



Audit and Risk Management Committee (Late Supplementary)

Date: MONDAY, 23 SEPTEMBER 2024
Time: 11.00 am
Venue: COMMITTEE ROOMS, GUILDHALL

Part 1 - Public Agenda

10. **CITY FUND AND PENSION FUND – 2023-24 STATEMENT OF ACCOUNTS AND
AUDIT FINDINGS UPDATE**

Report of the Chamberlain.

For Information
(Pages 3 - 282)

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Committee(s): Pensions Committee – For information Audit and Risk Management Committee – For decision Finance Committee – For decision	Dated: 17/09/2024 23/09/2024 24/09/2024
Subject: City Fund and Pension Fund – 2023-24 Statement of Accounts and Audit Findings Update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: The Chamberlain	For Decision (Audit and Risk, and Finance) For information (Pensions Committee)
Report author: Daniel Peattie, Assistant Director – Strategic Finance Iain Jenkins - Chief Accountant	

Summary

This report provides an update on the audit of the 2023-24 Statement of Accounts for the City Fund and Pension Fund.

The audited 2023-24 City Fund Statement of Accounts are presented in appendix 1 for approval. This set of accounts reflects all changes agreed with the auditors as part of their work.

The Audit Findings Reports from Grant Thornton are presented at Appendix 2 (in respect of the City Fund audit) and Appendix 3 (in respect of the Pension Fund audit). These documents summarise the results of the audit and include the auditor’s recommendation and details of any audit adjustments which have been made to the accounts.

Recommendation(s)

The **Audit and Risk Management** Committee is asked to:

- **Recommend** approval of the 2023-24 Statement of Accounts to Finance Committee.
- **Authorise** the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, to approve any material changes to the financial statements required before the signing of the audit opinion by Grant Thornton, which is expected by 30th September 2024.
- **Consider** the Audit Findings Report for the City Fund and Pension Fund 2023-24 as set out in Appendix 2 and Appendix 3.
- **Note** Grant Thornton’s audit progress and sector update as set out in Appendix 4.

The **Pensions Committee** is asked to:

- **Consider** the Audit Findings Report for the Pension Fund 2023-24 as set out in Appendix 3.

The **Finance Committee** is asked to:

- **Approve** the 2023-24 Statement of Accounts and agree that the Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.
- **Authorise** the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Finance Committee, to approve any material changes to the financial statements required before the signing of the audit opinion by Grant Thornton, which is expected by 30th September 2024.
- **Consider** the Audit Findings Report for the City Fund and Pension Fund 2023-24 as set out in Appendix 2 and Appendix 3.
- **Note** Grant Thornton's audit progress and sector update as set out in Appendix 4.

Main Report

Background and current position

1. The update provided to the Audit and Risk Management Committee on 8th July 2024 presented the draft 2023-24 City Fund Statement of Accounts to the Committee. That report set out the key elements within the City Fund accounts. The key points to raise since that date are as follows:

Public Inspection period

2. The draft, unaudited 2023-24 Statement of Accounts for the City Fund, which includes the accounts for the Pension Fund, were published on the City of London Corporation's website on 31 May 2024. Publishing these accounts by 31 May 2024 met the statutory requirements set out in the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2022.
3. Following the publication of the City Fund Statement of Accounts a period of public inspection was undertaken, as required by the Local Audit and Accountability Act 2014. The inspection period commenced on Monday 3rd June and ran for 30 working days, concluding on 12th July 2024. During the inspection period, members of the public had the opportunity to inspect the accounts, and also to question the auditor or raise objections. No inspection requests, questions or objections were received during the public inspection period.

Audit of the 2023-24 Accounts

4. The audit of the 2023-24 Statement of Accounts commenced in June 2024 and has been undertaken by Grant Thornton.

5. The updated version of the 2023-24 Statement of Accounts for the City Fund and Pension Fund is provided in Appendix 1.
6. This revised version incorporates the following changes and adjustments to the City Fund accounts which have been identified during the audit and results in a reduction in surplus of Total Comprehensive Income and Expenditure from -£33.3m to -£24.3m due to:
 - Overstatement of value of the Exhibition Halls asset -£2.7m. This revaluation was double-counted in the Fixed Asset Register.
 - Overstatement of value of the Barbican Library and New Spitalfields Market asset -£3.4m. This revaluation was duplicated in the Fixed Asset Register.
 - Overstatement of MDX-Petticoat Sq ex commercial and Middlesex St affordable housing assets -£2.9m. These assets were double-counted in the Fixed Asset Register.
 - In addition to the above, there is a £1.1m adjustment in respect of revaluation movement on the Guildhall to reduce an overstatement in the Revaluation Reserve.
 - There is no change to General Fund or Earmarked Reserve balances as a result of these adjustments.
7. Grant Thornton's Audit Findings Report is presented at Appendix 2 in respect of the City Fund audit and at Appendix 3 in respect of the Pension Fund audit.
8. Also attached at Appendix 4 is a progress update report from Grant Thornton which also includes details of updates from across the sector.

Corporate & Strategic Implications

9. Strategic implications – There are no specific links to the Corporate Plan. However, the accounts assist the City Corporation in maintaining a clear and transparent dialogue regarding its activities with residents and other stakeholders.

Conclusion

10. At present, there are no further queries remaining regarding the 2023-24 accounts. Having provided their Audit Findings Report the external auditor is conducting final reviews of the Statement of Accounts, and an unqualified audit opinion is expected to be issued by GT by the end of September 2024.
11. Whilst none are expected, should any material adjustments to the statement of accounts be required before that position is reached, it is recommended that authority to approve such amendments should be delegated to the Chamberlain in consultation with the Chairmen and Deputy Chairmen of the Audit and Risk

Management and Finance Committees in order to ensure compliance with the requirement to sign and publish accounts by the 30th September.

12. Please note that the auditor's work on Value for Money (VfM) arrangements is not yet complete and this will be reported to the Audit and Risk Management Committee at the November 2024 meeting.

Appendices

- Appendix 1 – Revised City Fund Accounts 2023-24 (Audit & Risk and Finance Committees only)
- Appendix 2 – City Fund Audit Findings Report 2023-24 (Audit & Risk and Finance Committees only)
- Appendix 3 – Pension Fund Audit Findings Report 2023-24
- Appendix 4 – Grant Thornton audit progress and sector update September 2024 (Audit & Risk and Finance Committees only)

Background Papers

Audit and Risk Management Committee – 13 May 2024 – City Fund and Pension Fund Statement of Accounts update

Audit and Risk Management Committee – 8 July 2024 - City Fund and Pension Fund Statement of Accounts update

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**THE CITY OF LONDON
CORPORATION**

**Statement of Accounts
for the City Fund**

**Year Ended
31 March 2024**

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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.

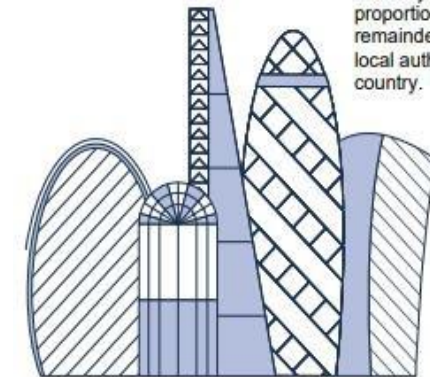
The City Corporation manages two funds, City Fund and City's Estate, and is the sole trustee of City Bridge Foundation, a 900-year old charity which owns and manages five Thames crossings- Tower, London, Southwark, Millennium and Blackfriars Bridges- at zero cost to the taxpayer. The funding arm of City 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.

The City contributes to the rest of the economy, generating

£1.3bn

in business rates. This represents **5% of England's total business rates collection.**



The City retains a small proportion locally, the remainder is distributed to local authorities across the country.

With more large firms than Manchester, Birmingham or Leeds, the City **generates more in business rates than all three combined.**

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.uk¹

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

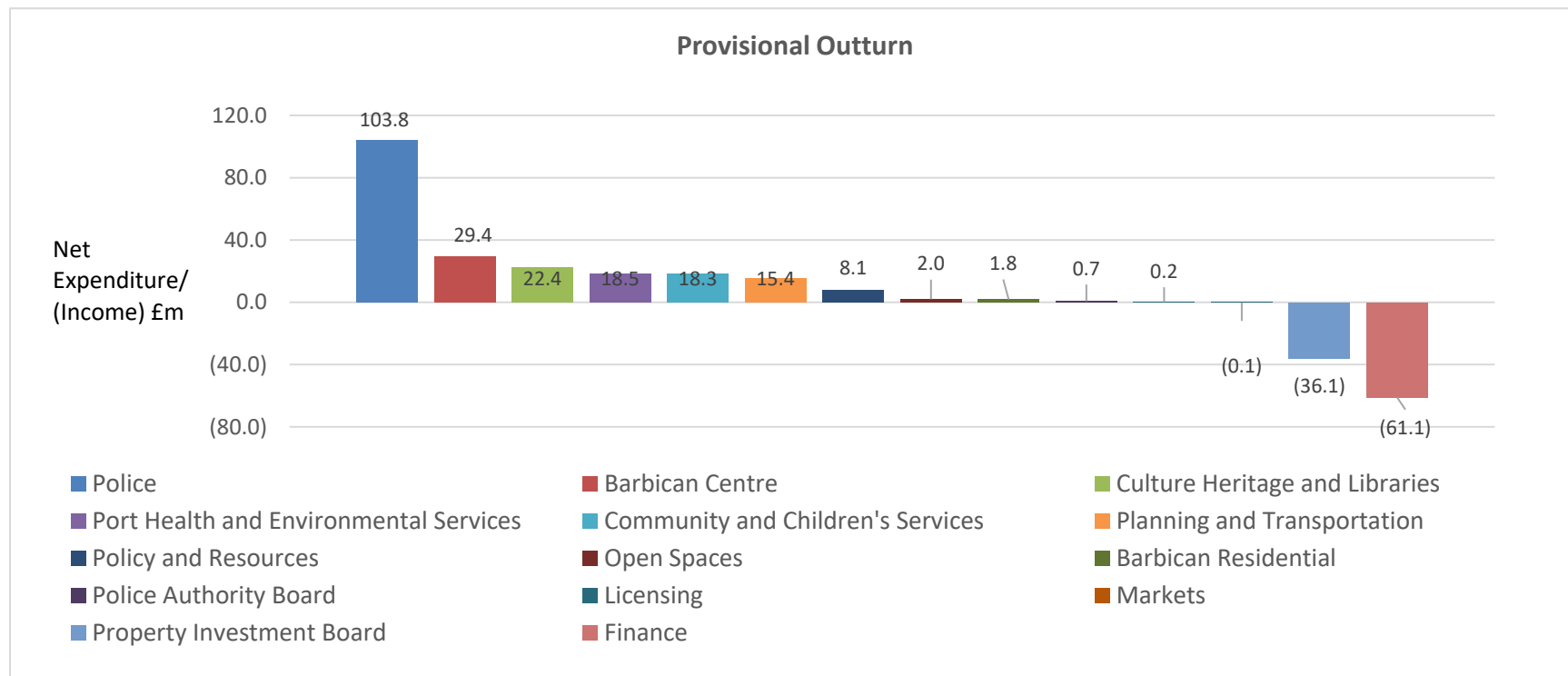
*Numbers to be updated upon finalising 2023-24 accounts

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

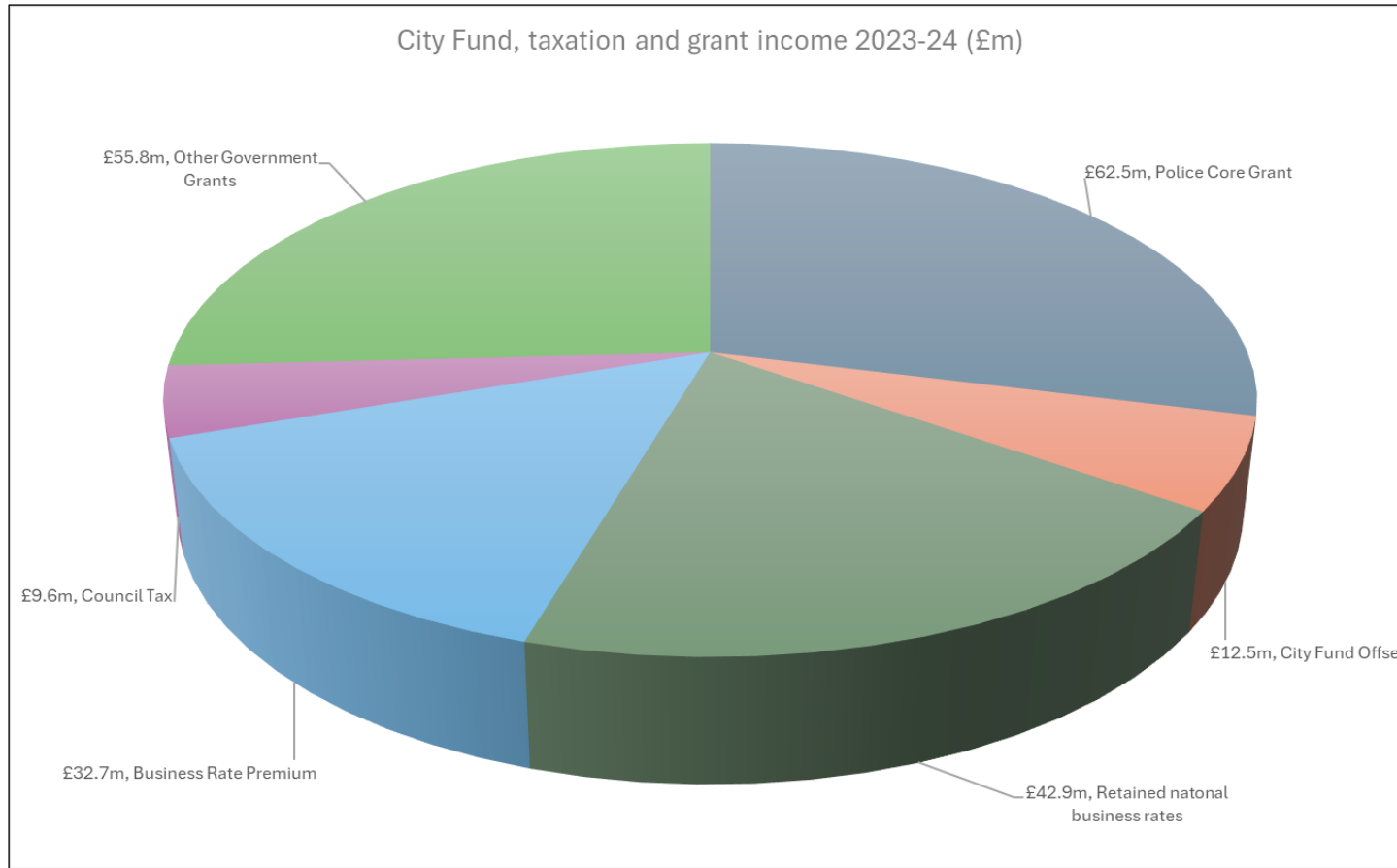
The adjacent table compares each committee outturn to its final budget for 2023-24. Taking into account service expenditure and funding from taxation and grants, the City Fund recorded a £45.7m underspend for the year. The most material variances and the reason for these are:

- Finance (£39.2m) – delays in drawing down central contingencies where budgets are held for unforeseen pressures and exceptional events, 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
£m		£m	£m	£m
	Net Expenditure (Income)			
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

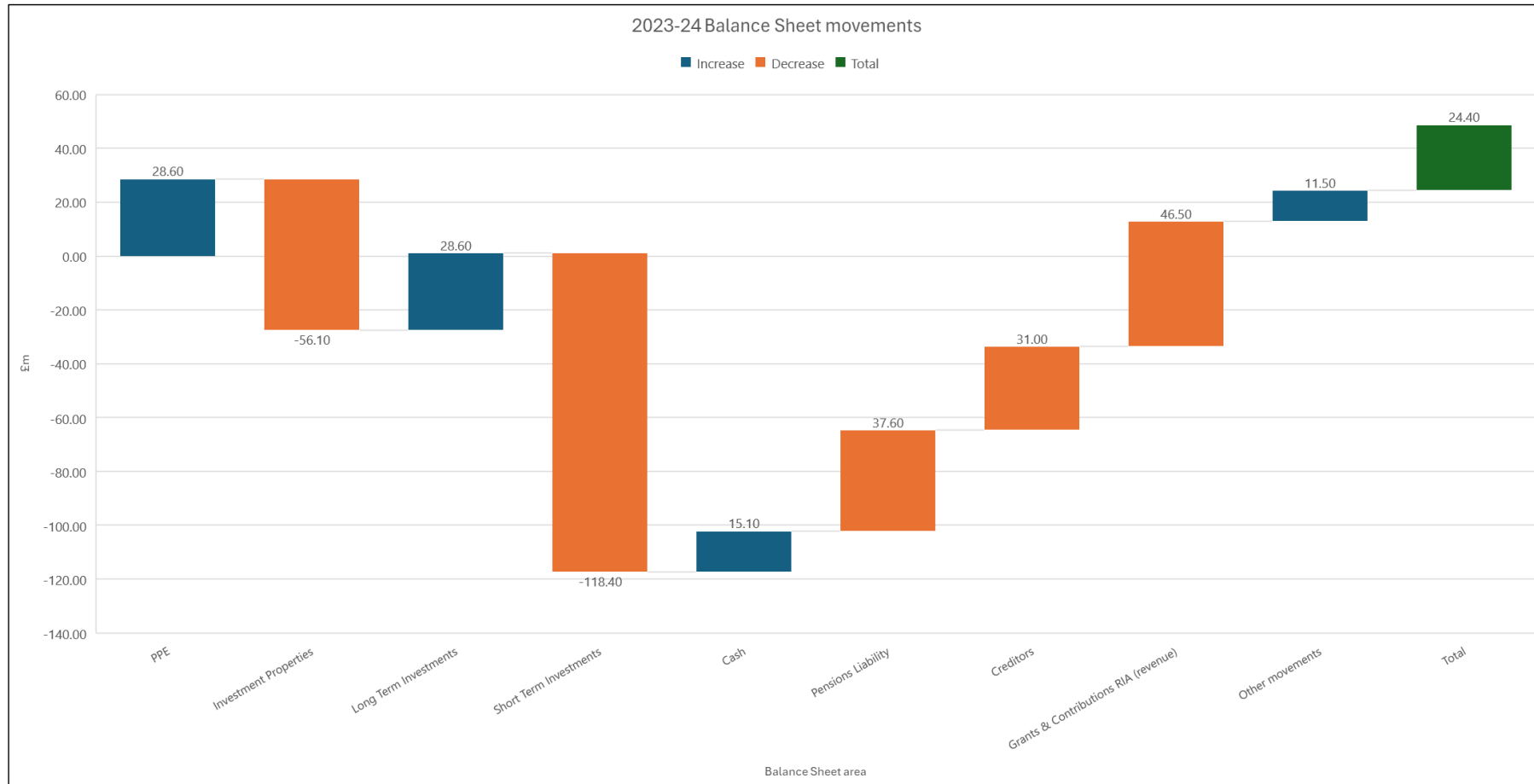
A breakdown of the City Fund taxation and grants income for 2023-24 can be seen in the chart below:



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, 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: XX September 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)		27.0	(17.4)	9.6
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		43.2	(12.3)	30.9
19.8	(20.8)	(1.0)	Barbican Residential		18.0	(19.9)	(1.9)
26.9	(13.9)	13.0	Policy & Resources		19.9	(7.4)	12.5
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		0.6	0.0	0.6
20.1	0.0	20.1	Major Project Cost		42.3	0.0	42.3
536.7	(268.8)	267.9	Cost of Services		550.3	268.3	282.0
		(20.7)	Other Operating Income	7			(2.4)
		92.2	Financing & Investment Income & Expenditure	7			10.2
		(281.4)	Taxation & Non-Specific Grant Income	7			(301.5)
		58.0	(Surplus)/Deficit on the Provision of Services				(11.7)
		(12.5)	(Surplus)/Deficit on the Revaluation of Property, Plant & Equipment	31			44.0
		(786.5)	Remeasurements of the Pensions Liability	26			(56.7)
		(799.0)	Other Comprehensive (Income) & Expenditure				(12.7)
		(741.0)	TOTAL COMPREHENSIVE (INCOME) & EXPENDITURE				(24.4)

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		(18.8)	7.2	0.0	0.0	0.0	(11.6)	(12.7)	(24.3)
Adjustments between accounting basis & funding basis under regulations	11	(48.5)	(7.3)	8.6	37.2	(0.3)	(10.3)	10.3	0.0
Net (increase)/decrease before Transfers to Earmarked Reserves		(67.3)	(0.1)	8.6	37.2	(0.3)	(21.9)	(2.4)	(24.3)
Transfer to/(from) - earmarked reserves		0.0	0.0	0.0	0.0	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)	(2.4)	(24.3)
Balance at 31 March 2024 carried forward*		(334.1)	(0.3)	(42.1)	(46.2)	0.0	(422.9)	(1,665.6)	(2,088.5)

* 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.

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	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 (Restated)	11	(18.4)	(6.3)	(20.2)	(29.7)	1.7	(72.9)	72.9	0.0
Net (increase)/decrease before Transfers to Earmarked Reserves		33.3	0.0	(20.2)	(29.7)	1.7	(14.9)	(726.1)	(741.0)
Transfer to/(from) - earmarked reserves (Restated)		0.0	0.0	0.0	0.0	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	1,119.2
9.0	Heritage Assets	14	9.0
1,543.2	Investment Property	17	1,487.1
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		2,657.3
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		2,088.6
(400.8)	Usable Reserves		(422.9)
(1,663.4)	Unusable Reserves	31	(1,665.7)
(2,064.2)	TOTAL RESERVES		(2,088.6)

The Statement of Accounts was authorised for issue by the Chamberlain on XX September 2024. Events after the balance sheet date and up to XX September 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		(11.6)
(103.5)	Adjustments for non-cash movements	32	(23.2)
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.

Alternative Judgment:

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.

Impact of the Alternative Judgment:

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.

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:

Item	Uncertainties	Effect if actual results differ from assumptions																				
Pensions Liability	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.	<p>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:</p> <table border="1"> <thead> <tr> <th rowspan="2">Assumptions</th> <th colspan="2">Movement in liability</th> </tr> <tr> <th>Increase in Assumption</th> <th>Decrease in Assumption</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <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> </tbody> </table>	Assumptions	Movement in liability		Increase in Assumption	Decrease in Assumption		£m	£m	0.1% adjustment to discount rate	(25.3)	25.9	0.1% adjustment to salary increase rate	2.4	(2.4)	0.1% adjustment to Pension increase rate	24	(23.4)	1 year adjustment to life expectancy	59.8	(57.4)
Assumptions	Movement in liability																					
	Increase in Assumption	Decrease in Assumption																				
	£m	£m																				
0.1% adjustment to discount rate	(25.3)	25.9																				
0.1% adjustment to salary increase rate	2.4	(2.4)																				
0.1% adjustment to Pension increase rate	24	(23.4)																				
1 year adjustment to life expectancy	59.8	(57.4)																				
Property, plant and equipment	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	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.																				

Item	Uncertainties	Effect if actual results differ from assumptions
	<p>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.</p> <p>The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Corporations external valuers.</p>	<p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.</p> <p>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.</p>
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)	9.7	9.6
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)	94.3	30.9
Barbican Residential	1.8	0.0	1.8	(3.7)	(1.9)
Policy and Resources	9.9	1.4	11.3	1.1	12.5
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
Pension Past Service Cost	0.0	0.0	0.0	0.6	0.6
Major Project Cost	(1.8)	0.0	(1.8)	44.1	42.3
Net Cost of Services	123.2	(3.0)	120.2	161.9	282.1
Other Income and Expenditure	(123.2)	(64.4)	(187.6)	(106.1)	(293.7)
(Surplus) or Deficit on the Provision of Services	0	(67.4)	(67.4)	55.8	(11.6)
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)		

*The balance of £334.4m comprises City Fund £334.1m and HRA £0.3m

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	9.5	(0.1)	0.0	0.4	9.8
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	34.6	0.4	0.0	59.3	94.3
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	1.4	(0.2)	0.0	(0.1)	1.1
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	36.1
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	0.6	0.0	0.0	0.0	0.6
0.0	0.0	0.0	0.0	0.0	Major Project Cost	44.1	0.0	0.0	0.0	44.1
40.0	22.3	0.0	52.1	114.4	Net Cost of Services	92.7	(23.7)	0.0	92.8	161.9
(23.1)	42.6	(66.6)	(42.6)	(89.7)	Other Income and Expenditure	(24.4)	43.1	(1.9)	(122.9)	(106.1)
16.1	64.9	(66.6)	9.5	24.7	Surplus or Deficit on Provision of Services	68.3	19.4	(1.9)	(30.1)	55.8

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	51.2
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	59.2
1,027.1	Total expenditure	974.0
	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	(400.5)
(262.5)	Government grants and other grants, contributions and reimbursements	(345.1)
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	(11.6)

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)

2022-23	Credited to Services	2023-24
£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	59.2	
(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	10.3	

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.

The salary figures in Table 2 (Senior Officer Remuneration) are calculated as the total salary multiplied by the proportion charged to the Local Authority or Police Authority.

Table 3 relates to the Exit packages of employees.

Table 1 – Remuneration in Bands

Proportion to City Fund			Proportion to City Fund			
Wholly charged		Partially Charged		Wholly charged		Partially Charged
2022-23			Salary Range	2023-24		
Police Officers	Other		£	Police Officers	Other	
114	71	121	50 - 54,999	197	109	172
179	50	119	55 - 59,999	157	59	110
117	25	78	60 - 64,999	96	48	116
89	15	64	65 - 69,999	77	13	66
72	10	30	70 - 74,999	65	15	70
49	10	44	75 - 79,999	26	6	33
13	2	15	80 - 84,999	20	11	27
11	2	13	85 - 89,999	4	1	16
4	1	6	90 - 94,999	2	7	11
7	2	8	95 - 99,999	7	2	8
2	2	4	100 - 104,999	2	1	10
6	0	5	105 - 109,999	3	3	6
2	0	2	110 - 114,999	1	0	4
0	0	5	115 - 119,999	0	1	1
1	0	3	120 - 124,999	0	0	4
0	1	3	125 - 129,999	0	1	1
0	0	4	130 - 134,999	0	0	7
0	0	2	135 - 139,999	0	0	2
0	0	0	140 - 144,999	0	0	0
1	1	0	145 - 149,999	0	0	1
667	192	526	Total	657	277	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									
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	4.0	1.0	6.0	46.7
16.0	0.0	16.0	432.7	£20,001 - £40,000	1.0	3.0	4.0	92.8
4.0	1.0	5.0	234.9	£40,001 - £60,000	1.0	1.0	2.0	96.1
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	6.0	6.0	12.0	235.6

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 figure shown for grant certifications includes claims and returns in relation to prior financial years.

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	100.0*
0.0	Audit Standards Procedural Review (ISA 315 & 240)	20.0
436.5		460.0



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)	(21.7)	(9.4)				31.0
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	(36.9)	(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
Capital grants and contributions credited to the CIES that have been applied to capital finance	26.7			(26.7)		0.0
Total Adjustments between Revenue and Capital Resources	(11.6)	2.1	(6.2)	(26.7)	(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	(48.5)	(7.3)	8.6	37.2	(0.3)	10.2

2022-23 (Restated)	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
Capital grants and contributions credited to the CIES that have been applied to capital finance	30.1			(30.1)		0.0
Total Adjustments between Revenue and Capital Resources	112.0	2.8	(28.2)	(30.1)	(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	(18.4)	(6.3)	(20.2)	(29.7)	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	(13.4.8)	(45.1)	0.0	0.0	0.0	0.0	0.0	(58.5)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(16.3)	(4.3)	0.0	0.0	0.0	(0.2)	0.0	(20.8)
Derecognition - disposals	(0.3)	0.0	0.0	(1.1)	0.0	0.0	0.0	(1.4)
at 31 March 2024	240.1	589.9	7.6	126.5	1.6	199.1	0.4	1,165.2
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	240.0	586.1	4.6	41.5	1.6	199.1	0.4	1,073.3

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	1,073.3
44.8	Infrastructure Assets	45.7
1,090.6	Total PPE Assets Net Book Value	1,119.0

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 listed³ 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 £705.2m (£720.8m 31st March 23) which has been reduced by 75% to £176.3m (£180.2m 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

Total capital commitments of £488m were outstanding at 31 March 2024 (£543m at 31 March 2023, amended from £591m), above £1m are 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-and-heritage/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	(59.2)
1,543.2	Balance at end of the year	1,487.1

Investment Property valued using Level 3 inputs as at 1 April 2023 was £1,317.4m and Investment Property valued using Level 3 inputs as at 31 March 2024 was £1,260.6m. Investment Property valued using Level 1 inputs (lease premium adjustments) as at 1 April 2023 was £225.8m and Investment Property valued using Level 1 inputs as at 31 March 2024 was £226.5m.

