas, on 29 September, and the City's Sheriffs are elected after Midsummer day on 24 June. Exceptions are made if these dates fall on weekends or major religious holidays. Sheriffs support the Lord Mayor in their official duties undertaken on behalf of the City Corporation.

Senior Officer Governance

19. The City Corporation's most senior Officer Governance Groups are the City of London Corporation Senior Leadership Team, established by the Town Clerk and Chief Executive in 2023, the Executive Leadership Board and the Chief Officer Risk Management Group. These senior officer groups provide strategic oversight, guidance, and decision-making for effective governance and management, discharging the aggregate set of accountabilities delegated to Officers by Members. The City of London Corporation Senior Leadership Team comprises Tier 1 Chief Officers and meets on a weekly basis, focusing on operational and organisational strategy and performance. The Executive Leadership Board agreed revised Terms of Reference in March 2024, reflecting its distinct role providing collective leadership and direction considering the City of London Corporation as a whole, aiming to secure outcomes for its long-term future by considering risks and opportunities for continuous improvement and effective change. Its membership comprises the City of London Corporation's Chief Officers and Heads of Institutions, and membership was expanded in January 2024 to include the Executive Director, Office of the Lord Mayor, Executive Director, Office of the Policy Chairman, and the Chief Operating Officer, City of London Police. The Chief Officer Risk Management Group is a sub-group of the Executive Leadership Board, and supports it in its overall responsibility for risk management.

Corporate Performance Management

20. Alongside the Corporate Plan 2024-29 a suite of performance metrics are being developed to monitor and measure Corporate Plan outcomes. These comprise of data collection and qualitative reporting that will, when aggregated, allow us to monitor progress against Corporate Plan outcomes. Progress reports will be published on the City Corporation website annually. Due to the immaturity of data collection and management within the organisation, metrics will evolve over time as better information is identified and processes improved. As data capture and availability improves additional Management Information will be made available for Executive Leadership. This is starting with core HR/staff data being made available for senior leaders.
21. Better data management, activity to improve data quality and data sharing across the organisation are key to improving effective corporate performance management. Activity is underway to improve back-end data management, including maturing data governance activity, and improving the use of business intelligence tools supported through the new Corporate Data Platform. This will allow the City Corporation to remove existing reporting tools and reduce manual processes that will ultimately support standardisation, cost-cutting and removing duplication and complexity.
22. Business Planning performance monitoring and management is more robust due to improvements to the process and additional scrutiny by Heads of Profession of department and institution Business Plans as they were developed. This helps combat siloed working and identify risks and interdepartmental dependencies. All departments and institutions presented their business plans to agreed timescales, with increasingly mature milestones and performance metrics having been developed as part of the process. Quarterly reporting of progress to the Executive Leadership Board has been introduced for FY 2024-25. Further iterations will align these business plans to the new Corporate Plan and move the City Corporation from a single year process towards five-year business plans that are refreshed annually.

Financial Management

23. The Chamberlain is the Chief Finance Officer in accordance with section 151 of the Local Government Act 1972 and has overall responsibility for the proper administration of the City's financial affairs. CIPFA's 2010 Statement on the Role of the Chief Financial Officer in Local Government defines the key responsibilities of this role and sets out how the requirements of legislation and professional standards should be met. The City's financial management arrangements were reviewed and found to conform to the governance requirements of the Statement. The Chamberlain also fulfils the role of Treasurer of the Police Authority.
24. The City Corporation culture is to maximise returns from its resources and seek value for money. It assesses the scope for improvements in efficiency/value for money by a variety of means, including improvement priorities set by the Policy & Resources Committee through the annual resource allocation process. The Projects and Procurement Sub-Committee meets monthly to ensure that projects align with corporate objectives and strategy and provide value for money. The Capital Buildings Board provides oversight for the major programmes, meeting every two months, supported by a monthly Chamberlain's Projects Assurance Board. The Efficiency and Performance Working Group examines and scrutinises both the Corporation-wide and individual departmental plans to ensure the drive for value for money and oversee performance in alignment with departmental business plans.

25. The City Fund Medium Term Financial Plan is approved each year by the Court of Common Council and sets the revenue and capital budgets for a five-year period. Over recent years the levels of high inflation have placed significant pressures on both revenue and capital budgets as costs of previously included programmes have increased. Uncertainty around local government finance beyond the next year, in particular the timing of any business rate reset, are key estimates required to be reviewed each year as part of the planning process.

26. Focus on financial processes in FY 2023-24, such as reducing instances of invoices and credit notes on hold past 30 days, generated improvements across City Corporation. The City Corporation is in the process of procuring a new ERP system which will continue to help modernise financial and human resources systems and processes.

27. The wider transformation within Chamberlain's and Financial Services Division is continuing to review processes and implement updates to modernise practice and generate efficiencies. During 2023/24 significant progress has been made in clearing the backlog of historic accounts meaning that now all accounts are signed off up to FY2022/23.

Risk Management

28. The Chief Officer Risk Management Group (CORMG) met regularly during this period, with risk reports regularly issued to ELB on the management of corporate and top red departmental risks and developing risk areas – a new addition to these reports was assigning RAG ratings to the Corporate/Red departmental risks showing how often the risks were being reviewed (with Red indicating over three months). Moving forward, this process will be one of the measures used to help identify where there may be issues in the routine management of our risks.

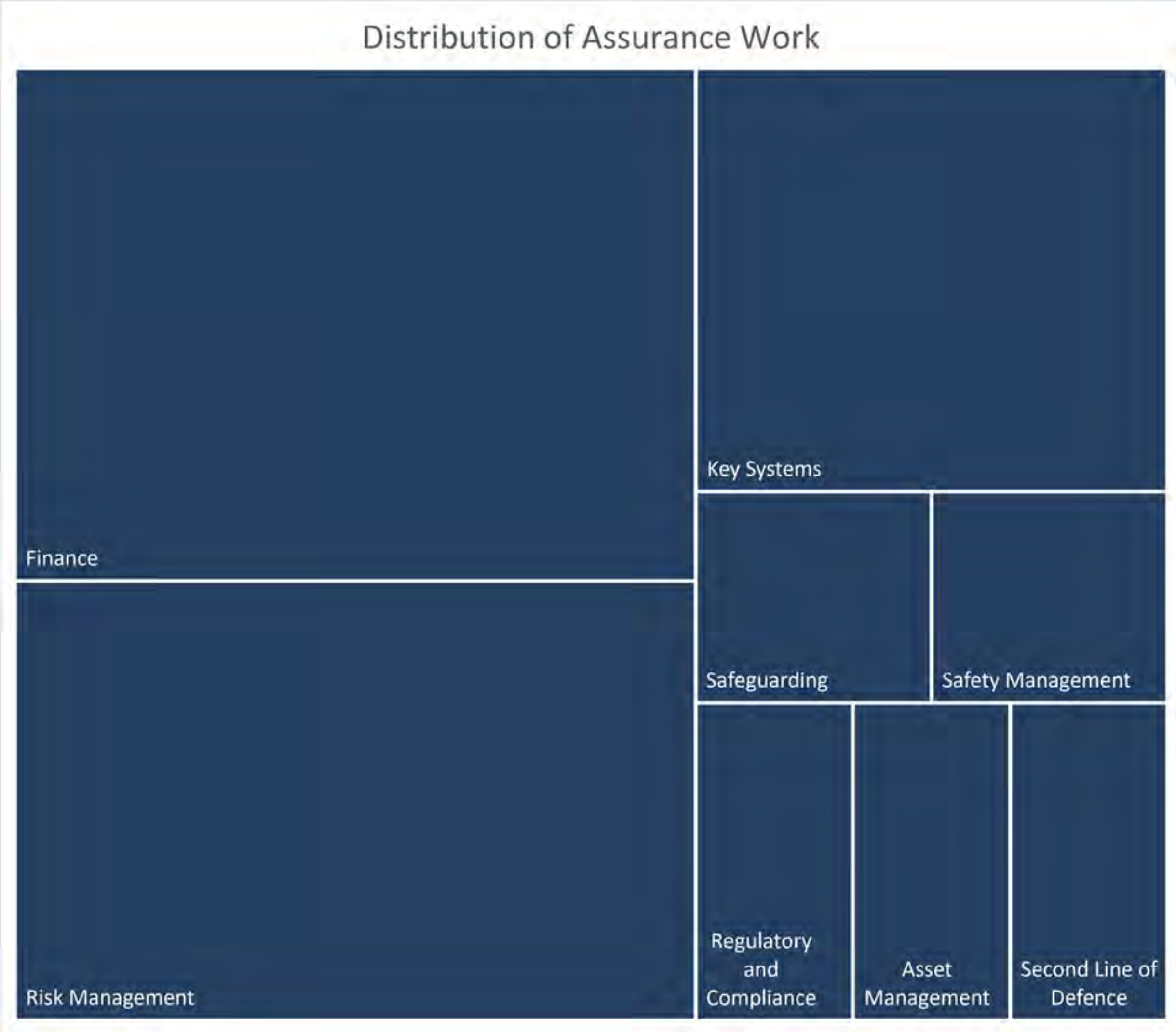
29. Cross-cutting portals were set-up within the electronic risk register that group risks by theme (aligning to City Corporation Heads of Profession) with the aim of identifying hot-spots/emerging risks. The programme of staff training continued, intranet pages were updated to ensure staff have clear guidance on risk processes and a 'how to' section incorporated into the Risk Management Forum, which now meets regularly. The risk management policy documents will be further updated in FY2024/25 once the Risk Management Strategy (which was rewritten in the final quarter of this year) is finalised. A Risk Appetite Review took place, as agreed with the Audit & Risk Management Committee, which will also impact the focus of work in FY2024/25, along with a review of risks against the new Corporate Plan outcomes.

Audit and Risk Management Committee

30. Risk management arrangements are reviewed annually by the Audit and Risk Management Committee which has a wide-ranging but focused brief that underpins the City of London Corporation's governance processes. The Committee continued to play an important and integral part in ensuring key risks were reviewed through regular risk updates and deep dives of corporate risks on a rolling basis. These corporate risk deep dives are now carried out by the Internal Audit Team to provide an additional level of assurance. A skills audit was produced and sent out to members of A&RMC. Responses will be collated and reviewed in the first quarter of FY2024/25.

Role of Internal Audit

31. Internal Audit has provided independent and objective assurance across a range of City Corporation activities and services.
32. The diagram opposite indicates the broad categorisation of assurance work within the Internal Audit programme of work.
33. For 2023-24 the Internal Audit work has continued to be driven by an ongoing assessment of risk and priorities, a more agile and dynamic practice implemented in 2022, working to a rolling quarterly plan with a statement of intent for a further 6 months, enabling better prioritisation of the limited resources available to Internal Audit. The Head of Internal Audit has worked with the full engagement and support of the Audit and Risk Management Committee, with updates provided to each Committee meeting. The level of resources available to Internal Audit during 2023/24 has resulted in delivery of a reduced programme of work and, as a result, assurance coverage has been focussed on operations assessed as higher risk. It is not unexpected that, as a result of targeting areas of highest risk, the profile of Internal Audit outcomes includes a high proportion of Moderate Assurance opinions, a larger programme of work would likely result in provision of a greater number of Substantial Assurance opinions, therefore providing a more balanced view of the overall effectiveness of the Internal Control Environment.
34. Within their Annual Report, the Head of Internal Audit has stated their opinion that the ongoing effectiveness of the Internal Audit function will be undermined unless the capacity and delivery capability of the service can be increased. There are two aspects to this: maintaining delivery capability while developing Auditors in training and building resilience. The Head of Internal Audit is, with the support of the Audit and Risk Management Committee and the Chamberlain (Chief Finance Officer), taking forward a business case to increase to the Internal Audit financial budget to support an expansion of coverage and to enhance the Audit planning process.



35. In accordance with the requirements of the Public Sector Internal Audit Standards, an External Quality Assessment was undertaken in 2023 which confirmed that the City of London Corporation's Internal Audit Service *Generally Conforms* with the requirements of the standards. An exception based self-assessment review has since been undertaken to assess the impact of any changes made to the Internal Audit methodology, the overall assessment of *Generally Conforms* remains valid.

Community Engagement

36. Improved resident engagement is a key priority for the City Corporation, reflecting the Policy Chairman's "Resident Reset" priority. City Question Time events were held in June 2023, December 2023 and January 2024 at venues across the City, enabling residents to meet and hold their elected officials to account. A Resident Campaigns and Communications Manager has been appointed to ensure effective engagement with our residents and the development of a clear resident offer and focus across our organisation. A Resident member representative has also been appointed to the City Envoy Network, which advises on tourism and leisure in the Square Mile and comprises leaders from a range of sectors.

37. In June 2023 the City Corporation launched the City Belonging Project an exciting new initiative to build a more inclusive and connected Square Mile, focusing in particular on improving our engagement with the diversity networks of City businesses. The scheme, which has delivered and promoted numerous events since its inception, is intended to create a more inclusive and better-connected Square Mile, where workers feel as much a part of the community as they do in the areas they live. Through such connections, we have been able to consult and co-create projects with our diverse community more effectively, including in areas such as planning, transportation and service delivery.

Equality Diversity & Inclusion

38. The City Corporation aims to drive forward Equality, Diversity and Inclusion (EDI) at all levels of the organisation. There is much ground to cover to achieve the desired corporate position and outcomes on EDI: to progress this EDI Sub Committee have agreed four core priorities. These are: supporting the EDI team, ensuring compliance with EDI duties and commitments, prioritising delivery of political EDI commitments and scoping and agreeing the terms of reference for an EDI review. The EDI Sub-Committee led by elected Members and strengthens the EDI governance structure and sets the strategic direction for EDI. The City of London Corporation's Equality Objectives 2024 to 2029, the Equalities Information Report and the Gender Pay Gap report were all published in March 2024, thereby meeting the specific requirements of the Equality Act 2010 Public Sector Equality Duty. The City Corporation is a signatory of charters and accreditations including Women in Finance, Stonewall, Disability Confident Employer, London Living Wage and the Social Mobility Employer Index. In 2023 the City of London Police became a White Ribbon accredited organisation. White Ribbon UK is a charity engaging men and boys to stop violence before it starts through personal reflection and allyship with women and girls. The City Corporation ranked at 87 in the Social Mobility Employer Index in October 2023, a notable slide from previous years from which lessons have been identified (e.g. coordination of corporate returns and enhanced activities to improve social mobility). A new Social Mobility Staff Network was launched in March 2023, joining the City Corporation's other 7 staff networks: Disability and Wellbeing Network (DAWN), City of London Ethnicity and Race Network (CLEAR), City Pride (LGBTQ+), Multi Faith Network, Women's Inclusive Network, Carers and Parents' Network, and Young Employees Network (YEN). Two new staff groups, Informal Armed Forces Staff Network launched in January 2024, and Climate Champions launched in February 2024, help inform policies and support staff from these groups. Departmental Equality Representatives meet regularly, and departmental Dignity at Work Advisers provide support to staff and aid the organisation in being an employer of choice.

Procurement

39. The Corporation's procurement activity is governed by the Procurement Code. This is supported by detailed guidance to officers on the City of London Corporation staff intranet. The Procurement Code is reviewed by the Commercial Service on a six-monthly basis. Procurement activity is organised into categories of spend each supported by a named Commercial Lead from within the Commercial Service. Dependent on spend value, procurement decisions are taken by the relevant Category Board (>£100k<£2m) or on the recommendation of the Category Board by the Projects and Procurement sub-Committee (£2m<£4m), Finance Committee (>£4m<£5m), Court of Common Council (>£5m). Spend below £100k in total value is delegated to Chief Officers with compliance and good governance facilitated through the Procurement Authorisation Report (PAR) which must be approved by the relevant officer with delegated authority. The City Corporation is in the process of implementing a long-tail spend solution intended to enable a more strategic, cost-effective, efficient and sustainable approach to low value purchasing, which will be effective from May 2024. The

Commercial Contract Management toolkit sets out the Corporation's approach to the management of its contracts and provides practical guidance to officers across the Corporation.

Police Authority Board

40. The City of London Police – the City's independent territorial police service – is overseen by the Police Authority Board (PAB). PAB is the City's equivalent of a Police and Crime Commissioner and makes sure City of London Police runs an effective and efficient service by holding its Commissioner to account, ensures value for money in the way the police is run, and sets policing priorities taking into account the views of the community. It has four sub-committees providing more detailed scrutiny in key areas: Resources, Risk, and Estates (RREC), Strategic Performance and Planning (SPPC), Economic and Cyber-Crime (ECCC), and Professional Standards and Integrity (PSIC).

41. Committee members are drawn from both the City's elected Court of Common Council and from external appointees, providing both accountability to and representation of City communities, and external perspectives and expertise. The City of London Police's operational and organisational priorities and objectives are published in periodic Policing Plans, and standalone strategies are published for specific areas – including strategies to reduce serious violence, improve neighbourhood policing, and deliver the City Police's national responsibilities on fraud, economic, and cyber-crime. This provides transparency about the overarching and the specific aims of the City of London Police, and how their delivery and success will be monitored and scrutinised by PAB and its sub-committees.

Events in the Middle East

42. The City of London Corporation and the City of London Police acted quickly in response to the events in the Middle East to support all residents, workers and visitors, as well as its staff, in the Square Mile and beyond. This included providing additional policing support, arranging for books of condolence in community spaces and promoting available sources of emotional and wellbeing support. We convened a series of community conversations through the City Belonging Project, bringing workers, residents, HR leaders and representatives of the Jewish and Muslim community together online over Microsoft Teams, to gather insight and share information.

Transformation

43. Transformation work has been governed under the Resources and Priorities Refresh Programme. The Resources and Priorities Refresh Steering Group meets every two months to oversee activity focused on the following three workstreams: Income Generation; Operational Property Review and Prioritisation. The Income Generation Workstream has identified a potential £1.5-3.1m of opportunity excluding an additional £3m that was identified to cover an Environment Department funding gap. The Operational Property Review workstream has delivered a dashboard that outlines net book value, workplace utilisation, expenditure/income, running costs and the 20-year forward plan for maintenance of all City Corporation operational property. This is being used to facilitate decision-making around divestment, utilisation as well as potential commercial opportunities. In terms of Prioritisation, a maturity matrix has been developed and a series of workshops with the Executive Leadership Board have been planned to facilitate radical decision-making to align our plans for 2024/25 and beyond with the Corporate Plan through the lenses of financial sustainability, silo-busting and raising our game.

Target Operating Model

44. The Target Operating Model (TOM) was completed in 2023. A final report on the TOM was presented to Finance Committee, Corporate Services Committee and Policy and Resources Committee in October and November 2023. This concluded that the TOM has achieved notable change in the organisation, with new leadership and restructuring having taken place. Although the TOM originally focussed on culture change, the delivery was solely on implementing Organisational Design principles and cost savings. The TOM negatively impacted upon staff and morale, and lessons have been identified on programme design and planning to support change programmes; however, it has delivered a modernised departmental structure in line with organisational design principles. The programme missed out on delivering innovation and progressing work to remove silos because it was hampered by its design requirement for simultaneous restructuring of departments, and due to the speed and urgency of the attempt to deliver the programme. All outstanding TOM implementation work was completed by the end of 2023.

Accountability and Action Plans

45. The City Corporation proposes over the coming year to take actions in the following areas to continue focus on the highest standards of governance.

Area	Action List	Targets / Milestones (include indicative date)	Lead (Chief Officer)
Health and Safety	• Progress the Health and Safety Action Plan:	• Develop the Safety Management Framework and align to City of London Corporation by EOY 2024 • Review departmental resources for safety management by December 2024 • Design and deploy a bespoke IOSH accredited managing safely and leading safely course for the CoL by October 2024 • Digitise our Safety Management System and approach to assurance by building a Safety Portal on COLNET by July 2024 • Develop a performance reporting mechanism for SLT and CSC by April 2024	Deputy Town Clerk
Finance	• Progress the ERP project to improve finance and HR systems. • Progress automation of invoice payments, ensuring Departments and Responsible Officers undertake tasks in line with set procedures to facilitate greater automation and speed of processing. • Continue to deliver effective financial management through capital and revenue reporting through to publication of the statement of accounts	• Finance Go Live by 2025 • HR Go Live by 2025 • Roll out of third party solution/Promote supplier portal - June 2024 • Remove internal business rates bills from AP - June 2024 • Achieve target % automation/interfaced payment of invoices within 30 days - Mar 2025 • Draft City Fund Accounts published May 2024 • Final City Fund Accounts published September 2024 • Delivery of a balanced budget and Medium-Term Financial Plan for City Fund, approved by the Court of Common Council - Jan 2025	Chamberlain
People & HR	• Implement People Strategy 2024-2029 actions for year 2024/25, including development of City Corporation values. • Progress the Ambition 25 project to ensure the City of London Corporation can recruit and retain high quality colleagues and enable a transparent, fair and understandable reward framework for all CoLC employees. • Establish a learning focused offering for senior leaders to work collectively and collaboratively, e.g. in action sets, to enable continuous professional development. • Review the mandatory training offer for staff and implement changes.	• Commence development of City Corporation Values by July 2024. • Launch the developed reward framework from October 2024. • Name and launch the new development group for the senior leaders in June 2024. • Communicate changes to the mandatory training offer from June 2024	Chief People Officer
Transformation	• Transformation to focus on increasing value of our operations in support of mitigation of medium-term financial situation through radical decision making in the short term and transformation delivery in the medium to	• Chief Officers to prioritise current activity and pipeline through the lenses of alignment to Corporate Plan, Financial Sustainability, Raising our Game (organisational	Chamberlain

	long term. Programme will include cross-cutting themes, each owned by a Chief Officer. • Work will commence with ensuring Transformation enablers are in place, securing the Brilliant Basics. In parallel, savings will be secured by prioritising activity through the lenses of the Corporate Plan, Financial Sustainability, Raising our Game (organisational effectiveness and commercial culture) and silo-busting. In Q3 activity will refocus on diagnostic activity in preparation for development and delivery of a Transformation framework, likely alongside a strategic delivery partner.	effectiveness and commercial culture) and silo-busting – April- June 2024 • Set up a Transformation Enablers Board to monitor progress of key enablers for Transformation – May 2024 • Conduct a diagnostic review to develop a baseline and framework for Transformation – September 2024 • Engage a strategic delivery partner to co-deliver the Transformation framework – October 2024	
Governance	• Greater base-level knowledge about governance and decision-making across the organisation. • Review into the Report Template. Noting the sheer volume of material to be considered, this review is hoped to better equip Committee Members with the key information (e.g. exec summary) to make informed decisions. Training to be rolled out to staff and Members on this. • Continued improvement to avoid late papers and decisions taken outside of committee. Strengthened agenda planning processes. • Regular training is offered to Members on City Corporation Governance processes and how to influence decision-making. The suite of training sessions is designed to support Members in the discharging of their duties. • A comprehensive Induction Training Schedule will be produced for the 2025 all out elections. This is offered to all Members (new and returning).	• Strengthened induction presentation for new staff. Updated training materials online (see report template update) and department specific sessions offered. • Drafts of report templates being worked up to present to the Resource Allocation Sub-Committee Away Day in June 2024. To be rolled out (including communication and training) in Summer Recess 2024. • To be monitored on a quarterly basis. • Member training and induction is monitored and overseen by the Member Development and Standards Sub-Committee.	Deputy Town Clerk
Procurement	• A comprehensive review of COL strategic procurement policy and practice will be undertaken during FY 24/25. This will include contract management and responsible procurement. This review is designed to identify both areas of strength and opportunities for development to ensure procurement governance continues to be effective. The review will also ensure organisational preparedness for the implementation of the new Procurement Act.	• Commission independent review of strategic procurement – June 2024 • Undertake Procurement Act readiness assessment with clear actions – September 2024 • Develop and agree strategic procurement improvement plan – October 2024	Chamberlain
Police/Police Authority Board	• Publish annual refresh of the 2022-25 Policing Plan, to ensure the Police's overall priorities remain up-to-date with latest issues • Publish annual City Police report for 2023/24, setting out how the police have performed on operational and organisational priorities over the past year • Publish and scrutinise delivery of several targeted strategies – to reduce serious violence, improve victims' services and	• Annual Policing Plan refresh – publish c. April/May 2024 • 2023/24 report – publish c. May / June 2024 • Serious violence strategy – published January 2024, now in delivery • Victim strategy – publish c. June 2024 • EDI strategy – publish c. June 2024 • PSI governance reform and TOM implementation – ongoing / continuous	Deputy Town Clerk

	outcomes, and improve equality, diversity, and inclusivity of the police service • Continue trialling governance reform to Professional Standards and Integrity Committee, with a more consistent focus on top PSI priorities each quarter • Continue implementing Target Operating Model for Police Authority Team, improving support from Corporation staff to the Police Authority Board and sub-committees		
Equity, Equality, Diversity & Inclusion	• Regular publication of progress on corporate Equality Objectives to update on corporate activity. • Submit corporate social mobility information for benchmarking and participation in social mobility employer index: this covers all corporate activity; review feedback and position in index (late 2024) in order to develop ongoing activity to improve corporate outcomes on social mobility. • Agree terms of reference and conduct a review into EEDI which will develop and strengthen the portfolio and its impact. • Stabilise and strengthen Corporate EEDI infrastructure	• Social Mobility Employer Index submission – June 2024 • Feedback review & implementation of social mobility activities – Q1 2025 • Workshops to be held with relevant officers and Members to agree the scope of the review and develop Terms of Reference - Spring/summer 2024. • Commission an independent review of EEDI activity – by autumn 2024 • Begin implementing recommendations from the review – by end of 2024/25 • Equality objectives progress publication – summer 2025 (one year from publication of the year to March 2024) • Review the Corporate EEDI structure, skills and capabilities required and undertaken recruitment to fill key roles (from Spring 2024)	Chief Strategy Officer
Risk Management	• Implement Risk Management Strategy 2024-2029 to support an agile and effective risk management process, create an effective risk management culture and enable informed decision making and appetite for risk.	• Finalise and agree the Risk Management Strategy 2024-2029 (May 2024) • Promulgate the Risk Management Strategy 2024-2029 across the City of London Corporation and commence embedding its approaches to risk management and culture into wider business processes (May 2024 onwards) • Further develop medium-longer term actions and measures to deliver the Risk Management Strategy over the 5-year period (2024-2029) • Update the Risk Management Policy with the identification, logging, updating and reporting of risks in line with the direction of the overarching Strategy (May-September 2024)	Chief Strategy Officer

44. This annual governance statement was approved by the City Corporation's Audit and Risk Management Committee on 13th May 2024.

Chris Hayward
Policy Chairman

Ian Thomas CBE
Town Clerk and Chief Executive

Further Information

Accounting Standards	Rules set by International Accounting Standards Board that set out how transaction are to be shown in an organisation's accounts
Accrual	The recording of income and expenditure when it becomes due rather than when the cash is paid out/received.
Balance Sheet	A statement showing the assets and liabilities of City Fund
Billing authorities	District, unitary, metropolitan and London Borough who collect council tax and non-domestic rates on behalf of all local councils
Cash flow Statement	This statement summarises the cash flows that have been made into and out of City Fund during the year.
City's Estate	The existence of City's Estate (formerly City's Cash) can be traced back to the fifteenth century and it has built up from a combination of properties, lands, bequests and transfers under statute since that time. It is accounted for separately and does not form part of the City Fund statements, although references are made to City's Estate in certain parts of the statements. The fund is now used to finance activities mainly for the benefit of London as a whole but also of relevance nationwide. These services include the work of the Lord Mayor in promoting UK trade overseas, numerous green spaces and work in surrounding boroughs supporting education, training and employment opportunities.
Creditors	Individuals or organisations to which the City Fund owes money at the end of the financial year.
Collection Fund	Statutory account showing transactions in relation to the collection of Council Tax, payments to the Greater London Authority and the administration of the National Non-Domestic Rate.
Community assets	Assets that the City of London intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and gardens or historic buildings.
Comprehensive income and expenditure statement	This statement shows all the income and expenditure of City Fund
Current asset	An asset which will be consumed or cease to have value within the next accounting period; examples are stock and debtors.

Current liability — An amount which will become payable or could be called in within the next accounting period; examples are creditors and cash overdrawn.

Current service cost (pensions) — The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailment (pensions) — For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of employees' services earlier than expected, for example as a result of discontinuing an activity, and
- termination of, or amendment to, the terms of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Debtors — Individuals or organisations that owe the City Fund money at the end of the financial year.

Dedicated Schools Grant — A grant from the Government used by City Fund to fund schools

Deferred capital receipts — These result mainly from loans to the Museum of London plus outstanding loans in respect of past sales of council dwellings to tenants who were unable to obtain a building society loan or other external means of financing. Their indebtedness is reflected in the balance sheet under long term debtors. This account shows the amount to be paid on deferred terms and is reduced each year by repayments made.

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

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

Depreciation — The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

Direct revenue financing — Expenditure on the provision or improvement of capital assets met directly from revenue account.

Donated assets — Assets transferred at nil value or acquired at less than fair value.

Expected rate of return on pensions assets	For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.
Experience gains or losses	In pensions accounting, the element of actuarial gains and losses that relates to differences between the actual events as they have turned out and the assumptions that were made as at the date of the earlier actuarial valuation.
Fair value	Fair value is generally defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.
Heritage assets	A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.
Housing Revenue Account	An account used to record the income and expenditure related to council housing
Impairment	A reduction in the value of an asset below its carrying amount on the balance sheet.
Infrastructure assets	Long-term assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples are highways, footpaths, bridges and sewers.
Intangible assets	A non-physical item where access to future economic benefits is controlled by the local authority. An example is computer software.
Pensions interest cost	For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
Investment properties	Interest in land or buildings that are held for investment potential.
Levies	These are charges incurred by the City of London to meet London-wide services. They include payments to the London Boroughs Grants Committee, the Environment Agency and the London Planning Advisory Committee.
Movement in reserves statement	This statement shows the impact of the financial year on the City Fund's reserves
National Non-Domestic Rate (NNDR)	A flat rate in the pound set by the Government and levied on businesses who occupy offices and buildings within the City. The income is collected by the City of London and is passed on to Central Government and the Greater London Authority (GLA).
Net current replacement cost	The cost of replacing a particular asset in its existing condition and in its existing use.

Net realisable value
The open market value of an asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

Net expenditure
The amount City Fund spends on providing services after capital financing costs and specific government grants are taken into account

Non-operational assets
Long-term assets held but not directly occupied, used or consumed in the delivery of service. Examples are investment properties.

Past service cost (pensions)
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Projected unit method
An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Provision
An amount set aside in the accounts for liabilities of uncertain timing or amount that have been incurred. Provisions are made when:

- the City of London has a present obligation (legal or constructive) as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Reserves
Reserves are reported in two categories in the Balance Sheet of local authorities:

- Usable reserves - surpluses of income over expenditure and amounts set aside outside the definition of a provision and which can be applied to the provision of services. Certain reserves are allocated for specific purposes and are described as earmarked reserves.

Unusable reserves - those that cannot be used to provide services. This category of reserves include adjustment accounts which deal with situations where statutory requirements result in income and expenditure being recognised against the City Fund or HRA balance on a different basis from that expected by accounting standards.

Revaluation Reserve	Represents increases in valuations of assets since 1 April less amounts written off due to the 'additional depreciation' (including impairment due to consumption of economic benefit) arising because property, plant and equipment are carried at a revalued amount rather than historic cost. It can also include reductions in values to investment properties where the reductions are not considered to be permanent.
Revenue expenditure	The day to day running costs relating to the accounting period irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, repairs, maintenance and supplies.
Revenue expenditure funded from capital under statute	Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to revenue and impact on council tax. These items are generally grant payments and expenditure on property not owned by the authority.
Scheme liabilities	The liabilities of a defined benefits pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.
Section 31 Grant	Grant that provides support to Local Authorities for expenditure lawfully incurred or to be incurred by them for certain changes
Section 106 agreement	A legal agreement between Local Authorities and developers; these are linked to planning permissions and can also be known as planning obligations.
Section 278 agreement	A section of the Highways Act 1980 that allows developers to enter into a legal agreement with the Local Authority to make permanent alterations or improvements to a public highway as part of a planning approval.
Treasury management	The management of the cash balances and borrowing needs from City Fund's cash flows
Triennial valuation	Actuarial valuation of defined benefit pension schemes that is required every three years
Valuation office agency (VOA)	The government agency responsible for valuing domestic and non-domestic properties

AAAmmf.. AAA Money Market Fund (Credit Rating)
ACT..Action Counters Terrrorism
AVC... Additional Voluntary Contributions
BACS... .... Bankers Automated Clearing System
BID... .... Business Improvement District
BRS .... Business Rate Supplement
CFR .... Capital Financing Requirement
CFO..Chief Financial Officer
CIES.. Comprehensive Income and Expenditure Statement
CIL .... Community Infrastructure Levy
CIPFA.. Chartered Institute of Public Finance & Accounting
CLEAR...City of London Ethnicity and Race Network
CoLc...City of London Corporation
CPI .... Consumer Price Index
CRC... .... Cyber Resilience Centre
DAWN..Disability and Wellbeing Network
DCCS..Department of Community and Children's Services
DfE.. Department for Education
DLUHC... Department for Levelling Up, Housing and Communities
DSG .... Dedicated Schools Grant
EBITDA .... Earnings before Interest, Taxes, Depreciation and Amortization
ECCC..Economic and Cyber Crime Committee
EDI... .... Equality, Diversity & Inclusion
EEDI.. Equity, Equality and Diversity Inclusion
ELB .... Executive Leadership Board
EIR... .... Environmental Information Regulations
ERP..Enterprise Resource Planning
EUV... Existing Use value
FTE.. Full Time Equivalent
FOI.. Freedom of Information
FVOCI.. Fair Value through Other Comprehensive Income
FVPL .... Fair Value through Profit or Loss
GAAP .... Generally Accepted Accounting Practice
GHG.. Greenhouse Gas
GLA... Greater London Authority
GMP .... Guaranteed Minimum Pension
HARC...Heathrow Animal Reception Centre
HRA .... Housing Revenue Account
IAS .... International Accounting Standards

I&G… .... Innovation and Growth Services
IFRS ....International Financial Reporting Standards
IPSAS..International Public Sector Accounting Standards
ISA...International Standards on Auditing
ISB.. Individual Schools Budget
LASAAC...Local Authority (Scotland) Accounts Advisory Committee
LCIV...London Collective Investment Vehicle
LGPS ....Local Government Pension Scheme
LLP .... Limited Liability Partnership
LMA...London Metropolitan Archives
MiRS..Movement in Reserves Statement
MoL...Museum of London
MRP..Minimum Revenue Provision
NAV .... Net Asset Value
NNDR..National Non-Domestic Rate
OFSTED...Office for Standards in Education, Children's Services and Skills
PAB..Police Authority Board
PPE… .... Property, Plant and Equipment
PRAG .... Pensions Research Accountants Group
PSIC...Professional Standards and Integrity Committee
RICS .... Royal Institution of Chartered Surveyors
RPI ....Retail Price Index
RREC..Resources, Risk and Estates Committee
SBNDR ....Small Business Non-Domestic Rate
SIP .... Strategic Investment Pot
SOLACE...Society of Local Authority Chief Executives
SPA… .... State Pension Age
SPPC.. Strategic Performance and Planning Committee
TOM .... Target Operating Model
VAT..Value-Added Tax
VOA ....Valuation Office Agency
YES.. Young Employees Network

Grant Thornton

City of London Corporation – The City Fund and Pension Fund

Audit progress report and sector updates

June 2024

Contents

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

Introduction

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This paper provides the Audit and Risk Management Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of these emerging issues which the Committee may wish to consider. Members of the Audit and Risk Management Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

https://www.grantthornton.co.uk/industries/public-sector/local-government/

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact Sophia or Grant.