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 AAmmf (Fitch) or equivalent. The City Fund also holds investments 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 creditor 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). [Discounted rate 4.60% in 2022-23]

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)

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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								
(63.4)	(0.3)	(47.5)	(111.2)	Reversal of net charges/credits for retirement benefits in accordance with the Code					(52.0)	(0.3)	(19.6)	(71.9)
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	(303.7)
(2,207.7)	Capital Adjustment Account	(2,218.4)
913.2	Pensions Reserve	875.6
(24.7)	Collection Fund Adjustment Account	(26.6)
2.9	Accumulated Absences Account	4.0
(8.8)	Deferred Capital Receipts Reserve	(8.6)
0.2	Financial Instrument Revaluation Reserve	0.2
15.0	Pooled Investment Adjustment Account	11.9
(1,663.4)	Total Unusable Reserves	(1,665.6)

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	(6.1)
43.0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	50.1
(12.5)	Surplus on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	44.0
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	(303.7)

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	24.7
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:	100.4
(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	94.6
	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	(2,218.4)

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.

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.

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.

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.

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.



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	(59.2)
(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	3.2
(103.5)	Total	(23.2)

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 £000	2022-23 £000	Detail of transaction
Addleshaw Goddard Ltd	A Member’s spouse is a Partner	(11)	-	Income received by City Fund for Room hire
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)	(219)	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: £0.126m) towards Corporate IT projects and £0.091m (2022-23: £0.129m) 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	(7.3)	
(0.0)	(Increase)/decrease in year on the HRA			(0.1)
(0.2)	Balance on the HRA at the end of the current year			(0.3)

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 2024 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 940 as at 31 March 2024 (2023: 937).

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

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 2024 the total arrears for rent, service charges and other charges were £6.7m (31 March 2023: £7.7m) 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					(7.6)	(4.5)	0.0	(12.1)	
(4.6)	0.0	0.0	(4.6)	Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services					(16.3)	(0.1)	0.0	(16.4)	
(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	0.0	0.0	0.0	
180.3	36.6	48.9	265.8	31 March					176.4	32.0	61.0	269.4	
				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 £705.2m (£720.8m 31st March 23) which has been reduced by 75% to £176.3m (£180.2m 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)		(10.0)	0.0	Council Tax Receivable (10.0)
(0.2)	0.0	(0.2)		(0.2)	0.0	Transfer from City Fund (Reliefs) (0.2)
	(1,204.4)	(1,204.4)	1		(1,259.6)	National Business Rates (1,259.6)
	0.0	0.0			0.0	National Business Rates transitional protection payments 0.0
	(40.8)	(40.8)			(42.8)	GLA Business Rate Supplement (42.8)
	(29.7)	(29.7)			(35.2)	City Business Rate Premium (35.2)
(9.8)	(1,274.9)	(1,284.7)		(10.2)	(1,337.6)	TOTAL INCOME (1,347.8)
						EXPENDITURE
						Council Tax Precepts and Demands
8.0	0.0	8.0	2	8.9	0.0	City 8.9
1.0	0.0	1.0		1.3	0.0	GLA 1.3
0.2	0.0	0.2		0.1	0.0	Impairment of debt for Council Tax 0.1
			2			National Business Rates Precepts and Demands
	321.0	321.0			340.8	City 340.8
	395.9	395.9			420.4	GLA 420.4
	353.1	353.1			374.9	Central Government 374.9
	1.8	1.8			(5.5)	National Business Rates transitional protection payments (5.5)
	40.5	40.5			42.2	Business Rate Supplement collected on behalf of GLA 42.2
	28.1	28.1			32.7	City Business Rate Premium 32.7
	12.1	12.1	5		12.5	City Offset 12.5
					1.1	Interest paid on refunds 1.1

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	1,331.0	1,342.2
(0.3)	(222.0)	(222.3)	(Surplus)/Deficit for Year	1.0	(6.6)	(5.6)
(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	(87.4)	(87.4)

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	EXCLUDING	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

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- 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

Net Asset Statement as at 31 March 2024

2022-23	Notes	2023-24
£m		£m
	Dealings with members, employers and others directly involved in the Fund	
(49.8)	Contributions	(53.1)
(3.3)	Transfers in from other pension funds	(5.7)
(53.1)		(58.8)
53.2	Benefits	58.4
3.2	Payments to and on account of leavers	5.7
56.4		64.1
3.3	Net (additions)/withdrawals from dealings with members	5.3
8.3	Management expenses	8.6
11.6	Net withdrawals including fund management expenses	13.9
	Returns on investments	
(2.6)	Investment income	(5.8)
3.7	Profit and losses on disposal of investments and changes in the value of investments	(128.1)
1.1	Net return on investments	(133.9)
12.7	Net (increase)/decrease in the net assets available for benefits during the year	(120.4)
(1,388.1)	Opening net assets of the scheme	(1,375.4)
(1,375.4)	Closing net assets of the scheme	(1,495.8)

2022-23	Notes	2023-24
£m		£m
0.2	Long-term investments	0.2
1,366.0	Investment assets	1,483.6
1,366.2	Total net investments	1,483.8
10.9	Current assets	14.0
(1.7)	Current liabilities	(2.0)
1,375.4	Net assets of the Fund available to fund benefits at the end of the reporting period	1,495.8

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: <ul style="list-style-type: none"> • 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	7.1	
0.3	Oversight and governance*	0.4	
8.3		8.2	

*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	0.3	0.8	0.0	1.1
6.0	1.2	0.0	7.2	Total	5.9	1.2	0.0	7.1

**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	635.6
113.9	Multi asset credit	129.8
202.7	UK equities	174.4
1,153.0		1,262.0
	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	1,483.6
	Long-term investments	
0.2	Equities	0.2
1,366.2	Net investment assets	1,483.8

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)	128.6	1,262.0
Pooled property investments	108.2	15.0	(1.7)	(2.5)	119.0
Private equity funds	29.2	1.1	(4.4)	(1.5)	24.4
	1,366.2	223.3	(233.8)	128.1	1,483.8
Investment income due	0.0				0.0
Net investment assets	1,366.2				1,483.8

	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*	192.9
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		535.6
	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	1,483.8
0.0	Investment income due	0.0
1,366.2	Net investment assets	1,483.8

#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.

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	1,262.0	0.0	0.0	1,262.0
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		1,483.6	14.0	0.0	1,497.6
				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	1,483.6	14.0	0.0	1,497.6

*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
	<u>Financial Assets</u>	
(3.7)	Fair value through profit and loss	128.1
(3.7)		128.1

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	775.7	20.7%	936.3	615.1
Emerging market global equities	34.4	26.0%	43.3	25.5
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	1,483.8		1,740.9	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 of 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	591.4			
Net investment assets	1,483.8			

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)	1,495.8
(142.3)	Net Liability	(40.8)

*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).

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) Pension Costs – City of London Staff

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) City Fund as Lessee

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) City Fund as Lessor

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.



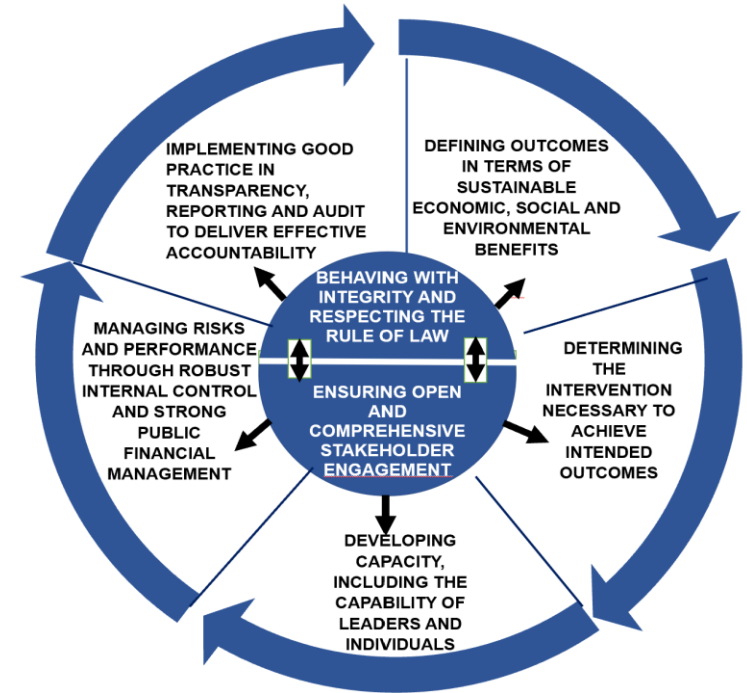
Annual Governance Statement

Executive Summary

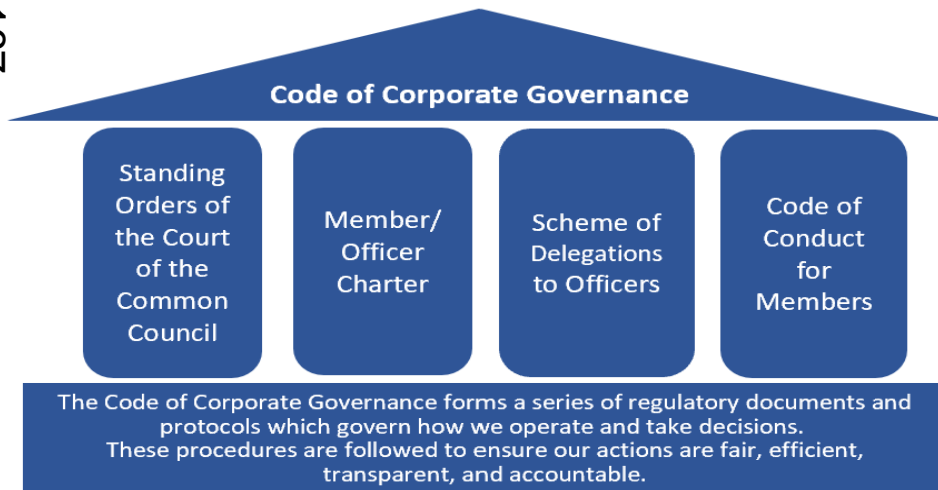
1. The City Corporation has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*.
2. This statement explains how the City Corporation has complied with the code and also meets the 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](#)

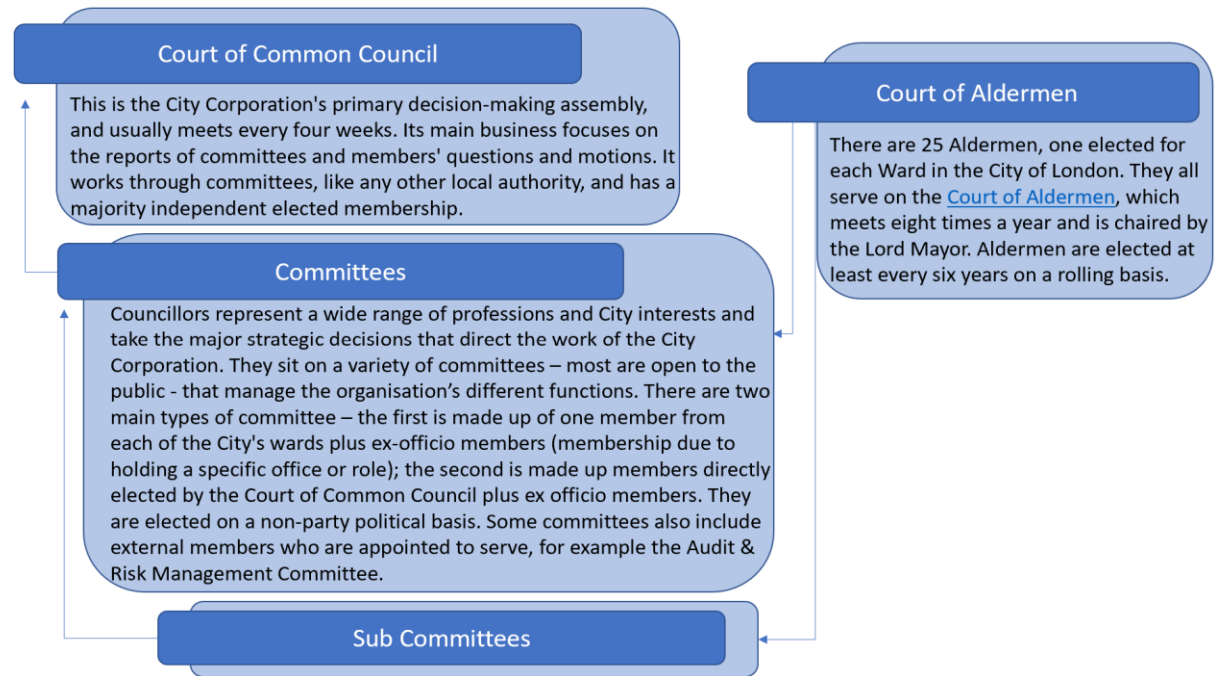


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- The [Standing Orders of the Court of the Common Council](#) outline how the court shall be run.
- The [Code of Conduct for Members](#) states members shall have regard for the Seven Principles of Public Life: Selflessness, Integrity, Objectivity, 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.



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


Key Elements of the Governance Framework		
<p>Members, Committees and Policy Chair</p> <p>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</p>	<p>Scrutiny and Review</p> <p>Committees scrutinize and review policy, plans and performance:</p>	<p>Risk Management</p> <p>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</p>
<p>Decision making</p> <p>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</p>	<p>Town Clerk and Chief Executive and other Chief Officers</p> <p>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.</p>	

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

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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: <ul style="list-style-type: none"> • 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	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Assurance Ratings Provided</p> <table border="1"> <tr><td>Moderate</td><td>13</td></tr> <tr><td>Limited</td><td>4</td></tr> <tr><td>Substantial</td><td>1</td></tr> </table> </div> <div style="text-align: center;"> <p>Recommendations Raised: 124</p> <table border="1"> <tr><td>98</td></tr> <tr><td>19</td></tr> <tr><td>7</td></tr> </table> </div> </div>	Moderate	13	Limited	4	Substantial	1	98	19	7
Moderate	13									
Limited	4									
Substantial	1									
98										
19										
7										
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.									
151 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.

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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.

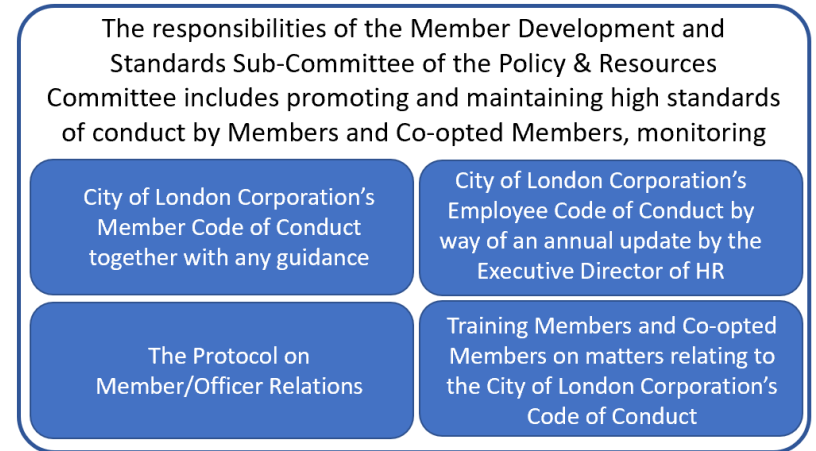
³ All newly hired staff members are required to complete the mandatory training modules listed within the initial three months of their employment commencing. The data given is in respect of all staff of the City of London Corporation and its Institutions (including the civilian staff of the City of 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.



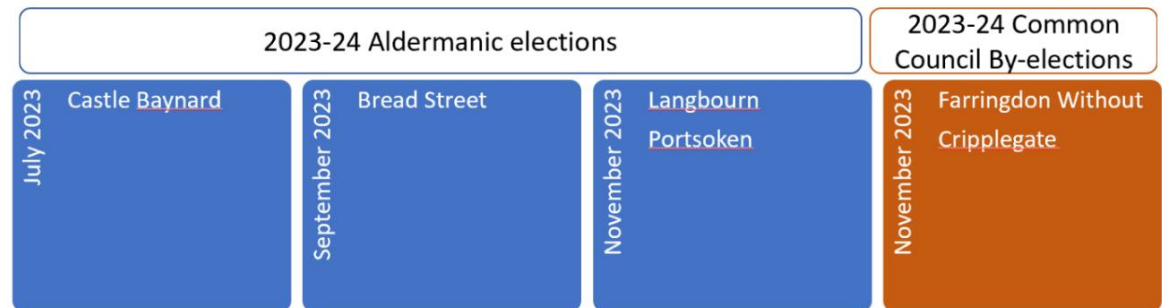
Whistleblowing

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.

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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.

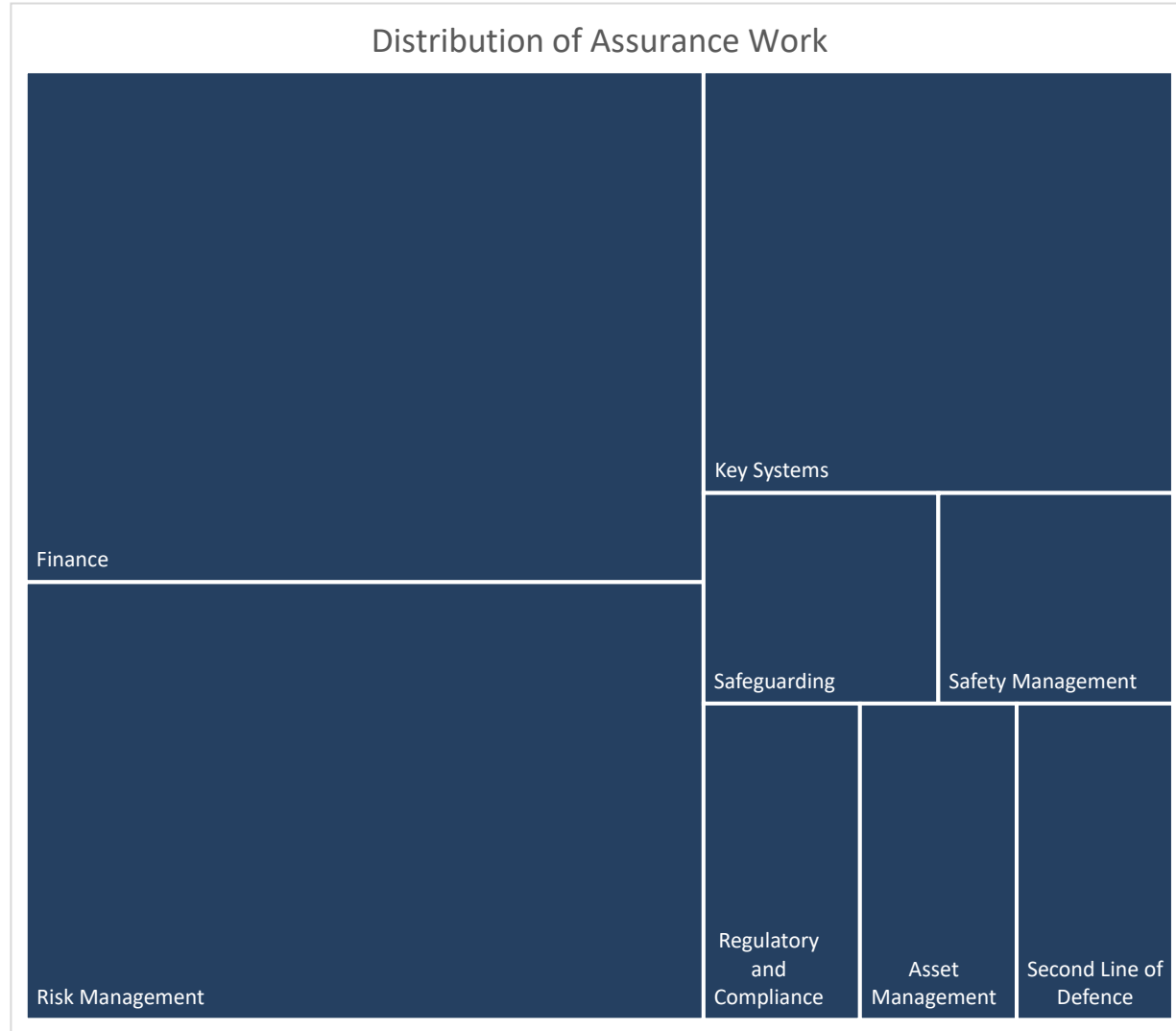
Role of Internal Audit

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 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

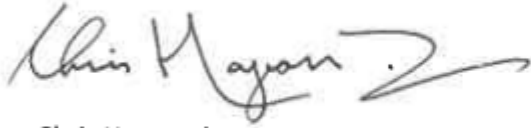
45. The City Corporation proposes over the coming year to take actions in the following areas to continue focus on the highest standards of governance.

Area	Action List	Targets / Milestones (include indicative date)	Lead (Chief Officer)
Health and Safety	<ul style="list-style-type: none"> Progress the Health and Safety Action Plan: 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Chief Officers to prioritise current activity and pipeline through the lenses of alignment to Corporate Plan, Financial Sustainability, Raising our Game (organisational 	Chamberlain

	<p>long term. Programme will include cross-cutting themes, each owned by a Chief Officer.</p> <ul style="list-style-type: none"> • 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. 	<p>effectiveness and commercial culture) and silo-busting – April- June 2024</p> <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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). 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

	<p>outcomes, and improve equality, diversity, and inclusivity of the police service</p> <ul style="list-style-type: none"> • 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 		
<p>Equity, Equality, Diversity & Inclusion</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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) 	<p>Chief Strategy Officer</p>
<p>Risk Management</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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) 	<p>Chief Strategy Officer</p>

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.
Curtailement (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: <ul style="list-style-type: none"> • 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	<p>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:</p> <ul style="list-style-type: none"> • 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	<p>An amount set aside in the accounts for liabilities of uncertain timing or amount that have been incurred. Provisions are made when:</p> <ul style="list-style-type: none"> • 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	<p>Reserves are reported in two categories in the Balance Sheet of local authorities:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

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 Terrorism
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

The Audit Findings Report (ISA 260) for City of London Corporation - City Fund

Year ended 31 March 2024

September 2024
Page 191





City of London Corporation

Guildhall
London
EC2P 2EJ

23 September 2024

Dear Audit and Risk Management Committee Members

Audit Findings Report for City of London Corporation – City Fund for the year ended 31 March 2024

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with the Audit and Risk Management Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf \(grantthornton.co.uk\)](#).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Sophia Brown

Key Audit Partner
For Grant Thornton UK LLP

**Private and
Confidential**

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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.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of City of London Corporation – City Fund (‘the Authority’) and the preparation of the Authority’s financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (‘the Code’), we are required to report whether, in our opinion:

- the Authority’s financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Financial Statements), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed in a hybrid manner during March-September, as planned. Our findings are summarised on pages 9-19 of this report. We have identified several adjustments to the financial statements that have resulted in the adjustment to the Council’s Comprehensive Income and Expenditure Statement, detailed in Appendix D. We have identified several disclosure amendments; these are detailed in Appendix D and have no impact on the level of the Council’s useable reserves.

We have also raised recommendations for management as a result of our audit work – these are set out at Appendix B. Our follow up of recommendations from the prior year’s audit are detailed at Appendix C.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion. This view is subject to the satisfactory conclusion of outstanding matters as detailed on page 6.

We have concluded that the other information to be published with the financial statements, including the AGS, Narrative Report and Pension Fund Financial Statements, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Upon the conclusion of this audit, your finance team will have successfully completed four financial audits within the past 11 months. This includes the 2020-21 audit in November 2023, the 2021-22 audit in December 2023, and the 2022-23 audit in February 2024. Notably, three of these audit periods will be completed under our audit firm and within a period of 10 months. Over the last two years, management took active key steps to ensure they can support the delivery of the audits, through investment in interim staff members, filling staff vacancies with experienced personnel and continued engagement with our audit engagement team. This is evident from the production of working papers, supporting evidence, responses to audit queries and the reduction in number of misstatements identified in the accounts submitted for audit.

We would like to express our gratitude to the finance team for their collaborative efforts and strategic allocation of resources, which have been instrumental in addressing the audit backlogs in the City Fund which many local authorities across the country are currently battling with.

Key finance officers of the City Fund have demonstrated exceptional engagement with the external audit team throughout this period. This has directly contributed to the successful and timely delivery of the 2023-24 audit.

Our anticipated audit report for the 2023-24 financial statements will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

Our work on the Authority's value for money (VFM) arrangements is not yet complete but before issuing our audit report we will write to the Chamberlain to confirm that we have completed sufficient work to be assured that there will be no impact on our opinion from the VFM work to be completed for 2023-24. We will report in our full commentary on the Authority's arrangements in our Auditor's Annual Report (AAR) at the November 2024 Audit and Risk Management Committee meeting.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code but cannot formally conclude the audit and issue the audit closure certificate for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our VFM work and the work necessary in relation to the Whole of Government Accounts (WGA) for the year ended 31 March 2024 – we await guidance from the National Audit Office on 2023-24 WGA procedures. Please also refer to page 19 of the report for further detail.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

1. Headlines

Outstanding matters

We await information requested from management and counterparty in the following areas to enable us to complete our work:

- Response to queries raised with your actuary expert on IFRIC14 assessment in accounting for the pension liability;
- response to 1 query on updated Movement In Reserves Statement; and
- response to 1 query on updated Cash Flow Statement.

The following areas of our work are going through the review stage:

- Investments;
- NNDR Appeals provision;
- Senior officer remuneration and termination benefits;
- HRA notes;
- Hot review responses;
- Minimum Revenue Provision; and
- Capital expenditure and financing.

Our work is also subject to the conclusion of the following matters:

- receipt of IAS 19 assurance letter from Pension Fund auditor in relation to your pension liability;
 - receipt of management representation letter;
 - review of the final set of financial statements;
 - review of audit work by senior audit engagement team members and quality reviewer; and
 - review of subsequent events.
-

2. Financial statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit and Risk Management Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Authority's business and is risk based, and in particular included:

- An evaluation of the Authority's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have altered our audit plan, as communicated to you on 13 May 2024, to reflect a change made to materiality. This change only impacts the specific materiality set on senior officer remuneration and termination benefits, and is summarised overleaf.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved (page 6), we anticipate issuing an unqualified audit opinion, as detailed in Appendix G.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff of the Corporation. The finance team has consistently collaborated with external auditors over the past 12 months, with minimal breaks, to ensure the completion of the City Fund's audits. Our engagement with your finance team has been hybrid in nature, involving both in-person meetings as requested and regular team meetings to ensure continuous progress.

2. Financial statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan on 13 May 2024. We have revised the materiality for specific transactions, balances or disclosures of senior officer remuneration and termination benefits due to our understanding of a growing public interest and sensitivity associated with the transactions, resulting in a review of the appropriateness of figure.

We set out in this table our determination of materiality for City of London Corporation – City Fund.

	Planning amount £	Final amount £	Qualitative factors considered
Materiality for the financial statements	11,957,000	11,957,000	We have determined the financial statement materiality based on a proportion of the prior year gross expenditure of City Fund, which has remained at approximately 1.95%. On receipt of the draft financial statements, the current year gross expenditure of the City Fund remained consistent to prior year and no other factors were identified which would impact our planning materiality figure. As such, our materiality remained unchanged.
Performance materiality	8,370,000	8,370,000	Our performance materiality is based on a percentage of the materiality for the financial statements listed above. The threshold has remained constant, at 70% of headline materiality, to that applied in prior year.
Trivial matters	598,000	598,000	This balance is set at 5% of materiality for the financial statements.
Materiality for specific transactions, balances or disclosures senior officer remuneration and termination benefits	100,000	20,000	We have identified senior officer remuneration and termination benefits as disclosures where we will apply a lower materiality level, as they are considered sensitive disclosures. We revised the materiality level for senior officer remuneration and termination benefits to a lower amount to reflect our view of the growing public interest in such remunerations and benefits.

2. Financial statements – significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in Audit Plan

Commentary

Management over-ride of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. City Fund faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how it reports performance.

We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.

As part of our audit work, we have completed the following:

- Evaluated the design and implementation effectiveness of management controls over journals.
- Analysed the journals listing using data analytics tools and determined the criteria for selecting high risk unusual journals.
- Identified and tested journals we considered unusual and to have the greatest risk of material misstatement. We tested those identified journals made during the year and at year end for appropriateness and corroboration to supporting evidence.
- Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness.
- Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

From the work performed, one control deficiency issue was identified in the previous year, which on follow up remained not addressed for 2023-24. The control deficiency in relation to the approval of journals lines below £100,000 is set out in detail in Appendix C. We have factored this control deficiency into our risk analysis and selection of journals. This specific additional test is over and above our standard journal procedures and was performed to address the risk identified.

Further, our IT audit identified that there were no established formal processes for managing self-assigned access to ensure that all access requests are properly documented and approved. We factored this in our review of unusual and risky journals based on journal posters.

There were no issues identified from these additional procedures to bring to your attention.