Progress at June 2024

Financial statements audit

We undertook our initial planning for the 2023-24 audits in March 2024.

Our initial planning included:

- Updated review of the City Fund and Pension Fund control environments;
- Updated understanding of financial systems;
- Review of Internal Audit reports on core financial systems;
- Understanding how the City Fund and Pension Fund make material estimates for the financial statements; and
- Determining planning materiality and significant risks.

In May 2024 we issued the Indicative Audit Plans, setting out our proposed approach to the audit of the City Fund and Pension Fund 2023-24 financial statements. At the time of writing, we are concluding our detailed planning and risk assessment procedures. We will report to the Audit and Risk Management Committee if we identify any additional risks as we close down our planning and risk assessment work.

Following an introduction from the Pension Fund we held an introductory call with the London CIV (the pooling vehicle for the London Pension Funds) to discuss the possibilities of efficient information sharing with other London authorities we audit.

We arranged second visits for both the City Fund and Pension Fund audits to complete the planning and risk assessment procedures for late June 2024. We will commence work on the final audits of both the City Fund and Pension Fund's financial statements for 2023-24 from 1 July 2024.

Our findings on the audits will be reported in our Audit Findings Reports to the Audit and Risk Management Committee in September 2024. We will plan to issue our audit opinions following the meeting. There are no matters to report as of the date of this report.

Value for Money

Under the 2020 Code of Audit Practice, for local government bodies auditors are required to issue their Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

Our VFM planning work will commence in August with delivery of the final Auditor's Annual Report planned to be reported at the Audit and Risk Management Committee meeting in November 2024, in line with Code of Audit Practice requirements.

The National Audit Office (NAO) have issued Auditor Guidance Note 3 (AGN 03) in relation to Auditors' Work on Value for Money (VFM) Arrangements for 2023-24 audits.

The ongoing delays in local audit continue to significantly impact audited bodies and the financial reporting and auditing process and may therefore affect the timing of when the work on VFM arrangements set out in AGN03 is performed and reported.

The guidance states that the auditor should perform the procedures required as part of their work on VFM arrangements under AGN 03 and issue their Auditor's Annual Report when their work is complete.

The Auditor's Annual Report should be issued no more than three months after the date of the opinion on the financial statements for all local government bodies.

Audit deliverables

Below are some of the audit deliverables planned for 2023-24.

2023-24 Deliverables	Planned date	Status
City Fund Audit Plan We are required to issue a detailed audit plan to the Audit and Risk Management Committee setting out our proposed approach in order to give an opinion on the City Fund 2023-24 financial statements.	May 2024	Complete
City Fund Audit Findings Report The 2023-24 City Fund Audit Findings Report will be reported to Those Charged with Governance at the Audit & Risk Management Committee.	September 2024	Not yet due
City Fund Auditor's Report This includes the opinion on your 2023-24 City Fund financial statements.	September 2024	Not yet due
City Fund Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Authority's Value for Money arrangements.	November 2024	Not yet due
Pension Fund Audit Plan We issued a detailed audit plan to the Audit and Risk Management Committee and Pensions Committee setting out our proposed approach in order to give an opinion on the Pension Fund 2023-24 financial statements.	May 2024 and June 2024 respectively	Complete
Pension Fund Audit Findings Report The 2023-24 Pension Fund Audit Findings Report will be reported to Those Charged with Governance at the Audit & Risk Management Committee and the Pensions Committee.	September 2024	Not yet due
Pension Fund Auditor's Report This includes the opinion on your 2023-24 City of London Corporation Pension Fund financial statements within the City Fund's Financial Statements.	September 2024	Not yet due
Pension Fund Annual Report Auditor's Consistency Report This includes our opinion that the 2023-24 City of London Corporation Pension Fund financial statements within the Pension Fund Annual Report are consistent, in all material aspects, with those within the audited City Fund's Financial Statements.	November 2024	Not yet due

Audit deliverables

Audit related deliverables – Grants	Planned date	Status
Housing Benefit Subsidy – certification This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform. • 2020-21 HBAP return • 2021-22 HBAP return • 2022-23 HBAP return	TBC	TBC

Sector updates

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up-to-date summary of emerging national issues and developments to support you. We show the current estimated financial trajectory of the sector, and we cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- Grant Thornton publications
- Insights from local government sector specialists
- Reports of interest
- Accounting and regulatory updates

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local government

Audit backstop – update

As we have previously updated, the Government consulted in February 2024 on a proposal to introduce a series of statutory backstops to bring the local audit system back on track. The proposals also included a series of updates to the NAO's Code of Audit Practice.

Our understanding was that the necessary regulations to enact the backstop legislation were due to be laid before Parliament prior to summer recess in July 2024. This would have enabled the legislative framework which would have enabled the 30 September 2024 backstop to be implemented.

The calling of a General Election on 4 July 2024 puts this timetable in considerable doubt. The elected Government will have to decide if it wants to implement the backstop solution and, if so, determine the timetable by which it happens. In the meantime, we will continue with the timeframe for your 2023-24 audit as outlined in the Audit Plans, aiming to complete our work by the end of September 2024.

Audit sign-offs update

As at the end of May 2024, we (Grant Thornton) have signed 136 2022-23 audits, representing 65% of our local government audited bodies. We envisage achieving a 75% sign-off rate by the end of September. This compares with a 7% sign-off rate for other firms at the end of May 2024 (18 audits). If the backstop is extended to the end of this calendar year, we envisage our completion figure to be an 80% completion rate.

We signed off 81% of our 2021-22 audits by the end of May 2024. We envisage achieving an 85% sign-off rate by the end of September 2024. Other firms signed off 48% of 2021-22 audits by the end of May 2024.

Audit year	Grant Thornton audits signed - May 2024	Forecast Grant Thornton audits to be signed - Sept 2024	Other firm audits signed
2022-23	65%	75%	7%
2021-22	81%	85%	48%
2020-21	92%	92%	81%

LGA Improvement and Assurance Framework

On 24 May 2024 the Local Government Association (LGA) published an Improvement and Assurance Framework which is applicable to unitary, county, district and borough councils in England, and to English authorities with all types of governance system.

There has not previously been a document or framework which sets out, in one place, the various required components of local government assurance, how they all fit together, how to use them effectively and what improvement support is available to help. This framework aims to:

- support councils to understand how to use the components within the framework and how they fit together;
- increase the effectiveness of assurance in the sector. While it cannot itself prevent failures, its use may reduce the risk – and costs - of statutory or non-statutory intervention, whether by Oflog, central government or other regulators; and
- make it easier for local residents and businesses to understand how to hold their local authority to account.

The framework includes content on:

- A definition of assurance.
- How does accountability work?
- Components of the improvement and assurance framework.
- Working with auditors.
- Guidance on taking a structured and robust approach to considering commercial activity.
- Guidance for officers in key statutory roles and for key committees including the Audit Committee.
- How does the council hold itself to account?
- Key principles of good assurance and accountability.

The framework can be accessed here:

https://www.local.gov.uk/publications/improvement-and-assurance-framework-local-government-0

The State of the Locals

In April, shortly before the recent local government elections, a 'State of the Locals' report found that public trust in government at all levels is falling, but that public trust in local councillors and the local authorities they run is still almost twice as strong as public trust in the national UK government.

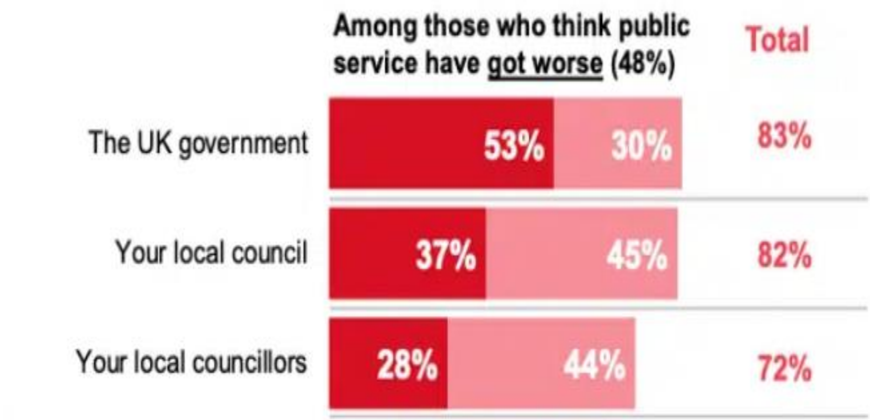
The report, published by the Local Government Information Unit (LGIU), found that the public do recognise the role that local authorities and their members play and do credit them when things go well. However, the report also found that the public believe services have got worse over the last five years overall; believe local authorities play a significant role in this (although not as great a role as national government); and do not always understand what local authorities do.

For new members joining local government for the first time and for the more experienced members starting or continuing their term, it's worth reflecting on LGIU findings. From the surveys that LGIU carried out, detailed findings show that people feel residents should be included more within decision-making processes; but there remains a low level of public awareness about what local government does.

This may be a good time to revisit communications strategies. Educating the public about the role and functions of local government, as well as the outcomes that members are actually able to achieve, might not only protect trust at its current level above national government, but also pave the way for a stronger level of trust overall in the future.

For a full copy of the LGIU report, see [The State of the Locals 2024 - LGIU]

State of the Locals extract: Who do the public think are responsible?



Productivity plans – new guidelines revealed and a note of caution

On 16 April 2024, Local Government Minister Simon Hoare wrote to all Local authority chief executives, asking them to formally begin compiling their productivity plans. Key things for members to be aware of are:

- There is no formal template and there are no specific metrics to report;
- Four categories are proposed for consideration. These surround: resources; technology; reducing wasteful spend; and the barriers preventing progress;
- Metrics and performance indicators are expected to be included in the plans, but local authorities can decide for themselves which ones are relevant to include;
- Plans should be three to four pages long and need to the be returned to DLUHC by 19 July 2024, with members having endorsed them first; and
- For transparency, plans should then be published on the local authority's website, so that residents can see them and, over time, monitor progress.

Whilst this may feel like additional burden, there will presumably be scope for using key performance indicator metrics already available.

The current intention of government is not to use Productivity Plans for rating or scoring or for league tables, but rather to inform policy considerations in the future. However, most councils will remember that the Times recently used Office for Local Government data to compile and publish its own league table, so far without any redress from national government.

For Productivity Plan metrics, as for any other performance indicators, it will be important to be clear about what drives the metrics. Whether for a three-to-four-page productivity plan or for any other domain, simply obtaining data isn't enough. Understanding the data, explaining it to residents, and acting on it is ultimately what matters most.

For recent comments from the Local Government Lawyer on Simon Hoare's letter to Chief Executives and on the Times's league table see:

Government reveals guidelines for new council 'productivity plans' (localgovernmentlawyer.co.uk)

Councils cry foul after Oflog data used for Times article on 'worst-performing councils' (localgovernmentlawyer.co.uk)

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Housing and homelessness – continuing crisis and a new reform

The Levelling-Up, Housing and Communities (LUHC) Committee published a report on the finances and sustainability of the social housing sector on 29 April 2024, arguing that the Government needs to deliver 90,000 more social homes for rent each year to alleviate the 'continuing chronic shortage' of social housing.

Just one day later, latest quarterly statistics on statutory homelessness and households in temporary accommodation were released. They made for sobering reading when compared with equivalent quarterly statistics from the previous year, underlining the real affect that our shortage of housing is having:

- 4.8% increase in overall initial assessments for homelessness year on year;
- 15.8% increase in households owed a relief duty this year compared to last;
- 15.3% increase in households owed a main homelessness duty;
- 12.1% increase in households in temporary accommodation; and
- 15% increase in households with children in temporary accommodation.

For short term responses to homelessness, the February 2024 announcement that the Government would top up local authority homelessness prevention grants by £109m will doubtless be helpful, as perhaps could be some certainty around the future of no-fault eviction laws. For a long-term solution, addressing the supply of housing stock itself may still the best means of addressing the root cause of homelessness issues.

A new reform came into effect on the same day that homelessness statistics were published. Since 30 April, local authorities have been empowered to buy land for development through using Compulsory Purchase Orders without paying inflated 'hope value' costs. 'Hope value' estimates the cost land could be worth if it was developed on in the future, often meaning that local authorities have been forced to pay potentially thousands more to buy the land they need for housing and/or have become entrenched in protracted disputes.

Housing and homelessness are complex areas and there is unlikely to be any quick fix solution. The new reform may help stimulate the building activity needed to address at least one part of the problem though, and in this respect is likely to be welcome.

For a full copy of the LUHC Committee report, see

The Finances and Sustainability of the Social Housing Sector (parliament.uk)

For the latest statistics on homelessness and households in temporary accommodation, see Statutory homelessness in England: October to December 2023 - GOV.UK (www.gov.uk)

For details of the new reform around hope values, see New powers for councils to help build more affordable homes - GOV.UK (www.gov.uk)

Design for life – the smart regeneration journey to 2030

Leading think tank Localis published an analysis of local regeneration policy on 8 May 2024, making a series of recommendations to national government around how best to develop the public realm over the rest of this decade.

Localis highlighted that local regeneration projects, particularly in urban areas, are key to addressing the national housing crisis; national net zero targets; and national health aspirations.

Recommendations that the report called on national government to implement included:

- Return to strategic regional planning;
- Establish regional planning offices;
- Provide single revenue and capital budgets to local authorities instead of splitting the budgets;
- Stop loosening regulation over council asset sales;
- Mandate that local and regional development plans will include carbon assessments and promote urban sites;
- Provide long term financial settlements, to reduce fiscal uncertainty and encourage public-private partnership; and
- For health and wellbeing aspects of regeneration, base additional funding on demographic profiles.

Localis described local authorities as "the hinge around which regeneration actors revolve." Whilst their recommendations would require changes in national policy, there are best practice questions that Local Authorities can be asking themselves now:

- Is our planning department properly financed?
- Are our regeneration goals sufficiently balanced across housing, carbon and community health needs?
- Do we have effective ongoing relationships with partners so that we can leverage short term funds quickly when they do become available?
- Can we scale up capacity for regeneration by pooling leverage with local NHS bodies, the third sector and community organisations?

For a full copy of the Localis report, see https://www.localis.org.uk/research/design-life-smart-regeneration-journey-2030/

Simpler Recycling – new rules

The Department for Environment, Food and Rural Affairs (DEFRA) announced on 9 May 2024 that simpler recycling rules are going to be introduced. Local authorities are likely to be required to comply by 2026. The new rules aim to simplify recycling processes and boost recycling rates, although they have met with significant criticism.

To be ready for compliance with the new rules, local authorities need to prepare for:

- Standardisation – All local authorities in England will be required to collect a consistent set of recyclable materials: plastics; glass; metals; paper and card; and food waste. The intention is to remove uncertainty and variation around the country about what can and cannot be recycled.
- A three-bin arrangement – 'Dry recycling' items such as cardboard and paper, tins and glass will be collected in one bin. Organic waste (food and garden) will be collected in a second bin. Residual (non-recyclable) waste will be collected in a third.
- Weekly and fortnightly requirements – Food waste collection will be required weekly. Local authorities will be required to collect residual waste on a fortnightly basis, even if at present they have already successfully transitioned to a three-weekly cycle.

Critics have pointed out that mixed dry recycling may contaminate paper and lead to less of it being recycled; whilst the move away from three-weekly residual waste collection in favour of a fortnightly residual waste collection is likely to reduce recycling overall. Nevertheless, the reform has been passed and local authorities will need to be ready. Important steps to take now are:

- Review and update your Council's Waste Management Strategy;

- Engage with finance business partners to ensure that activity will be accurately recorded and, in turn, translated to relevant new funding claims;

- Explore whether the changes in themselves generate new income opportunities; and

- Assess the readiness of contract delivery partners.

For DEFRA's comments on the reform, see Simpler bin collections for England to boost recycling - GOV.UK (www.gov.uk)

Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Public Sector Internal Audit Standards
https://www.gov.uk/government/publications/public-sector-internal-audit-standards

Code of Audit Practice for local auditors (NAO):
https://www.nao.org.uk/code-audit-practice/

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/

The Three Lines of Defence Model (IAA)
https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf

Risk Management Guidance / The Orange Book (UK Government):

https://www.gov.uk/government/publications/orange-book

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition

Delivering Good Governance in Local Government

https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition

Financial Management Code

https://www.cipfa.org/fmcode

Prudential Code

https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition

Treasury Management Code

https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition

Grant Thornton

grantthornton.co.uk

Crowe

Smart decisions. Lasting Value

City’s Estate Group and Other Charities of the City of London

Audit Planning Report to the Audit and Risk Committee

Year ending 31 March 2024

Presented to the Audit and Risk Committee on 8 July 2024

Audit / Tax / Advisory / Risk

Strictly Private and Confidential

The Audit and Risk Committee
City of London
PO Box 270
Guildhall
London
EC2P 2EJ

28 June 2024

Dear Members of the Audit and Risk Committee

We have set out in this audit planning report various matters relating to our audits of the financial statements of City's Estate Group and Other Charities of the City of London for the year ended 31 March 2024 following our initial discussions with Caroline Al-Beyerty, Sonia Virdee, Nicholas Basye, Jade Coombes, Ian Jenkins, Daniel Peattie, Jenny Wong and Laura Yeo on 12 June 2024.

I have pleasure in submitting our audit planning report for the year ending 31 March 2024. The primary purpose of this report is to communicate to the Audit and Risk Committee and the Trustees relevant matters relating to our forthcoming audits.

I look forward to discussing our report with you, as well as any further matters you may wish to raise with us. My colleagues Vincent Marke (Partner) and Daniel Haines (Director) will be attending the Audit and Risk Committee meeting with on 8 July 2024.

We look forward to working with you on the completion of the audit of the annual report and financial statements of City's Estate Group and Other Charities of the City of London.

Yours sincerely

Tina Allison
Partner

Contents

1. Executive summary

Our report to you

We are pleased to present our Audit Planning Report to the Audit and Risk Committee and welcome the opportunity to discuss this with you at your meeting on 8 July 2024.

International Standards on Auditing (UK) require that we communicate formally with “those charged with the governance” of City’s Estate Group and Other Charities of the City of London regarding relevant matters relating to our forthcoming audits. The objectives of this are to:

- ensure that there is a mutual understanding of the scope of the audit and the respective responsibilities of ourselves as auditor and those charged with governance;
- share information to assist both ourselves as auditor and those charged with governance to fulfil their respective responsibilities; and
- provide to those charged with governance constructive observations arising from the audit process.

The matters in this report include

• an overview of the planned scope and timing of the audit
• the significant risks of material misstatement, whether due to fraud or error, and our plans to address these
• our approach to internal control relevant to the audit
• the application of the concept of materiality in the context of an audit
• any other significant matters that, in our professional judgment, are relevant to the oversight of the financial reporting process

We have discussed the above matters in Section 2 to Section 5 of this report.

Responsibilities and ethical standards

We have prepared this report taking account of the responsibilities of the Trustees and ourselves set out in Appendix 1 of this report.

Operating environment and group structure

Our understanding of the operations and considerations in respect of the group structure are set out in Appendix 2.

Audit materiality

Our overall audit materiality for the financial statements as a whole will take account of the level of activity / funds held by each entity and will be set at approximately 2% of investments, 1.5% Income or 2% of Expenditure as appropriate for the entity concerned.

Further details of materiality levels, including those of components, are set out in Appendix 4.

The City Corporation’s Report and Financial Statements

We have set out in Appendix 6 a number of considerations to be taken by the Trustees and management when preparing the financial statements for the year ending 31 March 2024.

Audit reports

Please note that, while the financial statements are in draft form, the draft audit reports should contain the words “This report has not yet been signed” in the space for our signature. We will agree with you when this wording can be removed.

Overcoming prior year audit difficulties

Appendix 5 of our report highlights the additional costs incurred by City’s Estate and its related entities in finalising the 2023 audits. These costs occurred because of additional work arising from the late submission of audit deliverables and the volume and magnitude of errors identified in the draft information presented for audit.

Since the conclusion of our previous audit we have held discussions with the Chamberlain and wider finance team to explore root causes and potential changes to processes which can prevent recurrence in 2024.

Management have explained that extra resource has been secured within the finance team and additional checks and balances have been introduced to ensure the quality of information provided to audit.

Key to a successful outcome in 2024 will be clear communication on both sides regarding deliverables, progress and deadlines and we propose to set up regular touch-point meetings with management to communicate progress and issues. Should we begin to encounter delays in receiving information we will escalate this to the Chamberlain as requested.

An observation from our previous audits is that there are many individuals within the Corporation who are critical to providing timely information in order to achieve deadlines in your timetable. However, it has not always been clear who is accountable for ensuring that these individuals are all working with the same shared goal of delivering timely information to support a quality audit. We have therefore agreed that the following individuals will be responsible for coordinating their various teams to ensure timely provision of information for an effective audit:

Entity	**Responsible individual**
City’s Estate (Parent entity including schools, markets and central work)	Sonia Virdee
Natural environments	Pauline Mouskis
GSMD	Udhay Bhakoo
Sundry Trusts	Pauline Mouskis
Barking Power Limited	Sonia Virdee
Thames Power Limited	Sonia Virdee

2. Significant audit risks

ISA (UK) 315 (Revised) came into effect for periods starting in December 2021.

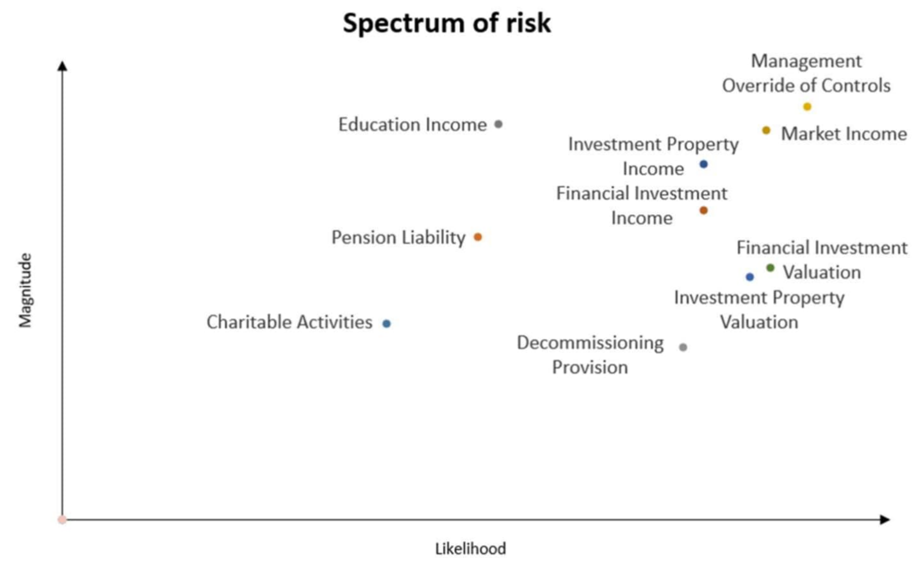
The revised ISA introduces the concept of a spectrum of inherent risk, considering both the likelihood and magnitude of a possible misstatement. A ‘significant’ risk is one close to the upper end of the spectrum of inherent risk, or one that has to be treated as such under other auditing standards.

Risk is considered in the context of how, and the degree to which, inherent and control risk factors affect the likelihood and magnitude of a misstatement occurring. Such factors may be qualitative or quantitative, and include complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or other fraud risk factors.

Our audit work will take account of our assessment of the risks of misstatement of transactions and balances in the financial statements. We identify a range of risks from our understanding of City’s Estate Group and Other Charities of the City of London, its people and environment, and the system of internal control and plan our audit work so as to reduce the risk of material misstatement to an acceptable level.

In line with ISA (UK) 315 (Revised), we have considered the inherent risk including both the likelihood and magnitude of a potential misstatement, as shown in the chart opposite:

Our risk assessment process is tailored to each individual entity, and as such, the risks outlined below do not apply to all entities covered within this report.



We have included in the table below an indication as to which entities each risk applies to and noted this in each sub-heading of Section 2 to indicate the relevant entities for the identified risk.

Reference	***Entity***
A	City’s Estate (Parent)
B	Natural Environments (previously known as open spaces)
C	Power station companies
D	Other charities within the Corporation subject to Audit

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2.1 Revenue recognition – Investment property income (A)

Key related judgements

Investment property income is one of the largest revenue streams for City's Estate, totalling £66m in 2023 (2022: £65.4m).

Investment property income is comprising mostly of routinely invoiced income, there have been rent-free periods offered in the year and rent holidays requiring more complex accounting. In addition, the quarterly invoicing pattern usually followed leads to the need to partially defer invoiced income at yearend.

This revenue stream also includes revenue released from deferred lease premiums attached to long term leases where City's Estate is the lessor.

Given the relative size of this revenue stream and complexities arising over cut-off and lease accounting, we consider there to be a significant risk over this revenue stream.

Crowe response

Our audit work will include the following:

- Reviewing the income recognition policy to ensure it is aligned with FRS 102 and is being appropriately applied and disclosed.
- Document and review the systems and controls in place over investment property income.
- This is a key area of control to ensure that you are recognising all income that is due and closely manage and monitor the debtor ledger.
- We will carry out analytical procedures and substantive testing on all income streams including reconciliations to the relevant systems and other records.
- Review a sample of transactions and bank receipts either side of the year end date to ensure these have been recognised in the appropriate period.
- Obtain a breakdown of investment property income for the year and reconcile to the trial balance.
- Verify a sample of property receipts to supporting tenancy agreements and invoices.
- Review the year-end deferred income balances, testing a sample to support and re-calculating the split of any invoices as appropriate.
- Reviewing the long-term lease premium accounting treatments to ensure they have been accounted for in accordance with the relevant accounting standards, and that they are being released correctly.

2.2 Revenue Recognition – Financial investments income (A, D)

Key related judgements

Investment income in City's Estate and the City of London Charities Pool is derived from the various investment holdings including listed investments, private equity, multi-asset and infrastructure fund holdings and bank deposits. City's Estate co- invests with the City of London Pension Fund and Bridge House Estates into a number of private equity holdings, with a portion of the value and investment income then apportioned to each entity from this central pool.

The Charities Pool entity acts as a pooled investment vehicle for the smaller charities within the City of London, responsible for managing their collective portfolios and dividing any income received in proportion to the units the other charities hold in the entity.

In addition, Hampstead Heath Trust holds a standalone portfolio along with Sir William Coxen Trust Fund which both also generate income through interest and dividends.

The primary risk for this revenue stream is over the accuracy of the central split of

(i) private equity allocated to City's Estate, and

(ii) income for the entities invested in the Charities Pool,

as well as the completeness of the investment income reported for the year in each entity, where it might be necessary to accrue for income not yet received.

Crowe response

Our audit testing in this area will include:

- Agreeing the income reported in the investment managers' reports and bank interest to the nominal ledger and third party sources and reviewing cut off to check that the income has been appropriately recognised.

- Reviewing the relevant AAF01/06 controls reports for the investment managers and custodians to gain assurance that income is being reported accurately to the Corporation and Charity.
- Reviewing the allocation of private equity investment income to City's Estate, ensuring it is in line with the proportion of the investment holdings allocated to each entity.
- Reviewing the split of investment income to the charities holding units in the Charities Pool, to ensure it has been calculated correctly and income for the full year has been allocated.

2.3 Revenue Recognition – Education income (A)

Key related judgements

Income through tuition and other related fees is one of the primary revenue streams in City's Estate, amounting to £97m in 2023. This income stream is generated from the three schools and one higher education body that the entity operates; City of London School, City of London Junior School, City of London School for Girls, City of London Freemen's School and Guildhall School of Music and Drama.

The recognition of school fees is considered highly predictable due certainty surrounding pupil numbers and termly fees which allow us to create a meaningful expectation of income from sources outside finance. As such this area is not considered a significant risk.

However, for wider educational income (including extras, trips, registrations etc) we consider the primary risks to lie over the completeness, existence and cut-off of this income to be a significant risk.

Crowe response

Our audit testing in this area will include:

- Gain an understanding of the systems and controls in place around education income, including controls over pupil management and invoicing at each school.
- Complete a proof-in-total over education fee income at each school using pupil data and fixed tuition fees lists for each school.
- Complete testing on the underlying inputs into this proof in total, including any discounts offered in the year.
- Review a sample of tuition and other education fee income, agreeing it to support and receipt to the bank.
- Perform cut-off testing around the year end to ensure income has been recognised in the correct years and income has been deferred appropriately.

2.4 Revenue Recognition – Market income (A)

Key related judgements

Market income consists of rental and similar income from the markets that City's Estate operates, being Billingsgate and Smithfield. Whilst comprising primarily of routinely invoiced income, the Covid-19 pandemic led to the introduction of rent-free periods and rent holidays requiring more complex accounting. In addition, the quarterly invoicing pattern usually followed leads to the need to partially defer invoiced income at year-end.

This revenue stream also includes revenue from related non-rental sources such as service charge and car parking income.

Given the relative size of this revenue stream and complexities surrounding rent-free periods and rent holidays we consider there to be a significant risk over this revenue stream, primarily over cut-off and completeness.

Crowe response

Our audit testing in this area will include:

- Review a sample of transactions and bank receipts either side of the year end date to ensure these have been recognised in the appropriate period.;
- Obtain a breakdown of market income for the year and reconcile to the trial balance;
- Verify a sample of market income receipts to supporting agreements and invoices; and

Review the year-end deferred income balances, testing a sample to support and re-calculating the split of any invoices as appropriate.

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2.5 Revenue Recognition – Charitable activities income (B, D)

Key related judgements

In addition to the funding received from City's Estate, the various charities within the City's Estate group generate revenue through a variety of activities. This includes revenue generated from sources such as car parking, café sales, use of sports grounds and admission fees.

Due to the varying nature of these revenue streams each requiring different recognition criteria to be considered, we consider there to be a significant risk for this revenue stream.

Crowe response

Our audit approach over these revenue streams will include:

- Obtaining an understanding of systems and controls over all material revenue streams within this category;
- Reviewing the revenue recognition policy for each material revenue stream to ensure it is compliant with the applicable accounting standards;
- Testing a sample of charitable activity income substantively, agreeing it to supporting documentation and receipt to bank; and
- Performing cut-off testing by reviewing transactions around yearend.
- Confirming the recognition City's Estate grants to Open Spaces entities.

2.6 Revenue Recognition – Voluntary income

Key related judgements

Included within the Natural Environment entities and the City of London Girls Bursary Fund is voluntary income. Due to the varying nature of these revenue streams, each requiring different recognition criteria, we consider there to be a significant risk over this revenue stream, primarily over cut-off and completeness.

Crowe response

As part of our audit, we will:

- Obtain an understanding of systems and controls over all material revenue streams within this category.
- Review the revenue recognition policy for each material revenue stream to ensure it is compliant with the applicable accounting standards.
- Test a sample of voluntary income substantively from nominal and agreeing it to supporting documentation and receipt to bank.
- Test a sample of voluntary income from source documentation to nominal and receipt into the bank.
- Perform cut-off testing by reviewing transactions around year end.

2.7 Financial investment valuation (A, B, D)

The financial investments portfolio within City's Estate was £977.2m as at 31 March 2023. The key risks in this area are considered to be the existence and valuation of assets.

As the investments are held and managed by third party service providers it is important that:

- the Entity has sufficient controls in place to mitigate the risks associated with outsourcing services; and
- the controls in operation by the third-party service provider over the ownership and management of the Entity's assets are sufficient; and their associated income streams are sufficiently robust.

Our focus will be on your own internal procedures to manage and control the investments as well as the controls being operated by both the investment managers and the custodian, including consideration of the relevant AAF01/06 controls reports. We will obtain valuations directly from the investment managers.

We will review the reconciliations between the reports from the investment managers and the custodian's report and the records independently maintained to confirm ownership and to identify potential anomalies or significant movements in the year (particularly in relation to purchases and disposals).

.

Listed and unlisted investments

In relation to substantiating the valuation and existence of assets reported in the financial statements our work will include:

- Selecting a sample of individual funds within the portfolio and obtaining direct confirmation from the investment manager to confirm the valuation used by management within the financial statements;
- For each fund identified in our sample we will reconcile the valuation to records to confirm ownership and existence;
- For listed investments we will agree a sample of prices quoted by individual investment managers to publicly available market information to ensure valuations are reasonable;
- For unlisted investments including unquoted hedge funds and private equity we will obtain the latest available audited financial statements from each fund manager and confirm that an unmodified audit opinion has been issued and the valuation of assets had been prepared on a basis consistent with your accounting policy and FRS102;
- Agreement of a sample of investment movements reported during the year to supporting investment manager records to ensure these are accurately reported;
- Perform a check of the accuracy and completeness of investment disclosures within the financial statements to ensure these are appropriately stated and consistent with the requirements of FRS102 and the Charities SORP.

Review management's overall reconciliation of asset values to information reported by Cambridge Associates

2.8 Estimates and Judgements – Investment Property Valuation (A)

Investment properties held by City's Estate totalled £1,917.7m as at 31 March 2023. It is our understanding that these properties are valued independently by two firms registered as valuers with the Royal Institution of Chartered Surveyors ("RICS") as at 31 March each year.

Investment properties are carried in the financial statements at fair value. FRS102 requires revaluation to be made with sufficient regularity to ensure that the carrying value does not differ materiality from that which would be determined using fair value at the reporting date.

We will review the investment property valuation report with consideration to judgements and estimates used by the valuer with reference to market data. We will also test the inputs provided to the valuer by the entity and the ownership status via land registry.

We will also consider management's assessment of impairment within the portfolio and review wider information to consider if there are indicators of impairment which may impact valuation of properties at year end. We understand there is scope for properties within the portfolio to be affected by the ongoing nationwide issues with reinforced autoclaved aerated concrete (RAAC) which may be an indicator of impairment. We will seek an update on this issue and consider findings in our overall conclusions on valuation.

We will seek additional assurance over property valuations from an independent external property expert (Cluttons) who will review a sample of properties to confirm if the valuation provided by surveyors in reasonable.

We will also review the valuation adjustment and ensure any gains/losses on revaluation have been appropriately recognised in the Statement of Comprehensive Income.

2.9 Estimates and Judgements – Pension liability (A)

The assumptions surrounding the FRS102 pension liability calculations performed by the actuaries can make a significant difference to the result disclosed in the financial statements.

The City Corporation operates a funded defined benefit pension scheme, The City of London Pension Fund, for its staff employed on activities relating predominantly to the three principal funds for which it is responsible (City Fund, City's Estate and Bridge House Estates).

At present, City's Estate includes the pension scheme liability in the accounts as reported under IAS19, with a conversion not made to FRS102 on the grounds of the difference not being material. There is a risk that this difference may in fact be material or otherwise significant.

Estimates and judgements that are not considered to be significant risks are set out in Section 3.

- Benchmarking the assumptions used by the actuary in calculating the FRS102 pension liability.
- Assessing the difference in calculating the liability between IAS19 and FRS102 to determine whether it is material or otherwise significant.
- Verifying scheme assets to third party documentation; and
- Verifying (on a sample basis) the input data provided to the actuary to HR and payroll records.
- Verify the apportionment methodology of the pension liability across the 3 City of London funds.

2.10 Estimates and Judgements – Decomissioning provision (A)

Key related judgements

Included within the accounts of Barking Power Limited is a provision for the decommissioning of the site in preparation for future development. This provision has a number of key assumptions regarding expected costs and the time period over which they will be incurred.