Our audit work on management override of controls is complete. We have not identified any material issues in respect of this risk.

2. Financial statements – significant risks

Risks identified in Audit Plan

Commentary

Risk of fraud and error in revenue recognition (rebutted for all streams)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Having considered the risk factors set out in ISA(UK) 240 and the nature of the revenue streams at City Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- There is little incentive to manipulate revenue recognition;
- Opportunities to manipulate revenue recognition are very limited; and
- The culture and ethical frameworks of local authorities, including that of City Fund, meaning that all forms of fraud are seen as unacceptable.

As part of our audit work, we have completed the following:

- Selected a sample of revenue items from each material revenue stream and tested to supporting information and subsequent receipt of income to gain assurance over accuracy, occurrence and completeness.
- Tested a sample of receipts and invoices raised post year end to ensure they have been included in the correct financial year.
- Documented our understanding of the revenue business process and identified relevant controls.

Our work on revenue recognition is complete. We have not identified any material issues in respect of this risk.

Valuation of council dwellings (CY £243.1m)

City Fund measures its dwellings at current value, determined using the basis of existing use value for social housing and is re-valued on a cyclical approach using the Beacon methodology. Key assumptions are made by the valuer in applying this method of valuation. City Fund has appointed an external valuer to carry out this work.

As part of our audit work, we have completed the following:

- Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to your valuation experts, and the scope of their work.
- Evaluated the competence, capabilities and objectivity of the valuation expert engaged by you.
- Discussed with, and wrote to, the valuation expert to confirm the basis on which the valuation was carried out.
- Engaged our own valuer expert to provide commentary on: the instruction process in comparison to requirements from CIPFA/IFRS/RICS; and the guidance regarding the valuation of council dwellings and social housing.
- Tested, on a sample basis, a number of assets back to market data for council dwellings and other properties in that area.
- Reviewed, on a sample basis, a number of assets the appropriateness of the Beacon applied as well as undertaking existence testing of a sample of assets.
- Challenged the information and assumptions used by your valuation expert to assess completeness and consistency with our understanding.

Our work on valuation of council dwellings is complete. We have not identified any material issues in respect of this risk.

2. Financial statements – significant risks

Risks identified in Audit Plan

Commentary

Valuation of land and buildings (CY £589.6m)

City Fund re-values its land and buildings on a rolling five-yearly basis. City Fund applies valuation techniques such as the depreciated replacement cost (DRC) for the valuation of its other land and buildings. In applying this method, key assumptions are made by the valuer to arrive to a value of a modern asset equivalent (MEA), meeting the capacity and location requirements of the services being provided by the replaced asset. City Fund has appointed an external valuer to carry out this work.

As part of our audit work, we have completed the following:

- Evaluated management’s processes and assumptions for the calculation of the estimate, the instructions issued to your valuation experts, and the scope of their work.
- Evaluated the competence, capabilities and objectivity of the valuation expert engaged by you.
- Discussed with, and wrote to, your valuation expert to confirm the basis on which the valuation was carried out.
- Engaged our own valuer expert to provide commentary on: the instruction process in comparison to requirements from CIPFA/IFRS/RICS; and the valuation methodology and approach, resulting assumptions adopted and any other relevant points.
- Challenged the information and assumptions used by your valuer to assess completeness and consistency with our understanding.
- Recalculated the valuations, testing key inputs including BCIS rates, floor areas, obsolescence and other assumptions used in both Depreciated Replacement Cost and Existing Use Valuations. We also considered the appropriateness of each method applied to determine the assets valuation.
- Tested revaluations made during the year to see if they have been input correctly to the City Fund’s asset register.
- Confirmed via site inspections the asset details corroborated with those in the valuation report.
- Confirmed the material accuracy of the carrying value, from the current value, of assets not revalued at 31 March 2024 through an indexation exercise using market data.

Our work on valuation of other land and buildings is complete. We identified errors in the fixed asset register resulting in adjusted and unadjusted misstatements reported as set out in Appendix D. These were not individually or in aggregate material.

2. Financial statements – significant risks

Risks identified in Audit Plan

Commentary

Valuation of investment property (CY £1,489.8m)

City Fund measures and re-values its investment properties at fair value (its highest and best use) annually. The investment method is used in valuing most of the investment properties of City Fund. This method determines the property's value by estimating the potential income (market rents) and estimated yield. A small change in the inputs can have a significant impact on the estimated value of the property. City Fund has appointed an external valuer to carry out this work.

We undertook the following procedures:

- Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work.
- Evaluated the competence, capabilities and objectivity of the valuation expert.
- Discussed with and wrote to the relevant valuer to confirm the basis on which the valuation was carried out.
- Engaged our own valuation expert to provide commentary on: the instruction process in comparison to requirements from CIPFA/IFRS/RICS; and the valuation methodology and approach, resulting assumptions adopted and any other relevant points.
- Challenged the information and assumptions used by your valuer to assess completeness and consistency with our understanding.
- Recalculated the valuations, testing key inputs including yields applied, rental information used, and all other key assumptions applied in the valuers' calculations behind the asset's valuation.
- Tested revaluations made during the year to see if they have been input correctly to the City Fund's asset register.
- Assessed the value of a sample of assets in relation to market rates for comparable properties.

Our work on investment property valuation is complete. As a result, management made an adjustment in relation to an investment property asset valuation that was erroneously treated in the fixed asset register resulting to an overstatement of the balance at 31 March 2024. This is set out in Appendix D.

2. Financial statements – significant risks

Risks identified in Audit Plan

Commentary

Valuation of pension fund net liability (CY £875.6m)

City Fund's pension fund net liability, as reflected in its balance sheet as net defined benefit liability, represents a significant estimate in the financial statements.

The estimation of the pension fund net liability 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. A small change in the inputs can have a significant impact on the estimated pension fund liability. The pension fund valuation is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.

City Fund's pension liability consists of City Fund's share of the City of London Corporation's net pension liability, the unfunded City of London Police pension scheme and Judge's pension scheme.

City Fund has appointed a consulting firm of actuaries to complete the valuation of the net pension liability as at 31 March 2024.

As part of our audit work, we have completed the following:

- Gained an understanding of the processes and controls put in place by management to ensure that the City Fund's pension fund net liability is not materially misstated and evaluated the design of the associated controls.
- Evaluated the instructions issued by management to their management expert (actuary) for this estimate and the scope of the actuary's work.
- Assessed the competence, capabilities and objectivity of the actuary who carried out the City Fund's pension fund valuation and the actuary who undertook the valuation of the unfunded Police Pension Liability.
- Assessed the accuracy and completeness of the information provided by the City Fund to the actuary to estimate the liability.
- Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary.
- Undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.

Our work on the valuation of pension fund net liability is substantially complete. We await the auditors of the City of London Corporation Pension Fund to issue us a letter in response to our questions over controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the Pension Fund and the fund assets valuation in the Pension Fund financial statements. We further await responses from your actuary expert in relation to IFRC14 assessment. At the time of writing, we have nothing to report to you from our work on this risk and we will provide a verbal update on this point at the Audit and Risk Management Committee.

2. Financial statements – other risks

This section provides commentary on other audit risks communicated in the Audit Plan.

Risks identified in Audit Plan	Commentary
Fraud in expenditure recognition (rebutted)	<p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>Having considered the risk factors relevant to the City Fund and the relevant expenditure streams, we determined that no separate risks relating to expenditure recognition is necessary, as the same rebuttal factors listed above relating to revenue recognition apply. We considered that the risk relating to expenditure recognition would relate manual accruals of expenditure and the potential volume at year end increasing the risk of error in expenditure recognition.</p> <p>As part of our audit work, we have completed the following:</p> <ul style="list-style-type: none"> • Inspected a sample of transactions incurred around the year end to confirm whether they had been included in the correct accounting period. • Inspected a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the estimation of the accrual was consistent with the value billed after the year. • Tested manual journals as part of our work explained in page 9 in relation to work on management override of controls. <p>Our work on expenditure recognition is complete. We have not identified any material issues in respect of this risk.</p>

2. Financial statements – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
<p>Impairment allowances for expected credit losses and doubtful debts (Note 20):</p> <p>Non-Collection Fund - £9.9m</p> <p>Collection Fund - £15.3m</p>	<p>The City of London Corporation City Fund has recognised a £25.2m (£22.0m in 2022-23) impairment allowance for expected credit losses and doubtful debts for 2023-24 against a total debtor balance of £167.0m (representing approximately 15% of outstanding debts). This is made up of £9.9m for trade debtors and £15.3m for Collection Fund related debtors.</p> <p>Provision for expected credit losses are determined on a service-line basis. Management, for the relevant service line, is provided with a standardised template which has been used for a number of years at City Fund and recently adjusted to reflect changes in the accounting standards, in particular IFRS 9 provision for expected credit losses. This is the same format for each of the service lines, allowing for there to be consistency in the approach applied across the Fund whilst also putting the administrative and estimation process in the hands of the people who understand the outstanding debts best. Guidance on the relevant accounting standards e.g. IFRS 9 / CIPFA is provided in the template. There are then instructions detailing that explanations are required from the relevant service line manager for significant fluctuations in income, debt levels and provision balances compared with the prior-year. An assessment of expected credit loss is also required for the debtors under each service line. Explanations are provided by management for any difference between the bad debt provision and the expected credit loss. These returns are then compiled together to determine the City Fund's total provision.</p>	<p>We have carried out the following procedures on the impairment allowances for expected credit losses and doubtful debts:</p> <ul style="list-style-type: none"> • Obtained a breakdown of the Authority's provision for expected credit losses and allowance for doubtful debts. • Tested the appropriateness of the accounting estimate by reperforming calculations, gaining an understanding of, and assessing the reasonableness of, the underlying assumptions, and corroborating any changes in policy from the prior year to relevant supporting evidence. • Tested the adequacy of impairment allowances for expected credit losses provision for consistency with IFRS 9, as interpreted by the CIPFA Code. <p>Our work on the impairment allowances for expected credit losses and doubtful debts provision is complete.</p> <p>We are satisfied that management's estimate is reasonable.</p>	Light purple

Assessment

- **Red** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Amber** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial statements – information technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate 'IT Audit Findings' report.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Additional procedures carried out to address risks arising from our findings
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Oracle EBS	Detailed ITGC assessment (design effectiveness only)	●	●	●	●	Our IT audit team identified that there was insufficient formal process in managing Oracle self-assigned roles. The audit team carried out additional procedures to consider high risk or unusual journals. This work was incorporated within our journals testing covered on page 9 of this report in relation to the significant risk over management override of control. No issues were reported.
iTrent	ITGC assessment (design and implementation effectiveness only)	●	●	●	●	No deficiencies identified and improvement recommendations. Our work did not involve a detailed assessment of the system, and this is due to no risks identified in respect to iTrent system following the conclusion of our risk assessment procedures.

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Assessment

- **Red** Significant deficiencies identified in IT controls relevant to the audit of financial statements
- **Amber** Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- **Green** IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- **Grey** Not in scope for testing

2. Financial statements – other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Risk Management Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority.
Audit evidence and explanations	All information and explanations requested from management was provided.
Confirmation requests from third parties	We requested from management permission to send a confirmation requests to relevant Investments held with third parties. This permission was granted, and the requests were sent out with all requests having been received.
Accounting practices	We have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. We have included the details of issues identified in Appendix D. No material issues or omissions identified.

2. Financial statements – other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities. for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Authority and the environment in which it operates; the Authority’s financial reporting framework; the Authority’s system of internal control for identifying events or conditions relevant to going concern; and management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified; and management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial statements – other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>We have not identified any inconsistencies. We intend to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit; • if we have applied any of our statutory powers or duties; or • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>As the Authority exceeds the HMT specified group reporting threshold of £2 billion (£2.6bn excluding Property, Plant and Equipment), we are required to examine and report on the consistency of the WGA consolidation pack with the Authority's audited financial statements.</p> <p>This work is not yet complete and will commence on completion of the financial statements audit and on receipt of instructions by the National Audit Office (NAO). We will report any material issues to you in a subsequent Audit and Risk Management Committee meeting.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2023-24 audit of the City Fund. We will be able to certify the closure of the current year audit once we have resolved/completed the 2022-23 and 2023-24 WGA procedures as explained above.</p> <p>The City Fund did not meet the submission deadline for the 2022-23 WGA return and the system is now closed. We were therefore unable to complete the specified procedures on the 2022-23 WGA consolidation pack. We have communicated with the NAO on this matter and cannot certify the 2022-23 audit closure until we obtain final confirmation that no further work is required for City Fund's 2022-23 WGA work.</p>

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023-24

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Our work on the Authority's value for money (VFM) arrangements is not yet complete but before issuing our audit report we will write to the Chamberlain to confirm that we have completed sufficient work to be assured that there will be no impact on our opinion from the VFM work to be completed for 2023-24.

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Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years).



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

4. Independence and ethics considerations

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following non-audit service was identified, which we are required to make you aware, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Housing Benefit Assurance Process	£75,000*	Self-interest	This work has not started but we were appointed to the Authority's HBAP for the 2020-21, 2021-22 and 2022-23 financial years. We have been unable to start this work as the 2019-20 certification remains outstanding with your predecessor auditor. To date we have not undertaken or charged any fees for this work and do not expect to before we complete our audit work on the 2023-24 financial statements.