Given the size of the provision and its reliance on judgemental inputs, we consider there to be a significant risk over the valuation of the provision.

Crowe response

As part of our audit work in this area, we will:

- Obtain and review management's estimation of the provision;
- Gain an understanding of the key inputs to the provision calculation, agreeing them to supporting documentation as appropriate; and
- Review costs incurred post year-end to ensure that they are in line with management's forecast to corroborate the accuracy of the provision made.
- Challenge management assumptions / basis of estimation for reasonableness.
- We understand at the time of writing that the provision is still being finalised for 2024. We will seek an update on events after the balance sheet date to assess if any assumptions or judgements included in the final provision remain appropriate.

2.11 Related parties

In line with the ISAs which directs our audit work (ISA (UK) 550) we are obliged to ensure that any related parties are identified and that any transactions involving these parties and the group are appropriately authorised and correctly disclosed in the financial statements.

We will therefore review City's Estate procedures for identifying potential related parties, ensuring all transactions are complete, including any annual declaration of interests completed by the Board and Senior Management team.

We consider completeness of related party disclosures to be a significant area of risk as transactions of this nature are always material by nature, coupled with the large volume of potential individuals which may be captured by the disclosure requirements. We understand that management have updated the process in the period to ensure the timely collection of information required to populate this disclosure.

2.12 Consolidation (A, B, C, D)

In 2023 we highlighted a significant deficiency surrounding the preparation of the consolidated group accounts which management were not initially able to balance. Significant resource was incurred by the City team and Crowe to resolve this matter and we concluded with several recommendations to management to prevent re-occurrence in 2024.

We understand that management have introduced additional resource within the Finance team during the year, alongside additional checks and balances to ensure that the consolidation properly balances prior to audit.

We understand that schedules used to prepare the consolidation have been updated based on the challenges encountered in the prior year audit. However, given the high level of adjustments and challenges encountered in the prior year audit, this has been identified as a significant risk.

2.13 Management override of controls (A, B, C, D)

Although the level of risk of management override of controls varies from entity to entity, Auditing Standards recognise that this risk is nevertheless present in all entities because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Due to the unpredictable way in which such override could occur, including to mask fraud, the override of controls is a significant risk for all audits.

The members of The City Corporation must satisfy themselves that the control environment present within the entity together with the trustee controls and controls over the posting of journals are adequate to deter any inappropriate override of controls from management.

We are required to design and perform audit procedures to respond to the risk of management's override of controls which will include:

- understanding and evaluating the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements and testing the appropriateness of a sample of such entries and adjustments;
- reviewing accounting estimates for biases that could result in material misstatement due to fraud. We have noted above that the following estimates and judgements are considered significant audit risks:
    - Financial investment valuation
    - Investment property valuation (including impact of RAAC)
    - Pension liability
    - Decomissioning provision

  Other estimates and judgement which are not considered significant audit risks are included in section 3.
- 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 City's Estate Group and Other Charities of the City of London and their environment.

3. Other areas of audit focus and disclosure

We have also noted the following matters from our initial discussions and from our work in previous years as not having significant audit risk but being potentially relevant to the financial statements.

3.1 Other Income

International Standards on Auditing (ISA (UK) 240) presumes there is always a significant risk of material misstatement due to fraud in revenue recognition, unless this is rebutted.

Whilst we deem the income streams detailed above to be significant (see Section 2) we do not consider other income streams to be significant due to their expected immaterial nature. If this does not transpire to be the case, we will perform a risk assessment of this revenue stream and report this to you within our findings report.

Across all income streams the key risks remain the same:

- Completeness (has all income due been appropriately recognised in the period?).
- Cut off (has income been recognised in the appropriate period?).
- Fund allocation (have donor restrictions on the use of the income been appropriately captured in the financial statements?).
- Valuation (where income is owed at year end, is it likely to be received or should it be provided against?).

3.2 Judgements and Estimates

ISA (UK) 540 Auditing Accounting Estimates and Related Disclosures requires additional audit focus over management's estimates, including undertaking separate risk assessments for both inherent and control risks.

In respect of the former, consideration is required of the estimation uncertainty, the subjectivity and the complexity of the estimate. We are also required to consider whether the disclosures made in the financial statements are reasonable.

We will pay careful attention to areas of the financial statements affected by management judgement and estimation. We have initially identified the following for specific review which are not outlined in the significant audit risks detailed in the previous section.

- Assessment of impairment of assets.
- Assessment of impairment of goodwill (City's Estate)
- Assessment of the remaining useful life of assets.
- The classification of accounts between short term investments and cash and cash equivalents.
- The split of recharged expenditure between the various entities of the City of London Corporation.
- Valuation of insurance provision (City Re)

We will identify all areas where an accounting estimate or judgment is used and we will obtain an update from management on the basis of the estimates.

We will consider whether these have high or low estimation uncertainty. Where there is high estimation uncertainty (primarily, if there is a range of reasonable outcomes which exceeds our materiality) this indicates a "significant risk". We will compare the estimates and judgments made in the prior period with actual outcomes.

We will also review management's assessment of this and specifically consider whether the estimates and judgments arrived at by management indicate any "management bias". This means that management will also need to consider whether there is any bias in information received from other departments. It is important that you are satisfied that the assumptions used by management are appropriate and we will ask you to provide a written representation to us to confirm this.

3.3 Payroll

Payroll is the largest single expenditure item for City's Estate totalling £101.1m for the year ended 31 March 2023 which represented 32.8% of total expenditure. Other entities under the scope of this report also incur significant payroll costs, which are recharged from the central payroll function within the Corporation of London.

The key risks in this area are considered to be:

- Existence (does the expenditure relate to genuine employees?).
- Accuracy (are payments made at authorised amounts and are the correct deductions made?)
- Disclosure (have all required disclosures been made in the financial statements?)

As part of our audit we will review the controls in place over monthly processing including the reconciliation of the payroll to the nominal ledger.

We will also perform analytical procedures that consider gross pay, deductions and staff numbers year on year to ensure that all trends and relationships appear reasonable and that the totals agree with the ledger, and we will verify a sample of staff between the payroll and other HR records and agree their costs to supporting documentation on a sample basis.

3.4 Grant expenditure

Whilst grants are not expected to have any performance related conditions which might create significant judgement over the recognition of expenditure, the volume and total value of the grants awarded is material.

As part of our testing, we will agree a sample of grants to supporting documentation and payment and review the agreements to ensure they have been appropriately recognised. We will also perform cut-off testing around year-end in order to ensure that grants have been recognised within the correct financial period.

3.5 Going concern and our audit reporting

In preparing the financial statements to comply with Financial Reporting Standard 102 the Trustees/Members/Directors (as applicable) are required to make an assessment of the entity's ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, those charged with governance are required to consider all available information about the future of the entity in the period of at least, but not limited to, twelve months from the date when the financial statements are approved and authorised for issue. In forming conclusions on going concern those charged with governance will need to evaluate which of three potential outcomes is appropriate to the specific circumstances of each entity, including the City's Estate group and parent. Those charged with governance may conclude:

- There are no material uncertainties that lead to significant doubt upon the entity's ability to continue as a going concern;
- There are material uncertainties that lead to significant doubt upon the entity's ability to continue as a going concern; or
- The use of the going concern basis is not appropriate.

A material uncertainty is defined as 'An uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern, where the magnitude of its potential impact and likelihood of occurrence is such that appropriate disclosure of the nature and implications of the uncertainty is necessary for the fair presentation of the financial statements.'

Under ISA (UK) 570, where a material uncertainty related to going concern exists, we are also required to determine whether the financial statements:

- Appropriately disclose the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions; and
- Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

We have discussed with management and explained that as part of our work on going concern for the year ending 31 March 2024 we will do the following.

- Review the period used by those charged with governance to assess the ability of each entity to continue as a going concern;
- Examine detailed budgets and forecasts prepared by management covering the period of the going concern assessment which adequately take account of the potential impacts of cost of living crisis, inflation and other economic factors on City's Estate or the other entities to ensure these appropriately support the conclusion of those charged with governance;

- Review the accuracy of past budgets and forecasts by comparing the budget for the current year against actual results for the year; and
- Review any other documentation which those charged with governance use in assessing the going concern status and make any necessary enquiries of management.

We will agree with management the preparation of a detailed paper setting out their assessment of each entity’s ability to continue as a going concern for consideration alongside the draft financial statements by the Audit and Risk Committee.

4. Fraud and irregularities and our audit reporting

Obtaining an understanding of internal control relevant to the audit

Our audit tests will combine a review of City's Estate Group and Other Charities of the City of London's controls with tests of detail (substantive procedures) and analytical review procedures.

ISAs require us to document our understanding of your business and assess the risk of material misstatement. For controls considered to be 'relevant to the audit' we are required to evaluate the design of the controls and determine whether they have been implemented. The controls that are determined to be relevant to the audit are those:

- relating to identified risks (including the risk of fraud in revenue recognition) or other audit issues;
- where we are unable to obtain sufficient audit assurance through substantive tests alone; and/or
- where we consider it more efficient to obtain assurance through controls testing.

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of detailed audit testing required will be considered.

Our audit work is not designed to provide assurance as to the overall effectiveness of the controls operating within each entity, although we will report to management and the Audit and Risk Committee any recommendations on controls that we may have identified during the course of our work.

As we reported last year, the primary responsibility for the prevention and detection of fraud rests with management and "those charged with governance" (i.e. the Council Members, Trustees and/or Directors as appropriate for each entity), 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 irregularities including fraud, or error.

Corporate governance and fraud

As part of our audit procedures we make enquiries of management to obtain their assessment of the risk that the financial statements may be materially misstated due to fraud. However, we emphasise that the responsibility to make and consider your own assessment rests with yourselves and that the trustees, Audit and Risk Committee and management should ensure that these matters are considered and reviewed on a regular basis.

As auditors, we are required to document an understanding of how "those charged with governance" exercise oversight of management's processes for identifying and responding to the risks of fraud in City's Estate Group and Other Charities of the City of London and the internal controls that management has established to mitigate these risks. Specifically, we require a response to the following questions:

- What, in your view, are the risks of fraud in the entity? Both misappropriation of assets and fraud relating to financial reporting?
- What are the general risks of fraud in this business sector, and how does this entity mitigate them?
- How do you monitor and review management's process for identifying and responding to the risks of fraud in the entity?
- To what extent do you understand the controls management has put in place to mitigate those risks?
- Has there been any actual or suspected fraud during the year?
- Have there been any allegations of fraud during the year?

Trustees may find it helpful to prepare a fraud risk assessment alongside management. A fraud risk assessment is an objective review of the fraud risks facing an organisation to ensure they are fully identified and understood. This includes ensuring:

- fit for purpose counter fraud controls are in place to prevent and deter fraud and minimise opportunity, and
- action plans are in place to deliver an effective and proportionate response when suspected fraud occurs including the recovery of losses and lessons learnt.

Any fraud risk assessment should not be seen as a standalone exercise but rather an ongoing process that is refreshed on a regular basis.

A copy of our guidance and a framework on conducting fraud risk assessments can be obtained from our website here: https://www.crowe.com/uk/insights/fraud-risk-assessment-non-profit.

Our responsibilities

In line with ISA (UK) 700 our audit report will include an additional comment to explain to what extent the audit was considered capable of detecting irregularities, including fraud.

As auditors, we are required to document an understanding of how “those charged with governance” exercise oversight of management's processes for identifying and responding to the risks of fraud in City’s Estate Group and Other Charities of the City of London and the internal controls that management has established to mitigate these risks.

We note that City of London has a structured process for fraud reporting, through its risk management and the Audit and Risk Committee. We have not been made aware of any significant matters which would affect our assessment of audit risk at this stage, although this will need to be reviewed by us, and confirmed by the Members, up to the date of approval of the financial statements.

We will make enquiries of management and others within City’s Estate Group and Other Charities of the City of London as appropriate, regarding their knowledge of any actual and suspected or alleged fraud affecting each entity. In addition, we will be required to ascertain the following from the Audit and Risk Committee, Trustees and Directors (As appropriate).

- Whether they have knowledge of any fraud or suspected fraud.
- The role that the Audit and Risk Committee / Trustees / Directors exercise in oversight of:
  - i) Each entity’s assessment of the risks of fraud, and the design, implementation and maintenance of internal controls to prevent and detect fraud; and
  - ii) their assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We will seek representations from the Members / Trustees / Directors (as appropriate) on these matters and we will liaise with the finance team, in the first instance, to identify any specific risks or information relevant to these considerations.

5. Staffing, fees and timetable

Staffing

Tina Allison is your Audit Partner. She will be assisted by Daniel Haines as Audit Director who will be supported by James Badman (Audit Manager) and Jamie Smith (Audit Manager). The onsite team this year will be led by Nireekshna Ganesh.

Our audit fees

Please refer to Appendix 5 for a detailed breakdown of fees broken down by entity. All fees are stated exclusive of VAT and disbursements

As in previous years our proposed audit fee is based on two assumptions.

- First draft financial statements and detailed supporting schedules are available at the commencement of the audit. If this information is not available to us at the start of our audit we may seek to charge additional fees to cover any resulting delays or inefficiencies.
- We are required to check and review up to two further drafts of the financial statements prior to these being finalised for approval by the Trustees. If it is necessary for us to review additional drafts we may charge additional fees to cover any resulting extra staff time.

To assist you in providing the required information, we have provided a separate list of audit deliverables to the City of London finance team.

Timetable

The anticipated timetable and deadlines are as follows.

Key Events	Date
Initial planning meeting	12 June 2024
Audit and Risk Committee meeting to consider audit plan	8 July 2024
Deadline for delivery of all fieldwork deliverables **and** financial statements.	w/c 2 August (Sundry Trusts including NE entities) Friday 30 August (City's Estate excl. NE entities)
Audit fieldwork	w/c 12 August (Sundry Trusts including NE entities) w/c 2 September (City's Estate excl. NE entities)
Clearance meeting with finance team	October 2024
Audit and Risk Committee meeting to consider accounts and report from the auditors	4 November 2024
Accounts signed by Members	TBC

Our deliverables to you

In addition to carrying out the necessary audit procedures in accordance with International Standards on Auditing we will provide to you the following.

- Statutory audit reports on the financial statements of each entity.
- This Audit Planning Report to confirm the details of the planned timing of our audit and related year-end meetings, to confirm the key members of your audit team and their independence, and to summarise our audit approach and any specific issues relevant to our audit which we have identified from our initial discussions with City of London's finance team or elsewhere.
- An Audit Findings Report to summarise any key issues or adjustments identified during our audit which have impacted on the

disclosures in, or required adjustment to, the draft financial statements together with comments on any weaknesses in City of London’s systems and controls which come to our attention during our audit work on the annual statutory financial statements.

- Draft of the Representations Letters which we are required to obtain from the Members / Trustees / Directors (as applicable) to confirm certain specific matters relevant to the completion of the statutory financial statements.

Appendix 1 - Responsibilities and ethical standards

Scope of our audits

Our audits are a statutory requirement to ensure that Those Charged with Governance have properly discharged their legal responsibilities to prepare their annual reports and the financial statements in accordance with the applicable legislation and financial reporting requirements.

As your auditor we are required to obtain sufficient evidence to enable us to report as to whether the financial statements of each entity give a true and fair view of the financial performance of the entities, are free from material misstatements and are compliant with the requirements of relevant legislation and applicable Financial Reporting Standards.

Your financial statements

The financial statements on which we are to report are your responsibility; our audit of the financial statements does not relieve management or the Trustees / directors of their responsibilities for the financial statements and the Trustees / directors must be satisfied that the financial statements give a true and fair view before approving them. Further details of your and our respective responsibilities are set out in our engagement letters dated 18 July 2022.

Our audit approach

We will carry out our audit in accordance with International Standards on Auditing (UK) (‘ISA’s (UK)’). Overall, we seek to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, in order that we can report to the Trustees / members of each entity.

Our work will include such tests of transactions and of existence, ownership, valuation and completeness of assets and liabilities that we consider necessary for this purpose.

We will update our understanding of each entity including objectives, strategies, operations, governance structures, sources of incoming resources and related risks. We will also update our understanding of the classes of transactions, account balances, and disclosures to be expected in the financial statements. We will consider your selection and application of accounting policies and whether they remain appropriate, and your reasons for any changes thereto.

We will review your systems for the purpose of our audit and we will report to you any significant deficiencies in internal control identified during our audit which, in our professional judgment, are of sufficient importance to merit your attention after discussing them with management. Our audit should not, however, be relied upon to identify all systems deficiencies, which are your responsibility, and we shall only draw your attention to matters we have encountered as a part of our audit work.

We will also read the Trustees’ / Directors’ / Strategic Reports and any other information that will be included with the financial statements to ensure this is consistent with the financial statements.

We are required to confirm during our audit whether those charged with governance have knowledge of any actual, suspected or alleged fraud affecting each entity. We have not been made aware of any such issues from our initial discussions but will be requesting confirmation of this as part of the audit completion process.

Legal and regulatory disclosure requirements

In undertaking our audit work we will consider compliance with the following legal and regulatory disclosure requirements, where relevant:

- Charities Act 2011
- Companies Act 2006
- The Charities (Accounts and Reports) Regulations 2008
- The Charities SORP (FRS102)
- Financial Reporting Standard 102

We are not aware that any limitations will be placed on the planned scope of our audits.

Directors' responsibilities (power station entities only)

Under the provisions of the Companies Act, the Directors' Report is required to include a statement confirming for each director who was a director at the time of the approval of the financial statements that:

- they have each taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information; and
- so far as they are aware there is no relevant audit information of which the company's auditor is unaware.

Ethical Standard

We are required by the Ethical Standard for auditors issued by the Financial Reporting Council ('FRC') to inform you of all significant facts and matters that may bear upon the integrity, objectivity and independence of our firm.

Crowe U.K. LLP has procedures in place to ensure that its partners and professional staff comply with both the FRC's Ethical Standard for auditors and the Code of Ethics adopted by The Institute of Chartered Accountants in England and Wales.

In our professional judgement there are no relationships between Crowe U.K. LLP and each entity or other matters that would compromise the integrity, objectivity and independence of our firm or of the audit partner and audit staff. We are not aware of any further developments which should be brought to your attention.

Independence

International Standards on Auditing (UK) require that we keep you informed of our assessment of our independence.

We confirm that we have carried non-audit services as detailed below. We have not identified any other issues with regards to integrity, objectivity and independence and, accordingly, we remain independent for audit purposes.

In communicating with those charged with governance of the parent charity and group we consider those charged with governance of the subsidiary entities to be informed about matters relevant to them.

The matters in this report are as understood by us as at the date of this report. We will advise you of any changes in our understanding, if any, during our meeting prior to the financial statements being approved.

Non-audit services

We have considered the non-audit services we have provided in the period and have concluded that there are no facts or matters that bear upon the integrity, objectivity and independence of our firm or of the audit partner and audit staff related to the provision of such services which we should bring to your attention. Our fees for non-audit services in the year have been as follows.

GSMD Grant Audit £6,000

Use of this report

This report has been provided to the Audit and Risk Committee to consider and ratify on behalf of the Those Charged with Governance, in line with your governance structure. 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. It should not be made available to any other parties without our prior written consent.

Appendix 2 - Entities

Entities	Type	Main objectives	Audit / Independent Examination
Ashtead Common	Charity	The objective of the charity is the preservation in perpetuity of the common at Ashtead as an open space for the recreation and enjoyment of the public.	IE
Burnham Beeches	Charity	The objectives of the charity are the preservation and maintenance of Burnham Beeches and Stoke common, as Open Spaces for the recreation and enjoyment of the public and to maintain their natural aspect.	Audit
Epping Forest	Charity	The objective of the charity is the preservation of Epping Forest in perpetuity, as an open space for the recreation and enjoyment of the public. The open space consists of the lands known as Epping Forest including Wanstead Park and Highams Park in Essex. Various buffer lands have been acquired by the City Corporation around the edges of Epping Forest.	Audit
Hampstead Heath / Hampstead Heath Trust	Charity	The objective of the charity is the preservation and maintenance of Hampstead Heath in perpetuity, as an open space for the recreation and enjoyment of the public.	Audit
Highgate Wood and Queen's Park Kilburn	Charity	The objective of the charity is the maintenance and preservation in perpetuity of the open spaces known as Highgate Wood and Queen's Park Kilburn, as public parks or open spaces for use by the public for exercise and recreation.	Audit
West Ham Park	Charity	The objectives of the charity are to hold West Ham Park on trust forever "as open public grounds and gardens for the resort and recreation for adults and as playground for children and youth". The City of London Corporation agreed to maintain and preserve the Park for this purpose at its own cost.	Audit
West Wickham and Spring Park Wood, Coulsdon and Other Commons	Charity	The objectives of the charities are the preservation and maintenance of West Wickham Common and Spring Park Wood Coulsdon, as Open Spaces for the recreation and enjoyment of the public.	Audit
Sir Thomas Gresham	Charity	The objectives of the charity are the provision of eight Almshouses known as the Gresham Almshouses; the annual payment of an allowance to the almsfolk; and the annual payment to the four Gresham college lecturers as detailed below.	IE
Barking Power Limited	Company	Decommissioning of the power station is the principal business of the Company and, because if receives minimal external revenue, this is financed by a loan from the City of London Corporation.	Audit
Thames Power Services Limited	Company	To provide management services to Barking Power Limited in connection with operation and decommissioning of Barking Power Station.	Audit
Other Entities			
Corporation of London Charities Pool	Charity	The key objective of the charity is to provide small charities linked with the City of London the opportunity to obtain better returns than could generally be achieved if investments were made individually.	Audit
City Education Trust Fund	Charity	The purposes for which the City Educational Trust Fund was established under section 25 of the City of London Various Powers Act 1967 declared that the capital and interest of the fund shall be applied by the City of London Corporation as it thinks fit.	IE
City of London School Bursary and Awards Fund	Charity	The objective of the charity is the promotion of education.	IE

City of London School for Girls Bursary Fund and City of London School for Girls Scholarships and Prizes Fund	Charity	The objective of the charity is the promotion of education (including physical training) by the provision of bursaries and other forms of financial assistance for fees and/or other costs incurred through attendance at the School to enable pupils to further their education at the School.	Audit
City of London Freemen's School Bursary Fund	Charity	The objective of the charity is the promotion of education (including physical training) by the provision of bursaries and other forms of financial assistance for fees and / or other costs incurred through attendance at the School to enable pupils to further their education at the School	IE
The City of London Corporation Combined Education Charity	Charity	The objects of the charity are to further the education of persons (including persons born or resident in the City of London and those attending educational institutions in the City of London or the other London boroughs) attending or proposing to attend secondary, further or higher educational institutions by the provision of grants or financial assistance and by arranging or supporting education and training to extend or complement courses provided by such institutions.	IE
Emanuel Hospital	Charity	From 22 October 2019, the objectives were amended to become for the public benefit, the relief of need by reason of age, ill-health, disability, financial hardship or other disadvantage of persons who are resident or have been resident in Greater London	IE
Sir William Coxen Trust Fund	Charity	The object of the charity is to apply income for the benefit of all or any of the Orthopedic Hospitals of England or other hospitals or charitable institutions carrying out similar work (preference should be to the Royal National Orthopedic Hospital Charity of Great Portland Street, London). Assistance is granted to eligible organisations (usually registered charities) in the form of donations and grants.	IE
Samuel Wilson's Loan Trust	Charity	The objective of the charity is the relief of young people in need by reason of ill-health, disability, financial hardship or other disadvantage for the public benefit by: a) the provision of loans to individuals, partnerships and companies preparing for or engaged in any trade, manufacture, business or profession in the area comprising greater London and the counties of Buckinghamshire, Essex, Hertfordshire, Kent, Surrey, East Sussex and West Sussex; b) investing in shares of companies preparing for or engaged in any trade, manufacture, business or profession in the area comprising greater London and the counties of Buckinghamshire, Essex, Hertfordshire, Kent, Surrey, East Sussex and West Sussex.	IE
City of London Almshouses	Charity	The objective of the charity is the provision of Almshouses for poor or aged persons, giving preference to freemen of the City of London, their wives, widows, sons and daughters and where practicable to married couples.	Audit
Keats House	Charity	The objective of the charity is to preserve and maintain and restore for the education and benefit of the public the land with the buildings known as Keats House as a museum and live memorial to John Keats and as a literary meeting place and centre.	IE

Appendix 3 - Significant and non-significant components (group entities only)

Significant and non-significant components

Defining the components

ISA (UK) 600 clarifies how the risk model underpinning the ISAs applies in a group context. It explains that:

"The structure of a group affects how components are identified. For example, the group financial reporting system may be based on an organisational structure that provides for financial information to be prepared by a parent and one or more subsidiaries, joint ventures, or investees accounted for by the equity or cost methods of accounting; by a head office and one or more divisions or branches; or by a combination of both.'

This means that City's Estate and its individual subsidiaries are all potential components for the purposes of the ISA. Furthermore, for each component of the City's Estate we have to assess whether they are a 'significant component' – whether because of their individual financial significance to the group or because of its specific nature or circumstances, they are likely to include significant risks of material misstatement of the group financial statements.

We are required to audit each significant component to a "component materiality". The level of materiality to be used is a matter of judgement but it will always be lower than group materiality.

Our audit approach requires us to consider the structure of the group each year and classify each component as 'significant and material', 'material but not significant' or 'not significant and not material' in terms of the group financial statements and plan our audit work accordingly.

Significant and material components

From our assessment of the risks and controls of each individual component, we have determined that the following will be treated as 'significant':

- The parent which co-ordinates the operations of the Group; and

Material but not significant

We have assessed Barking Power Limited, Epping Forest and Hampstead Heath as being material but not significant to the group financial statements (based on the prior year figures, this statement will need to be reassessed once FY24 figures have been received).

However Barking Power is subject to audit under the Companies Act 2006 and Hampstead Heath is subject to audit under Charities Act 2011, we will therefore perform a full scope audit on each entity.

Not significant and not material

We have assessed all other entities as being not significant and not material to the group financial statements.

However, these will be subject to audit or independent examination as agreed.

Appendix 4 - Audit materiality

Audit materiality and communication of errors and adjustments

We do not seek to certify that the financial statements are 100% correct; rather we use the concept of “materiality” to plan our sample sizes and also to decide whether any errors or misstatements discovered during the audit (by you or us) require adjustment.

The assessment of materiality is a matter of professional judgment but consideration will be given to the highest cumulative error which would not threaten the validity of the financial statements. A matter is material if its omission or misstatement would reasonably influence the economic decisions of a user of the financial statements.

Whether adjustments are material to the “true and fair” view can only be judged in the particular circumstances of the items and their impact on the financial statements to which they relate. Materiality will be considered having regard to the overall financial statement totals, the relevant individual balance, the type of transaction and the disclosures.

As mentioned in Section 1, our overall audit materiality for the financial statements as a whole will take account of the level of funds held by City’s Estate and will be set at approximately 2% of Investments, this measure will be applied to the audit of investments (including Goodwill) and pension liability.

In addition, we will determine whether a materiality amount lower than this materiality level is applicable for any particular classes of transactions, account balances or disclosures.

We also set a level of materiality (‘performance materiality’) below the amount set for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality also refers to amounts set at less than the materiality level or levels for particular classes of transactions, account balances or disclosures (see table below for specific details of how this applies to each entity and balance within the financial statements).

We will, of course, discuss with your finance team all errors, other than those that are “clearly trivial”, that we discover during the course of our audit work. Where such errors would have an impact upon the numbers reported in the statutory financial statements, but are not significant in terms of our audit, we will ask management if they wish to adjust the financial statements.

We will bring to your attention all significant potential adjustments to the financial statements. We will not, however, bring to your attention matters that we consider to be “clearly trivial” and we therefore propose to only identify amounts greater than 5% of our audit materiality.

The following is a summary of the overall materiality levels we apply to the separate entities within the group. These are based on prior year signed accounts unless stated otherwise. These will be updated once the FY24 figures have been received.

Entity	Materiality calculation	Materiality £'000	Reporting threshold £'000
City's Estate	2% of investments (Overall materiality) 1.5% of income (Specific materiality – used for all areas of testing except investments, investment property, Goodwill & Pensions which will be audited at overall materiality)	59,110 2,785	2,955 139
Consolidated entities			
Burnham Beeches	2% of Expenditure	30	2
Epping Forrest	2% of Expenditure	152	8
Hampstead Heath / Hampstead Health Trust	2% of Expenditure	191	10
Highgate Wood and Queen's Park Kilburn	2% of Expenditure	30	2
West Ham Park	2% of Expenditure	29	1
West Wickham and Spring Park Wood, Coulsdon and Other Commons	2% of Expenditure	28	1
Barking Power Limited	2% of Fixed assets 2% of Expenditure	2,500 147	127 7.3
Thames Power Services Limited	2% of Expenditure	4	1

Appendix 5 - Schedule of Fees

Entity	Assessed scope at planning stage	2023 Original Fee 2023	2023 Agreed Overrun 2023	2023 Total Fee 2023	2024 Original fee 2023	2024 Rebase 2023 fee (60% of PY overrun)*	2024 5% inflationary increase (capped)	2024 Total fee 2024
City's Estates	Audit	104,100	265,000	**369,100**	104,100	159,000	13,155	**276,255**
City's Estates Trusts and Companies								
Ashtead Common (Charity no: 1051510)	IE	1,850	920	**2,770**	1,850	550	120	**2,520**
Burnham Beeches (Charity no: 232987)	Audit	6,600	3,280	**9,880**	6,600	1,970	430	**9,000**
Epping Forest (Charity no: 232990)	Audit	6,600	3,280	**9,880**	6,600	7,970	430	**15,000**
Hampstead Heath (Charity no: 803392)	Audit	6,600	3,280	**9,880**	6,600	7,970	430	**15,000**
Highgate Wood and Queen's Park Kilburn (Charity no: 232986)	Audit	6,600	3,280	**9,880**	6,600	1,970	430	**9,000**
West Ham Park (Charity no: 206948)	Audit	6,600	3,280	**9,880**	6,600	1,970	430	**9,000**
West Wickham Common and Spring Park Wood, Coulsdon and Other Commons (232988 & 232989)	Audit	6,600	3,280	**9,880**	6,600	1,970	430	**9,000**
Sir Thomas Gresham Charity (Charity no: 221892)	IE	1,850	920	**2,770**	1,850	550	120	**2,520**
Barking Power Limited (BPL) (Company no: 2354681)	Audit	28,050	-	**28,050**	28,050	-	1,400	**29,450**
Thames Power Services Limited (TPSL) (Company no: 2624730)	Audit	6,600	-	**6,600**	6,600	-	330	**6,930**
Sundry Trusts and other accounts								
Corporation of London Charities Pool (Charity no: 1021138)	Audit	6,600	3,280	**9,880**	6,600	1,970	430	**9,000**
Hampstead Heath Trust (Charity no: 803392-1)	Audit	6,600	3,280	**9,880**	6,600	- 2,030	430	**5,000**
City Educational Trust Fund (Charity no: 290840)	IE	1,850	920	**2,770**	1,850	550	120	**2,520**
City of London School Bursary and Awards Fund (Charity no: 276654)	IE	1,850	920	**2,770**	1,850	550	120	**2,520**
City of London School for Girls Bursary and Awards Bursary Fund & London School for Girls Scholarships and Prizes Fund (Charity no. 276251 & 276654)	Audit	6,600	3,280	**9,880**	6,600	1,970	430	**9,000**
City of London Freemen's School Bursary Fund (Charity no. 284769)	IE	1,850	920	**2,770**	1,850	550	120	**2,520**
The City of London Corporation Combined Education Charity (Charity no: 284769)	IE	1,850	920	**2,770**	1,850	550	120	**2,520**
Other Trust Funds								
Emmanuel Hospital (Charity no: 206952)	IE	1,850	920	**2,770**	1,850	550	120	**2,520**
Sir William Coxen Trust Fund (Charity no: 206936)	IE	1,850	920	**2,770**	1,850	550	120	**2,520**
Samuel Wilson's Loan Trust (Charity no: 206964)	IE	1,850	920	**2,770**	1,850	550	120	**2,520**
City of London Almshouses (Charity no: 1005857)	Audit	6,600	3,280	**9,880**	6,600	1,970	430	**9,000**
Keats House (Charity no: 1053381)	IE	1,850	920	**2,770**	1,850	550	120	**2,520**
Other Assurance								
Guildhall School of Music and Drama (GSMD)	Inc/Exp Certification	8,900	4,000	**12,900**	8,900	5,390	710	**15,000**
Total		**232,150**	**311,000**	**543,150**	**232,150**	**197,590**	**21,095**	**450,835**

*Following conclusion of the 2023 audit we agreed with the Chamberlain that fees for City Estates would be rebased at 60% of the agreed overrun incurred in the prior year.

Fees for GSMD, Hampstead Heath and Epping Forest have been increased in excess of this amount to reflect the actual time required to complete our audit and assurance work following analysis of time spent over the previous two engagements.

Fees highlighted blue are still to be confirmed with management at the time of writing.

Appendix 6 - The City Corporation's Report and Financial Statements

Financial Statements and our audit

The preparation and presentation of the financial statements remains the responsibility of those charged with governance. However, our audit work will include reviewing the statements to ensure that they properly reflect the underlying financial records of each entity and also that they continue to be appropriately prepared in line with the requirements of the Charities SORP (FRS 102) and the requirements of the Charities / Companies Act (as applicable).

As part of our audit we will:

- ensure there is a full audit trail from the trial balance to the financial statements;
- review the financial statements against legal, regulatory and the SORP requirements and sector best practice;
- review the processes operated by each entity for identifying any related party transactions that might require disclosure; and
- review the latest copy of the risk register and ensure any key issues for the financial statements have been considered in the context of our audits, and appropriately managed in the context of each entity's governance.

The City Corporation's Report

We expect that you're the City Corporation's Report will include discussions of risks, outcomes, outputs and impacts and information on financial and non-financial KPIs.

Whilst we are required to review the report for any inconsistencies with the information included in the financial statements and to ensure that it reflects the SORP and other requirements, we do not audit the City Corporation's Report. The responsibility for preparing the report rests with the entity's The City Corporation.

Although The City Corporation may seek the assistance of the charity's staff in drafting the report, The Charity Corporation must approve the final text of the report. It is therefore important that The City Corporation have some assurance over the process which management have adopted in the collection and verification of the data included in the City Corporation's Report.

It will also be important that each entity continues to ensure consistency between the statutory City Corporation's Report information and any information that is included elsewhere including on its website.

Appendix 7 - External developments

We have summarised below some of the developments and changes in the charity sector over the recent period which we believe may be of interest or relevant to you. Please note that this information is provided as a summary only and that you should seek further advice if you believe that you have any specific related issues or intend to take or not take action based on any of the comments below.

We believe it is important to keep our clients up to date on the issues that affect them and, as a part of our ongoing communication, we regularly hold webinars and therefore encourage you to visit our website (https://www.crowe.com/uk/industries/webinars#nonprofit).or register to our mailing list (nonprofits@crowe.co.uk) to stay updated on these. Any webinars which you have missed remain available on demand on our website.

Governance

The Charities Act 2022: Implementation

The Charities Act 2022 (the Act) received Royal Assent on 24 February 2022 and brings into force a number of key changes to the Charities Act 2011, aimed at simplifying a number of processes.

The Charity Commission are currently working through implementing the various changes brought about by the legislation, and have set out an indicative timetable here: https://www.gov.uk/guidance/charities-act-2022-implementation-plan

Other provisions of the Act in force from 31 October 2022

- Section 5: Orders under section 73 of the Charities Act 2011
- Section 8: Power of the court and the Commission to make schemes
- Section 32: Trustee of charitable trust: status as trust corporation
- Section 36: Costs incurred in relation to Tribunal proceedings etc
- Part of Section 37: Public notice as regards Commission orders etc.
- Part of Section 40 and Schedule 2: Minor and consequential amendments

Provisions of the Act that came into force on 14 June 2023

- Sections 9-14 and 35a: Permanent endowment
- Sections 17, 19-22: Charity land
- Sections 25-28: Charity names
- Section 38 and 39: Connected persons
- Part of Section 40 and Schedule 2: Minor and consequential amendments

Provisions of the Act expected to come into force on 7 March 2024

- Section 1-3: Charity constitutions
- Sections 18* and 23: Charity land
- Section 24 and Schedule 1: Amendments of the Universities and College Estates Act 1925**
- Section 29: Powers relating to appointments of trustees
- Section 31: Remuneration etc of charity trustees etc
- Sections 33, 34 and 35(b): Charity mergers
- Section 37: For remaining purposes
- Section 40 and Schedule 2: For remaining purposes

* Section 18(1) (in part), (2)(a), (2)(c) and (3)(a) will come into force on 7 March 2024. Due to the provisions being linked to section 24 and Schedule 1, section 18(1) (for remaining purposes), (2)(b) and (3)(b) will come into force on 19 May 2025.

** Section 24 and Schedule 1 will come into force on 19 May 2025.

Provisions of the Act expected to come into force later in 2024

- Sections 15 and 16: Ex gratia payments

The key provisions of the Act that have been implemented to date are set out below, and further information can be found here: https://www.gov.uk/guidance/charities-act-2022-guidance-for-charities

Making changes to governing documents

The Act introduces a new statutory power to allows trusts and unincorporated associations to make changes to their governing documents.

Charities will still however need to get the Commission's authority to make certain 'regulated alterations' in the same way as companies and Charitable Incorporated Organisations (CIO).

Other related changes include:

- how unincorporated charities must pass trustee and (where they have members) member resolutions when using the new power
- that the Commission will apply the same legal test when deciding whether to give authority to charitable companies, CIOs, and unincorporated charities changing their charitable purposes
- a power for the Commission to give public notice to, or to direct charities to give notice to, regulated alterations they make

The Commission have updated CC36 to reflect these changes, which can be found here: https://www.gov.uk/government/publications/changing-your-charitys-governing-document-cc36

Selling, leasing or otherwise disposing of charity land

The following provisions are now in force:

- provisions relating to disposals by liquidators, provisional liquidators, receivers, mortgagees or administrators
- provisions relating to the taking out of mortgages by liquidators, provisional liquidators, receivers, mortgagees or administrators
- changes about what must be included in statements and certificates for both disposals and mortgages

The Commission have updated CC28 to reflect these changes, which can be found here: https://www.gov.uk/government/publications/sales-leases-transfers-or-mortgages-what-trustees-need-to-know-about-disposing-of-charity-land-cc28

Charity mergers

For certain mergers, new rules are now in force that will allow most gifts to charities that merge to take effect as gifts to the charity they have merged with.

Updated guidance on charity mergers can be found here: https://www.gov.uk/government/publications/making-mergers-work-helping-you-succeed/how-to-merge-charities

Failed appeals

The Act introduces new rules granting the power for trustees to apply cy-près, allowing charities more flexibility in response to a charity appeal that has failed, allowing *donations* to be applied for another charitable purposes rather than having to be returned to donors under certain conditions:

i) The donation is a single gift of £120 or less; and the Trustees reasonably believe that during the financial year the total amount received from the donor for the specific charitable purpose is £120 or less (unless the donor states in writing that the gift must be returned if the charitable purposes fail); or
ii) The donor, after all agreed actions have been taken, cannot be identified or found; or
iii) The donor cannot be identified (for example cash collections)

The Charity Commission published guidance in relation to failed appeals on 31 October 2022, which can be found here: https://www.gov.uk/government/publications/charity-fundraising-appeals-for-specific-purposes

The Charity Commission has also updated its guidance CC20 'Charity fundraising: a guide to trustee duties' to reflect these changes.

The Fundraising Regulator has also published guidance, further details of which are provided below.

Payments to Trustees for providing goods to the charity

The Charities Act 2011 provided a statutory power for charities, in certain circumstances, to pay trustees for providing a service to a charity beyond usual trustee duties.

The Act extends this power to allow, in certain circumstances for payments to trustees for providing goods to the charity.

Updated guidance can be found here: https://www.gov.uk/guidance/payments-to-charity-trustees-what-the-rules-are

The Charity Commission has also updated its guidance CC29 'Conflicts of interest: a guide for charity trustees' and CC11 'Trustee expenses and payments' to reflect these changes.

Power to amend Royal Charters

Royal Charter charities are able to use a new statutory power to change sections in their Royal Charter which they cannot currently change, if that change is approved by the Privy Council.

Updated guidance can be found here: https://www.gov.uk/guidance/royal-charter-charities

Selling, leasing or otherwise disposing of charity land

Charities must comply with certain legal requirements before they dispose of charity land. Disposal can include selling, transferring or leasing charity land. The Act simplifies some of these legal requirements. The changes include:

- widening the category of designated advisers who can provide charities with advice on certain disposals
- confirming that a trustee, officer or employee can provide advice on a disposal if they meet the relevant requirements
- giving trustees discretion to decide how to advertise a proposed disposal of charity land
- removing the requirement for charities to get Commission authority to grant a residential lease to a charity employee for a short periodic or fixed term tenancy

Updated guidance can be found here: https://www.gov.uk/government/publications/sales-leases-transfers-or-mortgages-what-trustees-need-to-know-about-disposing-of-charity-land-cc28.

Using permanent endowment

The Act introduces new statutory powers to enable:

- charities to spend, in certain circumstances, from a 'smaller value' permanent endowment fund of £25,000 or less without Commission authority
- certain charities to borrow up to 25% of the value of their permanent endowment fund without Commission authority

Charities that cannot use the statutory powers will require Charity Commission authority.

In addition, a new statutory power enables charities that have opted into a total return approach to investment to use permanent endowment to make social investments with a negative or uncertain financial return, provided any losses are offset by other gains.

Updated guidance can be found here: https://www.gov.uk/guidance/permanent-endowment-rules-for-charities

https://www.gov.uk/government/publications/total-return-investment-for-permanently-endowed-charities

Changes to Scottish charity law

The Scottish Parliament have laid legislation impacting the Charities (Regulation and Administration) (Scotland) Act 2023, taking effect from 1 April 2024.

The Act is intended to strengthen and update current law by increasing the powers available to the Office of the Scottish Charity Regulator ('OSCR') and provide consistency with certain elements of charity regulation in England, Wales and Ireland.

The key changes include:

- OSCR will refuse an application to be registered as a charity from organisations that have no or a negligible connection to Scotland
- a widening of OSCR's inquiry powers, including:
    - power to direct charities to particular actions
    - power to appoint interim trustees
    - power to inquire former charities and former trustees
    - changes to OSCR's powers to require charities and others to provide information
- OSCR will have the power to remove charities from the Register that have failed to submit timely accounts and failed to engage with OSCR about putting this breach of trustee duties right

Additional changes expected on 1 October 2024, including the generation of a record of all individuals barred from acting as trustees.

Further details on the changes can be found on the OSCR website here: https://www.oscr.org.uk/news/what-do-the-changes-to-scottish-charity-law-mean-for-you/

Legislation for land and property in Scotland

The Register of persons with a controlled interest in land (RCI) is a new public register managed by the Registers of Scotland (ROS) and aims to improve transparency of land ownership in Scotland.

If a charity is an unincorporated association or trust and land or property is held on its behalf by the committee or trustees, the charity may be required to register its land or property on the RCI.

For guidance on whether registration on land held for Trusts or Unincorporated Associations is required follow OSCR guidance: https://kb.ros.gov.uk/rci/categories-of-ownership-or-tenancy

Investing Charity Money

CC14 has been updated, it is now called Investing Charity Money, and takes account of the High Court Judgement on the Butler Sloss case.

CC14 states that all charities should have a written investment policy if their governing document requires they have one or if the charity is a trust, and where it gives an investment manager powers to make decisions on its behalf. It includes:

- Examples of various issues which may be relevant for trustees to consider when making investment decisions, such as the potential for an investment to conflict with the purposes of the charity, or the reputational impact of an investment decision.
- Steps trustees 'must' take to be compliant with the law and those trustees 'should' do as best practice but not legally required.
- Explanations on acting in the best interests of a charity, ensuring that above all else any decision furthers its purposes.
- Guidance on social investment and no longer uses terminology that could get in the way of trustees' understanding, such as 'ethical investment', 'mixed motive investment' and 'programme related investment'. It should be noted that whilst the guidance has simplified the terminology, this distinction is still important from a financial reporting perspective, as the Charity SORP requires different accounting treatment for mixed motive and programme related investments.

It also provides example approaches to financial returns including avoiding those investments which can reduce support for a charity and harm its reputation, and is more specific on ESG factors:

- aiming only for the best financial return you can achieve, within the level of risk that you have decided is acceptable for your charity
- alongside the financial return you are aiming for, avoiding investments that conflict with your charity's purposes.
- alongside the financial return you are aiming for, avoiding investments that could reduce support for your charity or harm its reputation, particularly amongst its supporters or beneficiaries.
- alongside the financial return you are aiming for, avoiding or making investments in companies because of their practice on environmental, social and governance (ESG) factors
- alongside the financial return you are aiming for, using your shareholder vote, or other opportunities that come with your investment, to influence practice at companies that your charity is invested in.

The revised guidance can be found here: Investing charity money: guidance for trustees (CC14) - GOV.UK (www.gov.uk)

The Future Charity Chair

Crowe are pleased to have been involved in a research project looking at the essential attributes that charity Chairs of the future will need to embrace. This research explored the topic through roundtable discussions and in-depth interviews, with the final thought leadership report published in June 2024.

The research aimed to:

- Contribute ideas that will help to shape the future development and recruitment of charity Chairs.
- Enhance the future sustainability of the charity sector by highlighting longer term considerations for Board discussion.
- Provide fresh thinking to positively influence regulation and best practice guidance for the sector.
- Emphasise the value of good charity governance and the need for it to continually evolve to remain relevant.

The research highlighted a number of key findings, including challenges from a lack of diversity within charities (including trustees, staff and volunteers), and the need to recruit individuals who represent the charity's beneficiaries.

Recommendations raised within the report include developing a leadership development programme for current Chairs, succession planning and a need to promote the role as one of ambition and aspiration.

The full report can be found here: The future charity chair | Bayes Business School (city.ac.uk)

Public trust in charities 2023

The Charity Commission has published the latest annual report into public trust in charities, the report shows that although public trust has risen the increase is small though the situation appears more stable than previous years.

There is still a divide in the perception of charities when it comes to size, with smaller charities faring better than larger organisations. The research includes interviews with members of the public from various demographics and reveals that half of the population are aware of the Charity Commission.

The full report can be found here Public trust in charities 2023 - GOV.UK (www.gov.uk)

Defined Benefit Funding Code of Practice

The Department for Work and Pensions published its revised DB Funding and Investment Strategy Regulations in January 2024 and will apply to actuarial valuations of defined benefit pension schemes from 22 September 2024. The Regulations are closely tied to the Pensions Regulator's new DB Funding Code of Practice.

The Pensions Regulator (TPR) is analysing responses to its second consultation on the new Defined Benefit (DB) funding code of practice. The new Code includes a requirement for a 'funding and investment strategy' (FIS) where trustees will be required to articulate their approach and decisions on funding and investments. Trustees must prepare a written statement of strategy which records the FIS and supplementary details, is signed on the trustees' behalf by their chairperson, and submitted to TPR with each triennial valuation.

Under the proposals, TPR sets out a "twin-track" model where trustees will be able to choose either a prescriptive "Fast Track" option or a more flexible "Bespoke" approach to completing and submitting an actuarial valuation for TPRs assessment. The proposed requirements for the fast track route include a number of areas such as suitable long-term objectives for schemes to achieve low dependency by the time a scheme is significantly mature (measured as 12-year duration) and discount rates of gilts plus 0.5% p.a. The fast track does not explicitly take account of covenant strength. TPR plans to consult separately on proposed changes to covenant guidance.

The revised Code is expected to be published in the Summer.

https://www.thepensionsregulator.gov.uk/en/document-library/consultations/draft-defined-benefit-funding-code-of-practice-and-regulatory-approach-consultation

Charity Commission: Charity Use of Social Media

On 18 September 2023 the Charity Commission published guidance for charities on their use of social media, following a consultation carried out earlier in 2023.

A knowledge gap was identified through the Charity Commission's casework where trustees were not always aware of the risks that may arise from the use of social media, meaning that some do not have sufficient oversight of their charity's activity, leaving them and their charity vulnerable.

The aim of the guidance is to help trustees improve their understanding in this area, and to encourage charities to adopt a policy on social media as a way to set their charity's approach. The guidance does not introduce new trustee duties but seeks to make clear how existing duties are relevant to a charity's use of social media.

The guidance sets out that social media use can raise issues and risks for charities, relating to problematic content:

- posted or shared by the charity on its own social media channels
- posted by the public or third parties on a charity's social media channel
- posted on a personal social media account that can be reasonably associated with the charity

The new guidance is clear that charities using social media should have a social media policy in place, explaining how it will help deliver the charity's purpose, include guidelines for expected conduct and should ensure the policy is followed.

The guidance contains a checklist to help trustees and senior employees have informed conversations on what the right policy for them looks like.

https://www.gov.uk/government/publications/charities-and-social-media/charities-and-social-media

Charity Commission: Charities and Artificial Intelligence

On 2 April 2024 the Charity Commission published a blog explaining that charities may need to consider having an internal artificial intelligence (AI) policy, and that Trustees should be aware of the risks and opportunities arising from AI whether they are currently using AI or planning to do so.

The Commission is not anticipating issuing specific guidance but encourages trustees to apply existing guidance to new technologies as they emerge.

The key consideration is that AI should be used responsibly in a way that furthers the charity's purposes. Before utilising AI, consider the advantages and risks – and how these will be managed – in the context of the trustee's duties and charity's objectives.

That could involve looking at what gaps can be filled, or insights generated by an AI tool, what skills are needed to use these tools to the charity's advantage and if people within the charity's trustees, staff or volunteers have those skills. This could also consider how staff or volunteers may already be using AI.

As the use of AI develops and more applications become available, the Commission recommends charities consider whether having an internal AI policy would be beneficial so it is clear how and when it can be used in governance, by employees in their work, or in delivering services to beneficiaries.

However, Trustees remain responsible for decision making and it is vital processes are not delegated to AI alone as there are risks inherent to the way AI is built, operates, and continues to learn. Trustees and others in charities must ensure that human oversight is in place to prevent material errors, and a human touch is key to the way many charities operate and interact with their beneficiaries.

Trustees should consider external risks and reputational damage arising from the misuse and recircularization of AI, such as fake news or deep fakes.

Whilst this evolving technology may seem daunting to many, there are more opportunities for charities to engage with the technology now it is more widely available.

The full blog can be obtained here:

https://charitycommission.blog.gov.uk/2024/04/02/charities-and-artificial-intelligence/

Compliance

Holiday Entitlement – where are we now?

In March 2023 the government opened a consultation exercise to review the legislation governing holiday entitlement and holiday pay, which had over time become complex, and in some cases, difficult for employers to follow.

The consultation exercise ended on 7 July 2023, and the government's response was published on 8 November 2023. The response indicates that the following actions will be taken:

- *Introduce an accrual method for calculating holiday*

  Entitlement will be calculated as 12.07% of hours worked in a pay period for irregular hours and part year workers. All other workers will accrue leave at 1/12th of their entitlement on the first day of each month during their first year of employment.

- *Sanction rolled-up holiday pay (RHP)*

  Legislation will be introduced to allow RHP for irregular hours workers and part-year workers only.

- *Introduce a definition of irregular hour workers & part-year workers*

  Legislation will be updated to define what is meant by irregular hours workers and part-year workers.

The Government has laid out revisions in respect of the above as part of The Employment Rights (Amendment, Revocation and Transitional Provision) Regulations 2023, effective from 1 January 2024.

Irregular hours and part-year workers

To the relief of many employers the revised Working Time Regulations ('WTR') will include provisions aimed squarely at addressing the flaws laid bare in the Harper Trust v Brazel case in which it was held part year workers on permanent contracts were entitled to a full year's holiday entitlement, regardless of the number of weeks worked.

For holiday years from 1 April 2024 individuals who work irregular hours or part-year (such as term time or casual workers) will accrue holiday on the last day of each pay period at a rate of 12.07% of the number of hours worked during the pay period. This will ensure that their entitlement will remain in proportion to the hours that have been worked and differs from other employees who receive their full entitlement at the start of a holiday year. It is open to employers to allow the employee to take more holiday than they have accrued – in such cases its essential that employment contracts reserve the right for the employer to deduct over usage from final salaries.

For the same group of workers the revised WTR sees a welcome return of rolled-up holiday pay. Rolled-up holiday pay is where the accrual in a pay period is paid to the employee with their basic salary rather than when they actually take their holiday. The practice was outlawed because in the opinion of the European Court of Justice it discouraged workers from taking time off. However, for many casual work arrangements rolled up holiday pay is the only logical approach and many employers have continued to apply it.

From 1 April 2024 rolled up holiday pay will be permitted on condition that:

- the individual is a part-year or irregular hours worker
- the holiday pay is calculated using 12.07% of all pay for work done
- the holiday pay (12.07%) is paid at the same time as the pay for work done
- the holiday pay is separately itemised on the payslip.

It's worth noting that the 12.07% formula does not account for the different holiday pots that we covered at the start of this article and therefore in some cases it could result in higher rates of holiday pay.

It is also the case that an employer has a legal duty to ensure that an individual takes their 5.6 weeks of holiday per year and this duty applies even when they are paid using rolled-up holiday pay and not when they actually take their holiday – which could make it difficult to monitor.

Record Keeping

Following a 2019 decision by the European Court of Justice employers have been required to record the daily hours worked by their employees.

Under the revised WTR employers will be required to keep records that evidence compliance with the 48-hour week, opt-out agreements, length of night work and health assessments for night workers, and therefore an employer is not required to record daily hours if they can evidence compliance by other means.

Key Takeways

The revisions to the WTR should be welcome news for most employers, although in some areas they lack detail – such as a lack of definition around normal earnings for the calculation of holiday pay.

Employers of irregular and part year workers will be eager to adapt their processes to accommodate 'accrue as you go' and rolled up holiday pay.

For some employers it will be the much-needed spur to start and correctly calculate holiday pay and for others a need to evaluate the true status of their self-employed contractors.

However, for almost all employers there will be a need to look at policies and procedures to ensure that they align with the new rules on holiday carry over and ensure that 'use it or lose it' prompts are timetabled before the end of the holiday year.

The full article can be obtained here:
https://www.crowe.com/uk/insights/holiday-entitlements

Duty on employers to prevent sexual harassment at work

The Worker Protection (Amendment of Equality Act 2010) Act 2023 received Royal Assent on 26 October 2023, and came into force on 27 October 2023, and introduces a new duty on employers to take reasonable steps to prevent sexual harassment of their employees in the course of their employment. 'In the course of their employment' covers activities outside of the workplace, for example work social events.

This new duty to prevent sexual harassment will be enforceable by an employment tribunal, where it has first upheld a claim for sexual harassment. A tribunal will have the discretion to award a 'compensation uplift' by increasing any compensation it awards for sexual harassment by up to 25% where there has been a breach of the employer's duty in sexual harassment cases.

The Equality and Human Rights Commission's guidance on sexual harassment and harassment at work contains steps employers should consider taking in order to prevent and deal with harassment at work. These steps include having an effective and well communicated anti-harassment policy in place and maintaining a reporting register of complaints for all forms of harassment.

A copy of the guidance can be found here: https://www.equalityhumanrights.com/sites/default/files/sexual_harassment_and_harassment_at_work.pdf

Charities and terrorism

The Charity Commission guidance on 'Charities and Terrorism', first published in December 2012, has been updated in November 2022.

The guidance forms Chapter 1 of the Charity Commissions compliance toolkit, which provides advice and information on key aspects of the UK's counter-terrorism legislation, highlights how particular provisions are likely to affect charities and their work, explains the various 'terrorism lists' that exist and advises trustees what to do if they discover their charity may be working with or connected to people or organisations on terrorism lists.

The updated toolkit signposts to new guidance from the Crown Prosecution Service on proscription offences and terrorist financing offences and cases involving humanitarian, development and peacebuilding work overseas.

The updated toolkit can be found here:

https://www.gov.uk/government/publications/charities-and-terrorism

Fundraising Regulator: Annual complaints report

In November 2023 the Fundraising Regulator has published its latest Annual Complaints Report which covers the period 1 April 2022 to 31 March 2023. The report analyses complaints received by the Fundraising Regulator and complaints reported to 58 of the UK's largest fundraising charities.

The number of complaints to the sample charities rose proportionally for most methods in line with increased fundraising activity – with 13 of the 23 fundraising methods having increased complaint numbers in 2021/22 compared to 2020/21. The overall number of complaints had increased since 2021/22 which is reflective of increases in fundraising activity since the pandemic.

Over the same period, complaints about fundraising methods including door to door fundraising (60), charity bags (57) and addressed mail (51) accounted for the majority of the 270 complaints within the Fundraising Regulator's scope. A common theme was that of misleading information, highlighting the importance of clarity in fundraising materials.

You can see the full report here.

Charities and campaigning

With the UK due to hold a general election by January 2025 at the latest, there presents an opportunity for charities to raise awareness and shape policy decisions.

The majority of charity campaigning does not fall under election law rules, however, care must be taken when campaigning that the charity does not stray into election campaigning and remains independent from party politics.

Various guidance is available from the Charity Commission to charities to assist in assessing the risks to the charity:

- Campaigning and political activity guidance for charities (CC9)
- Charities, Elections and Referendums guidance
- Charities and political donations guidance

The guidance emphasises the need for any campaigning to be carefully considered by the Trustees, particularly in respect to the risks, costs and benefits of any such activity.

Charities will be required to register with the Electoral Commission as non-party campaigners if they spend more than £10,000 on regulated campaign activities and may be required to provide financial returns after the election.

The Electoral Commission has produced guidance to support organisations which can be found here.

The Charity Commission have urged charities to ensure that they have read and understood the Code of Practice for non-party campaigners which has also been produced and can be found here.

General Election: New Charity Commission Guidance on Lessons Learned

Following the recent election date announcement, the Charity Commission for England and Wales has issued further guidance for charities. Lessons Learned is based on cases opened during the 2017 General Election.

The guidance highlights key issues and questions for charities to consider regarding campaigning and political activity during the election period.

The main areas are as follows:

- Supporting or criticising particular policies
- Supporting or criticising a political party or a political candidate
- Political activity and campaigning by a charity trustee or employees
- Use of charity premises
- Visits to charities by prospective candidates
- Mis/disinformation
- Links with associated non-charitable organisations carrying our political activities and campaigning
- Political candidates using information on charities in their campaigns

In addition to this recent guidance charities should also consider the previous Charity Commission guidance Charities, Elections and Referendums - GOV.UK (www.gov.uk).

Trustees must ensure that any activities do not cause harm to their charities, and that appropriate decision making processes are followed. For a quick overview Trustees can read the Political activity and campaigning by charities - GOV.UK (www.gov.uk) guidance.

Gender pay reporting

Any employer with 250 or more employees on a specific date each year (the 'snapshot date') must report their gender pay gap data. For most entities the snapshot date is the 5 April of each year.

You must report and publish your gender pay gap information within a year of your snapshot date. You must do this for every year that you have 250 or more employees on your snapshot date.

Guidance on what and how to report can be found here: https://www.gov.uk/government/publications/gender-pay-gap-reporting-guidance-for-employers

Failure to prevent fraud and other economic crimes

A new failure to prevent fraud offence has been introduced by the Economic Crime and Transparency Act 2023. It will apply to all large corporate entities, including charitable companies and CIOs.

An offence is committed where an employee or agent commits fraud. The penalty is an unlimited fine for the organisation, and no personal liability will be introduced for trustees or management failure to prevent fraud.

The legislation is far reaching, and where an organisation operates or is based overseas, if an employee commits fraud under UK law or affecting UK victims, the company can be prosecuted.

There is a defence to the failure to prevent economic crimes if the organisation can prove that it had reasonable prevention measures in place, or that it was not reasonable in all the circumstances to expect it to have had any procedures in place.

The offence will come into force when the government publishes statutory guidance on the reasonable procedures organisations should consider putting in place.

Full details of the legislation can be found here.

New free digital service from National Cyber Security Centre

The National Cyber Security Centre have launched a new free digital service, MyNCSC, which aims to enhance charities' cyber security approach.

MyNCSC combines Active Cyber Deference (ACD) digital services, offering a unified experience tailored to each user's needs, including content, vulnerabilities, and alerts.

The MyNCSC platform is a free service for UK registered charities, enabling organisations to access various ACD services, such as:

- early warning
- mail check, assessing email security compliance
- web check, finding and fixing common security vulnerabilities in the charity's website

There are plans to gradually increase the number of ACD services integrated with MyNCSC.

MyNCSC offers a unified user interface for accessing multiple services promoting collaboration within organisations when managing digital assets and viewing findings.

For further information and guidance on how MyNCSC works, visit:

https://www.ncsc.gov.uk/information/myncsc

Financial and other reporting

FRC Amendments to FRS 102

The Financial Reporting Council (FRC) issued amendments to financial reporting standards on 27 March 2024, the changes are mostly effective for accounting periods beginning or after 1 January 2026. This follows the consultation impact assessment during 2023.

The amendments include:

- a new model of revenue recognition in FRS 102 and FRS 105 based on the IFRS 15 five-step model for revenue recognition with appropriate simplifications
- a new model of lease accounting in FRS 102 based on IFRS 16 on-balance sheet model (again with appropriate simplifications)
- various other incremental improvements and clarifications

The FRC intends to publish new editions of the standards and updated staff factsheets with guidance during 2024.

The SORP committee are reflecting on these amendments and exploring how they will impact the remaining stages of the SORP development process with updates to follow.

The full amendment documents can be obtained here: https://www.frc.org.uk/news-and-events/news/2024/03/frc-revises-uk-and-ireland-accounting-standards/

Dispelling common myths about charities

ICAEW, with input from Crowe, has published guidance exploring ten myths surrounding charities and their operations, with a view to encourage transparent communication in areas where these misconceptions are prevalent. The ten myths considered are:

- Charities spend too much on fundraising.
- They should not make a surplus or build up cash reserves.
- Too much is spent on highly paid executives.
- They should not undertake commercial activities.
- Charities should be run and staffed [for free] by volunteers.
- Too much is spent on overheads.
- Charities don't pay taxes, so need less money.
- Professional qualifications are needed to become a charity trustee.
- Charities are less vulnerable to fraud than other organisations.
- Charities should not engage in campaigning and political activity.

The guidance includes access to a webinar discussing some of the key myths with voices from the sector.

The Guidance can be found here: Dispelling common myths about charities | ICAEW

Charity Digital Skills report

The Charity Digital Skills annual report has been running since 2017 and tracks the sector during a time of significant change due to the impact of the pandemic. As we continue to navigate the cost of living crisis and the impact on the sector, this report aims to shed some light on how the digital capabilities of charities have evolved and highlighting key trends.

The report highlights that:

- Three quarters (78%) of charities say that digital is more of a priority for their organisations
- 1 in 5 charities say their IT provision is poor
- 8 out of 10 (79%) of charities see improving their website, digital presence or social media as the greatest priority for the next year
- Improving data security, privacy and GDPR compliance has become more of a priority since 2022.
- Almost half (46%) of charities say they do not have anyone with digital expertise on their board

The gaps seen in previous years persist, these include funding and leadership. With the rapid growth in AI development charities must ensure that digital skills remain a priority to avoid being left behind.

Digital Skills Report for the Charity Sector - Introduction (charitydigitalskills.co.uk)

NCSC publishes "Cyber Threat Report: UK Charity Sector"

The National Cyber Security Centre has published a report outlining the cyber threats currently facing charities of all sizes.

The 2023 DCMS Cyber Security Breaches Survey, which measures the policies and processes organisations have for cyber security, as well as the impact of breaches and attacks, highlighted 24% of UK charities had identified a cyber-attack in the last 12 months, a decrease from 30% in 2022. The drop is driven by smaller organisations – the results for medium and large businesses, and high-income charities, remain at similar levels to last year.

The report notes that the charity sector is particularly vulnerable as they can hold significant amounts of sensitive or valuable data, making them attractive targets, alongside a perception that charities have fewer resources to commit to cyber security.

The report provides details of the commonly perpetrated cyber-attacks, as well as a number of recommendations and links to guidance to assist charities strengthen their defences.

A copy of the report can be obtained here: https://www.gov.uk/government/statistics/cyber-security-breaches-survey-2023/cyber-security-breaches-survey-2023#summary

Charity Commission: Guidance on accepting donations

In March 2024, the Charity Commission published new guidance to help charities when deciding whether to accept, refuse or return a donation.

The guidance explains when donations must be refused or returned and when these might likely need to be refused or returned. The guidance makes clear that trustees should start from a position of accepting donations, but from time to time a charity may face a difficult decision as whether to refuse or return a donation. The guidance sets out an approach for trustees to take on these occasions, advising they:

- consider the risks involved in refusing or returning the donation, and how likely and serious these are. These include negative financial impact, ability to deliver services and ability to attract donations in future
- consider the risks involved in accepting or keeping the donation, and how likely and serious these are. These include the likelihood of reduced support or reputational harm, particularly among supporters or beneficiaries
- determine how any decision aligns with their charity’s purposes
- determine what steps they can take to mitigate the risks. These include negotiating the terms of a conditional donation with the donor or developing a public explanation for a decision

It explains that if a charity is considering refusing or returning a donation, the charity must have the legal power to refuse or return a donation. In some situations, there are additional legal rules to consider e.g. disposal or land or properties of a special trust.

The charity should also consider whether it needs to make a SIR when it refuses or returns a donation.

Ultimately, as the guidance states: “Deciding whether to accept, refuse or return a donation is likely to involve a careful balancing exercise. There may be no right or wrong answer, but your decision must be rational and reasonable, and supported by clear evidence.”

The full guidance can be obtained here: https://www.gov.uk/guidance/accepting-refusing-and-returning-donations-to-your-charity

Taxation

Consultation: Charity tax compliance

The Government has launched a consultation into several aspects of tax compliance by charities to consider how to reform some of the tax relief rules that are not working as intended.

The consultation seeks views on a number of areas, including:

- preventing donors from obtaining a financial benefit from their donation
- preventing abuse of the charitable investment rules
- closing a gap in non-charitable expenditure rules
- sanctioning charities that do not meet their Filing and Payment Obligations

It is important that charities have their say and engage with the consultation, to ensure that the relevant considerations can impact decision making.

The consultation closed on 20 July 2023, and HMRC are analysing the feedback received.

The consultation can be found here:
https://www.gov.uk/government/consultations/charities-tax-compliance/consultation-charities-tax-compliance

HMRC Guidance: Detailed guidance notes on how the tax system operates for charities

HMRC have updated their guidance for charities in recent months. The key changes to the guidance are:

- Sections 3.4.1 and 3.13.1 of Chapter 3 'Gift Aid' have been updated to explain that cryptoassets must be converted to money before donations are eligible for gift aid.
- Section 8.1 has been updated to clarify that top-up payments on chip and pin donations can be claimed.
- Section 8.3 has been updated to explain that a Community Amateur Sports Club must keep records of chip and pin donations made through bank accounts and terminals for their claims.
- Update to correct an error in section 22.2 of Chapter 3: Gift Aid. Figures have been adjusted in the calculations to make sure the aggregate value test produces the same pass or fail outcomes as before.
- Section 3.45 of Chapter 3 has been updated to provide examples of Gift Aid on waived funds and loan repayments for individuals and companies.

The updated guidance can be found here:
https://www.gov.uk/government/publications/charities-detailed-guidance-notes

Potential claims for overpaid VAT on fundraising events

In 2023, the Yorkshire Agricultural Society (YAS) won a First Tier Tribunal, which could impact charities' approach to fundraising events where there is more than one purpose. The decision resolves a dispute with HMRC over whether a dual-purpose event could be treated as VAT exempt.

According to HMRC's interpretation of the VAT legislation, fundraising events could only be VAT exempt if, among other conditions, the primary purpose is fundraising, and it is clearly held as a fundraiser.

HMRC tried to argue that there was a dual purpose to the events and therefore fundraising was not the primary purpose. The Tribunal rejected HMRC's arguments and agreed that there can be more than one purpose, without removing the ability to apply the VAT exemption.

What does this mean for charities:

- this case pushes back the boundaries of HMRC's restrictive approach to charities qualifying for the fundraising exemption. As a result, events including ticketed charity events, which were previously treated as taxable for VAT purposes, may not qualify for VAT exemption. It should be noted that all income from the event can qualify for exemption.

- charities should review any fundraising events that have taken place or are due to be run where they have not taken advantage of the exemption as this could be applicable.

- it may be possible to claim for over-declared output tax on events that have taken place during the last four years where the exemption's conditions have been met.

- there may also be opportunities for charities that have been assessed for output tax on these events by HMRC to revisit and challenge the assessment.

It should be noted that charities looking to make a claim will also need to consider the input tax restriction and partial exemption position from the change of previously taxable income to exempt.

Crowe

Smart decisions. Lasting Value

City Bridge Foundation (CBF)

Audit Planning Report to the City Bridge Foundation Board & Audit and Risk Management Committee

Year ending 31 March 2024

Issued to the City Bridge Foundation on 14 June 2024

Audit / **Tax** / **Advisory** / **Risk**

Strictly Private and Confidential

The City Bridge Foundation Board & Audit and Risk Management Committee
City of London
PO Box 270
Guildhall
London
EC2P

Dear Members of the Board and Audit and Risk Management Committee

We have set out in this audit planning report various matters relating to our audit of the financial statements of City Bridge Foundation (CBF) for the year ending 31 March 2024 following our initial discussions with Karen Atkinson, Nathan Omane and Nicole Monteiro on 29 May 2024.

I have pleasure in submitting our audit planning report for the year ending 31 March 2024. The primary purpose of this report is to communicate to the City Bridge Foundation Board, the Audit and Risk Management Committee and the Trustee relevant matters relating to our forthcoming audit.

Should you have any questions on this report please do not hesitate to get in touch.

We look forward to working with you on the completion of the audit of the annual report and financial statements of City Bridge Foundation.

Yours sincerely

Tina Allison
Partner

Contents

1. Executive summary

Our report to you

We are pleased to present our Audit Planning Report to the City Bridge Foundation Board and the Audit and Risk Management Committee.

International Standards on Auditing (UK) require that we communicate formally with "those charged with the governance" of City Bridge Foundation (CBF) regarding relevant matters relating to our forthcoming audits. The objectives of this are to:

- ensure that there is a mutual understanding of the scope of the audit and the respective responsibilities of ourselves as auditor and those charged with governance;
- share information to assist both ourselves as auditor and those charged with governance to fulfil their respective responsibilities; and
- provide to those charged with governance constructive observations arising from the audit process.

The matters in this report include

• an overview of the planned scope and timing of the audit
• the significant risks of material misstatement, whether due to fraud or error, and our plans to address these
• our approach to internal control relevant to the audit
• the application of the concept of materiality in the context of an audit
• any other significant matters that, in our professional judgment, are relevant to the oversight of the financial reporting process

We have discussed the above matters in Section 2 to Section 5 of this report.