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*Work has not started or taken place in-year. The planned fees may change, subject to additional work required to be performed and any unforeseen technical issues that may arise during the audit period.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

4. Independence and ethics considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms).

In this context, as part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the City of London Corporation that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the City of London Corporation or investments in the City of London Corporation held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the City of London Corporation as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the City of London Corporation.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the City of London Corporation's board, senior management or staff that would exceed the threshold set in the Ethical Standard.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – audit of financial statements
- C. Follow up of prior year recommendations
- D. Audit adjustments
- E. Fees and non-audit services
- F. Auditing developments
- G. Draft audit opinion

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action plan – audit of financial statements

We identified 3 recommendations for the Authority as a result of issues identified during the course of our audit. This is in addition to 10 recommendations raised in our 2022-23 Audit Findings Report. The matters reported here are limited to those deficiencies that we identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<p>Classification between Trade Creditors and Goods Received Not Invoiced</p> <p>During our testing of accruals, we identified two instances where management recognised accruals at 31 March 2024 while the invoices related to these transactions were received a month earlier. As such, these items should have been recognised as trade creditors at 31 March 2024.</p> <p>This misclassification does not impact the bottom line of short-term creditors, but between disclosure lines in Note 21. This error is a result of invoices which were received but not processed and matched to the relevant purchase orders in a timely manner.</p> <p>Risk – Incorrect classification between trade creditors and Goods Received Not Invoiced (GRNI) or vice versa impacts the accuracy of the financial statements. In addition, it can distort financial ratios such as the current ratio and the quick ratio, potentially misleading the readers of the accounts of the Council’s liquidity position.</p>	<p>We recommend that management regularly reviews the outstanding invoices to be validated on the system, particularly at year end, to ensure correct classification of creditors.</p> <p>Management response</p> <p>Management accept the recommendation and will provide a verbal update on this point at the Audit and Risk Management Committee.</p>
Medium	<p>Lack of formal accounting policy for grant payables (revenue expenditure funded from capital under statute (REFCUS)) based on the date of disbursement following approval</p> <p>As part of our work performed on REFCUS we inspected a drawdown application for the Museum of London's relocation funding, received in March 2023 but recognised in financial year 2023-24 based on the date of approval and disbursement. While the CIPFA Code does not mandate this, it aligns with the principles, to recognise grant payables when the City Fund has a present obligation to transfer economic benefits, and an outflow of resources is probable to settle the obligation.</p> <p>Risk – Without a formal policy, there is risk of inconsistency in the recognition and measurement of grant payables, potentially leading to inaccurate financial reporting and non-compliance with the CIPFA Code principles.</p>	<p>We recommend that City Fund develops and documents a formal accounting policy addressing the recognition of grant payables based on the date of approval/disbursement. This policy should be designed to align with the principles and requirements outlined in the CIPFA Code. The policy should provide clear guidance on the criteria for recognising grant payables, the timing of recognition, and the treatment of any conditions.</p> <p>Management response</p> <p>Management accept the recommendation and will provide a verbal update on this point at the Audit and Risk Management Committee.</p>

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Controls

- **Purple** – High – Significant effect on financial statements
- **Teal** – Medium – Limited Effect on financial statements
- **Grey** – Low – Best practice

B. Action plan – audit of financial statements

Assessment	Issue and risk	Recommendations
Low	<p>Non-adherence to apportionment set out in the valuation report</p> <p>We performed detailed mathematical testing on other land and building valuation movements for a sample of assets to ensure accuracy. From testing performed it was noted per the fixed asset register the Information Centre asset was apportioned between land and buildings per the valuation report, as recommended by the City Fund expert valuer. Correct apportionment between land and building aspects is best practice and discrepancies can lead to lack of alignment between the valuation report and asset apportionment in the fixed asset register.</p> <p>Risk – The implication of this non-compliance with apportionment guidelines in the valuation report may result in inaccurate asset values being assigned to cost centres or subjective codes where assets/cost have been categorised as a building instead of land and is incorrectly depreciated in the accounting records, potentially leading to misstated financial information and non-compliance with the CIPFA Code and RICS guidance.</p>	<p>We recommend that management ensures that the apportionment of asset values aligns with the guidelines and recommendations provided in the valuation report. This may involve a review of the existing apportionment of assets within the fixed asset register, to ensure all assets reflect the valuation report's recommendations.</p> <p>Management response</p> <p>Management accept the recommendation and will provide a verbal update on this point at the Audit and Risk Management Committee.</p>

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Controls

- Purple – High – Significant effect on financial statements
- Teal – Medium – Limited Effect on financial statements
- Grey – Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of the City Fund's 2022-23 financial statements, which resulted in 10 recommendations being reported in our 2022-23 Audit Findings Report (AFR). We have followed up on the implementation of our recommendations and noted that management has not acted on all recommendations, with 7 of the issues also identified during the 2023-24 audit. We note that due to the late signing of the prior year's audit, the recommendations were reported to management in February 2024, just one month before the end of the 2023-24 financial year, allowing little time for management to implement all prior year recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Management of the fixed asset register</p> <p>Several misstatements were identified whilst carrying out detailed testing of PPE and investment property revaluations. The primary cause of the misstatements identified in our revaluations work, arose due to clerical errors made by the capital accountants when recording the revaluations into the fixed asset register (FAR).</p> <p>We recommended that management implement more robust controls through a formalised process of reconciling the FAR and the valuation reports.</p>	<p>Auditor comments</p> <p>Similar issues were identified during the 2023-24 audit. We recommend the measures outlined in our 2022-23 AFR be implemented.</p> <p>Management response</p> <p>Management will provide a verbal update on progress made at the Audit and Risk Management Committee</p>
X	<p>Terms of engagement with external valuers not best practice and RICS compliant</p> <p>Our valuation expert performed a review of the valuation reports prepared by your experts and this review resulted in a control deficiency identified in the fact that the City Fund did not ensure that terms of engagement and summary valuation report were prepared in line with RICS standards. This did not result in concerns around the valuation approach and our work but is an observation our valuation expert raised around best practise and compliance with RICS standards.</p>	<p>Auditor comments</p> <p>Similar issues were identified during the 2023-24 audit. We recommend the measures outlined in our 2022-23 AFR be implemented.</p> <p>Management response</p> <p>Management will provide a verbal update on progress made at the Audit and Risk Management Committee</p>
X	<p>Community Infrastructure Levy (CIL) income recognition</p> <p>Management did not account for CIL income in line with the CIPFA Code para 2.2.2.8, which requires income to be recognised where CIL is received without outstanding condition This is recognised at the commencement date of the chargeable development in the CIES.</p> <p>Management incorrectly recognised the income at the point in which it is billed, invoiced or the cash is received.</p> <p>We recommended that management develop a robust process to recognise CIL income appropriately. Ensure there is an up-to-date standard operating procedure to in line with prescribed accounting treatment per the Code.</p>	<p>Auditor comments</p> <p>We have not identified similar issues during the 2023-24 audit. However, we recommend the measures outlined in our 2022-23 AFR be implemented.</p> <p>Management response</p> <p>Management will provide a verbal update on progress made at the Audit and Risk Management Committee</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Debtors/Creditors between the City of London Corporation's funds</p> <p>We identified instances of cash received in suspense accounts and not cleared down promptly, resulting to debtor balances overstated.</p> <p>We recommended that management routinely review suspense codes across the whole organisation, with particular emphasis around year-end and ensure it cleared down to ensure cash balances are reported accurately.</p>	<p>Auditor comments</p> <p>We have not identified similar issues during the 2023-24 audit. However, we recommend the measures outlined in our 2022-23 AFR be implemented.</p> <p>Management response</p> <p>Management will provide a verbal update on progress made at the Audit and Risk Management Committee</p>
X	<p>Related Parties disclosure note preparation process and declaration of interest checks</p> <p>Several variances in the balances disclosed under Note 35 (Related Parties) were identified and declarations of interest were not completed by all members.</p> <p>We recommended that management incorporates a review control over the working paper used to prepare the Related Parties note to ensure that the disclosures in the draft accounts are accurate and complete. Management should also seek to carry out checks of Companies House, on a regular basis for all members, to ensure that all interests are known to the Corporation.</p>	<p>Auditor comments</p> <p>Similar issues were identified during the 2023-24 audit. We recommend the measures outlined in our 2022-23 AFR be implemented.</p> <p>Management response</p> <p>Management will provide a verbal update on progress made at the Audit and Risk Management Committee</p>
X	<p>Assessment of historical grants received in advance</p> <p>In testing grants received in advance, we identified several grants, primarily s106 agreements, that were still recognised in the financial statements despite being a number of years old. Several of these were greater than 10 years old. The CIPFA Code requires that once conditions have been met for a grant, be it capital or revenue, then the Authority must recognise the grant immediately in the CIES. Commonly with s106 agreements, there are several conditions which are met at different stages over the course of the development build. As such, these grants are often initially held on the balance sheet as a grant received in advance, with income then drawn down as and when conditions are met, usually matching the capital expenditure incurred. The issue with this approach is that often a balance may remain on the balance sheet, even after the agreement expires with no expectation to pay back the amount.</p> <p>We recommended that management performed regularly review of all significant grants received in advance.</p>	<p>Auditor comments</p> <p>Similar issues were identified during the 2023-24 audit. We recommend the measures outlined in our 2022-23 AFR be implemented.</p> <p>Management response</p> <p>Management will provide a verbal update on progress made at the Audit and Risk Management Committee</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Accounting treatment regarding revenue expenditure funded from capital under statute (REFCUS)</p> <p>In testing additions and REFCUS, we identified a deficiency relating to the process in which management identify and record REFCUS.</p> <p>We recommended that management develops a robust process to recognise REFCUS appropriately, including ensuring that the nature of the capital spend is clearly known to the capital accountants recording the expenditure, and carrying out a review process, at least on an annual basis, to ensure that the PPE population does not include any REFCUS.</p>	<p>Auditor comments</p> <p>Similar issues were identified during the 2023-24 audit. We recommend the measures outlined in our 2022-23 AFR be implemented.</p> <p>Management response</p> <p>Management will provide a verbal update on progress made at the Audit and Risk Management Committee.</p>
X	<p>Accounting treatment regarding internal recharges</p> <p>Several transactions were identified which pertained to internal recharges between City Fund departments. The transactions all related to the shared usage, for which journals were raised to charge each department's usage of the offices to their respective cost centres. These were no removed in the ledger, though no impact results from this treatment as income and expenditure nets each other.</p>	<p>Auditor comments</p> <p>We have not identified similar issues during the 2023-24 audit. However, we recommend the measures outlined in our 2022-23 AFR be implemented.</p> <p>Management response</p> <p>Management will provide a verbal update on progress made at the Audit and Risk Management Committee</p>
X	<p>Journal authorisation</p> <p>We noted that for all Journals with individual lines >£100k the system retrospectively identifies these Journals, and it is shared with the approver automatically via email for their approval. This is not required where individual lines are <£100k.</p> <p>We recommended that a clearer audit trail is maintained to demonstrate the Journal review process and that this is embedded into finance's working arrangements.</p>	<p>Auditor comments</p> <p>Similar issues were identified during the 2023-24 audit. We recommend the measures outlined in our 2022-23 AFR be implemented.</p> <p>Management response</p> <p>Management will provide a verbal update on progress made at the Audit and Risk Management Committee</p>
X	<p>Unsigned employee contracts</p> <p>We identified that several contracts were unsigned by employees.</p> <p>We recommended that the Authority ensure that employee contracts are signed and maintained as part of the internal control environment.</p>	<p>Auditor comments</p> <p>Similar issues were identified during the 2023-24 audit. We recommend the measures outlined in our 2022-23 AFR be implemented.</p> <p>Management response</p> <p>Management will provide a verbal update on progress made at the Audit and Risk Management Committee</p>

Assessment

- ✓ Action completed
- X Not yet addressed

D. Audit adjustments – adjusted misstatements

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £m	Statement of Financial Position £m	Impact on total net expenditure £m
<p>Overstatement of value of the Exhibition Halls asset</p> <p>The revaluation, as at 31 March 2024, of the Exhibition Halls asset in the Barbican Estate was duplicated in the fixed asset register (FAR). The error was a result of the asset being incorrectly categorised as an investment property on the FAR, and therefore was not identified resulting in a clerical error of double-counting. As such, there was an overstatement to Investment properties of £2.65m.</p>	<p>Dr Financing and Investment income and expenditure 2.65m</p> <p>Cr Revaluation reserve 0.06m</p>	<p>Cr Investment property 2.65m</p> <p>Dr Other land & building 0.06m</p>	<p>Dr 2.71m</p>
<p>Overstatement of value of the Barbican Library and New Spitalfields Market asset</p> <p>The revaluation, as at 31 March 2024, of the Barbican Library and the New Spitalfields Market asset were duplicated in the FAR. The error occurred as the asset within the FAR is split across multiple asset IDs and the valuation uplift was not applied across all assets. As such, there was an overstatement to other land and buildings of £3.45m.</p>	<p>Dr Revaluation reserve 3.45m</p>	<p>Cr Other land & building 3.45m</p>	<p>Dr 3.45m</p>
<p>Incorrect accounting for revaluation movement of Guildhall</p> <p>The revaluation movement, as at 31 March 2024, of the Guildhall asset was incorrectly charged to the CIES. The asset had remaining revaluation reserves, meaning any revaluations movement should be charged to the asset's revaluation reserve and not to the CIES. As such, there was an overstatement of the revaluation reserve of £1.14m.</p>	<p>Cr Deficit on revaluation of PPE 1.14m</p> <p>Dr Revaluation reserve 1.14m</p>	<p>No impact</p>	<p>No impact</p>
<p>Overstatement of MDX-Petticoat Sq Ex-Commercial (ref 12391) and Middlesex St Affordable Housing 20 F (ref 12078) assets</p> <p>The MDX-Petticoat Sq Ex-Commercial (ref 12391) and Middlesex St Affordable Housing 20 F (ref 12078) assets were a double-counted in the fixed asset register, and correspondingly the ledger. These assets were part of Middlesex Street Estate, but also on two different asset codes, at a valuation of £2,906,585. As such, there was an overstatement of £2,906,585 to the council dwellings balance which management acknowledge was a clerical error.</p>	<p>Dr Deficit on the Revaluation of PPE 2.16m</p> <p>Dr Revaluation reserve £0.74m</p>	<p>Cr Council dwellings 2.90m</p>	<p>Dr 2.90m</p>
Total Impact	Dr £8.94m	Cr £8.94m	Cr £8.94m

D. Audit adjustments – unadjusted misstatements

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023-24 audit which have not been made within the final set of financial statements. The Audit and Risk Management Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £m	Balance Sheet £m	Impact on total net expenditure £m	Reason for not adjusting
<p>Understatement of debtor balance</p> <p>We identified an extrapolated error of £0.916m in our testing of debtors. This related two items being under-accrued, and the overstatement of another item, resulting in a net understatement of the debtor balance of £0.196m.</p>	Cr Dr Fees, charges and other income 0.91m	Dr Debtors 0.91m	Cr 0.916m	Immaterial extrapolation
<p>Indexation of assets not revalued</p> <p>Based on our indexation exercise of assets not revalued, using market data, we are of the view that the land and buildings asset class is £4.640m understated.</p>	Cr Deficit on the revaluation of PPE 4.64m	Dr PPE 4.64m	Cr 4.64m	Immaterial estimation difference
Overall impact	Cr £5.55m	Dr £5.55m	Cr £5.55m	