Responsibilities and ethical standards

We have prepared this report taking account of the responsibilities of the Trustee and ourselves set out in Appendix 1 of this report.

Audit materiality

Our overall audit materiality for the financial statements as a whole will take account of the level of funds held by CBF and will be set at approximately 2% of fixed asset investments. In addition, a lower materiality of 1.5% of expenditure will be applied to auditing transactions in the Statement of Financial Activities and other balance sheet items.

Further details of materiality levels, including those of components, are set out in Appendix 2.

Trustee's Report and Financial Statements

We have set out in Appendix 3 a number of considerations to be taken by the Trustee and management when preparing the financial statements for the year ending 31 March 2024.

Audit report

Please note that, while the financial statements are in draft form, the draft audit report should contain the words "This report has not yet been signed" in the space for our signature. We will agree with you when this wording can be removed.

2. Significant audit risks

ISA (UK) 315 (Revised) came into effect for periods starting in December 2021.

The revised ISA introduces the concept of a spectrum of inherent risk, considering both the likelihood and magnitude of a possible misstatement. A ‘significant’ risk is one close to the upper end of the spectrum of inherent risk, or one that has to be treated as such under other auditing standards.

Risk is considered in the context of how, and the degree to which, inherent and control risk factors affect the likelihood and magnitude of a misstatement occurring. Such factors may be qualitative or quantitative, and include complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or other fraud risk factors.

Our audit work will take account of our assessment of the risks of misstatement of transactions and balances in the financial statements. We identify a range of risks from our understanding of CBF, its people and environment, and the system of internal control and plan our audit work so as to reduce the risk of material misstatement to an acceptable level.

In line with ISA (UK) 315 (Revised), we have considered the inherent risk including both the likelihood and magnitude of a potential misstatement.

2.1 Revenue recognition – investment property income

Key related judgements

Investment property income is the largest revenue stream for City Bridge Foundation, totalling £24.9m in 2022/23 and expected to perform strongly in 2023/24. Whilst comprising mostly of routinely invoiced income, there have been rent-free periods offered in the year and rent holidays requiring more complex accounting. In addition, the quarterly invoicing pattern usually followed leads to the need to partially defer invoiced income at the year-end.

This revenue stream also includes revenue released from deferred lease premiums attached to long term leases where CBF is the lessor.

Given the relative size of this revenue stream and complexities arising over cut-off and lease accounting, we consider there to be a significant risk over this revenue stream.

Crowe response

Our audit work will include the following:

- Reviewing the income recognition policy, ensuring it is in line with SORP requirements and is being appropriately applied and disclosed;
- Documenting and reviewing the systems and controls in place over investment property income. This is a key area of control to ensure that you are recognising all income that is due and closely manage and monitor the debtor ledger;
- Obtaining a report from the property management system of current leases, and ensuring that this reconciles to the total income recognised in the year;
- Verifying a sample of property receipts to supporting tenancy agreement, invoices and receipt to bank:
- Reviewing a sample of transactions across the year end date to ensure these have been recognised in the appropriate period;
- Reviewing the calculation of the rent-free period debtor, agreeing a sample to underlying leases and ensure the aging split in the accounts is correct;
- Reviewing the year-end deferred income balances, testing a sample to support and re-calculating the split of any invoices as appropriate; and
- Reviewing the long term lease premium accounting treatments to ensure they have been accounted for in accordance with the relevant accounting standards, and that they are being released correctly.

2.2 Revenue recognition – financial investment income

Key related judgements

Investment income is derived from the various investment holdings of CBF, including listed investments, private equity and bank deposits. CBF also co-invests with the City of London Pension Fund and City's Estate into a number of holdings and money market deposits, with a portion of the value and income then apportioned to the charity from these central pools.

Whilst investment income fell in 2022/23 to £2.2m due to a more adverse economic environment, performance is expected to have improved in 2023/24.

The primary risk for this revenue stream is over the accuracy of the central split of the income allocated to CBF, as well as the completeness of the investment income reported for the year, where it might be necessary to accrue for income not yet received but for which the benefit has been earned.

Crowe response

Our audit testing in this area will include:

- Agreeing the income reported in the investment managers' reports and bank interest to the nominal ledger and third party sources and reviewing cut off to check that the income has been appropriately recognised;
- Reviewing the relevant AAF01/06 controls reports for the investment managers and custodians to gain assurance that income is being reported accurately to the Corporation and Charity; and
- Reviewing the allocation of investment income to CBF from shared holdings, ensuring it is in line with the proportion of the investment holdings allocated to the charity.

2.3 Grant expenditure and grants payable

This is the largest single expenditure item for CBF, with awards totalling c.£86m in 2023/24 (2022/23: £63.4m). We understand that this increase is a result of the additional £200m of funds earmarked for grant awards.

Our audit work will focus on ensuring that grant awards and payments have been appropriately approved and that liabilities have been captured in the appropriate period.

We will use as our start point a schedule of grants, prepared by management, which reconciles the opening liability for grants to the closing creditor and the expense in the financial statements taking into account payments and awards in the year.

We will test the completeness and accuracy of this schedule by confirming, on a sample basis, that awards approved have been included in the schedule and allocated to the appropriate period. We will ask to be provided with copies of minutes and decision letters for this purpose.

Finally, we will agree a sample of grants awarded across year-end to the relevant approval and communication to ensure the year-end cut-off of awards is correct.

2.4 Management override of controls

Although the level of risk of management override of controls varies from entity to entity, Auditing Standards recognise that this risk is nevertheless present in all entities because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Due to the unpredictable way in which such override could occur, including to mask fraud, the override of controls is a significant risk for all audits.

The Trustee must satisfy themselves that the control environment present within the entity together with the trustee controls and controls over the posting of journals are adequate to deter any inappropriate override of controls from management.

We are required to design and perform audit procedures to respond to the risk of management's override of controls which will include:

- understanding and evaluating the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements and testing the appropriateness of a sample of such entries and adjustments;
- reviewing accounting estimates for biases that could result in material misstatement due to fraud; and
- 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 CBF and its environment.

2.5 Judgements and estimates

ISA (UK) 540 Auditing Accounting Estimates and Related Disclosures requires additional audit focus over management's estimates, including undertaking separate risk assessments for both inherent and control risks. In respect of the former, consideration is required of the estimation uncertainty, the subjectivity and the complexity of the estimate. We are also required to consider whether the disclosures made in the financial statements are reasonable.

We will pay careful attention to areas of the financial statements affected by management judgement and estimation. We have initially identified the following for specific review.

- The estimation of the valuation of financial investment holdings, including the total return calculations [significant];
- The estimation of the valuation of investment properties [significant];
- The assumptions adopted by management and used by the actuary to calculate the pension liability [significant];
- The recognition of financial investment and investment property income [significant];
- The split of the pension scheme liability between the component entities of the City of London Corporation [significant];
- The recoverability of year-end rental debtors [significant]
- The assessment of impairment of fixed assets [not significant];
- The assessment of the remaining useful life of assets [not significant];

- The split of recharged expenditure between the component entities of the City of London Corporation [not significant]

Financial Investments

The financial investments portfolio totalled £794.9m as at 31 March 2024 (2023: £819.7m). There is a risk with regard to the existence and ownership of the assets in the investment portfolio and their correct valuation, particularly in the case of non-listed investments where the valuation is determined by the fund.

As the investments are held and managed by third party service providers it is important that:

- the Charity has sufficient controls in place to mitigate the risks associated with outsourcing services; and
- the controls in operation by the third party service provider over the ownership and management of the Charity's assets and their associated income streams are sufficiently robust.

We will review your internal procedures to manage and control the investments as well as the controls being operated by both the investment managers and the custodian, including consideration of the relevant AAF01/06 controls reports.

We will obtain valuations directly from the investment managers. We will review the reconciliations between the reports from the investment managers and the custodian's report and the records independently maintained to confirm ownership and to identify potential anomalies or significant movements in the year (particularly in relation to purchases and disposals).

For non-listed holdings, we will complete a review of the audited accounts when available, and review management's assessment of any potential impairment. In addition, we will complete checks of publicly available sources for any potential indicators of impairment.

In addition, the charity has moved to a total return accounting model for its endowment investments (both property and financial investments), following the adoption of a supplemental Royal Charter in the year. As this is the year of adoption, the historic cost will need to be disclosed alongside the historic and current year returns.

Investment Properties

CBF's investment properties are valued independently by two firms registered as valuers with the Royal Institution of Chartered Surveyors ("RICS") as at 31 March each year. The valuations as at 31 March 2024 have been completed by Savills and Jones Land LaSalle (JLL), with the total valuation of the portfolio being £792.6m (2022/23: £841.1m).

Investment properties are carried in the financial statements at fair value. FRS102 requires revaluation to be made with sufficient regularity to ensure that the carrying value does not differ materiality from that which would be determined using fair value at the reporting date. As such, we consider the valuation of this portfolio to be a significant risk, particularly in light on the current property market environment.

We will review the investment property valuation report with consideration to judgements and estimates used by the valuer with reference to market data. We will also test the inputs provided to the valuer by the Charity and the ownership status via land registry.

We will also review the valuation adjustment and ensure any gains/losses on revaluation have been appropriately recognised in the Statement of Comprehensive Income, and that the adoption of total return accounting has been appropriately applied and reflected in the notes to the accounts.

We also understand from discussions with management that increasing costs in the construction sector derived from the pandemic and high inflation have continued to impact renovation costs. This includes a major renovation of 84 Moorgate, where the final costs have been around twice the original £20m budgeted. Also of note is a project where CBF and the contractor have been to adjudication with a judgement dividing the extension of time costs between CBF and the contractor in the prior year. We understand that CBF are waiting for the final account to be submitted before a further challenge is made.

As part of our audit work, we will review the correspondence surrounding these refurbishments and assess the need for any provision to be included in the accounts, or potential impairment of the value of the corresponding properties. We will also complete a wider review of the portfolio for any potential indicators of impairment. This will include obtaining an update from the RAAC working group regarding the presence of reinforced autoclaved aerated concrete, though from our work as part of the 2022/23 audit, we expect that CBF's properties are not affected.

CBF are also currently undertaking a review of properties that may have been acquired under statute and therefore may not be part of the endowment fund. At present, research over this remains ongoing, however we will continue to monitor this throughout the audit process and will review any additional disclosures included within the financial statements for accuracy.

Pension liability

The assumptions surrounding the pension liability calculations performed by the actuaries can make a significant difference to the result disclosed in the financial statements. As at 31 March 2023, this liability for CBF sat at £4.3m.

The City Corporation operates a funded defined benefit pension scheme, The City of London Pension Fund, for its staff employed on activities relating predominantly to the three principal funds for which it is responsible (City Fund, City's Estate and City Bridge Foundation).

At present, CBF includes the pension scheme liability in the accounts as reported under IAS19, with a conversion not made to FRS102 on the grounds of the difference not being material. There is a risk that this difference may in fact be material or otherwise significant.

Our audit testing will include the following:

- Benchmarking the assumptions used by the actuary in calculating the FRS102 pension liability;
- Assess the difference in calculating the liability between IAS19 and FRS102 to determine whether it is material or otherwise significant;
- Liaising with the auditors of the Pension Fund to, where possible, place reliance on the audit work they have completed for the Fund's 2022/23 accounts. We will then complete any further work, such as verifying scheme assets and input data, if required; and
- Assessing the basis of apportionment of the pension liability across the 3 City of London entities.

We understand that CBF is not affected by the potential pension regulations breach around casual workers, however as part of our audit work we will review management's paper and the potentially affected employees to confirm this, or otherwise the magnitude of any potential impact.

Recognition of financial investment and investment property income

Our considerations in relation to income recognition are set out under Section 2.1 and 2.2 above.

Other judgements and estimates

We will identify all areas where an accounting estimate or judgment is used and we will obtain an update from management on the basis of the estimates.

We will consider whether these have high or low estimation uncertainty. Where there is high estimation uncertainty (primarily, if there is a range of reasonable outcomes which exceeds our materiality) this indicates a significant risk. We will compare the estimates and judgments made in the prior period with actual outcomes.

We will also review management's assessment of this and specifically consider whether the estimates and judgments arrived at by management indicate any management bias. This means that management will also need to consider whether there is any bias in information received from other departments.

It is important that you are satisfied that the assumptions used by management are appropriate and we will ask you to provide a written representation to us to confirm this.

3. Other areas of audit focus and disclosure

We have also noted the following matters from our initial discussions and from our work in previous years as not having significant audit risk but being potentially relevant to the financial statements.

3.1 Income

International Standards on Auditing (ISA (UK) 240) presumes there is always a significant risk of material misstatement due to fraud in revenue recognition, unless this is rebutted.

Whilst we deem investment property income and financial investment income to be significant (see Section 2) we do not consider tourism income to be a significant risk due to its high-volume low-value nature. Other income streams are not considered a significant risk due to their immaterial nature.

Across all income streams the key risks remain the same:

- Completeness (has all income due been appropriately recognised in the period?).
- Cut off (has income been recognised in the appropriate period?).
- Fund allocation (have donor restrictions on the use of the income been appropriately captured in the financial statements?).
- Valuation (where income is owed at year end, is it likely to be received or should it be provided against?).

Tourism income

City Bridge Foundation owns Tower Bridge, which is open to the public for an admission fee. In addition, there is a gift shop on site generating further revenue, and the venue is also rented out for events. This revenue stream totalled £7.6m in 2022/23 and is expected to increase to c.£10.2m in 2023/24, with nearly a million visits made in the year.

Historically, a significant proportion of the income is from cash sales, which is by its nature a fraud risk, however since the pandemic this proportion has decreased significantly, with tourists favouring online booking and card payments instead. In addition, given the high volume/low value and transactions nature of the income is not considered to give rise to a significant risk of material misstatement.

As part of our audit work, we will:

- Update our understanding of systems and processes and complete walkthroughs, including over the new system introduced in March 2024;
- Perform analytical review of trends and variances for each tourism income stream against expectations, budget, forecast and prior years where appropriate;
- Review a sample of reconciliations between the EPOS system and amounts banked;
- Trace a sample of sales through the EPOS system and ultimate receipt to bank;
- Trace a sample of events income through to supporting documentation and receipt to bank; and
- Review year-end cut-off to ensure income has been recognised in the correct years, including the deferral of income relating to events booked after 31 March 2024.

3.2 Payroll

Payroll is the second largest single expenditure item for CBF, totalling £8.1m in 2022/23. The key risks in this area are considered to be:

- Existence (does the expenditure relate to genuine employees?).
- Accuracy (are payments made at authorised amounts and are the correct deductions made?)
- Disclosure (have all required disclosures been made in the financial statements?)

As part of our audit we will review the controls in place over monthly processing including the reconciliation of the payroll to the nominal ledger.

We will also perform analytical procedures that consider gross pay, deductions and staff numbers year on year to ensure that all trends and relationships appear reasonable and that the totals agree with the ledger, and we will verify a sample of staff between the payroll and other HR records and agree their costs to supporting documentation on a sample basis.

3.3 Funds

City Bridge Foundation operates a number of different funds subject to various restrictions and designations. You must ensure that all movements on funds are correctly identified and accounted for. This requires careful consideration of the various terms and conditions which may be applied to income.

We will:

- Trace restricted contributions, legacies and grants found in our income testing to the relevant fund account;
- Review a sample of expenses allocated to restricted funds to ensure that the expenditure was spent in accordance with the objects of the fund;
- Review the analysis of net assets to ensure that it has been correctly allocated across the funds; and
- Review the processes in place to ensure that restricted transactions are completely and accurately captured and reported within the organisation and review year end balances to ensure that they appropriately reflect the restrictions that should be in force.

3.4 Other balance sheet items

In addition to our focus on the areas detailed above we will carry out our standard audit procedures on the other material balance sheet amounts. Our work will include:

- Testing of key control account reconciliations;
- Testing of bank reconciliations;
- A review of post year end transactions and cash movements across year-end where these help to confirm the year end position;
- A review of controls and processes over the payment of trade creditors, including bank payment authorisation; and
- Confirmation of assets held (e.g. cash at bank) to third party confirmations.

3.5 Going concern

In preparing the financial statements to comply with Financial Reporting Standard 102 the Trustee is required to make an assessment of the charity's ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, the Trustee and management are required to consider all available information about the future of the charity in the period of at least, but not limited to, twelve months from the date when the financial statements are approved and authorised for issue.

Whilst we do not consider there to be a significant risk over going concern due to the Charity's extensive investment and cash holdings, the trustee's going concern assessment is a key area of importance for our audit. In accordance with the requirements of ISAs (UK), our audit report includes a specific reference to going concern.

As in prior years management will prepare a detailed paper setting out their assessment of CBF's ability to continue as a going concern for consideration alongside the draft financial statements by the Audit and Risk Management Committee and City Bridge Foundation board.

Crowe response

Our work on going concern will include the following:

- Reviewing the period used by Trustee to assess the ability of CBF to continue as a going concern,
- Examining budgets and forecasts prepared by management covering the period of the going concern assessment to ensure that these appropriately support the trustee's conclusion,
- Reviewing the accuracy of past budgets and forecasts by comparing the budget for the current year against actual results for the year, and
- Reviewing any other information or documentation which the Trustee used in their going concern assessment.

3.6 Related parties

In line with the ISAs which direct our audit work (ISA (UK) 550) we are obliged to ensure that any related parties are identified and that any transactions involving these parties and the group are appropriately authorised and correctly disclosed in the financial statements. The definition of a "related party" as defined in FRS 102 encompasses, in addition to the Board and Council, any members of management who can directly influence management decisions and close family members of both; the latter being of relevance if individual Trustee members or members of management are perceived to be in a position to influence the management decisions of family members or can be influenced by them.

We will therefore review the Corporation's and Charity's procedures for identifying potential related parties and ensuring all transactions are complete, including any annual declaration of interests completed by Council Members and Senior Management.

4. Fraud and irregularities and our audit reporting

Obtaining an understanding of internal control relevant to the audit

Our audit tests will combine a review of CBF's controls with tests of detail (substantive procedures) and analytical review procedures.

ISAs require us to document our understanding of your business and assess the risk of material misstatement. For controls considered to be 'relevant to the audit' we are required to evaluate the design of the controls and determine whether they have been implemented. The controls that are determined to be relevant to the audit are those:

- relating to identified risks (including the risk of fraud in revenue recognition) or other audit issues;
- where we are unable to obtain sufficient audit assurance through substantive tests alone; and/or
- where we consider it more efficient to obtain assurance through controls testing.

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of detailed audit testing required will be considered.

Our audit work is not designed to provide assurance as to the overall effectiveness of the controls operating within CBF, although we will report to management, the CBF Board and the Audit and Risk Management Committee any recommendations on controls that we may have identified during the course of our work.

As we reported last year, the primary responsibility for the prevention and detection of fraud rests with management and "those charged with governance" (i.e. the Trustee), 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 irregularities including fraud, or error.

Corporate governance and fraud

As part of our audit procedures we make enquiries of management to obtain their assessment of the risk that the financial statements may be materially misstated due to fraud. However, we emphasise that the responsibility to make and consider your own assessment rests with yourselves and that the Trustee, CBF Board, Audit and Risk Management Committee and management should ensure that these matters are considered and reviewed on a regular basis.

As auditors, we are required to document an understanding of how "those charged with governance" exercise oversight of management's processes for identifying and responding to the risks of fraud in CBF and the internal controls that management has established to mitigate these risks. Specifically, we require a response to the following questions:

- What, in your view, are the risks of fraud in the entity? Both misappropriation of assets and fraud relating to financial reporting?
- What are the general risks of fraud in this business sector, and how does this entity mitigate them?
- How do you monitor and review management's process for identifying and responding to the risks of fraud in the entity?
- To what extent do you understand the controls management has put in place to mitigate those risks?
- Has there been any actual or suspected fraud during the year?
- Have there been any allegations of fraud during the year?

The Trustee may find it helpful to prepare a fraud risk assessment alongside management. A fraud risk assessment is an objective review of the fraud risks facing an organisation to ensure they are fully identified and understood. This includes ensuring:

- fit for purpose counter fraud controls are in place to prevent and deter fraud and minimise opportunity, and

- action plans are in place to deliver an effective and proportionate response when suspected fraud occurs including the recovery of losses and lessons learnt.

Any fraud risk assessment should not be seen as a standalone exercise but rather an ongoing process that is refreshed on a regular basis.

A copy of our guidance and a framework on conducting fraud risk assessments can be obtained from our website here: https://www.crowe.com/uk/insights/fraud-risk-assessment-non-profit.

Our responsibilities

In line with ISA (UK) 700 our audit report will include an additional comment to explain to what extent the audit was considered capable of detecting irregularities, including fraud.

As auditors, we are required to document an understanding of how “those charged with governance” exercise oversight of management's processes for identifying and responding to the risks of fraud in CBF and the internal controls that management has established to mitigate these risks.

We note that CBF has a structured process for fraud reporting, through its risk management, the CBF Board and the Audit and Risk Management Committee. We have not been made aware of any significant matters which would affect our assessment of audit risk at this stage, although this will need to be reviewed by us, and confirmed by the Trustee, up to the date of approval of the financial statements.

We will make enquiries of management and others within CBF as appropriate, regarding their knowledge of any actual and suspected or alleged fraud affecting CBF. In addition, we will be required to ascertain the following from the CBF Board / Audit and Risk Management Committee / Trustee.

- Whether they have knowledge of any fraud or suspected fraud.
- The role that the CBF Board / Audit and Risk Management Committee / Trustee exercise in oversight of:
  - i) CBF assessment of the risks of fraud, and the design, implementation and maintenance of internal controls to prevent and detect fraud; and
  - ii) their assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We will seek representations from the Trustee on these matters and we will liaise with the finance team, in the first instance, to identify any specific risks or information relevant to these considerations.

5. Staffing, fees and timetable

Staffing

Tina Allison is your Audit Partner. They will be assisted by Daniel Haines as Director and James Badman as Audit Manager. The onsite team this year will be led by Nireekshna Ganesh.

Our audit fees

As in previous years our proposed audit fee is based on two assumptions.

- First draft financial statements and detailed supporting schedules are available at the commencement of the audit. If this information is not available to us at the start of our audit we may seek to charge additional fees to cover any resulting delays or inefficiencies.
- We are required to check and review up to two further drafts of the financial statements prior to these being finalised for approval by the Trustee. If it is necessary for us to review additional drafts we may charge additional fees to cover any resulting extra staff time.

Based on the above, our fee for the audits of the financial statements of City Bridge Foundation, incorporating an inflationary rise[1] of 5% will be £93,500 (2022: £89,050).

This fee is stated exclusive of VAT and disbursements.

We propose to submit an initial interim fee of £30,000 at the time of issuing this planning report and subsequent fees of £55,000 at the end of the main fieldwork and the final balance of our fees on completion in September.

To assist you in providing the required information, we have provided a separate list of audit deliverables to the CBF finance team.

Timetable

The anticipated timetable and deadlines are as follows:

Key Events	Date
Initial planning meeting	29 May 2024
Interim audit work commences	w/c 11 June 2024
Provision of the audit planning report to the CBF Board	14 June 2024
Audit fieldwork commences and draft financial statements available	w/c 1 July 2024 (3 weeks)
Audit & Risk Management Committee	8 July 2024
Central Work Fieldwork (for reference)	w/c 29 July 2024 (3 weeks)
Clearance meeting with finance team	21 August 2024
Draft audit findings report to management	29 August 2024
Papers deadline for CBF Board	5 September 2024
CBF Board meeting to consider audit findings report and provide delegated authority for signing	19 September 2024
Audit & Risk Management Committee to consider findings report and accounts	23 September 2024

[1] Please note that the latest ONS inflation index indicates that the Consumer Prices Index (CPI) stood at 2.3% in the 12 months to April 2024 and the annual RPI inflation rate was 3.3% in April 2024. The inflation index according to ONS for accountancy services was 13.0% in March 2024 due to a shortage of quality candidates and competition amongst audit firms.

Approval of the accounts for signing by CBF Board and Crowe	18 October 2024

Our deliverables to you

In addition to carrying out the necessary audit procedures in accordance with International Standards on Auditing we will provide to you the following.

- Statutory audit reports on the financial statements of CBF.
- This Audit Planning Report to confirm the details of the planned timing of our audit and related year-end meetings, to confirm the key members of your audit team and their independence, and to summarise our audit approach and any specific issues relevant to our audit which we have identified from our initial discussions with CBF's finance team or elsewhere.
- An Audit Findings Report to summarise any key issues or adjustments identified during our audit which have impacted on the disclosures in, or required adjustment to, the draft financial statements together with comments on any weaknesses in CBF's systems and controls which come to our attention during our audit work on the annual statutory financial statements.
- Draft of the Representations Letter which we are required to obtain from the Trustee to confirm certain specific matters relevant to the completion of the statutory financial statements.

Appendix 1 - Responsibilities and ethical standards

Scope of our audit

Our audit is a statutory requirement to ensure that the Trustee has properly discharged their legal responsibilities to prepare their annual report and the financial statements in accordance with the applicable legislation and financial reporting requirements.

As your auditor we are required to obtain sufficient evidence to enable us to report as to whether the financial statements of CBF give a true and fair view of the financial performance of the entity, are free from material misstatements and are compliant with the requirements of relevant legislation and applicable Financial Reporting Standards.

Your financial statements

The financial statements on which we are to report are your responsibility; our audit of the financial statements does not relieve management or the Trustee of their responsibilities for the financial statements and the Trustee must be satisfied that the financial statements give a true and fair view before approving them. Further details of your and our respective responsibilities are set out in our engagement letters dated 13 July 2022.

Our audit approach

We will carry out our audit in accordance with International Standards on Auditing (UK) ('ISA's (UK)'). Overall, we seek to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, in order that we can report to the Trustee.

Our work will include such tests of transactions and of existence, ownership, valuation and completeness of assets and liabilities that we consider necessary for this purpose.

We will update our understanding of CBF including objectives, strategies, operations, governance structures, sources of incoming resources and related risks. We will also update our understanding of the classes of transactions, account balances, and disclosures to be expected in the financial statements. We will consider your selection and application of accounting policies and whether they remain appropriate, and your reasons for any changes thereto.

We will review your systems for the purpose of our audit and we will report to you any significant deficiencies in internal control identified during our audit which, in our professional judgment, are of sufficient importance to merit your attention after discussing them with management. Our audit should not, however, be relied upon to identify all systems deficiencies, which are your responsibility, and we shall only draw your attention to matters we have encountered as a part of our audit work.

We will also read the Trustee's Report and any other information that will be included with the financial statements to ensure this is consistent with the financial statements.

We are required to confirm during our audit whether those charged with governance have knowledge of any actual, suspected or alleged fraud affecting CBF. We have not been made aware of any such issues from our initial discussions but will be requesting confirmation of this as part of the audit completion process.

Legal and regulatory disclosure requirements

In undertaking our audit work we will consider compliance with the following legal and regulatory disclosure requirements, where relevant:

- Charities Act 2011
- The Charities (Accounts and Reports) Regulations 2008
- The Charities SORP (FRS102)
- Financial Reporting Standard 102

We are not aware that any limitations will be placed on the planned scope of our audit.

Ethical Standard

We are required by the Ethical Standard for auditors issued by the Financial Reporting Council ('FRC') to inform you of all significant facts and matters that may bear upon the integrity, objectivity and independence of our firm.

Crowe U.K. LLP has procedures in place to ensure that its partners and professional staff comply with both the FRC's Ethical Standard for auditors and the Code of Ethics adopted by The Institute of Chartered Accountants in England and Wales.

In our professional judgement there are no relationships between Crowe U.K. LLP and CBF or other matters that would compromise the integrity, objectivity and independence of our firm or of the audit partner and audit staff. We are not aware of any further developments which should be brought to your attention.

Independence

International Standards on Auditing (UK) require that we keep you informed of our assessment of our independence.

We confirm that we have not provided any non-audit services to the charity. We have not identified any other issues with regards to integrity, objectivity and independence and, accordingly, we remain independent for audit purposes.

The matters in this report are as understood by us as at 14 June 2024. We will advise you of any changes in our understanding, if any, during our meeting prior to the financial statements being approved.

Use of this report

This report has been provided to the CBF Board and the Audit and Risk Management Committee to consider and ratify on behalf of the Trustee, in line with your governance structure. 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. It should not be made available to any other parties without our prior written consent.

Appendix 2 - Audit materiality

Audit materiality and communication of errors and adjustments

We do not seek to certify that the financial statements are 100% correct; rather we use the concept of "materiality" to plan our sample sizes and also to decide whether any errors or misstatements discovered during the audit (by you or us) require adjustment.

The assessment of materiality is a matter of professional judgment but consideration will be given to the highest cumulative error which would not threaten the validity of the financial statements. A matter is material if its omission or misstatement would reasonably influence the economic decisions of a user of the financial statements.

Whether adjustments are material to the "true and fair" view can only be judged in the particular circumstances of the items and their impact on the financial statements to which they relate. Materiality will be considered having regard to the overall financial statement totals, the relevant individual balance, the type of transaction and the disclosures.

Our overall audit materiality for the financial statements as a whole will take account of the level of funds held by CBF and will be set at approximately 2% of fixed asset investments. In addition, a lower materiality of 1.5% of expenditure will be applied to auditing transactions in the Statement of Financial Activities and other balance sheet items.

In addition, we will determine whether a materiality amount lower than this materiality level is applicable for any particular classes of transactions, account balances or disclosures.

We also set a level of materiality ('performance materiality') below the amount set for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality also refers to amounts set at less than the materiality level or levels for particular classes of transactions, account balances or disclosures.

We will, of course, discuss with your finance team all errors, other than those that are "clearly trivial", that we discover during the course of our audit work. Where such errors would have an impact upon the numbers reported in the statutory financial statements, but are not significant in terms of our audit, we will ask management if they wish to adjust the financial statements.

We will bring to your attention all significant potential adjustments to the financial statements. We will not, however, bring to your attention matters that we consider to be "clearly trivial" and we therefore propose to only identify amounts greater than 5% of our audit materiality.

The following is a summary of the overall materiality levels that will be applied, based on the prior year financial statements:

Entity	Materiality calculation	Materiality £'000	Reporting threshold £'000
City Bridge Foundation	2% Fixed Asset Investments	33,216	1,661
	1.5% Expenditure	1,556	67

Appendix 3 - Trustee's Report and Financial Statements

Financial Statements and our audit

The preparation and presentation of the financial statements remains the responsibility of those charged with governance. However, our audit work will include reviewing the statements to ensure that they properly reflect the underlying financial records of the charity and also that they continue to be appropriately prepared in line with the requirements of the Charities SORP (FRS 102) and the requirements of the Charities Act (as applicable).

As part of our audit we will:

- ensure there is a full audit trail from the trial balance to the financial statements;
- review the financial statements against legal, regulatory and the SORP requirements and sector best practice;
- review the processes operated by CBF for identifying any related party transactions that might require disclosure; and
- review the latest copy of the risk register and ensure any key issues for the financial statements have been considered in the context of our audit, and appropriately managed in the context of the CBF's governance.

Trustee's Report

We expect that your Trustee's Report will include discussions of risks, outcomes, outputs and impacts and information on financial and non-financial KPIs.

Whilst we are required to review the report for any inconsistencies with the information included in the financial statements and to ensure that it reflects the SORP and other requirements, we do not audit the Trustee's Report. The responsibility for preparing the report rests with the charity's Trustee.

Although the Trustee may seek the assistance of the charity's staff in drafting the report, the Trustee must approve the final text of the report. It is therefore important that Trustee has some assurance over the process which management have adopted in the collection and verification of the data included in the Trustee's Report.

It will also be important that CBF continues to ensure consistency between the statutory Trustee's Report information and any information that is included elsewhere including on its website.

Governance Code

The Charity Governance Code was updated in December 2020. The key enhancements focussed on Principle 3: Integrity and Principle 6: Equality, Diversity and Inclusion (formerly 'Diversity'). A copy of the refreshed code can be obtained from the Charity Governance Code website at https://www.charitygovernancecode.org/en/pdf.

The Governance Code encourages charities to publish a brief statement (a short narrative rather than a lengthy 'audit' of policies and procedures) in their annual report explaining their use of the Code and we therefore anticipate that you will be including an appropriate comment on this in your Trustee's Report.

Fundraising Statement

The Trustee's Report will also again need to include an appropriate statement on the various matters relating to the charity's fundraising activities as required by The Charities (Protection and Social Investment) Act 2016.

Appendix 4 - External developments

We have summarised below some of the developments and changes in the charity sector over the recent period which we believe may be of interest or relevant to you. Please note that this information is provided as a summary only and that you should seek further advice if you believe that you have any specific related issues or intend to take or not take action based on any of the comments below.

We believe it is important to keep our clients up to date on the issues that affect them and, as a part of our ongoing communication, we regularly hold webinars and therefore encourage you to visit our website (https://www.crowe.com/uk/industries/webinars#nonprofit).or register to our mailing list (nonprofits@crowe.co.uk) to stay updated on these. Any webinars which you have missed remain available on demand on our website.

Governance

The Charities Act 2022: Implementation

The Charities Act 2022 (the Act) received Royal Assent on 24 February 2022 and brings into force a number of key changes to the Charities Act 2011, aimed at simplifying a number of processes.

The Charity Commission are currently working through implementing the various changes brought about by the legislation, and have set out an indicative timetable here: https://www.gov.uk/guidance/charities-act-2022-implementation-plan

Other provisions of the Act in force from 31 October 2022

- Section 5: Orders under section 73 of the Charities Act 2011
- Section 8: Power of the court and the Commission to make schemes
- Section 32: Trustee of charitable trust: status as trust corporation
- Section 36: Costs incurred in relation to Tribunal proceedings etc
- Part of Section 37: Public notice as regards Commission orders etc.
- Part of Section 40 and Schedule 2: Minor and consequential amendments

Provisions of the Act that came into force on 14 June 2023

- Sections 9-14 and 35a: Permanent endowment
- Sections 17, 19-22: Charity land
- Sections 25-28: Charity names
- Section 38 and 39: Connected persons
- Part of Section 40 and Schedule 2: Minor and consequential amendments

Provisions of the Act expected to come into force on 7 March 2024

- Section 1-3: Charity constitutions
- Sections 18* and 23: Charity land
- Section 24 and Schedule 1: Amendments of the Universities and College Estates Act 1925**
- Section 29: Powers relating to appointments of trustees
- Section 31: Remuneration etc of charity trustees etc
- Sections 33, 34 and 35(b): Charity mergers
- Section 37: For remaining purposes
- Section 40 and Schedule 2: For remaining purposes

* Section 18(1) (in part), (2)(a), (2)(c) and (3)(a) will come into force on 7 March 2024. Due to the provisions being linked to section 24 and Schedule 1, section 18(1) (for remaining purposes), (2)(b) and (3)(b) will come into force on 19 May 2025.

** Section 24 and Schedule 1 will come into force on 19 May 2025.

Provisions of the Act expected to come into force later in 2024

- Sections 15 and 16: Ex gratia payments

The key provisions of the Act that have been implemented to date are set out below, and further information can be found here: https://www.gov.uk/guidance/charities-act-2022-guidance-for-charities

Making changes to governing documents

The Act introduces a new statutory power to allows trusts and unincorporated associations to make changes to their governing documents.

Charities will still however need to get the Commission's authority to make certain 'regulated alterations' in the same way as companies and Charitable Incorporated Organisations (CIO).

Other related changes include:

- how unincorporated charities must pass trustee and (where they have members) member resolutions when using the new power
- that the Commission will apply the same legal test when deciding whether to give authority to charitable companies, CIOs, and unincorporated charities changing their charitable purposes
- a power for the Commission to give public notice to, or to direct charities to give notice to, regulated alterations they make

The Commission have updated CC36 to reflect these changes, which can be found here: https://www.gov.uk/government/publications/changing-your-charitys-governing-document-cc36

Selling, leasing or otherwise disposing of charity land

The following provisions are now in force:

- provisions relating to disposals by liquidators, provisional liquidators, receivers, mortgagees or administrators
- provisions relating to the taking out of mortgages by liquidators, provisional liquidators, receivers, mortgagees or administrators
- changes about what must be included in statements and certificates for both disposals and mortgages

The Commission have updated CC28 to reflect these changes, which can be found here: https://www.gov.uk/government/publications/sales-leases-transfers-or-mortgages-what-trustees-need-to-know-about-disposing-of-charity-land-cc28

Charity mergers

For certain mergers, new rules are now in force that will allow most gifts to charities that merge to take effect as gifts to the charity they have merged with.

Updated guidance on charity mergers can be found here: https://www.gov.uk/government/publications/making-mergers-work-helping-you-succeed/how-to-merge-charities

Failed appeals

The Act introduces new rules granting the power for trustees to apply cy-près, allowing charities more flexibility in response to a charity appeal that has failed, allowing *donations* to be applied for another charitable purposes rather than having to be returned to donors under certain conditions:

i) The donation is a single gift of £120 or less; and the Trustees reasonably believe that during the financial year the total amount received from the donor for the specific charitable purpose is £120 or less (unless the donor states in writing that the gift must be returned if the charitable purposes fail); or
ii) The donor, after all agreed actions have been taken, cannot be identified or found; or
iii) The donor cannot be identified (for example cash collections)

The Charity Commission published guidance in relation to failed appeals on 31 October 2022, which can be found here: https://www.gov.uk/government/publications/charity-fundraising-appeals-for-specific-purposes

The Charity Commission has also updated its guidance CC20 'Charity fundraising: a guide to trustee duties' to reflect these changes.

The Fundraising Regulator has also published guidance, further details of which are provided below.

Payments to Trustees for providing goods to the charity

The Charities Act 2011 provided a statutory power for charities, in certain circumstances, to pay trustees for providing a service to a charity beyond usual trustee duties.

The Act extends this power to allow, in certain circumstances for payments to trustees for providing goods to the charity.

Updated guidance can be found here: https://www.gov.uk/guidance/payments-to-charity-trustees-what-the-rules-are

The Charity Commission has also updated its guidance CC29 'Conflicts of interest: a guide for charity trustees' and CC11 'Trustee expenses and payments' to reflect these changes.

Power to amend Royal Charters

Royal Charter charities are able to use a new statutory power to change sections in their Royal Charter which they cannot currently change, if that change is approved by the Privy Council.

Updated guidance can be found here: https://www.gov.uk/guidance/royal-charter-charities

Selling, leasing or otherwise disposing of charity land

Charities must comply with certain legal requirements before they dispose of charity land. Disposal can include selling, transferring or leasing charity land. The Act simplifies some of these legal requirements. The changes include:

- widening the category of designated advisers who can provide charities with advice on certain disposals
- confirming that a trustee, officer or employee can provide advice on a disposal if they meet the relevant requirements
- giving trustees discretion to decide how to advertise a proposed disposal of charity land
- removing the requirement for charities to get Commission authority to grant a residential lease to a charity employee for a short periodic or fixed term tenancy

Updated guidance can be found here: https://www.gov.uk/government/publications/sales-leases-transfers-or-mortgages-what-trustees-need-to-know-about-disposing-of-charity-land-cc28.

Using permanent endowment

The Act introduces new statutory powers to enable:

- charities to spend, in certain circumstances, from a 'smaller value' permanent endowment fund of £25,000 or less without Commission authority
- certain charities to borrow up to 25% of the value of their permanent endowment fund without Commission authority

Charities that cannot use the statutory powers will require Charity Commission authority.

In addition, a new statutory power enables charities that have opted into a total return approach to investment to use permanent endowment to make social investments with a negative or uncertain financial return, provided any losses are offset by other gains.

Updated guidance can be found here: https://www.gov.uk/guidance/permanent-endowment-rules-for-charities

https://www.gov.uk/government/publications/total-return-investment-for-permanently-endowed-charities

Investing Charity Money

CC14 has been updated, it is now called Investing Charity Money, and takes account of the High Court Judgement on the Butler Sloss case.

CC14 states that all charities should have a written investment policy if their governing document requires they have one or if the charity is a trust, and where it gives an investment manager powers to make decisions on its behalf. It includes:

- Examples of various issues which may be relevant for trustees to consider when making investment decisions, such as the potential for an investment to conflict with the purposes of the charity, or the reputational impact of an investment decision.
- Steps trustees 'must' take to be compliant with the law and those trustees 'should' do as best practice but not legally required.
- Explanations on acting in the best interests of a charity, ensuring that above all else any decision furthers its purposes.
- Guidance on social investment and no longer uses terminology that could get in the way of trustees' understanding, such as 'ethical investment', 'mixed motive investment' and 'programme related

investment'. It should be noted that whilst the guidance has simplified the terminology, this distinction is still important from a financial reporting perspective, as the Charity SORP requires different accounting treatment for mixed motive and programme related investments.

It also provides example approaches to financial returns including avoiding those investments which can reduce support for a charity and harm its reputation, and is more specific on ESG factors:

- aiming only for the best financial return you can achieve, within the level of risk that you have decided is acceptable for your charity
- alongside the financial return you are aiming for, avoiding investments that conflict with your charity's purposes.
- alongside the financial return you are aiming for, avoiding investments that could reduce support for your charity or harm its reputation, particularly amongst its supporters or beneficiaries.
- alongside the financial return you are aiming for, avoiding or making investments in companies because of their practice on environmental, social and governance (ESG) factors
- alongside the financial return you are aiming for, using your shareholder vote, or other opportunities that come with your investment, to influence practice at companies that your charity is invested in.

The revised guidance can be found here: Investing charity money: guidance for trustees (CC14) - GOV.UK (www.gov.uk)

: The future charity chair | Bayes Business School (city.ac.uk)

Public trust in charities 2023

The Charity Commission has published the latest annual report into public trust in charities, the report shows that although public trust has risen the increase is small though the situation appears more stable than previous years.

There is still a divide in the perception of charities when it comes to size, with smaller charities faring better than larger organisations. The research includes interviews with members of the public from various demographics and reveals that half of the population are aware of the Charity Commission.

The full report can be found here Public trust in charities 2023 - GOV.UK (www.gov.uk)

Defined Benefit Funding Code of Practice

The Pensions Regulator (TPR) is currently analysing responses to its second consultation on the new Defined Benefit (DB) funding code of practice. The new Code includes a requirement for a 'funding and investment strategy' (FIS) where trustees will be required to articulate their approach and decisions on funding and investments. Trustees must prepare a written statement of strategy which records the FIS and supplementary details, is signed on the trustees' behalf by their chairperson, and submitted to TPR with each triennial valuation.

Under the proposals, TPR sets out a "twin-track" model where trustees will be able to choose either a prescriptive "Fast Track" option or a more flexible "Bespoke" approach to completing and submitting an actuarial valuation for TPRs assessment. The proposed requirements for the fast track route include a number of areas such as suitable long-term objectives for schemes to achieve low dependency by the time a scheme is significantly mature (measured as 12-year duration) and discount rates of gilts plus 0.5% p.a. The fast track does not explicitly take account of covenant strength. TPR plans to consult separately on proposed changes to covenant guidance.

The code is now expected to come into force in April 2024, rather than 1 October 2023.Details of the consultation can be accessed via TPRs website:

https://www.thepensionsregulator.gov.uk/en/document-library/consultations/draft-defined-benefit-funding-code-of-practice-and-regulatory-approach-consultation

Charity Commission: Charity Use of Social Media

On 18 September 2023 the Charity Commission published guidance for charities on their use of social media, following a consultation carried out earlier in 2023.

A knowledge gap was identified through the Charity Commission's casework where trustees were not always aware of the risks that may arise from the use of social media, meaning that some do not have sufficient oversight of their charity's activity, leaving them and their charity vulnerable.

The aim of the guidance is to help trustees improve their understanding in this area, and to encourage charities to adopt a policy on social media as a way to set their charity's approach. The guidance does not introduce new trustee duties but seeks to make clear how existing duties are relevant to a charity's use of social media.

The guidance sets out that social media use can raise issues and risks for charities, relating to problematic content:

- posted or shared by the charity on its own social media channels
- posted by the public or third parties on a charity's social media channel
- posted on a personal social media account that can be reasonably associated with the charity

The new guidance is clear that charities using social media should have a social media policy in place, explaining how it will help deliver the charity's purpose, include guidelines for expected conduct and should ensure the policy is followed.

The guidance contains a checklist to help trustees and senior employees have informed conversations on what the right policy for them looks like.

https://www.gov.uk/government/publications/charities-and-social-media/charities-and-social-media

Charity Commission: Charities and Artificial Intelligence

On 2 April 2024 the Charity Commission published a blog explaining that charities may need to consider having an internal artificial intelligence (AI) policy, and that Trustees should be aware of the risks and opportunities arising from AI whether they are currently using AI or planning to do so.

The Commission is not anticipating issuing specific guidance but encourages trustees to apply existing guidance to new technologies as they emerge.

The key consideration is that AI should be used responsibly in a way that furthers the charity's purposes. Before utilising AI, consider the advantages and risks – and how these will be managed – in the context of the trustee's duties and charity's objectives.

That could involve looking at what gaps can be filled, or insights generated by an AI tool, what skills are needed to use these tools to the charity's advantage and if people within the charity's trustees, staff or volunteers have those skills. This could also consider how staff or volunteers may already be using AI.

As the use of AI develops and more applications become available, the Commission recommends charities consider whether having an internal AI policy would be beneficial so it is clear how and when it can be used in governance, by employees in their work, or in delivering services to beneficiaries.

However, Trustees remain responsible for decision making and it is vital processes are not delegated to AI alone as there are risks inherent to the way AI is built, operates, and continues to learn. Trustees and others in charities must ensure that human oversight is in place to prevent material errors, and a human touch is key to the way many charities operate and interact with their beneficiaries.

Trustees should consider external risks and reputational damage arising from the misuse and recircularization of AI, such as fake news or deep fakes.

Whilst this evolving technology may seem daunting to many, there are more opportunities for charities to engage with the technology now it is more widely available.

The full blog can be obtained here:

https://charitycommission.blog.gov.uk/2024/04/02/charities-and-artificial-intelligence/

Compliance

Holiday Entitlement – where are we now?

In March 2023 the government opened a consultation exercise to review the legislation governing holiday entitlement and holiday pay, which had over time become complex, and in some cases, difficult for employers to follow.

The consultation exercise ended on 7 July 2023, and the government's response was published on 8 November 2023. The response indicates that the following actions will be taken:

- *Introduce an accrual method for calculating holiday*

Entitlement will be calculated as 12.07% of hours worked in a pay period for irregular hours and part year workers. All other workers will accrue leave at 1/12th of their entitlement on the first day of each month during their first year of employment.

- *Sanction rolled-up holiday pay (RHP)*

  Legislation will be introduced to allow RHP for irregular hours workers and part-year workers only.

- *Introduce a definition of irregular hour workers & part-year workers*

  Legislation will be updated to define what is meant by irregular hours workers and part-year workers.

The Government has laid out revisions in respect of the above as part of The Employment Rights (Amendment, Revocation and Transitional Provision) Regulations 2023, effective from 1 January 2024.

Irregular hours and part-year workers

To the relief of many employers the revised Working Time Regulations ('WTR') will include provisions aimed squarely at addressing the flaws laid bare in the Harper Trust v Brazel case in which it was held part year workers on permanent contracts were entitled to a full year's holiday entitlement, regardless of the number of weeks worked.

For holiday years from 1 April 2024 individuals who work irregular hours or part-year (such as term time or casual workers) will accrue holiday on the last day of each pay period at a rate of 12.07% of the number of hours worked during the pay period. This will ensure that their entitlement will remain in proportion to the hours that have been worked and differs from other employees who receive their full entitlement at the start of a holiday year. It is open to employers to allow the employee to take more holiday than they have accrued – in such cases its essential that employment contracts reserve the right for the employer to deduct over usage from final salaries.

For the same group of workers the revised WTR sees a welcome return of rolled-up holiday pay. Rolled-up holiday pay is where the accrual in a pay period is paid to the employee with their basic salary rather than when they actually take their holiday. The practice was outlawed because in the opinion of the European Court of Justice it discouraged workers from taking time off. However, for many casual work arrangements rolled up holiday pay is the only logical approach and many employers have continued to apply it.

From 1 April 2024 rolled up holiday pay will be permitted on condition that:

- the individual is a part-year or irregular hours worker
- the holiday pay is calculated using 12.07% of all pay for work done
- the holiday pay (12.07%) is paid at the same time as the pay for work done
- the holiday pay is separately itemised on the payslip.

It's worth noting that the 12.07% formula does not account for the different holiday pots that we covered at the start of this article and therefore in some cases it could result in higher rates of holiday pay.

It is also the case that an employer has a legal duty to ensure that an individual takes their 5.6 weeks of holiday per year and this duty applies even when they are paid using rolled-up holiday pay and not when they actually take their holiday – which could make it difficult to monitor.

Record Keeping

Following a 2019 decision by the European Court of Justice employers have been required to record the daily hours worked by their employees.

Under the revised WTR employers will be required to keep records that evidence compliance with the 48-hour week, opt-out agreements, length of night work and health assessments for night workers, and therefore an employer is not required to record daily hours if they can evidence compliance by other means.

Key Takeways

The revisions to the WTR should be welcome news for most employers, although in some areas they lack detail – such as a lack of definition around normal earnings for the calculation of holiday pay.

Employers of irregular and part year workers will be eager to adapt their processes to accommodate 'accrue as you go' and rolled up holiday pay.

For some employers it will be the much-needed spur to start and correctly calculate holiday pay and for others a need to evaluate the true status of their self-employed contractors.

However, for almost all employers there will be a need to look at policies and procedures to ensure that they align with the new rules on holiday carry over and ensure that 'use it or lose it' prompts are timetabled before the end of the holiday year.

The full article can be obtained here: https://www.crowe.com/uk/insights/holiday-entitlements

Duty on employers to prevent sexual harassment at work

The Worker Protection (Amendment of Equality Act 2010) Act 2023 received Royal Assent on 26 October 2023, and came into force on 27 October 2023, and introduces a new duty on employers to take reasonable steps to prevent sexual harassment of their employees in the course of their employment. 'In the course of their employment' covers activities outside of the workplace, for example work social events.

This new duty to prevent sexual harassment will be enforceable by an employment tribunal, where it has first upheld a claim for sexual harassment. A tribunal will have the discretion to award a 'compensation uplift' by increasing any compensation it awards for sexual harassment by up to 25% where there has been a breach of the employer's duty in sexual harassment cases.

The Equality and Human Rights Commission's guidance on sexual harassment and harassment at work contains steps employers should consider taking in order to prevent and deal with harassment at work. These steps include having an effective and well communicated anti-harassment policy in place and maintaining a reporting register of complaints for all forms of harassment.

A copy of the guidance can be found here: https://www.equalityhumanrights.com/sites/default/files/sexual_harassment_and_harassment_at_work.pdf

Increase to National Minimum Wage

The government has announced an increase to the national living wage ('NLG') and national minimum wage ('NMW') effective from 1 April 2024, as follows:

- The NLW rate will rise from £10.42 to £11.44 per hour - this rate currently applies to workers aged 23 and over but it will be extended to also apply to 21 and 22-year-olds from 1st April 2024.
- The NMW rate for workers aged 18 to 20 will rise from £7.49 to £8.60 per hour.
- The NMW rate for workers aged 16 and 17 will rise from £5.28 to £6.40 per hour.
- The NMW rate for apprentices aged under 19, or those aged 19 and over but in the first year of their apprenticeship, will rise from £5.28 to £6.40 per hour.
- The daily offset for the provision of living accommodation to a worker will rise from £9.10 to £9.99 per day.

Fundraising Regulator: Annual complaints report

In November 2023 the Fundraising Regulator has published its latest Annual Complaints Report which covers the period 1 April 2022 to 31 March 2023. The report analyses complaints received by the Fundraising Regulator and complaints reported to 58 of the UK's largest fundraising charities.

The number of complaints to the sample charities rose proportionally for most methods in line with increased fundraising activity – with 13 of the 23 fundraising methods having increased complaint numbers in 2021/22 compared to 2020/21. The overall number of complaints had increased since 2021/22 which is reflective of increases in fundraising activity since the pandemic.

Over the same period, complaints about fundraising methods including door to door fundraising (60), charity bags (57) and addressed mail (51) accounted for the majority of the 270 complaints within the Fundraising Regulator's scope. A common theme was that of misleading information, highlighting the importance of clarity in fundraising materials.

You can see the full report here.

Failure to prevent fraud and other economic crimes

A new failure to prevent fraud offence has been introduced by the Economic Crime and Transparency Act 2023. It will apply to all large corporate entities, including charitable companies and CIOs.

An offence is committed where an employee or agent commits fraud. The penalty is an unlimited fine for the organisation, and no personal liability will be introduced for trustees or management failure to prevent fraud.

The legislation is far reaching, and where an organisation operates or is based overseas, if an employee commits fraud under UK law or affecting UK victims, the company can be prosecuted.

There is a defence to the failure to prevent economic crimes if the organisation can prove that it had reasonable prevention measures in place, or that it was not reasonable in all the circumstances to expect it to have had any procedures in place.

The offence will come into force when the government publishes statutory guidance on the reasonable procedures organisations should consider putting in place.

Full details of the legislation can be found here.

New free digital service from National Cyber Security Centre

The National Cyber Security Centre have launched a new free digital service, MyNCSC, which aims to enhance charities' cyber security approach.

MyNCSC combines Active Cyber Deference (ACD) digital services, offering a unified experience tailored to each user's needs, including content, vulnerabilities, and alerts.

The MyNCSC platform is a free service for UK registered charities, enabling organisations to access various ACD services, such as:

- early warning
- mail check, assessing email security compliance
- web check, finding and fixing common security vulnerabilities in the charity's website

There are plans to gradually increase the number of ACD services integrated with MyNCSC.

MyNCSC offers a unified user interface for accessing multiple services promoting collaboration within organisations when managing digital assets and viewing findings.

For further information and guidance on how MyNCSC works, visit:

https://www.ncsc.gov.uk/information/myncsc

Financial and other reporting

FRC Amendments to FRS 102

The Financial Reporting Council (FRC) issued amendments to financial reporting standards on 27 March 2024, the changes are mostly effective for accounting periods beginning or after 1 January 2026. This follows the consultation impact assessment during 2023.

The amendments include:

- a new model of revenue recognition in FRS 102 and FRS 105 based on the IFRS 15 five-step model for revenue recognition with appropriate simplifications
- a new model of lease accounting in FRS 102 based on IFRS 16 on-balance sheet model (again with appropriate simplifications)
- various other incremental improvements and clarifications

The FRC intends to publish new editions of the standards and updated staff factsheets with guidance during 2024, they will also host a webinar to discuss the new standards at 11am on 15 May 2024.

The SORP committee are reflecting on these amendments and exploring how they will impact the remaining stages of the SORP development process with updates to follow.

The full amendment documents can be obtained here:
https://www.frc.org.uk/news-and-events/news/2024/03/frc-revises-uk-and-ireland-accounting-standards/

Dispelling common myths about charities

ICAEW, with input from Crowe, has published guidance exploring ten myths surrounding charities and their operations, with a view to encourage transparent communication in areas where these misconceptions are prevalent. The ten myths considered are:

- Charities spend too much on fundraising.
- They should not make a surplus or build up cash reserves.
- Too much is spent on highly paid executives.
- They should not undertake commercial activities.

- Charities should be run and staffed [for free] by volunteers.
- Too much is spent on overheads.
- Charities don’t pay taxes, so need less money.
- Professional qualifications are needed to become a charity trustee.
- Charities are less vulnerable to fraud than other organisations.
- Charities should not engage in campaigning and political activity.

The guidance includes access to a webinar discussing some of the key myths with voices from the sector.

The Guidance can be found here: Dispelling common myths about charities | ICAEW

Charity Digital Skills report

The Charity Digital Skills annual report has been running since 2017 and tracks the sector during a time of significant change due to the impact of the pandemic. As we continue to navigate the cost of living crisis and the impact on the sector, this report aims to shed some light on how the digital capabilities of charities have evolved and highlighting key trends.

The report highlights that:

- Three quarters (78%) of charities say that digital is more of a priority for their organisations
- 1 in 5 charities say their IT provision is poor
- 8 out of 10 (79%) of charities see improving their website, digital presence or social media as the greatest priority for the next year
- Improving data security, privacy and GDPR compliance has become more of a priority since 2022.
- Almost half (46%) of charities say they do not have anyone with digital expertise on their board

The gaps seen in previous years persist, these include funding and leadership. With the rapid growth in AI development charities must ensure that digital skills remain a priority to avoid being left behind.

Digital Skills Report for the Charity Sector - Introduction (charitydigitalskills.co.uk)

NCSC publishes “Cyber Threat Report: UK Charity Sector”

The National Cyber Security Centre has published a report outlining the cyber threats currently facing charities of all sizes.

The 2023 DCMS Cyber Security Breaches Survey, which measures the policies and processes organisations have for cyber security, as well as the impact of breaches and attacks, highlighted 24% of UK charities had identified a cyber-attack in the last 12 months, a decrease from 30% in 2022. The drop is driven by smaller organisations – the results for medium and large businesses, and high-income charities, remain at similar levels to last year.

The report notes that the charity sector is particularly vulnerable as they can hold significant amounts of sensitive or valuable data, making them attractive targets, alongside a perception that charities have fewer resources to commit to cyber security.

The report provides details of the commonly perpetrated cyber-attacks, as well as a number of recommendations and links to guidance to assist charities strengthen their defences.

A copy of the report can be obtained here: https://www.gov.uk/government/statistics/cyber-security-breaches-survey-2023/cyber-security-breaches-survey-2023#summary

Charity Commission: Guidance on accepting donations

In March 2024, the Charity Commission published new guidance to help charities when deciding whether to accept, refuse or return a donation.

The guidance explains when donations must be refused or returned and when these might likely need to be refused or returned. The guidance makes clear that trustees should start from a position of accepting donations, but from time to time a charity may face a difficult decision as whether to refuse or return a donation. The guidance sets out an approach for trustees to take on these occasions, advising they:

- consider the risks involved in refusing or returning the donation, and how likely and serious these are. These include negative financial impact, ability to deliver services and ability to attract donations in future

- consider the risks involved in accepting or keeping the donation, and how likely and serious these are. These include the likelihood of reduced support or reputational harm, particularly among supporters or beneficiaries
- determine how any decision aligns with their charity's purposes
- determine what steps they can take to mitigate the risks. These include negotiating the terms of a conditional donation with the donor or developing a public explanation for a decision

It explains that if a charity is considering refusing or returning a donation, the charity must have the legal power to refuse or return a donation. In some situations, there are additional legal rules to consider e.g. disposal or land or properties of a special trust.

The charity should also consider whether it needs to make a SIR when it refuses or returns a donation.

Ultimately, as the guidance states: "Deciding whether to accept, refuse or return a donation is likely to involve a careful balancing exercise. There may be no right or wrong answer, but your decision must be rational and reasonable, and supported by clear evidence."

The full guidance can be obtained here: https://www.gov.uk/guidance/accepting-refusing-and-returning-donations-to-your-charity

Taxation

HMRC Guidance: Detailed guidance notes on how the tax system operates for charities

HMRC have updated their guidance for charities in recent months. The key changes to the guidance are:

- Sections 3.4.1 and 3.13.1 of Chapter 3 'Gift Aid' have been updated to explain that cryptoassets must be converted to money before donations are eligible for gift aid.
- Section 8.1 has been updated to clarify that top-up payments on chip and pin donations can be claimed.
- Section 8.3 has been updated to explain that a Community Amateur Sports Club must keep records of chip and pin donations made through bank accounts and terminals for their claims.
- Update to correct an error in section 22.2 of Chapter 3: Gift Aid. Figures have been adjusted in the calculations to make sure the aggregate value test produces the same pass or fail outcomes as before.
- Section 3.45 of Chapter 3 has been updated to provide examples of Gift Aid on waived funds and loan repayments for individuals and companies.

The updated guidance can be found here: https://www.gov.uk/government/publications/charities-detailed-guidance-notes

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Context for needing the Audit Committee Guidance and Tool Kit

The International Professional Practices Framework (IPPF) has been updated to a new structure which includes: the new Global Internal Audit Standards; new Topical Requirements; and Guidance. It becomes effective from 9 January 2025, and the internal audit profession needs to take the time now to transition to these from the International Professional Practices Framework (2017). With the increased requirements it is important that Audit Committees play their part in supporting the transition but also in transitioning their own practices to meet the mandatory Principles, Standards and Essential Conditions detailed in the Global Internal Audit Standards 2024.

The purpose of this guidance and tool kit is to help Audit Committees support their internal audit functions and to meet the new Global Internal Audit Standards. It is broken into three key areas and for each there is guidance tools to assist in the links below.

- Understanding the new IPPF (2024)

- Overseeing the transition to the new IPPF (2024)

- Implementing Audit Committee changes to conform with the new IPPF (2024)

Audit Committee Knowledge

We would recommend the following three tools are used as a minimum for all audit committees in order to develop an understanding of the new Global Internal Audit Standards. These would take a maximum of 1 hour of audit committee member's time in total.

1. **Watch** the Global IIA's 5 Questions with Anthony - a 15 minute interview with Anthony Pugliese, CEO of Global IIA
2. **Access** the PowerPoint Presentation **"Global Internal Audit Standards 2024 – What Audit Committees need to know"** (Can be delivered by the Head of Internal Audit).
3. **Read** Domain III: Governing the Internal Audit Function and the Three Lines Model (2 pages) provided by Global IIA which focuses on the Audit Committee's area of responsibility in the Global Internal Audit Standards.

In addition, for larger organisations, audit committees may also wish to read and review additional documents and videos that the Global IIA has produced to support a deeper understanding of the new Global Internal Audit Standards. All of these are publicly available.

Complete Global Internal Audit Standards

Condensed Global Internal Audit Standards (Requirements and Essential Conditions only)

Getting to Know the new Global Internal Audit Standards (1 ½ hour recorded webinar)

What the new Standards mean to Quality Assessments (1 ½ hour recorded webinar)

Overseeing the Transition

The Chief Audit Executive (CAE) is ultimately responsible for ensuring that practices within the IAF conform with the IPPF. Therefore, the Audit Committee may wish to **add an objective for the CAE** relating to the successful transition to the new IPPF. However, the Audit Committee needs to oversee the transition and this can be achieved using a number of methods.

As a minimum we would recommend a **regular meeting between the Chair of the Audit Committee and CAE** to discuss the transition. However, for larger organisations, audit committees may wish to go further by adopting one or all of the following:

1. An agenda item covering the transition at every Audit Committee meeting until the transition is completed.
2. Deep Dives commissioned by the Audit Committee on aspects it feels are key to meet the requirements.
3. Appointment of an independent third party to provide assurance to the Audit Committee on the transition arrangements. This may be part of an External Quality Assessment.

To support this, we are providing a **Global Standards Transition Questionnaire for Audit Committees** (Appendix 2) to use to assist them in this oversight. This can be used regardless as to whether the internal audit function is inhouse, outsourced or a shared service model. The tool is designed to not only provide the questions Audit Committees can ask but also guidance on the answers that they should expect.

Implementing Audit Committee Changes

Complete a Gap Analysis - As part of the transition plans, the CAE should perform a gap analysis to the new Global Internal Audit Standards, which includes the Essential Conditions and other requirements of Audit Committees. The extent of the Audit Committee involvement will vary, for smaller organisations we would expect this to have been completed by the CAE, whereas for larger, we would expect an Audit Committee member to have been involved in identifying the gaps. There are two key tools already available:

1. We have provided a global-internal-audit-standards-self-assessmenrt-tool-vs1.xlsx (live.com) for this purpose, which members have had access to since early May 2024.
2. Global IIA has now published its conformance_readiness_assessment_20240506.pdf, which highlights the new and enhance requirements.

Develop an Action Plan - Having identified the changes needed an action plan needs to be determined, agreed and followed. The global-internal-audit-standards-self-assessmenrt-toolvs1.xlsx (live.com), includes an action plan template to assist with this.

Maintaining Conformance - We are also providing an **Annual Agenda Schedule** (Appendix 3) specifically for Audit Committees to help maintain conformance after January 2025. This provides a list of regular agenda items, mapped to the new Global Internal Audit Standards, with required/suggested frequencies. The tool can be adopted as is or used as a benchmark for what is already in place.

Global Internal Audit Standards 2024 – What Audit Committees need to know

June 2024

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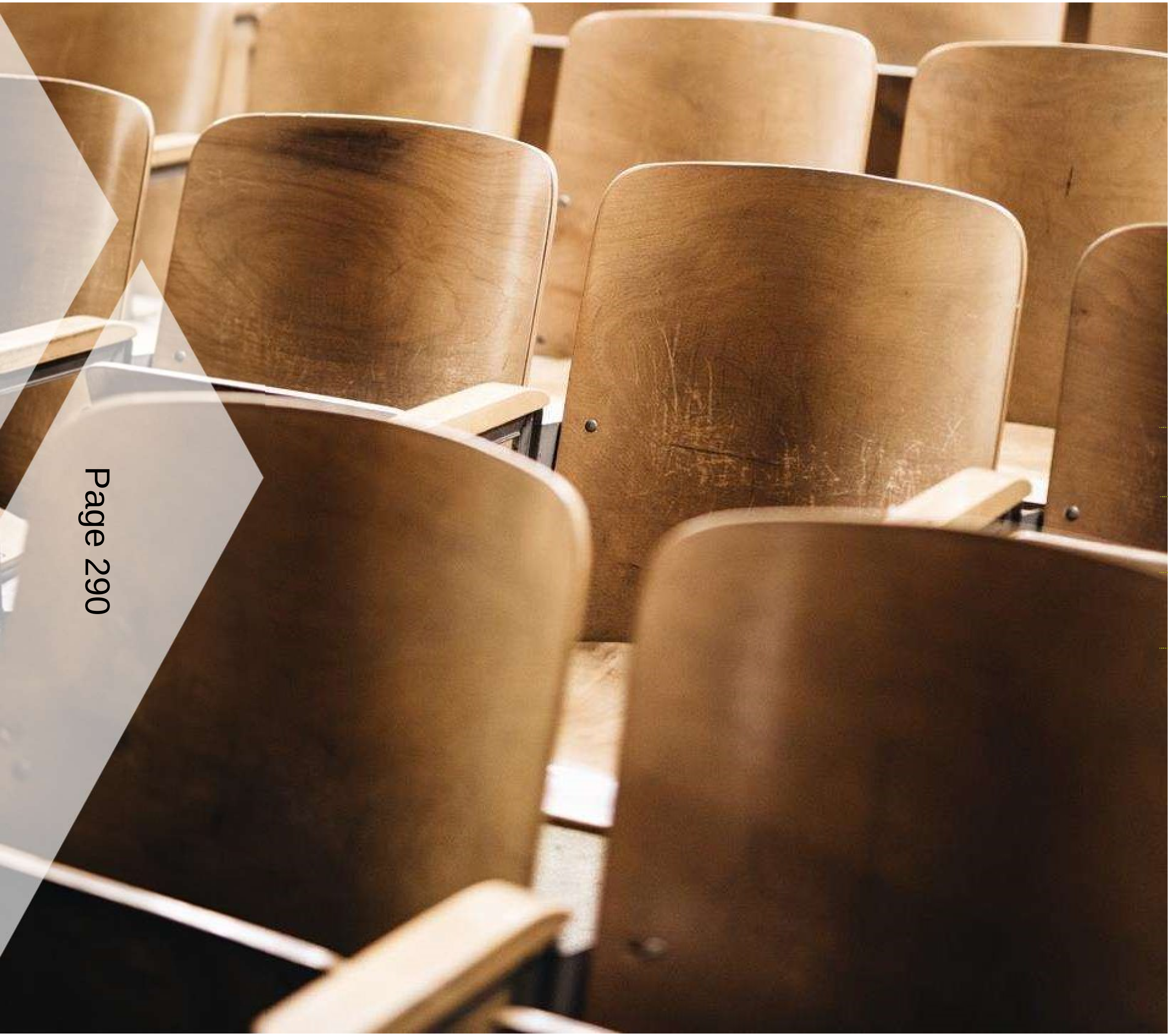


Agenda

- The IPPF and Global Standards
- Key Changes and Areas of Challenge
- External Quality Assessments
- Audit Committee To Do List

Global Internal Audit Standards 2024, Domain III:

"**Appropriate governance arrangements** are essential to enable the internal audit function to be effective."

"…activities of the board [Audit Committee] …are essential to the internal audit function's ability to fulfill the Purpose of Internal Auditing."

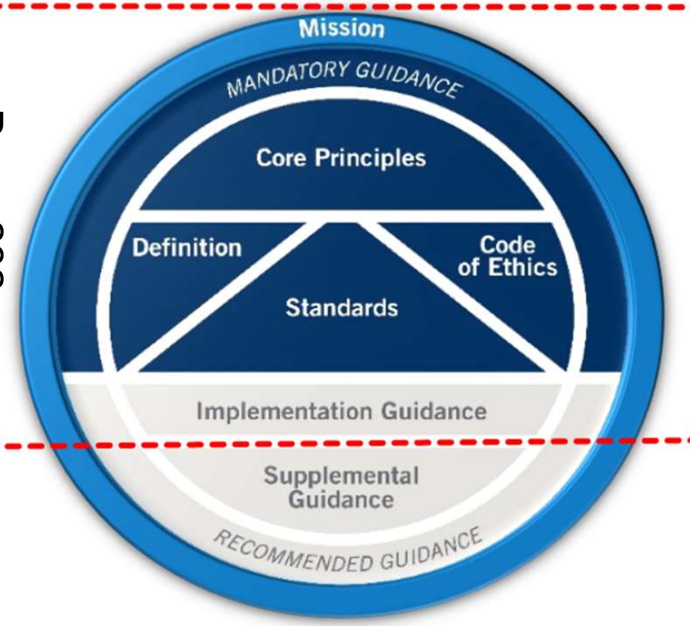
The IPPF and new Global Standards

Current IPPF and Global Standards

The Institute of Internal Auditors

Current

International Professional Practices Framework



Proposed

International Professional Practices Framework

Global Internal Audit Standards

Guidance will continue to be a recommended part of the framework.

Topical Requirements

A new mandatory element under early consideration but not yet developed.

If approved, Topical Requirements would cover governance, risk management, and control processes over specific audit subjects.

Global Internal Audit Standards

Five Domains, 15 Principles

I. Purpose of Internal Auditing

II. Ethics and Professionalism

1. Demonstrate Integrity
2. Maintain Objectivity
3. Demonstrate Competency
4. Exercise Due Professional Care
5. Maintain Confidentiality

III. Governing the Internal Audit Function

6. Authorized by the Board
7. Positioned Independently
8. Overseen by the Board

IV. Managing the Internal Audit Function

9. Plans Strategically
10. Manages Resources
11. Communicates Effectively
12. Enhances Quality

V. Performing Internal Audit Services

13. Plan Engagements Effectively
14. Conduct Engagement Work
15. Communicate Engagement Conclusions and Monitor Action Plans

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Topical Requirements

- Requirements when auditing the topics.
- Recommended practices.
- Applicable for a specific audit topic or engagement.
- Covering aspects of governance, risk management, and control processes.