D. Audit adjustments – unadjusted misstatements

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which were not made within the final set of 2023-24 financial statements. These non-adjusted misstatements in relation to prior year did not impact our planned procedures for the period ended 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £m	Balance Sheet £m	Impact on total net expenditure £m	Reason for not adjusting
<p>Misclassification between long-term debtors and investment properties</p> <p>There is a misclassification of £1.125m between these two balance sheet lines. This arose due to the accounting treatment adopted by management for a lease premium associated with one of the investment properties.</p>	Nil	Dr Long-term debtors 1.13m Cr Investment properties 1.13m	Nil	Immaterial classification error
<p>Under-accrual of expenditure and income</p> <p>There are several transactions between the City Fund and Barbican Exhibitions Ltd, both income and expenditure, which have been under-accrued. The total factual misstatement is £2.219m.</p>	Dr Expenditure 2.22m Cr Fees, charges and other income 2.22m	Dr Short-term debtors 2.22m Cr Short-term creditors 2.22m	Nil	Immaterial
<p>Fees, charges and other income over-accrual</p> <p>We identified an extrapolated error of £1.814m in our testing of fees, charges and other income. This related to an overstatement to income as a result of over-accruing.</p>	Dr Fees, charges and other income 1.81m	Cr Short-term debtors 1.81m	Dr 1.81m	Immaterial extrapolation
<p>Internal recharges</p> <p>We identified several internal recharges relating to Walbrook Wharf which had not been reversed out of the financial statements, effectively overstating both income and expenditure.</p>	Dr Fees, charges and other income 1.06m Cr Expenditure 1.06m	Nil	Nil	Immaterial

D. Audit adjustments – unadjusted misstatements

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which were not made within the final set of 2023-24 financial statements. These non-adjusted misstatements in relation to prior year did not impact our planned procedures for the period ended 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £m	Balance Sheet £m	Impact on total net expenditure £m	Reason for not adjusting
Overstatement to land asset valuations Based on the measurements tested for two land assets, we identified an overstatement of land area, which extrapolated to an overstatement to the land and buildings asset class of £1.471m.	Dr Surplus on the revaluation of PPE 1.47m	Cr PPE 1.47m	Dr 1.47m	Immaterial classification error
Indexation of assets not revalued Based on our indexation exercise of assets not revalued, using market data, we are of the view that the land and buildings asset class is £3.828m understated.	Cr Surplus on the revaluation of PPE 3.83m	Dr PPE 3.83m	Cr 3.83m	Immaterial
Additions/REFCUS treatment We identified capital expenditure of £3.096m (extrapolated) on an academy owned by City Cash which had been capitalised by City Fund, rather than being recognised as revenue expenditure funded by capital under statute (REFCUS).	Dr REFCUS 3.10m	Cr PPE 3.10m	Dr 3.10m	Immaterial extrapolation
Overall impact	Dr £2.55m	Cr £2.55m	Dr £2.55m	

D. Audit adjustments – misclassification and disclosure

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the 2023-24 audit which have been made in the final set of financial statements.

Area of the accounts	Auditor recommendation	Adjusted?
Property, Plant and Equipment (PPE) (Note 13)	We identified a variance of £1.2m between the trial balance and the fixed asset register for both other land and buildings (OLB), and vehicles, plant and equipment (VPE). There overall impact on the PPE note is £nil and error amounts to misclassification, resulting in OLB being overstated by £1.2m and VPE being understated by £1.2m.	No – Immaterial misclassification error
Capital disclosures (Note 13)	During our review of the Capital Commitments disclosure in Note 13, we noted that the capital commitments note did not include the comparative figures for prior year. The disclosure should include the restated figure of £543m for prior year.	Yes
Capital disclosures (Note 13)	During or review of the Capital Commitments disclosure note 13, auditors noted that the disclosure was understated by £26m, as the draft accounts only included capital commitments above £1m totalled £461m for six projects. The correct disclosure for all capital commitments should be £487m.	Yes
Financial instruments (Note 18)	During our review of the financial instruments' disclosure (Note 18), we noted that the carrying value and the fair value for short-term and long-term investments were the same. Our experience is that the carrying amount and fair value of investments may differ, particularly for long-term investments as they are subjected to market changes, and other factors such as time value of money. We recommend that management includes a disclosure to explain their assessment and judgement that the fair value and carrying amount of investments is the same at the reporting date.	Yes
Related parties (Note 35)	Auditor identified several variances in the balances disclosed under Note 35 (Related Parties). Management explained that these were a result of clerical errors and agreed to adjust the disclosures accordingly.	Yes
Related Parties (Note 35)	Our review of the related parties note identified the following matters: <ul style="list-style-type: none"> • Not all declaration of interests were obtained by management for Members. • In addition, management included a disclosure in the Critical Judgements section of the accounts covering the Corporation's close relationship with the Museum of London. However, we do not deem this relation to meet IAS 24 requirements of being a related party. Further, the inclusion of this relationship within the Critical Judgements disclosure does not meet the requirements of IAS 1. Per IAS 1 a critical judgement reflects where management has identified two possible potential accounting treatments and judgement made to select one accounting treatment over the other has a material impact on the financial statements. 	No – Management considers the relationship key and opted to disclose it.

D. Audit adjustments – misclassification and disclosure

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the 2023-24 audit which have been made in the final set of financial statements.

Area of the accounts	Auditor recommendation	Adjusted?
Investment Properties (Note 17)	We identified that note 17 Investment properties fair value disclosures required per Code were omitted. This disclosure is required to provide the fair value hierarchy of the City Fund portfolio. Management agreed to make the changes.	Yes
HRA notes	We identified immaterial variances when reconciling property stocks in HRA stock listing to your valuation expert report. These was noted as a result of a disposal and buyback erroneously treated.	Yes
Senior officers (Note 9)	<p>We identified the following updates in this note:</p> <ul style="list-style-type: none"> Per the statutory requirements any officers paid more than £150k are required to be disclosed in this note. An instance was identified where an officer was not included. Management agreed to make the update to meet the statutory guidance. Several clerical and input errors within the note were identified and amended by management. 	Yes

E. Fees and non-audit services

We confirm below our proposed final fees charged for the audit.

Audit fees	Proposed fee
Audit fee per the contractual agreement	£340,000
ISA 315*	£12,000
ISA 240*	£8,000
Additional work completed**	£11,350
WGA procedures – the Authority is above the threshold for 2023-24 and requires detailed WGA procedures, we are required to undertake this additional work as required by the NAO.	TBC
Total audit fees (excluding VAT)	£371,350

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*Based on the audit plan issued to you on 13 May 2024, we anticipated performing additional work for the City Fund in relation to the recent developments in audit standards, which were not accounted for in the contract value. These changes introduced new responsibilities for the audit team, which are chargeable to you. The details of these developments are provided in Appendix F on page 37, explaining the impact of the changes on our work.

**We have completed extra work related to journals due to control deficiency points identified by our IT audit team following their assessment of IT general controls implemented for Oracle EBS. These additional tasks required specific procedures that were not initially planned, including a review of certain account codes affected by the insufficient formal process in managing Oracle self-assigning roles. Furthermore, we conducted additional procedures over identified off-ledger transactions made by City Fund in the preparation of the 2023-24 financial statements.

As a result of these additional adjustments, the final proposed fee amounts to £371,350, not including WGA procedures.

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	<p>The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of:</p> <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assess and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	<p>Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.</p>
Professional scepticism	<p>The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible
Definition of engagement team	<p>The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor.</p> <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	<p>The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance
Documentation	<p>The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.</p>

G. Draft audit opinion

We anticipate to issue the Authority with an unmodified audit report.



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The Interim Audit Findings (ISA260) Report for City of London Corporation Pension Fund

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Year ended 31 March 2024

12 September 2024





City of London Corporation Pension Fund
Pensions Office
Chamberlain's Department
Guildhall
London EC2P 2EJ
September 2024

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG
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Dear Alderman Prem Goyal OBE,

Audit Findings for City of London Corporation Pension Fund for the 31 March 2024

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit and Risk Management Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. Consequently, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2023.pdf).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Grant Patterson

Grant Patterson

Director
For Grant Thornton UK LLP

Contents



Your key Grant Thornton team members are:

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2. [Financial statements](#)
3. [Independence and ethics](#)

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- A. [Communication of audit matters to those charged with governance](#)
- B. [Action plan – Audit of Financial Statements](#)
- C. [Follow up of prior year recommendations](#)
- D. [Audit Adjustments](#)
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Related agenda items

- I. Management Letter of Representation
- II. Audit opinion
- III. Consistency opinion

This Interim Audit Findings Report (AFR) presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit and Risk Management (A&RM) Committee. If there are no significant changes we would propose to agree a final version with the Chamberlain and Chair of the A&RM Committee.

Grant Patterson

Grant Patterson

For Grant Thornton UK LLP

Date: 12 September 2024

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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 planning 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 Pension Fund 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.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of City of London Corporation Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Pension Fund's financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was completed in a hybrid approach during July-September. Our findings are summarised on pages 9 – 14.

As at 12 September 2024, we have identified no adjustments to the financial statements which have resulted in adjustment to the key statements and the reported net assets for the year ending 31 March 2024. We have identified nine disclosure adjustments in the course of our audit procedures, these have been detailed in Appendix D.

As at 12 September 2024, we have not identified any unadjusted misstatements we are required to report to you.

As at 12 September 2024, we have raised one best practice recommendation for management as a result of our 2023/24 audit work, as highlighted in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters outlined on pages 5 and 6.

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated opinion on the financial statements will be unmodified.

Once our work on the Pension Fund financial statements is complete, we will be unable to issue our final audit opinion on the Pension Fund financial statements until the audit of the Administering Authority is complete.

We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. The statutory deadline requires that the Pension Fund Annual Report is published by 1 December 2024. We have received a draft of the Annual Report from the Pension Fund and are completing our work upon it. We are therefore not yet in a position to give this separate opinion at this time. The separate opinion cannot be given until our opinion on the pension fund financial statements within the City Fund financial statements is given, which in turn is dependent upon the finalisation of the City Fund audit as the two opinions are issued simultaneously. We anticipate completing both ahead of the 1 December Annual Report deadline. We do note that whilst an opinion on the administering authority's financial statements can be issued by their auditor the formal certificate confirming completion of the audit of the administering authority cannot be given until our work on the Annual Report has been completed.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit and Risk Management Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

For City of London Corporation Pension Fund, the Audit and Risk Management Committee fulfil the role of those charged with governance. We note that there is a separate Pension Committee which considers the draft financial statements and is part of the overall member oversight process.

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- An evaluation of the Pension Fund's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and, subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Risk Management Committee meeting on 23 September 2024 and finalisation of the administering authority audit. Our draft unqualified audit opinion is tabled as a separate agenda item.

The outstanding queries are documented overleaf.

2. Financial Statements: audit progress

Our work is largely complete and there are currently no matters of which we are aware that would require further modification of our audit opinion, subject to the more significant outstanding matters detailed below.

- Finalisation of our work regarding Level 3 investments – in the absence of audited financial statements for one investment we have undertaken alternative procedures to gain assurance (see page 13 for detail). If audited accounts become available before our opinion is issued we will need to revisit.
- Finalisation of our work regarding Benefits Payable
- Finalisation of our work regarding Financial Instruments
- Finalisation of our work regarding P&L on disposal and changes in values of investments
- Finalisation of our work regarding Management Override of Controls
- Manager and Engagement review of above following team completion

- Finalisation of our work regarding technical review of the financial statements
- Other non -material disclosures to review, including disclosure checklist.
- Completion of our work on subsequent events
- Completion of our work on litigation and claims
- Completion of our work regarding IAS 19 responses
- Receipt of letter of representation
- Manager and Engagement review of above following team completion

- Status:
- Significant elements outstanding – high risk of material adjustment or significant change to disclosures within the financial statements
 - Some elements outstanding – moderate risk of material adjustment or significant change to disclosures within the financial statements
 - Not considered likely to lead to material adjustment or significant change to disclosures within the financial statements

Subject to the receipt of the outstanding items and satisfactory completion of the above points, we anticipate issuing an unqualified opinion on the pension fund financial statements and an unqualified consistency opinion for the Annual Report.

2. Financial Statements: Materiality



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised the performance materiality due to the actual gross investment assets changing significantly from that anticipated at the planning stage resulting in a review of the appropriateness of the materiality figure.

We set out in this table our determination of materiality for the Pension Fund.

	Pension Fund Amount (£)	Qualitative factors considered
Materiality for the financial statements	£28,000k	This benchmark is determined as a percentage of the Fund's investment assets which has been set at approximately 1.9%.
Performance materiality	£19,600k	Performance Materiality is based on a percentage (70%) of the overall materiality.
Trivial matters	£1,400k	Triviality is based on a percentage (5%) of the overall materiality.
Specific materiality for fund account	£7,200k	This benchmark is determined as a percentage of the fund expenditure which has been determined as 10%.
Specific performance materiality for fund account	£5,040k	Performance Materiality is based on a percentage (70%) of the overall materiality of the fund account.



2. Financial Statements: Overview of audit risks

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

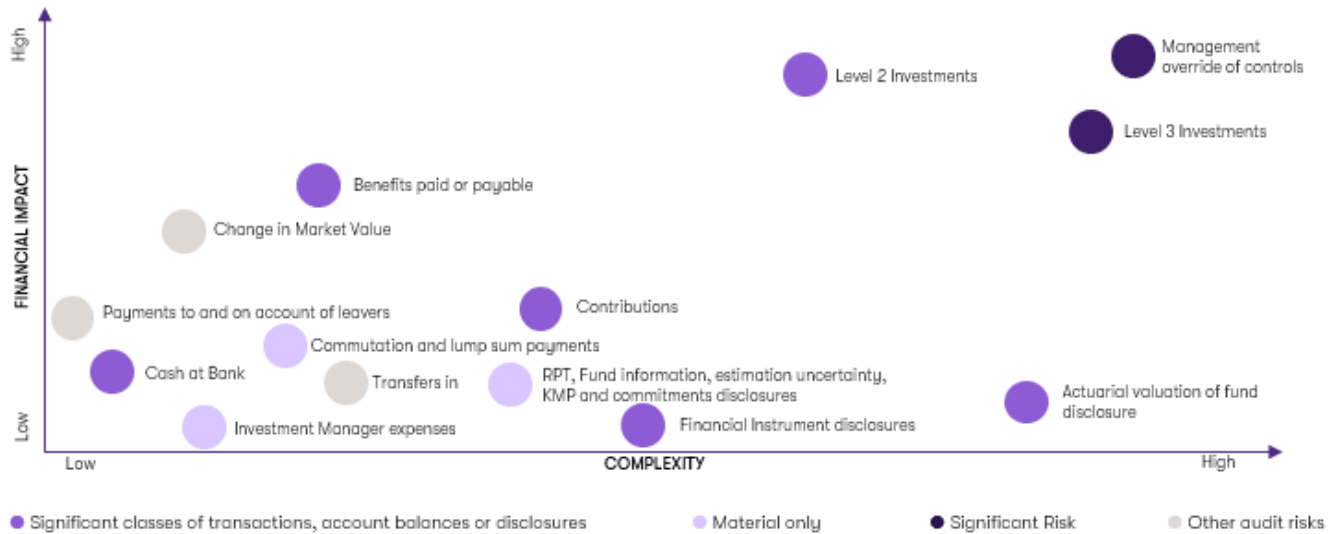
Significant classes of transactions, account balances, and disclosures, are associated with risks of material misstatement but are not always significant risks.