- Cybersecurity – out for consultation until 3 July
- Sustainability: ESG
- Third Party Management
- Information Technology Governance
- Assessing organisational Governance
- Fraud Risk Management
- Privacy Risk Management
- Public Sector: Performance Audits

Key Changes and Areas of Challenge

Glossary

There are some newly defined terms, and slight amends on others. The term ‘board’ used in the Global Standards is explained in full.

The term **Board** is a collective noun and is defined in the glossary as follows:

‘Highest-level body charged with governance, such as:

- *A board of directors.*
- *An audit committee.*
- *A board of governors or trustees.*
- *A group of elected officials or political appointees.*
- *Another body that has authority over the relevant governance functions.*

In an organization that has more than one governing body, “board” refers to the body or bodies authorized to provide the internal audit function with the appropriate authority, role, and responsibilities.’

Domain I – Purpose of Internal Auditing

‘Internal auditing strengthens the organization’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, <u>insight, and foresight</u>.’

Internal auditing enhances the organization’s:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- <u>Ability to serve the public interest.</u>

Domain III – Governing the Internal Audit Function

Board/Audit Committee now have to conform with the Essential Requirements included in the Domain, as well as the Principles and Standards. The following is a summary of these:

- Discussion of Domains I & III of the new global standards at audit committee is required
- The internal audit mandate (documented within the Charter) is to be discussed with the CAE and Senior Management and approved by the Board when presented by the CAE.
- The Board must advocate and champion the internal audit function to support its purpose and enable it to pursue its strategy and objectives. This includes
    - working with senior management,
    - supporting the CAE through regular communication; ensuring that the CAE reports to an appropriate level; approving the mandate, charter, strategy and internal audit plan, **budget** and resource plan; and
    - ensures internal audits authority has not been compromised or limited and meeting with the CAE privately.

Domain III – Governing the Internal Audit Function

Principle 7 – Positioned Independently

‘The internal audit function is only able to fulfill the Purpose of Internal Auditing when the chief audit executive reports directly to the board, is qualified, and is positioned at a level within the organization that enables the internal audit function to discharge its services and responsibilities without interference.’

Domain III – Governing the Internal Audit Function

Principle 8 – Overseen by the Board

This considers the mechanics of the interactions between the CAE and the Board. It gives the Board's essential conditions as

- Understanding how IA is fulfilling its mandate
- Explaining the boards perspective on organisation's strategy, risks, to help determine IA priorities
- Frequency of communications being agreed
- Escalation protocols and criteria
- Conclude on the organisations governance, risk and internal control based on the reports from IA
- Discuss differences of opinion on audit findings to support the IA mandate being achieved.

Domain III – Governing the Internal Audit Function

Principle 8 – Overseen by the Board

- Support the discussions and decisions around resourcing IA in order for it to fulfil its mandate, and issues due to a lack of resources.
- Discuss and support the Quality Assurance and Improvement Programme, and assess the effectiveness and efficiency of the IA function (conformance and performance)
- Discuss and approve the IA's performance objectives annually
- External Quality Assessment involvement from discussion of the plan, helping to determine scope and frequency, review and approve the plan for the EQA. Receive the full results from the EQA and review and approve the resulting action plan along with timelines to complete and monitor progress.

Domain III – Governing the Internal Audit Function

Global Standards 2024

Internal Audit Mandate - 'The internal audit function's authority, role, and responsibilities, which may be granted by the board and/or laws and/or regulations.'

Internal Audit Charter – 'A formal document that includes the internal audit function's mandate, organizational position, reporting relationships, scope of work, types of services, and other specifications.

IPPF 2017 Standards

'**The internal audit charter** is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Other Key changes

Domain II – Essentially the Code of Ethics with some further expansion pulling from Implementation Guidance. Introduction of the term 'Professional Courage' and ethics training as a consideration for implementation, but CIAs MUST complete 2 CPEs of ethics training every year. Also 'professional courage' as an appraisal objective.

Domain IV – The Internal Strategy Principle sits in here, and the need to develop and implement an internal audit strategy.

Domain V – This is largely the same as the IPPF. The term root cause in here has been an area of discussion amongst internal auditors.


External Quality Assessments

External Quality Assessments

If your assessment is due in 2024 then you can:

1. Have an EQA against the existing IPPF
2. Request an additional piece of work against the new global standards (a readiness assessment)

If your assessment is due in 2025 then you can:

1. Bring your EQA forward so it is done against the existing IPPF, but this must be reported before January 2025.
2. Keep your EQA to the current deadline and it will need to be done against the new Global Standards if after 9 January 2025

Note: If you are not going to adopt the new global Standards until 9 January / April 2025 then you need to allow sufficient time for you to have completed engagements using the new Standards before your EQA is undertaken. Therefore the due date may impact on your decision.

Questions?

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Thank you

Domain III: Governing the Internal Audit Function

In an organization, governance structures and processes facilitate the achievement of organizational objectives. These structures and processes also enable the internal audit function to be effective, enhancing:

- *The board's ability to exercise its oversight responsibilities.*
- *Senior management's ability to make decisions and manage risks effectively, enabling the achievement of organizational objectives.*
- *The organization's ability to create, protect, and sustain value.*

In the Global Internal Audit Standards™, Domain III outlines requirements for chief audit executives plus "essential conditions," which are activities of the board and senior management that enable the internal audit function's success.

Domain III requires the chief audit executive to meet with the board and senior management to discuss the responsibilities and essential conditions of the Standards and how the parties can collaborate to establish and maintain an effective internal audit function.

The discussion includes informing the board of its role and responsibilities for authorizing the internal audit function, establishing and protecting the function's independence, and overseeing the function's performance. Domain III also outlines senior management's responsibilities to implement the board's decisions to support and promote governance structures and processes that enable an effective internal audit function.

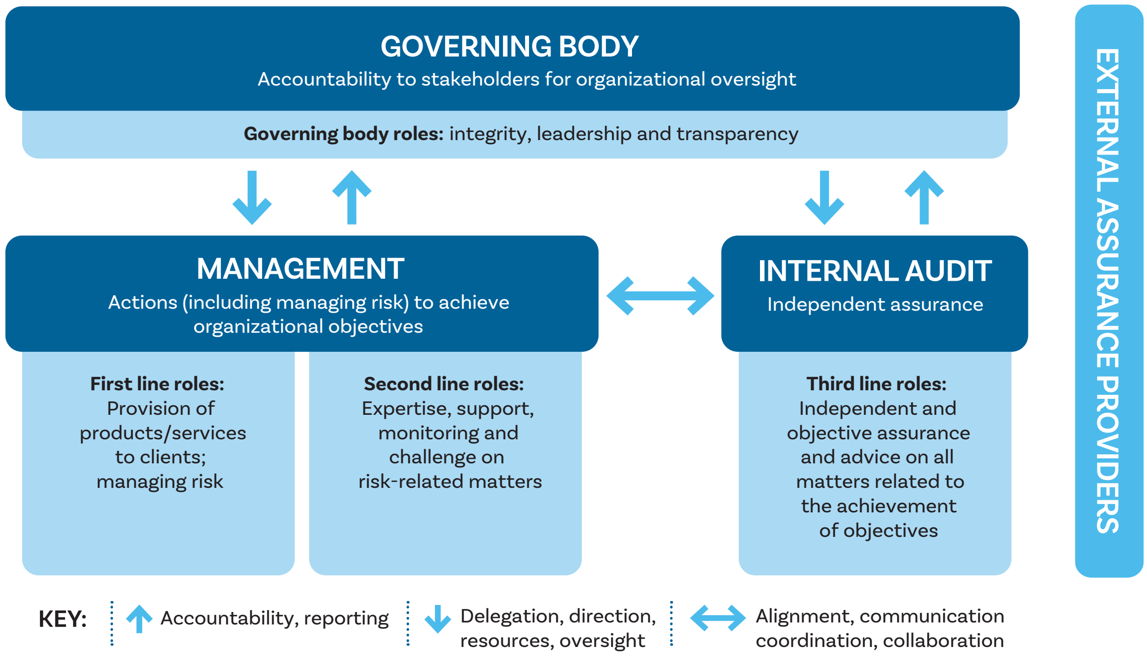
The table below depicts the three principles and nine standards of Domain III.

6. Authorized by the Board	7. Positioned Independently	8. Overseen by the Board
The board establishes, approves, and supports the mandate of the internal audit function.	The board establishes and protects the internal audit function's independence and qualifications.	The board oversees the internal audit function to ensure the function's effectiveness.
6.1 Internal Audit Mandate	**7.1** Organizational Independence	**8.1** Board Interaction
6.2 Internal Audit Charter	**7.2** Chief Audit Executive Qualifications	**8.2** Resources
6.3 Board and Senior Management Support		**8.3** Quality
		8.4 External Quality Assessment

The Institute of
Internal Auditors
Elevating Impact

The Three Lines Model and the Global Internal Audit Standards

The globally recognized Three Lines Model illustrates the governance structures and processes that best enable organizations to achieve their objectives. Similarly, Domain III in the Global Internal Audit Standards™ describes the unique partnership between the board, senior management, and the internal audit function that drives organizational success.



In the Three Lines Model, the governing body, referred to as the "board" in the Standards, ensures organizational objectives and activities align with the interests of stakeholders and that the organization's structures and processes enable accountability, actions, and independent assurance and advice. Management, which includes senior and line management, implements actions to achieve the organization's objectives. The internal audit function is independently positioned to provide objective assurance and advice on the adequacy and effectiveness of governance, risk management, and control processes.

Domain III in the Global Internal Audit Standards outlines the requirements and essential conditions necessary for a successful partnership between the board, senior management, and internal audit function.

- In ***Principle 6***, the board, senior management, and chief audit executive agree on the authority, roles, and responsibilities of the internal audit function (Standard 6.1 Internal Audit Mandate). The chief audit executive commits to providing the board and senior management with the information they need to support, promote, and oversee the function.
- ***Principle 7*** calls for the internal audit function's independence from the responsibilities of management, which is critical to internal audit objectivity, authority, and credibility. The function's independence is enhanced when the board appoints and retains a qualified chief audit executive who reports at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management.
- ***Principle 8*** embodies the notion that board oversight is essential to enable the overall effectiveness of the internal audit function. This requires interactive communication between the board and the chief audit executive as well as the board's support to ensure the internal audit function obtains sufficient resources to fulfill the internal audit mandate. Additionally, the board receives assurance about the quality of the performance of the chief audit executive and the internal audit function through its oversight of the quality assurance and improvement program and direct review of the external quality assessment results.

Corporate Risk Detailed Register EXCLUDING completed actions by risk appetite

Generated on: 24 June 2024

Rows are sorted by Risk Score

Code & Title: CR Corporate Risk Register 9

Risk Appetite Level Description Risk above appetite

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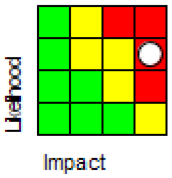
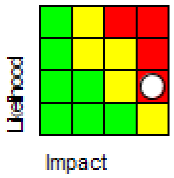
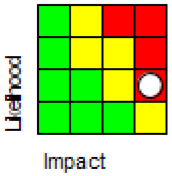
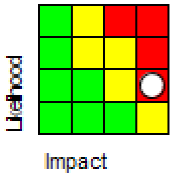
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR16 Information Security (formerly CHB IT 030)	**Cause**: Breach of City of London Corporation IT Systems resulting in unauthorised access to data by internal or external sources. **Event**: The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures. **Effect**: a) Failure of all or part of the IT Infrastructure with associated business systems failures. b) Harm to individuals. c) A breach of legislation such as the Data Protection Act 2018 and UK-GDPR. d) Incurrence of a monetary penalty. e) Corruption of data. f) Reputational damage to City of London Corporation as an effective body.		**24**	The project to implement a raft of new security improvements is complete. A decision was made to define a minimum-security baseline for all parts of the corporation. The Director of DITS will work with IMS to put this together. The security service provided by Agilisys has now been brought in-house, giving greater control and visibility over Security controls. We are committed to increasing our Secure Score month on month, and this is now being reported to Digital Services Committee as well as		**16**	31-Dec-2024	

Agenda Item 13

10-May-2019 Caroline Al-Beyerty				Information Management Board. **29 May 2024**			Reduce	Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR16q User behaviour monitoring	Monitoring user activity on the network for any suspicious or unauthorized behaviour	Currently, our network activity monitoring is operational but lacks a sophisticated behavioural analytics component to detect anomalous behaviour accurately. Integrating a behavioural analytics solution is crucial for enhancing our detection capabilities, significantly reducing the risk of ransomware attacks. This solution will leverage machine learning and AI algorithms to analyse patterns of user behaviour, identifying deviations that could indicate a security threat. Implementing this will not only improve our preventative measures against ransomware attacks but also strengthen our overall cybersecurity posture. **Steps for Implementation** Market Research | Vendor Selection | Pilot Testing | Training and Awareness | Full Deployment | Continuous Improvement This approach ensures that the action is not only about monitoring but actively improving our capability to detect and respond to cybersecurity threats, particularly ransomware, through advanced behavioural analytics.	Gary Brailsford-Hart	29-May-2024	31-Dec-2024
CR16r Access control monitoring	Monitoring access control systems and processes to ensure that only authorized users have access to sensitive information	Controls are in place to manage the access control to the estate; improvements have been made in the application of multifactor authentication. However, the escalation and acceptance of privileged accounts remains within the IT department and is not subject to independent scrutiny. **Steps for implementation** Assessment of Current Practices | Development of an Independent Oversight Protocol | Implementation of a Formal Privileged Access Policy | Regular Audits and Reviews | Segregation of Duties | Training and Awareness | Enhanced Authentication and Monitoring for Privileged Accounts | Feedback and Continuous Improvement By implementing these steps, the City can strengthen its control over privileged accounts,	Gary Brailsford-Hart	29-May-2024	30-Sep-2024

		ensuring they are granted appropriately and are subject to rigorous and independent scrutiny.			
CR16s Incident response	Developing and implementing a plan to respond to any security incidents that occur.	We have drafted an organisational Cyber Incident Plan as well as developing operating cyber testing exercises. However, there is a need to produce further playbooks and develop more testing and exercising events. Testing remains outstanding and is a priority for the next quarter.	Gary Brailsford-Hart	29-May-2024	30-Jun-2024
CR16t Security information and event management (SIEM)	Using software tools to collect and analyze data from various security sources to detect and respond to security incidents.	**Tooling is in place and operating.** Microsoft Sentinel is in place and collecting activity from across CoL. This has been monitored and managed by the InfoSec team who have been detecting and investigating incidents highlighted by the SIEM. Tooling is in place but resources to review, analyse and action remain outstanding.	Gary Brailsford-Hart	29-May-2024	30-Sep-2024
CR16u Security awareness training	Providing regular training to staff and employees on cyber security best practices to prevent security breaches.	Over the last 12 months we have deployed cyber security awareness from the information security team through the use of internal communications and training via the MetaCompliance platform. With the expiry of the MetaCompliance platform, the next 12 months will see communications and awareness messages continue from the security team but structured training will now be dependent on the NCSC "Top Tips for Staff" module. This may present a risk in our ability to provide specific training in response to cyber threats and trends. This is an area under review.	Gary Brailsford-Hart	29-May-2024	31-Dec-2024
CR16v Security Baseline assessment – COL/COLP/Institutions	Security Baseline assessment – COL/COLP/Institutions	Initial assessment complete, work is ongoing to identify trends and a developments plans and updates to the CAF will continue. Feedback from the institutions is positive and the NCSC CAF is accepted as a baseline standard. The appetite for review has been agreed as annual owing to resource constraints and the likely timeframes for improvements to be made. Further engagement has taken place and a detailed paper on the subject has been submitted to Committee for consideration (13/05/2024).	Gary Brailsford-Hart	29-May-2024	31-Dec-2024

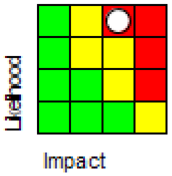
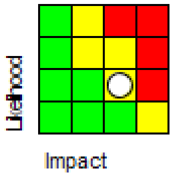
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR36 Protective Security	**Cause:** Lack of appropriate governance, inadequate security risk assessments, prioritisation, and mitigation plans. Inadequate, poorly maintained or time expired security infrastructure and policies; lack of security culture and protective security mitigation; poor training, inadequate vetting, insufficient staff. **Event:** Security of an operational property and event space is breached, be that internal threat, protest and/or terrorist attack. Publicly accessible areas for which the Corporation are responsible for are subject to an undisrupted Terrorist attack. **Effect:** Injury or potential loss of life caused by an undisrupted attack, unauthorised access to our estate by criminals/protestors/terrorists; disruption of business/ high profile events; reputational damage.		**16**	Security governance continues to be lead through Senior Security Board (SSB). There is clearer clarity and leadership on security through the City Surveyor's department with leadership on Markets and CCC as well as the Primary estate. The Head of Security for the City Surveyors, with corporate lead for protective security across the estate and events within, has advised they are retiring end June 2024. As such a competitive recruitment and selection process took place, resulting in an equally highly qualified and competent replacement being identified. There is currently a clear hand over from outgoing and incoming, including shadowing the next State Banquet. POOLRE VSAT system continues to be utilised across our estate, with new locations being considered continually to go through this process to quality assure our assets, in line with best practise. The Bridges Security Board lead by the COO of BHE has embedded GLA and TFL into the Planning and is currently scoping permanent HVM solutions. For the bridges, currently mitigated by the temporary solutions. 2024 continues to present security challenges that will continue to be met by strong governance and effective		**16**	30-Jun-2025	

				partnership relationships, with continual partnership relations with both COLP and MPS. There are multiple threat actors both global and local that are addressed through joint partnership and police meetings, both pre planned and spontaneous when required. In early 2024 the corporate risk score was reduced from 12 to 8 (having previously been one of the highest rated risks across the organisation), this was due to the vast amount of mitigation work and longevity of legacy implementation, with continuous monitoring of this it was recommended the risk maintains at an ongoing score of 8. During the formal review at SSB on 21/5/24 (this board sits each quarter with SSB and this the internal board for corporate security.) The board felt that the impact score should be moved to 16 Extreme rather than 8 Major. The rationale being that any impact would more likely fall into this category rather than Major. The ongoing work maintains it at this level and will be monitored through SSB and its subsidiary boards. It was advised that this is the appetite score that should be accepted and continually monitored. A task from SSB was to review this risk approach with that of Cyber Risk that is currently at 16. This review has now been done. Although both areas have had a huge amount of work done, and continue to do so and are monitored the impact is felt that it would potentially be at Extreme hence a uplift score to 16.				

10-Jan-2022 Gregory Moore				**20 Jun 2024**			Reduce	Increasin g

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR36c Command and Control	Incident/Event/Protest Command	All SLT have now had training on Command Control and Co-ordination, with legal, crisis communication and humanitarian specialist inputs, Civil Contingencies Act (CCA), Security and Risk. There is now a 24/7 on call rota for SLT GOLD. All events continue to be risk assed RAG, with appropriate command teams in place. There is a bespoke MAGIC course being organised, due to limited space across London, although we are sending SLT as and when gaps appear, Director of HR attending next one. This is now booked for January 2025. There has been a recent refresh on loggist training covering Security Threat Risk mitigation, JESIP JDM CCA and legal responsibilities on Audit and accountability. There is now a new Silver course being booked, with various table tops booked in covering different matters. This was an agenda item at SSB 21/5/24..	Richard Woolford	20-Jun-2024	30-Jun-2025
CR36d Prevent	Prevent	Prevent continues to be monitored across COLC in support of COLP. This was an agenda item at SSB 21/5/24	Valeria Cadena	20-Jun-2024	30-Jun-2025
CR36f City of London Corporation Buildings	Protect	We are currently working with COLP in review all delivery of previous security footprints to ensure up to date and independent audit of works done. Continual monitoring continues. The previously report VSAT system has now been fully adopted and working parallel with site protect packs, this has now been reviewed across the City Surveyors estate to asses where we are in relation to protective security across our estate. COLP have introduced a new NaCTSO security assessment product that has been applied to Guildhall, Barbican, Tower Bridge, CCC, Mansion House and Leadenhall Market. The Protect Duty is anticipated and this is expected to create an additional level of governance but there is a high degree of confidence that City sites already exceed anything the Act will	Simon Causer	20-Jun-2024	30-Jun-2025

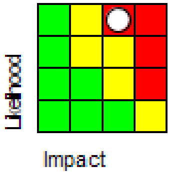
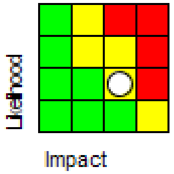
		introduce. A full review will take place again once implemented, however in the interim we have reviewed and exceed current understandings of the proposed Act. Pool Re, under Project Fleet, have completed a maximum probable loss study from a credible worst case scenario terrorist attack at 4 locations in the City. This will better inform business continuity planning and vulnerability management. This was an agenda item at SSB 21/5/24. Paper accepted all sub boards tasked to review with Gap Analysis to be over seen by Head Security City Surveyor. A meeting took place post, with on going dialogue with COLP.			
CR36g Protect Public Realm Board	Protect	The programme of protective measures to address the priority locations identified in the immediate aftermath of 2017 terrorist attacks have been completed. A small number of subsequent locations are now being addressed with works expected to complete by end 2024. Partnership working under the umbrella of the Public Realm Protect Board remains crucial, with the City Corporation working alongside colleagues at the City Police and TFL to identify risk and to consider proportionate mitigations. The boards ongoing focus remains new public spaces planning development and the likely implications from the upcoming Protect Duty. As per agenda item in SSB.	Ian Hughes	20-Jun-2024	30-Jun-2025

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR38 Unsustainable Medium Term Finances - City's Estate	**Causes:** The embedded increased impact of inflation, following the peak of 10.7% in Autumn 2022 (as reported by the Office for Budget Responsibility). Aging estate crystallising high levels of expenditure over short time period, putting pressure on Reserves. Reduction in rental income from the property investment portfolio following post pandemic changes in workplace attendance reducing demand for grade B office accommodation. **Event:** Inability to manage financial pressures within the fiscal year, resulting in an inability to achieve anticipated savings and generate expected income, may necessitate additional reliance on Reserves. Additionally, challenges in controlling construction inflation or the inability to readjust capital projects within budget parameters pose further risks. **Effects: T**he City of London Corporation's reputation could suffer from failure to achieve financial goals or from reduced services to businesses and the community. Experience challenges in delivering the capital program and major projects within budgetary limits. Inability of expenditure to align with the corporate plan, leading to inefficient resource utilisation and reduced corporate performance.		**16**	Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25 through carried forward from 2023/24 underspends. On-going pressures totalling £3.8m, plus net 3% inflation uplift approved in 2024/25 budgets. Earning more income from property investment portfolio – diversification of asset portfolio. The five-year financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision for works going forward totalling £71m. Funding strategy identifies where best to bring third party capital into surplus operational property opportunities, reducing demand on own Reserves. Quarterly monitoring of capital programme against budgets. Developing income generation opportunities. Renewed approach to transformation under pinned by a clear communication plan to Members.		**8**	31-Mar-2025	

31-Oct-2022 Caroline Al-Beyerty				**21 May 2024**			Reduce	Constant

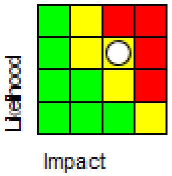
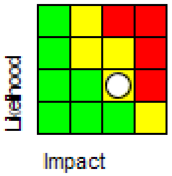
Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a Impact of inflation	Monitoring the impact of revenue inflationary pressures (including pressures on energy costs, cost of London living wage) and construction inflation impacts on capex programme • Monitor the use of inflation contingency	• Regular monitoring the office of budget responsibility's inflation forecasts, currently at 3.2%. • Identify areas that are forecasting to exceed budget envelope due to inflation increases, and review action. Chief Officer deep dives completed during May 2024, the outcomes of these discussions will be presented to Resource Allocation Sub Committee away day.	Sonia Virdee	21-May-2024	31-Mar-2025
CR38e A reduction in key income streams and increase in bad Debt	Monitoring key income streams • i.e. rental income from the property investment portfolio.	This is being monitored monthly, with action being taken to within the portfolio to maximise income generation opportunities. Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to: •Lord Mayor Show and events across the Corporation •Advertising •Filming inside and outside the square mile •Retail opportunities • Fees and Charges Update presented on Income Generation to Resource Allocation Sub Committee on 2 May 2024. Highlights on progress will be presented to Resource Allocation Sub Committee away day.	Sonia Virdee; Genine Whitehorne	21-May-2024	31-Mar-2025
CR38f Achievement of current Savings Programme	Delivering the current savings programme and securing permanent year-on-year savings.	Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet in-year pressures. High risk departments are undertaking monthly revenue monitoring.	Sonia Virdee	21-May-2024	31-Mar-2025

CR38g Major Projects Financial Envelope	Remain within the financial envelopes approved for major projects.	Monthly updates on major projects forecasts and issues arising.	Sonia Virdee	21-May-2024	31-Mar-2029
CR38h Third Party Capital Funding	Bringing third party capital to surplus operational property opportunities.	Identified initial opportunities which have been supported by Resource Allocation Sub Committee. Proposals for each opportunity to be worked up and submitted for member consideration to relevant Committees, due in Spring/Summer 2024.	Sonia Virdee; Paul Wilkinson	21-May-2024	30-Jun-2024
CR38i Charities Review (Natural Environment)	Undertake the Charities Review (Natural Environment)	The ability for charities to fundraise and generate more income to support ambitions for activities and operational property requirements. Updates to Efficiency and Performance Working Party scheduled for July and September 2024.	Emily Brennan; Sonia Virdee	21-May-2024	31-Dec-2024
CR38j Plans in place to reduce future deficits.	City's Estate continues to produce annual operating deficits over the 5-year financial plan. Over the planning period, the cumulative deficit is forecast to be £490m (including drawdown of financial asset gain of £158m). This is not sustainable over the longer-term period and radical decisions are needed now on how best to bring down the annual operating deficit, including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation, over and above those already identified (income generation, , operational property review, investment property review and charity review) underpin by a clear communication plan to all members, so they are aware of the challenges ahead. Review of Executive Leadership Board planning for getting back to balance and operationalising the Corporation plan will be taken to Resource Allocation Sub Away day in July.	City's Estate continues to produce annual operating deficits over the 5-year financial plan. Over the planning period, the cumulative deficit is forecast to be £490m (including drawdown of financial asset gain of £158m). This is not sustainable over the longer-term period and radical decisions are needed now on how best to bring down the annual operating deficit, including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation, over and above those already identified (income generation, operational property review, investment property review and charity review) underpin by a clear communication plan to all members, so they are aware of the challenges ahead. Review of Executive Leadership Board planning for getting back to balance and operationalising the Corporation plan will be taken to Resource Allocation Sub Away day in July.	Sonia Virdee; Genine Whitehorn e	21-May-2024	31-Mar-2025

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR40 PSTN Switch Off 2025 (formerly CHB DITS 045) 26-Feb-2024 Zakki Ghauri	**Cause**: BT will retire their PSTN (Copper) Network at the end of 2025. Rendering all current connections redundant. **Event**: All current PSTN (Copper) connections will become unusable by the end of 2025. Forcing an upgrade to digital fibre or mobile services. **Effect**: All of our PSTN connections will cease at the end of 2025. This is in the range of 8,500 connections, which are linked to Lift/BMS/Fire Alarms and Door entry systems. Should these systems fail to be upgraded by the end of 2025, this could lead to essential services being inactive, without anyone being aware. This work will have significant financial impact to complete and failure to complete will have significant reputational impact.		**16**	BT Group announced in May 24, their intention to reset the date for the switching off of the Public Switched Telephone Network (PSTN). The original date we've all been working towards was December 2025. BT Group announced this month the reset of this date to 31 January 2027 for all PSTN connections, both residential and business. This provides and additional 13 months to the original timeline to migrate our PSTN connections. This switch off date doesn't affect the connections migrated to MPF. **29 May 2024**		**8**	31-Jan-2027	Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR40a Conduct investigations into the entire estate	Investigations into the 8,500 connections identified as part of PSTN sunset in Jan 2027.	Our ongoing investigation, initiated and scheduled to conclude in June 2024, aims to identify the scope and dependency of the 8,500 connections on the PSTN infrastructure. The purpose is to gain insights into the services that are live, understand their criticality, and assess the potential impact of the sunset on each connection.	Sudeep Chatterjee	29-May-2024	30-Sep-2024
CR40c Service Assessment	Undertake a Service Assessment	Upon completion of the investigation, a comprehensive assessment of live services will be conducted. This will include identifying alternative communication services, and	Sudeep Chatterjee	29-May-2024	30-Sep-2024

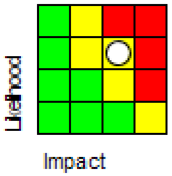
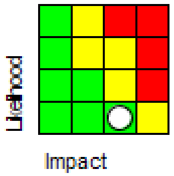
		understanding the upgrade paths/timings available for each connection.			
CR40e Notify business owner	Business owner notification	By September 2024, a detailed report outlining the findings of the investigation will be compiled. This report will then be distributed to FM (CoL/CoLP), H&S, ED&I and Security Operations. The notification will include information about the potential risks associated with the PSTN sunset, details on the current services in use, and recommended upgrade paths.	Sudeep Chatterjee	29-May-2024	30-Sep-2024
CR40f Creating a Remediation Plan	Remediation Plan	The Facilities Management (CoL/CoLP), H&S, ED&I and Security Operations will be responsible for developing and implementing a remediation plan for their respective services. This plan will outline the necessary steps to migrate or upgrade the affected connections to alternative and sustainable communication solutions.	Matt Baker; Sudeep Chatterjee	29-May-2024	06-Sep-2024
CR40g Review the Remediation Plan	Review Plan	DITS PMO will review the remediation plans with FM (CoL/CoLP), H&S, ED&I and Security Operations. Making sure they are fit for purpose and capture all the relevant details.	Sam Collins	29-May-2024	01-Oct-2024
CR40h Order New Lines and Hardware	Order New Lines and Hardware	DITS PMO will place the orders for the new connections along with any hardware requirements identified within the remediation plans.	Sam Collins	29-May-2024	01-Dec-2024
CR40i Coordinate New Services	New Services	DITS PMO will assist in the co-ordination of the implementation of new services, along with any installation of new hardware required	Sam Collins	29-May-2024	01-Oct-2025
CR40j Undertake Testing	Testing	DITS PMO will co-ordinate the post implementation testing for all new services and or hardware.	Sam Collins	29-May-2024	15-Nov-2025
CR40k Continuous Monitoring	Continuous Monitoring	DITS will provide continuous monitoring of progress, tracking the remediation efforts to help identify and address any issues promptly. This includes regular communication with business owners, providing support, and making adjustments to the plan as necessary.	Sam Collins	29-May-2024	31-Dec-2025

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR01 Resilience Risk 20-Mar-2015 Gregory Moore	**Cause** - Lack of appropriate planning, leadership and coordination **Event** - Emergency situation related to terrorism or other serious event/major incident is not managed effectively **Effect** - Major disruption to City business, failure to support the community, assist in business recovery. Reputational damage to the City as a place to do business.	 	**12**	Risk is on going - Castellan (formerly Clearview) BC management tool continues to be implemented rollout has begun across Col depts – Continues Risk Connect / Castellan is a continuing rollout process with departments implementing their BIA Business Impact Analysis with support of resilience team 31st December 2024 **30 May 2024**	 	**8**	30-Sep-2024 Accept	Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR01L Business Continuity Management	Assurance process with Cabinet Office College Provide refresher and initial training for Col staff, this training intended to increase knowledge to ensure BC plans are able to support the Col maintain its business during a major incident, provide an in-depth independent oversight of the Col business impact analysis, identifying its most critical business areas Challenges around re structure of depts/teams identifying business continuity leads new member of the resilience team joining. Meetings have taken place with risk connect to continue supporting moving forward. There is an admin and user training session due to take place 29th January 2024	The BC software product now Risk connect has been built with rollout beginning across the CoLC January 2023 the onboarding process is now taking place. The intention is for the Dept BC leads end users to familiarise themselves and be confident using the system over the next few months and to input their BIA. Training set now for 29th January 2024.This will also cover admin users and the aim is for key depts staff to support others across the use of the system, this is in development. Work also started on identifying key depts BIA business impact analysis. Work also taking place with new member of the resilience team to develop BC policy linked to the BIA development. Work is continuing and going well with departments supporting the BIA and critical services process. To support staff with BC responsibility the resilience team has commissioned a 1-day BC management training event to take place April 24th. Procurement are also aware of the contract renewal with risk connect July 2024	Gary Locker	30-May-2024	30-Jun-2024

CR01M Review of LALO Local authority liaison officer	process, training, call out process to strengthen the City capability and resilience in responding to major incident and complying with the wider London boroughs standardisation programme	LALO support role. This is a revolving process and further refresher and new staff development training and exercise in this role will be sought during 2024	Gary Locker	30-May-2024	30-Jun-2024
CR01N Standardisation procedures including Gold leadership Training	to increase City capability and resilience in also supporting wider London boroughs during major incident response, covers the key support functions of emergency centres and Gold strategic leadership	Gold major incident awareness training day completed for new Col Chief Officers 21/10/21 module 1 included Media.Training event planned for 22/9/23 implications, Humanitarian aspects, Civil Contingencies Act & Command structure responsibilities. Module 2/3 to follow 2022 Legal Implications & Public Inquiries session New senior staff to be identified for further training and awareness process continues as organisation changes continue. All Completed To identify new course dates and potential new candidates. 2 senior staff Comptroller and COO have been given notice of MAGIC course dates 2023. National Multi agency Gold Incident Command GOLD course completed September 22nd, 2023; next course set for 26th March 2024 SLT now attended 1 day internal Gold course 26/3/24 and Gold On call rota in place further strengthening the out of Hours on call process at strategic Gold level Gold course now complete 26/3/24 all SLT have now attended the internal bespoke training course. TC has also authorised a bespoke 4-day MAGIC course for SLT to attend with funding agreed week of 8th March centrally by the Chamberlain. Negotiations with the Police college MAGIC delivery team will begin once PO and funds agreed and a suitable date with SLT agreed. MAGIC course date agreed with College January 2025 Emergency centres staffed by Col Crisis support team 40 staff currently. Refresher training and call for new volunteers 2024	Gary Locker	30-May-2024	30-Sep-2024
CR01Q Rolling DR tests	Plan an annual calendar of IT DR tests, covering critical systems and services	A 12-month plan of rolling failover/DR tests has been produced and will commence toward the end of the year. These will each cover a specific area of the technology service, starting with the lower risk, lower impact services and ending with a simulation of a cloud Data centre failure Following final configuration, the secondary Guildhall internet connection has been failover tested and is confirmed running Active/active. This is Scenario 3 in the BCDR Plan, in which we now have 7 scenarios agreed. Owing to P1 operational issues over the last 6 months, further DR tests have been unable to take place.	Chris Rawding	30-May-2024	30-Aug-2024

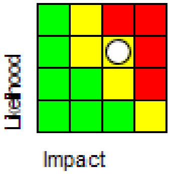
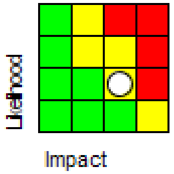
		The next Resilience/failover tests is yet to be planned, but responsibility for this will sit with the new permanent AD CIS, who is due to onboard before June 2024.			

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR30 Climate Action 07-Oct-2019 Damian Nussbaum	**Cause**: Insufficient resources and prioritisation allocated to Climate Action. **Event**: The City Corporation fails to reduce and mitigate the impact and effect of climate change. PHASE 2: DELIVER AND REFINE ACTION PLAN – To be addressed in completion of phase 1. **Impact**: As the governing body of the Square Mile dedicated to the City, there are a range of potential impacts including: • failing to deliver on the net zero targets in our Climate Action Strategy • reducing our ability to effectively reduce carbon emissions in the next two carbon budget periods (2022 and 2027) • damaging the City's credibility in Green Finance and Insurance markets; • reducing our ability to champion sustainable growth globally and enhance the relevance and reputation of the Square Mile • failing to adequately invest in climate resilience measures leading to negative impacts on social, economic and environmental outcomes • failing to adequately invest in net zero initiatives leading to negative impact on our financial and property investments	 	**12**	Historic delays to capital works implementation, together with an increasing emissions factor of the national grid (caused by 2022/23 energy crisis), increases the risk of not achieving net zero targets. Mitigation plans are in place (capital works delivery and governance) but need frequent review and prioritisation. **20 Jun 2024**	 	**4**	31-Mar-2027 Reduce	Increasing

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR30k Impact on City financial and ability to	Ongoing political and international relationship management	Strong progress towards 2027 net-zero target and other positive sustainability reporting (e.g. Climate Action Scorecards, CDP) fuels positive media coverage. Stakeholder engagement plan unlocks political & international collaboration avenues enabling positive influence. Completion of action is expected in 2027 when first net zero target is met and risk is mitigated.	Damian Nussbaum	20-Jun-2024	31-Mar-2027

champion sustainable growth if not hitting net zero targets / maintaining resilience					
CR30l Risk of not hitting net zero and resilience targets for City Corporation operational and investment assets, whilst maximising returns	Deliver programme of works across operational and investment portfolios	Progress remains at 20% due to volume of capital works still to be deployed. Decisions outstanding on investment disposal and acquisition strategy continue to create uncertainty in the Investment Properties Group workstream for CAS - potentially causing missed opportunities to decarbonise buildings whilst they are accessible (albeit for 2040 target). In addition, the delays in decision making on the Corporate asset stock changes (i.e. Guildhall Master Plan, Barbican Arts Centre, Markets Co-location) has delayed decarbonising efforts here and requires additional investment elsewhere in the portfolio in order to meet 2027 target. The national grid has decarbonised slower than emission models predicted, with an increase in emissions factor in 2023. This requires even more energy consumption reduction to outweigh the increase in emissions. Recent increases to the cost of capital works present a significant risk to CAS target delivery. Unprecedented rises in energy prices limit actual financial savings seen by capital projects delivered, meaning limited funds are returned to the Build Back Better Fund for future deployment on capital works. Mitigation in place includes introduction of behavioural management programme in buildings, procurement of additional contractors to speed up delivery of capital works.	Paul Wilkinson	20-Jun-2024	31-Mar-2027
CR30m Risk of not hitting net zero targets for financial investments and supply chain	Monitor and drive performance against net zero and financial targets for financial investments and supply chain, continually refreshing learning	Continually improving calculation methodologies for emissions from financial investments clouds real progress made but this is to be expected. Purchased Goods & Services is progressing well against the target and further opportunities will be explored. On track for interim target in 2027 and net zero in 2040.	Caroline Al-Beyerty	20-Jun-2024	31-Mar-2027
CR30n Resilience risks of Square Mile infrastructure and public realm and risk	Monitor and drive performance against net zero and resilience targets, continually refreshing learning	On track. Cool Streets & Greening continue to deliver climate resilient measures, including new projects (including tree planting, replanting, landscaping, and SuDS), making use of the completed Cubic Mile (below ground mapping) project.	Bob Roberts	20-Jun-2024	31-Mar-2027

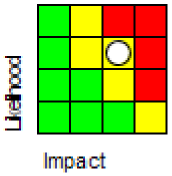
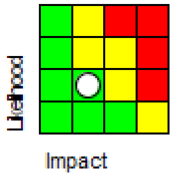
of not hitting net zero targets for developments and transport		Phase 2 of pedestrian priority programme still needs approval and has political risk attached to it. If the programme of Pedestrian Priority restrictions and traffic reduction is not delivered this significantly undermines the ability to reach net zero.			
CR30o Reaching carbon removal targets through open spaces	Set out carbon removal action plan and mobilise	New Project Manager and Project Officer have been appointed, and works have commenced with deer management and replanting.	Bob Roberts	20-Jun-2024	31-Mar-2027
CR30p Delivery delays and failures due to stakeholder / public action / inaction	Run overarching engagement programme with our stakeholders and partners (phase 3 of engagement plan) and quality assure engagement for projects	New CAS Stakeholder Lead joined in May 2024 and is liaising with Comms on the stakeholder engagement plan, bringing together Corporation-wide activity and CAS projects. On track.	Damian Nussbaum	20-Jun-2024	31-Mar-2027
CR30q Protecting vulnerable groups who are most likely to be impacted by climate change and fulfilling Public Sector Equalities Duty	Carry out impact assessments and equalities analysis on projects and stakeholder research and use their findings to shape future engagement and delivery	All CAS project deliverables are assessed and equality assessment tests are completed as part of project delivery. Purchased Goods & Services are due to complete an Equality Impact Assessment in Q2 2024.	Judith Finlay	20-Jun-2024	31-Mar-2027
CR30r That the scope, budget, timescales, targets and/or commitments of the climate action strategy are not delivered upon through the climate action programme of work	Agree to and implement appropriate governance to embed Climate Action in departmental scrutiny. Ensure appropriate capacity and capabilities are in place including for regular KPI progress reporting via the CPF. Ensure mechanisms in place for releasing staged financing. Set up regular tracking of impact of our actions on targets.	Target process tracking is done through the Climate Action Dashboard, which is updated quarterly and governed by a Dashboard Data Governance & Reporting Procedure which is reviewed annually. The dashboard allows tracking across an initial 31 management KPIs as well as the main 21 reporting KPIs of our carbon footprint as expressed in tonnes of CO_2e (Carbon Dioxide Equivalent). This dashboard is used as the basis for progress reporting to Committees. To manage risk effectively in the programme, all projects have a risk log and the overall risks are reported at a programme level to Policy & Resources Committee and via this CR30 corporate risk update. Project risks are monitored quarterly as part of the status report update in the Risks and Benefits Log. Project performance is monitored quarterly against projected achievement trajectories. These movements are closely monitored between Member and officer governance, including Project Boards and Committee Chair briefings.	Damian Nussbaum	20-Jun-2024	31-Mar-2027

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR35 Unsustainable Medium Term Finances - City Fund	**Causes:** Persistent high inflation, as reported and forecast by the Office for Budget Responsibility. Aging estate crystallising high levels of expenditure over short time period, putting pressure on Reserves. Reduction in rental income from the property investment portfolio to support Major Projects programmes. Anticipated reductions in public sector funding (local government and Police), escalating demands (both revenue and capital), and an ambitious program for major project delivery pose a threat to sustaining the Square Mile's vibrancy and growth. The Police Transform program fails to achieve anticipated budget mitigations outlined in the MTFP. **Event:** The failure to manage financial pressures within the fiscal year and achieve sustainable savings as planned, or to boost income generation to address the Corporation's projected medium-term financial deficit. **Effect:** Inability to establish a balanced budget, which is a statutory requirement for the City Fund. The City of London Corporation's reputation could suffer due to failure to meet financial objectives or the necessity to curtail services provided to businesses and the community. Challenges in executing the capital program and major projects within affordable limits.		**12**	Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25 through carried forward from 2023/24 underspends. Pressures on adult social care, children services, security and policing addressed through increase in taxes and business rates premium. Other on-going pressures totalling £3.2m, plus net 3% inflation uplift approved in 2024/25 budgets. The medium-term financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision for works going forward, totalling £62.7m. Funding strategy identifies where best to bring third party capital into surplus operational property opportunities, reducing demand on own Reserves. Quarterly monitoring of capital programme against budgets. Developing income generation opportunities. Renewed approach to transformation underpinned by a clear communication plan to Members.		**8**	31-Mar-2026	

19-Jun-2020 Caroline Al-Beyerty				**21 May 2024**			Reduce	Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35a Impact of inflation	Monitoring the impact of inflationary pressures (including pressures on energy costs) and construction inflation impacts on capex programme • Use of inflation contingency	• Regular monitoring the office of budget responsibility's inflation forecasts, currently at 3.2%. • Identify areas that are forecasting to exceed budget envelope due to inflation increases.	Sonia Virdee	21-May-2024	31-Mar-2026
CR35c Major Projects	Remain within the financial envelopes approved for major projects.	Monthly update on major projects forecasts and issues arising.	Sonia Virdee	21-May-2024	31-Mar-2029
CR35f Achievement of Current Savings Programme	Delivering the current savings programme and securing permanent year-on-year savings (including Police Authority) • Develop income generation opportunities	Court of Common Council approved reprofiling of remaining fundamental review savings, to allow sufficient time to embed these through income generation opportunities. Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to: •HARC – Heathrow Animal Reception Centre •Events across the Corporation •Advertising •Filming inside the square mile •Retail opportunities •Fees and Charges. Remaining £0.4m unidentified savings from the 12% savings programme is being worked on and expected to be delivered during 2024/25. Chief Officer deep dives scheduled during May 2024. Update presented on Income Generation to Resource Allocation Sub Committee on 2 May 2024. Highlights on progress will be presented to Resource Allocation Sub Committee away day.	Alistair Cook; Sonia Virdee; Genine Whitehorne	21-May-2024	31-Mar-2026

CR35p Plans in place to reduce future deficits	Plans in place to reduce future deficits.	The medium-term financial plan is only balanced over the next four years with the use of general fund reserves and further savings and/or revenue raising by increasing Council Tax and Business Rate Premium. City Fund moves into deficit position from 2026/27 onwards. Previously the business rate growth had been kept separate to fund the major projects and not relied on to balance the in-year position, due to increases in inflation and reductions in property income forecasts this is no longer possible. Radical decisions are now needed on how best to bring down the annual operating deficit, over and above those already identified (income generation, operational property review, investment property review), including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation underpin by a clear communication plan to all members, so they are aware of the challenges ahead. Review of Executive Leadership Board planning for getting back to balance and operationalising the Corporation plan will be taken to Resource Allocation Sub Away day in July.	Sonia Virdee; Genine Whitehorne	21-May-2024	31-Mar-2026

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR39 Recruitment and Retention 21-Feb-2023 Alison Littlewood	**Cause:** The Corporation had an employee turnover rate of 18.69% for the period 1 January to 31 December 2022. This is a high and is affected by a wide range of factors including labour market shortages and high levels of employment in the wider economy. Like many employers, the Corporation is competing for scarce talent, particularly in highly skilled areas such professional services. **Event:** Unable to attract and retain the best talent due to factors such as remuneration, working conditions and benefits becoming out of line with competitor organisations. **Effect:** The corporation is at risk of failing to deliver its corporate objectives. Costs of delivering services increase due to high turnover, and increased reliance on agency workers and interims, particularly in shortage areas. This means our ability to deliver objectives is at risk. This affects both outcomes for policy objectives and statutory functions, as well as the brand and reputation of the organisation.		**12**	In light of the changes to the workplace attendance policy, there is a risk in relation to retention of staff. The recent Staff engagement survey has indicated that 47% of staff are more likely to reconsider their role at the City of London Corporation as a result of the changes to policy. 29% were neutral in response and 23% were favourable. Impact on turnover will need to be monitored closely in order to assess how this is in practice post September. In advance of the policy changes, a new action regarding workplace attendance policy implementation has been created and will be attached to this risk. In light of the above, the risk level has been kept the same. **07 Jun 2024**		**4**	31-Dec-2024 Reduce	Constant

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Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR39a Develop and consider alternative models of service delivery	Develop options for new models of service delivery for both contingent, casual and permanent recruitment in services facing significant recruitment and retention issues to improve service delivery. Options to include, service redesign work to recognise and rectify the current	In November 2023 we received Member approval for the City to work with external consultants, Evolving Solutions to look at service delivery options across key types of engagements e.g. temporary and agency worker arrangements and permanent recruitment. Work is underway to include the approach to casual workers in this review. Following this review, a strategy view on contingent labour and best options for the new service model will	Alison Littlewood ; Cindy Vallance	02-Feb-2024	30-Apr-2025

which are cost effective and ensure corporate and statutory objectives are met	challenges in the recruitment service. This is to include commissioning, joint arrangements and shared services with partners and possibly outsourcing. This fits into the modernising our City corporation workstream of the 2024/29 People Strategy.	be reported to the Corporate Services Committee for approval in April 2024. To facilitate this the Court of Common Council also approved an extension of the current Managed Service Temporary Agency Resource contract with Hays for 6 months to 30 June 2025. This action also relates to a programme of work set out against CR39e on workforce planning. A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in April 2024. As part of our work on the People Strategy, one of our Y1 deliverables for 2024/25 and ahead of the implementation of the new ERP system will be the development of a high level manual workforce planning process - work is currently being scoped for this. A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in April 2024. We are also reviewing our Chief Officer and Senior Officer recruitment procedures in order to ensure they are both robust and allow for a efficient and seamless recruitment process in key positions in the organisation. This report is expected to go to Corporate Services Committee in April 24.			
CR39b Ambition 25 Reward Review	Full review of pay, terms and conditions to update working patterns and reward to improve recruitment and retention. Phase 1 completed by April 2023 with options for change. Phase 2 implementation of agreed options for change by Autumn 2024	In the last month there has been progress, however the current milestones are some of the most complex and therefore taking longer to come to conclusion. I would expect that next month we would be 50% through the project.	Alison Littlewood	05-Apr-2024	30-Apr-2025
CR39c Agency provider renewal	To assure the Corporation that a robust contingent labour provider and process is implemented, a review of the current service will be undertaken. Amongst other benefits this is to support with temporary workers to cover hard to fill roles and provide additional capacity when in house capacity is stretched. Options will be shared with SLT, ELB and CSC between	The committees have signed off a procurement plan, tender now live until the end of June.	Alison Littlewood ; Dionne Williams-Dodoo	07-Jun-2024	31-Jul-2025

	February and April 2024 with a view to commissioning a new managed service supplier to supply both temporary and permanent workers by July 2025.				
CR39d Effective recruitment review	Identify "quick wins" in relation to current recruitment / applicant tracking system to improve user experience. Develop and put in place clear requirements for new ERP system. To improve candidate and hiring manager experience and enable a more proactive service model. Phase 1 June 2023 and phase 2 April 2025	In early 2023 People & HR recruited to the position of Head of Workforce & Resourcing who has been working with the wider HR team to refine and improve existing recruitment processes to streamline and improve the overall service provision. Key Performance Indicators (KPIs) on time to hire have been introduced to monitor effectiveness of the City's recruitment and onboarding processes. Through the Midland HR Phase I project the People & HR unit have worked to minimise pain points as far as possible within the scope of the approved project and existing system limitations. Clear requirements for a new Enterprise Resource Planning system have been developed and communicated with a suitable provider identified and engaged. A new Corporate induction has also been launched to support the effective induction of new hires into the City of London Corporation. In 2024 the transformation focus will be centred on ERP as a Phase 2 of this action. The new ERP will enable us to further improve the quality of our candidate experience, improve data through the recruitment process to inform decision making, and further improve the onboarding process (with the introduction of a new onboarding module) for new starters. ERP is expected to be implemented by Spring 25. The Recruitment and Onboarding module is scheduled to be an early module for implementation on the project in 2024.	Alison Littlewood; Cindy Vallance; Dionne Williams-Dodoo	02-Feb-2024	30-Apr-2025
CR39e Development of HR data departmental dashboards and workforce planning reports	Ahead of the ERP launch in April 2025, a plan to develop the HR data dashboards and manual workforce reports for each department will be implemented in Q1 2024/2025 the aim for these reports is to enable HR Business Partners to support the departmental resource planning process using data. This action is reliant upon accurate data and reporting from the current HR system and the new ERP system.	• Departmental workforce planning will be supported by the implementation of our new ERP, expected in Spring 25. • In the interim and as detailed in our People Strategy, the People & HR unit have planned additional activity in 2024/25 on manual workforce planning to support the organisation in introducing a workforce planning approach to resourcing. This work is being scoped and will align with the specific date as detailed below. • A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in Q1 2024/2025. Work completed: -- An establishment data cleanse and establishment control process was introduced in September 2023 which will support department level reporting with increased accuracy.	Dionne Williams-Dodoo	02-Feb-2024	30-Apr-2025

CR39f People Strategy Approach	The People Strategy is on track to launch in April 2024. The five identified workstreams will be captured as individual risks and will be tracked within the prioritised work plan of the People Strategy. The modernising our City Corporation and The My Talent My Development workstreams identify the work that will be completed to support the candidate attraction and retention of employees.	Following the successful launch of the People Strategy, work is now being undertaken to embed all work within the People & HR Team as workstreams across the five themes of the People Strategy.	Alison Littlewood; Cindy Vallance	23-May-2024	30-Apr-2025
CR39i Employee onboarding journey, Data and metrics - time to hire	The metrics associated with the employee onboarding journey, continue to be monitored against the 3 KPI's as listed below.	Whilst a KPI on time to hire is monitored on a monthly basis, against a target of less than 45 days, the average up to October 2023 was between 49 – 52 days. We have found that the KPI set does not helpfully account for notice periods which are outside of the City's control and, therefore, distorted the performance data. This KPI will be revised as part of the implementation of the City's new People Strategy in April 2024. The KPI have been refined into three specific measures through the employee onboarding journey to make them more meaningful and specific. The new KPIs set and to be monitored following the launch of our new Workforce and HR dashboard are as follows: - Complete Information received from Manager to advertisement made live (Primarily Rectmt) • KPI: 4 working days (target for advert posted on COL job site, timeline agreed to take into account payroll deadline period) • Benchmark data from current data: 4.93 (average) • Advertising close date to conditional offer (Joint Rectmt/Manager) • KPI: 12 working days (managers are encouraged to plan their recruitment, stating anticipated interview dates on adverts, and agreeing shortlisting time with panel members. Workforce and Resourcing are to work with recruiting managers in ensuring all the info needed for conditional offer to be sent out is received. Benchmark data from current data: average 21.4 days. • Conditional offer to all checks complete (Joint Rectmt/Candidate) • KPI: 20 working days (This is dependent on how quickly referees provide references and whether the role requires a DBS/vetting and may therefore increase due to processing times) • Benchmark data from current data: average 24.2 days		02-Feb-2024	31-Jul-2024

CR39j Vision and Values/employer branding	We recognise that having a positive employment brand helps to attract potential candidates. This also relates closely to defining our employee offer and the work set out as part of The My Talent, My Development workstream of the 2024-2029 People Strategy sets out the elements of work associated with this important work. This work will help us to better define what it means to be an employee and sell the Corporation to future candidates.	Work is progressing to identify a delivery partner to work with us on all aspects of values and behaviours, performance management and leading change.		23-May-2024	31-Mar-2025
CR39k Staff engagement survey	Our next Our People Survey which will measure staff engagement and provide feedback on working experiences at the City of London will launch on the 15th April 2024. Through the survey we will do the follow: 1, Understand the drivers that are contributing to any potential negative experiences at working at the City. 2, Understand what City of London corporation is doing well for its employees. 3, Understand themes and develop action plans that will enable us to position ourselves as the employer of choice. With a view that the summary of findings will feed into keeping the People Strategy as a living breathing document.	Staff survey closed 17th May analysis and feedback sessions have now commenced, SLT feedback is 11th June, CSC feedback 3rd July following this departments will work on action plans.		06-Jun-2024	30-Sep-2024
CR39M Approach the hard to fill roles	Approach to hard to fill roles - We have recruited a Strategic Campaigns and Resourcing Projects Lead on a 12 month FTC. This post will support with creating targeted and bespoke recruitment campaigns for senior/ exec recruitment and hard to fill posts at the City of London Corporation. A range of methods, including the use of appropriate search and select agencies, proactive candidate search and engagement, events etc. will be used to promote the City of London Corporation as a destination to work at. We will be looking to raise the employer profile of the City of London Corporation.	Post holder has now started.		03-Apr-2024	31-Mar-2025

	We will also consider how and where we look for supply of talent e.g. engaging with our competitors as needed.				
CR39N Pay Award 2024/2025	Alongside our broader review of the existing pay architecture and approach to Reward underway, we have been working with Members, our senior leadership and our Trade Unions to agree the Pay Award for 2024/25. This is with a view to achieving the best possible outcome in line with our affordability on pay within our existing structures.	A proposal on the Pay Award for 2024/25 has been established and will be discussed at JCC on 7 June 2024. If Members and the TC are agreeable to the proposed offer a letter will be issued to the Trade Unions will the agreed proposal. Any agreed change to pay we expect will be applicable and backdated to 1 July 2024.		07-Jun-2024	31-Jul-2024
CR39o Workplace Attendance	The implementation of corporate services committee to move to a 3 day per week minimum baseline for workplace attendance.	The Workplace Attendance Working Group has reviewed the draft FAQ's, these will be shared with trade unions w/c 10th June final approval by HR SLG for uploading to COL net.		07-Jun-2024	02-Sep-2024

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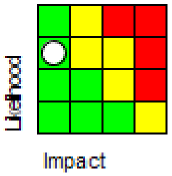
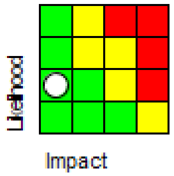
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR21 Air Quality 07-Oct-2015 Bob Roberts	**Cause:** Levels of air pollution in the City, specifically nitrogen dioxide and fine particles, impact on the health of residents, workers and visitors. The City Corporation has a statutory duty to take action to improve local air quality. **Event:** The City of London Corporation is insufficiently proactive and resourced, and does not have the right level of competent staff, to be able to fulfil statutory obligations, as a minimum, in order to lower levels of air pollution and reduce the impact of existing air pollution on the health of residents, workers and visitors. **Effect:** The City Corporation does not fulfil statutory obligations and air pollution remains a problem, impacting on health. Potential for legal action against the Corporation for failure to deliver obligations and protect health. Adverse effect on ability to deliver outcomes 2 and 11 of the Corporate Plan		**3**	Air quality data collected in 2023 demonstrated that levels of particulate air pollution PM10 and PM2.5 both met the health based standards during the year. Nitrogen dioxide was measured at 86 locations, just 4 of these breached the required standard. A new Air Quality Strategy for 2025 to 2030 was approved for consultation, the aims are to go beyond statutory obligations and work towards air quality that complies with World Health Organisation Air Quality Guidelines **10 Jun 2024**		**2**	31-Dec-2026 Reduce	Decreasing

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR21 001i Compliant vehicles	100% of vehicles owned or leased by the CoL are electric or hybrid by 2025	The City Corporation currently has 40 fully electric and hybrid vehicles.	Ruth Calderwood	10-Jun-2024	31-Dec-2025
CR21 001m New Air Quality Strategy	Obtain approval for a new Air Quality Strategy 2025-30.	A draft new Air Quality Strategy 2025-30 has been approved for consultation by the Port Health and Environmental Services Committee. The Strategy has now been published for consultation until 26 July 2024.	Ruth Calderwood	14-Jun-2024	30-Sep-2024

Top red risks only - short summary by department

Report Type: Risks Report
Generated on: 24 June 2024

Rows are sorted by Risk Score

Department Description Barbican Centre

Department Description: Barbican Centre 3

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
BBC Buildgs 027	Failure to maintain and renew Buildings and Estates Infrastructure	8	4	32		16 Jun 2024	4	1	4		31-Dec-2025	Reduce	
BBC H&S 002	Failure to deal with Emergency/Major Incident/Risk of Terrorism	8	2	16		16 Jun 2024	8	1	8		30-Sep-2024	Reduce	
BBC H&S 005	Non-compliance with Fire regulations	8	2	16		16 Jun 2024	2	1	2		31-Dec-2025	Reduce	

Department Description Chamberlain's

Department Description: Chamberlain's 2

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CHB 002	Housing Revenue Account Financials	4	4	16		21 May 2024	4	2	8		31-May-2025	Reduce	
CHB004	Casual Staff Pensions Entitlement/Enrolments	4	4	16		30 Apr 2024	2	2	4		31-Dec-2024	Reduce	

Department Description City of London Freemen's School

Department Description: City of London Freemen's School 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLF-016	Financial Sustainability	4	4	16		16 Apr 2024	2	2	4		31-Aug-2025	Reduce	

Department Description City Junior School

Department Description: City Junior School 2

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CJS 001	Inadequate finances or financial plans	4	4	16		20 May 2024	2	3	6		31-Dec-2024	Reduce	
CJS 004	Failure to Maintain Buildings and Site	4	4	16		20 May 2024	2	2	4		31-Dec-2024	Reduce	

Department Description City of London Schools for Girls

Department Description: City of London Schools for Girls 3

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLSG-07	School facilities (SA5-Operations)	8	3	24		09 May 2024	4	3	12		31-Dec-2024	Reduce	
CLSG-01	External pressures on financial model (SA5-Operations)	4	4	16		09 May 2024	4	3	12		31-Dec-2024	Reduce	
CLSG-13	Governance	4	4	16		06 Jun 2024	4	3	12		31-Dec-2024	Reduce	

Department Description City Surveyor’s

Department Description: City Surveyor’s 6

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
SUR MKT WM 001	MCP disruption / cancellation necessitating the Markets remaining in end-of-life/ deteriorating market infrastructure.	8	3	24		**25 Apr 2024**	4	1	4		31-Dec-2026	Reduce	
SUR SMT 005	Construction and Service Contracts Price Inflation beyond that which was anticipated or planned	4	4	16		**13 Jun 2024**	2	3	6		31-Mar-2025	Reduce	
SUR SMT 006	Construction Consultancy Management	4	4	16		**21 Jun 2024**	4	1	4		31-Mar-2025	Reduce	
SUR SMT 009	Recruitment and retention of property professional	4	4	16		**12 Jun 2024**	4	2	8		31-Mar-2025	Reduce	
SUR SMT 011	Contractor Failure	4	4	16		**13 Jun 2024**	2	2	4		31-Mar-2025	Reduce	

Department Description Department of Community & Children's Services

Department Description: Department of Community & Children's Services 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
DCCS HS 007	Blake Tower - Barbican Estate	4	4	16		**25 Apr 2024**	2	2	4		27-Sep-2024	Reduce	

Department Description Environment

Department Description: Environment 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
ENV-SLT 001	Maintenance and renewal of physical assets	4	4	16		**07 Jun 2024**	2	3	6		31-Mar-2025	Reduce	

Department Description Guildhall School of Music and Drama

Department Description: Guildhall School of Music and Drama 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
GSMD DDP 002	Reduced Recruitment and Retention of Key Staff	4	4	16		26 Apr 2024	2	2	4		31-Dec-2024	Reduce	

Department Description Town Clerk's

Department Description: Town Clerk's 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
TC DTC PA 03	Fraud and Cyber Crime Reporting & Analysis Service (FCCRAS) Procurement	8	3	24		24 Apr 2024	8	2	16		31-Dec-2024	Reduce	

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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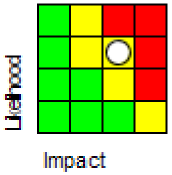
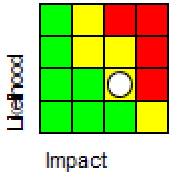
Appendix 1

Corporate risks - detailed report EXCLUDING COMPLETED ACTIONS

Generated on: 23 May 2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR01 Resilience Risk 20-Mar-2015 Gregory Moore	**Cause** - Lack of appropriate planning, leadership and coordination **Event** - Emergency situation related to terrorism or other serious event/major incident is not managed effectively **Effect** - Major disruption to City business, failure to support the community, assist in business recovery. Reputational damage to the City as a place to do business.		**12**	Risk is on going - Castellan (formerly Clearview) BC management tool continues to be implemented rollout has begun across Col depts – Continues 17/01/2024 **15 Apr 2024**		**8**	30-Sep-2024 Accept	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR01L	Assurance process with Cabinet Office College Provide refresher and initial training for Col staff, this training intended to increase knowledge to ensure BC plans are able to support the Col maintain its business during a major incident, provide an in-depth independent	The BC software product now Risk connect has been built with rollout beginning across the Colc January 2023 the onboarding process is now taking place. The intention is for the Dept BC leads end users to familiarise themselves and be confident using the system over the next few months and to input their BIA.	Gary Locker	15-Apr-2024	30-Jun-2024

	oversight of the Col business impact analysis, identifying its most critical business areas Challenges around re structure of depts/teams identifying business continuity leads new member of the resilience team joining. Meetings have taken place with risk connect to continue supporting moving forward. There is an admin and user training session due to take place 29th January 2024	Training set now for 29th January 2024.This will also cover admin users and the aim is for key depts staff to support others across the use of the system, this is in development. Work also started on identifying key depts BIA business impact analysis. Work also taking place with new member of the resilience team to develop BC policy linked to the BIA development. Work is continuing and going well with departments supporting the BIA and critical services process. To support staff with BC responsibility the resilience team has commissioned a 1-day BC management training event to take place April 24th. Procurement are also aware of the contract renewal with risk connect July 2024			
CR01M	process, training, call out process to strengthen the City capability and resilience in responding to major incident and complying with the wider London boroughs standardisation programme	LALO support role. This is a revolving process and further refresher and new staff development training and exercise in this role will be sought during 2024	Gary Locker	15-Apr-2024	30-Jun-2024
CR01N	to increase City capability and resilience in also supporting wider London boroughs during major incident response, covers the key support functions of emergency centres and Gold strategic leadership	Gold major incident awareness training day completed for new Col Chief Officers 21/10/21 module 1 included Media. Training event planned for 22/9/23 implications, Humanitarian aspects, Civil Contingencies Act & Command structure responsibilities. Module 2/3 to follow 2022 Legal Implications & Public Inquiries session New senior staff to be identified for further training and awareness process continues as organisation changes continue. All Completed To identify new course dates and potential new candidates. 2 senior staff Comptroller and COO have been given notice of MAGIC course dates 2023. National Multi agency Gold Incident Command GOLD course completed September 22nd, 2023; next course set for 26th March 2024 Gold course now complete 26/3/24 all SLT have now attended the internal bespoke training course. TC has also authorised a bespoke 4-day MAGIC course for SLT to attend with funding agreed week of 8th March centrally by the Chamberlain. Negotiations with the Police college MAGIC delivery team will begin once PO and funds agreed and a suitable date with SLT agreed. Emergency centres staffed by Col Crisis support team 40 staff currently. Refresher training and call for new volunteers 2024	Gary Locker	15-Apr-2024	30-Sep-2024
CR01Q	Plan an annual calendar of IT DR tests, covering critical systems and services	A 12-month plan of rolling failover/DR tests has been produced and will commence toward the end of the year. These will each cover a specific area of the technology service, starting	Chris Rawding	19-Apr-2024	30-Aug-2024

		with the lower risk, lower impact services and ending with a simulation of a cloud Data centre failure Following final configuration, the secondary Guildhall internet connection has been failover tested and is confirmed running Active/active. This is Scenario 3 in the BCDR Plan, in which we now have 7 scenarios agreed. Owing to P1 operational issues over the last 6 months, further DR tests have been unable to take place. The next Resilience/failover tests is yet to be planned, but responsibility for this will sit with the new permanent AD CIS, who is due to onboard before June 2024.			

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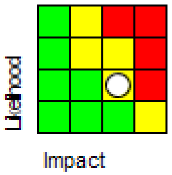
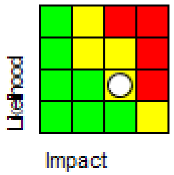
Appendix 2

Corporate risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Cirla Peall
Generated on: 30 April 2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR36 Protective Security	**Cause:** Lack of appropriate governance, inadequate security risk assessments, prioritisation, and mitigation plans. Inadequate, poorly maintained or time expired security infrastructure and policies; lack of security culture and protective security mitigation; poor training, inadequate vetting, insufficient staff. **Event:** Security of an operational property and event space is breached, be that internal threat, protest and/or terrorist attack. Publicly accessible areas for which the Corporation are responsible for are subject to an undisrupted Terrorist attack. **Effect:** Injury or potential loss of life caused by an undisrupted attack, unauthorised access to our estate by criminals/protestors/terrorists; disruption of business/ high profile events; reputational damage.		**8**	Security governance is now embedded as business as usual. The move of the CCC and wholesale markets into the City Surveyor's department has further developed the standardisation of security operations across sites. The introduction of VSAT has extended security assessments across a wider segment of the property estate providing a more detailed audit of how vulnerability is managed. The creation of the Bridges Security Board and the Markets Security group is an additional positive step, demonstrating the City's commitment to security in the Square Mile and its areas of influence. 2023 was yet another challenging year, with multiple protests occurring alongside the cycle of high-profile events that saw HM King Charles III become the King posts the Jubilee and funeral of HM Queen, the South		**8**	01-Jun-2024	

Page 378 10-Jan-2022 Gregory Moore				Koren President, the UK Prime Minister, and many other visits by protected VIPs and high profile visitors. The excellent relationship with our security partners led to a programme of delivery that maintained the City's international reputation as a safe and secure venue. COLC has continued to protect both our public spaces through Protect Realm Board in partnership with COLP and TFL, mirrored with Protect Bridges Board. 2024 is already presenting new security challenges that will continue to be met by strong governance and effective partnership relationships. As such it is recommended this score be reduced from 12 to 8, with continuous monitoring of this new embedded corporate security structures. We continue to prepare for the anticipated legislation around Martyn's Law but timing remains subject to parliamentary process. This has been discussed reviewed and recommendation agreed at SSB. **25 Apr 2024**			Reduce	Constant

Appendix 2

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR36c	Incident/Event/Protest Command	no changes. New Gold training delivered 22nd September 2023, with Comptroller attending a recent MAGIC (Multi Agency Gold Incident Command) Course, with enquiries in hand for others to do likewise. All events continue to be risk assed RAG, with appropriate command teams in place. A multi-agency table top exercise at the CCC will take place in February 2024, further command training in March, support those who missed September.	Richard Woolford	25-Apr-2024	30-Jun-2024
CR36d	Prevent	no changes. Prevent continues to be monitored across COLC in support of COLP. This will be an agenda item next SSB.	Valeria Cadena	25-Apr-2024	01-Jun-2024
CR36f	Protect	no changes. There is a vast array of partnership bodies that impact both the COLC and City wide, covering Security and Counter Terrorism. COLC is embedded with: • City of London Crime Prevention Association. • Cross Sector Safety and Security Communications. • Global Terrorism Information Network TINYg. • POOLRE • City Security Council • CPNI Strategic and Tactical meetings structures. VSAT has extended the security assessment process across a more diverse section of the estate. Diverse attendance and support continues We are currently working with COLP in review all delivery of previous security footprints to ensure up to date and independent audit of works done. Continual monitoring continues. The previously report VSAT system has now been fully adopted and working parallel with site protect packs, this is now been reviewed across the City Surveyors estate to asses where we are in relation to protective security across our estate. COLP have introduced a new NaCTSO security assessment product that has been applied to Guildhall, Barbican, Tower Bridge, CCC, Mansion House and Leadenhall Market. The Protect Duty is anticipated and this is expected to create an additional level of governance but there is a high degree of confidence that City sites already exceed anything the Act will introduce.	Simon Causer	25-Apr-2024	01-Jun-2024

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