Material financial statement line items not associated with risks of material misstatement.

Other audit risks are accounts that are not associated with any SCOT + or with a material only financial statement line item or disclosure.

In the graph below, we have presented the significant risks, SCOT+ and material only and other risks relevant to the audit.

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2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
The revenue cycle includes fraudulent transactions - Rebutted	There have been no changes to our assessment reported in the audit plan. Having considered the risk factors set out in ISA 240, and the nature of the revenue streams of the pension fund, we have determined that it is likely that the presumed risk of material misstatement due to improper recognition of revenue (and expenditure under PN 10) can be rebutted.
Management over-ride of controls	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> evaluated the design and implementation of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness. <p>We have not identified changes to the accounting policies or the estimation process for 2023/24</p> <p>As at 12 September 2024, our work has not identified any issues except for the ongoing control deficiency identified in 2021/22 financial statements audit and by the predecessor auditor (see page 24 of the report for further detail).</p> <p>Our work is in progress, however there are no other items to bring to your attention regarding this matter at this time.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of Level 3 investments

In response to this risk, we have:

- evaluated the design and implementation effectiveness of management's processes and controls for valuing Level 3 investments, including gaining an understanding over the role of the custodian in the valuation process;
- reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met;
- independently requested year-end confirmations from investment managers and the custodian for all investments held;
- for the private equity and infrastructure funds , obtained audited financial statements for the investments as at 31 December 2023 and we have reconciled any cash movements between the intervening period to 31 March 2024, for all accounts.
- where appropriate, performed additional testing for the pooled property investments by using indices obtained externally to benchmark against those used by the Fund Manager. The indices reports we have used are from the GT Real Estates Team.
- evaluated the competence, capabilities and objectivity of the valuation expert; and
- reviewed investment manager service auditor report on design and operating effectiveness of internal controls.

As at 12 September 2024, our audit work has not identified any issues in respect of the valuation of Level 3 investments. Our work is in progress, however there are no items to bring to your attention regarding this matter at this time.

2. Financial Statements: Other risks

Risks identified	Commentary
Valuation of Level 2 investments	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> • Gained an understanding of the Fund’s process for valuing Level 2 investments; • Reviewed the nature and basis of estimated values and consider the assurance management has over the year end valuations provided for these types of investments; • Independently requested year-end confirmations from investment managers and custodian; • Reviewed the reconciliation of information provided by the individual fund manager’s custodian and the Pension Scheme's own records. No variances noted; • Tested a sample of the underlying investments to quoted prices; and • Reviewed the investment manager service auditor report on design effectiveness of internal controls. <p>Our audit work has not identified any issues in respect of the valuation of Level 2 investments.</p>
Contributions	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> • Evaluated the Fund's accounting policy for recognition of contributions for appropriateness; • Gained an understanding of the Fund's system for accounting for contribution income; • Tested a sample of contributions to source data to gain assurance over their accuracy and occurrence; and • Tested relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in member body payrolls and the number of contributing employees to ensure that any unusual trends are satisfactorily explained. <p>Our audit work has not identified any issues in respect of Contributions.</p>

2. Financial Statements: Other risks

Risks identified	Commentary
Benefits Payable	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> • Evaluated the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness; • Gained an understanding of the Fund's system for accounting for pension benefits expenditure; • Tested a sample of lump sums and associated individual pensions in payment by reference to member files; and • Tested relevant member data to gain assurance over management information to support our predictive analytical review. Including reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained. <p>As at 12 September 2024, our audit work has not identified any issues in respect of Benefits Payable. Our work is in progress, however there are no items to bring to your attention regarding this matter at this time.</p>
Actuarial Present Value of Promised Retirement Benefits	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> • Documented our understanding of the processes and controls put in place by management to ensure that the Fund's Actuarial Present Value of Promised Retirement Benefits is not materially misstated and evaluate the design of the associated controls; • Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • Assessed the competence, capabilities and objectivity of the actuary who carried out the Fund's valuation; • Assessed the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability; • Tested the consistency of disclosures with the actuarial report from the actuary; and • Undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report. <p>Our audit work has not identified any issues in respect of Actuarial Present Value of Promised Retirement Benefits.</p>

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

Level 3 Investments – £221.6m

The Pension Fund has investments in the following:

- Infrastructure funds that in total are valued on the balance sheet as at 31 March 2024 at £78.2m;
- Private equity funds that in total are valued on the balance sheet as at 31 March 2024 at £24.4m; and
- Pooled property investments that in total are valued on the balance sheet as at 31 March 2024 at £119m;

Management have reviewed the year end valuations provided by the Fund Managers and have treated them as management experts. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs.

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.

The Pension Fund uses a custodian to obtain the valuations provided by fund managers/general partners. Service auditor reports (for investment managers and custodians) are obtained and considered by the Pension Fund .

The value of the investment has increased by £8.6m in 2023/24, largely due to a new Pooled property investments during 2023/24.

From the procedures undertaken:

- Obtain an understanding of the management processes for valuing Level 3 investments and evaluate the design and implementation effectiveness of the associated controls
- We have obtained audited accounts for all Infrastructure and Private Equity funds and are satisfied that the movements between 31 December 2023 and 31 March 2024 are reconciled to appropriate and known movements in the intervening period.
- We have performed additional testing for pooled property investments by using indices obtained externally to benchmark against those used by the Fund Manager.
- We are satisfied that the method, data and assumptions used by management to derive the accounting estimate is appropriate.
- We are satisfied that the disclosure of the estimate in the Fund's financial statements is sufficient.
- We have reviewed the accounting policies and valuation techniques stipulated within the financial statements and these are in line with expectations.

During our challenge procedures, we compared the investment manager confirmation as of 31 March 2024 with the draft financial statement and found a discrepancy of £742k (PY £5m), which falls below our trivial level. We also conducted an analysis of the latest financial statements of the fund manager versus the valuation of the assets held. We observed slightly different figures, but they were within our tolerable difference. We are therefore satisfied with management's estimation processes.

As at 12 September 2024, one set of audited financial statements is outstanding with the fund manager. We are undertaking alternate procedures but will also revisit our approach should their audited accounts become available before our opinion is issued. The associated investment represents £40.7m of the level 3 investments balance. Our alternate procedures currently identify a possible estimation uncertainty of £1.1m. This is within our tolerable difference and we are therefore satisfied with management's estimation processes based upon the work conducted to date.

As at 12 September 2024, our audit work has therefore not identified any issues in respect of the valuation of Level 3 investments. Our work is in progress in respect of the above matter but we note that there are no items to bring to your attention regarding this significant estimate at this time.

TBC
(Currently GREEN on work completed)

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Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- {Amber} We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious





2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate 'IT Audit Findings' report shared with management.

ITGC control area rating

IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
Oracle (Finance System)	ITGC assessment (design and implementation effectiveness only)					All significant and other risks utilise the oracle software within their process	The non-significant deficiency related to there being a lack of formal documentation for batch job changes. This is detailed further in our separate 'IT Audit Findings' report which has been shared with management. There was no direct impact on the planned financial audit approach of the Fund. We have also provided suggestions for improving password controls.
Altair (Pension Administration System)	ITGC assessment (design, implementation and operating effectiveness)					Contributions and benefits payable utilise the Altair software within their process	N/A

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

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Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Risk Management Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Pension Fund , which is appended within this document. This will be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.
Audit evidence and explanations	All information and explanations requested from management was provided.
Confirmation requests from third parties	We requested from management permission to send (a) confirmation request(s) to your custodian, fund managers and banks. This permission was granted, and the requests were sent. These requests were returned with positive confirmation, with the exception of one fund manager that was unable to provide audited financial statements due to the timing of our request. We are undertaking alternate procedures but will also revisit our approach should their audited accounts become available before our opinion is issued. The associated investment represents £40.7m of the level 3 investments balance. We requested management to send letters to those internal legal counsel who worked with the Pension Fund during the year. All responses have been received with no issues noted.
Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Our review found two disclosure adjustments which have been documented within Appendix D

2. Financial Statements: other communication requirements



Our responsibility

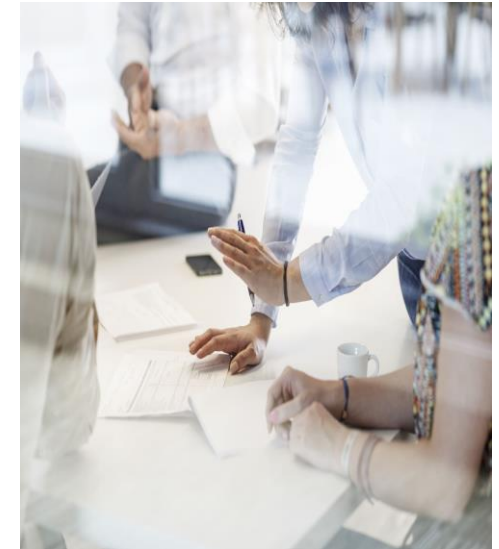
As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

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Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Pension Fund and the environment in which it operates the Pension Fund's financial reporting framework the Pension Fund's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>The Pension Fund is administered by City of London Corporation (the 'Authority'), and the Pension Fund's accounts form part of the Authority's financial statements. We are required to read any other information published alongside the Authority's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to our draft unqualified audit opinion is tabled as a separate agenda item.</p>
Matters on which we report by exception	<p>We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. The statutory deadline requires that the Pension Fund Annual Report is published by 1 December 2024. We have received a draft of the Annual Report from the Pension Fund and are completing our work upon it. We are therefore not yet in a position to give this separate opinion at this time. The separate opinion cannot be given until our opinion on the pension fund financial statements within the City Fund financial statements is given, which in turn is dependent upon the finalisation of the City Fund audit as the two opinions are issued simultaneously. We anticipate completing both ahead of the 1 December Annual Report deadline. We do note that whilst an opinion on the administering authority's financial statements can be issued by their auditor the formal certificate confirming completion of the audit of the administering authority cannot be given until our work on the Annual Report has been completed.</p> <p>We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.</p>



3. Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms).

In this context, we confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in 7 September 2022 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix F.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

3. Independence considerations

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund. No non-audit services were identified which were charged from the beginning of the financial year to September 2024.

Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards.

Service	Fees £	Threats identified	Safeguards
Audit related			
IAS 19 Assurances (requested by Crowe and BDO)	£9,500	Self-Interest & Advocacy	Self-Interest – Work is awarded as part of the audit contract; additional fees are not significant compared to the audit of the financial statements and is fixed based on the number of admitted bodies. Advocacy - Work is subject to internal review by qualified accountants. Template letters and methodology are created centrally to support the teams in wording communications objectively.
Non-audit related			
None noted			

These services are consistent with the Pension Fund's policy on the allotment of non-audit work to your auditors. All services have been approved within the External Audit Services Agreement.

None of the services provided are subject to contingent fees.

I confirmed that the non-audit fees pertain to IAS19 assurances for admitted bodies of the pension fund. As these costs are passed onto those admitted bodies, the fund are effectively acting as an agent and therefore there will be no fees in PF account.

3. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Pension Fund that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Pension Fund held by individuals
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Pension Fund as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Pension Fund
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Pension Fund's board, senior management or staff [that would exceed the threshold set in the Ethical Standard]

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person [and network firms] have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
Statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.


Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan – Audit of Financial Statements




As at 12 September 2024, we have identified one best practice recommendations for the Pension Fund during the course of our audit.

As outlined on page 6, our audit work in remains in progress for the highlighted matters. We will revisit the above assessment as part of the conclusion of our audit.

Assessment	Issue and risk	Recommendations
	<p> Lack of formal documentation in Altair user access provisioning processes</p> <p>During the audit, we noted that the Altair user access request required notification to and approval by the Pension Manager. However, the process was not documented.</p> <p>Risk</p> <p>Documentation provides accountability by establishing a clear trail of who requested access, who approved it, and when it was granted. Without this documentation, accountability and transparency in access management processes are compromised.</p> <p>User access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data.</p>	<p>The Authority should establish formal policies and procedures for all user access requests and retain relevant documentation. This includes details of the required user access rights, approver authorization, and the effective date for any access changes or removals. These policies and procedures should be communicated to all staff to ensure that activities are consistently performed, logged, and monitored.</p> <p>Management response</p> <p>As recommended by the auditors, the Pensions Office will look to establish & implement formal policies & procedures to document any changes made to the system.</p>

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Controls

-  High – Significant effect on financial statements
-  Medium – Limited Effect on financial statements
-  Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of City of London Corporation Pension Fund's 2022/23 financial statements, which resulted in one recommendations being reported in our 2022/23 Audit Findings Report. We have followed up on the implementation of our recommendations and the item is still yet to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Journals authorisation</p> <p>The predecessor auditor identified that there is no evidence retained in management's review of the journals. For all journals where individual lines are over £100k, this is flagged retrospectively by the system provider and shared with the approver automatically via email for their approval.</p> <p>As of 2023/24, we were still unable able to obtain documentation to confirm the implementation of this control where the approver has confirmed their authorisation of the journal lines. We recommend that this control is documented by the approver for a clear audit trail.</p> <p>This audit finding for the pension fund is consistent with the City of London Corporation.</p>	<p>Management response</p> <p>Management will provide a verbal update on progress made at the Audit and Risk Management Committee.</p>

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Assessment

- ✓ Action completed
- X Not yet addressed

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

As at 12 September 2024, we have identified no adjustments to the financial statements which have resulted in adjustment to the key statements and the reported net assets for the year ending 31 March 2024

As outlined on page 5, our audit work in remains in progress for the highlighted matters. We will revisit the above assessment as part of the conclusion of our audit.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Note 10 Management expenses The audit fee disclosure was not in line with the audit plan.	Update the audit fee disclosure to be in line with the audit plan. Management response Management have agreed to update the disclosure to reflect the audit plan.	✓
Accounting Policies The following material balances/disclosures did not have corresponding accounting policies: <ul style="list-style-type: none"> - Cash and Cash Equivalents - Contingent Assets, Contingent Liabilities, and Contractual Commitments - Actuarial Present Value of Promised Retirement Benefits 	Accounting policies should be prepared for all material balances/disclosures Management response Management have agreed to update the accounting policies to reflect the this	✓

D. Audit Adjustments

Misclassification and disclosure changes (continued)

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Accounting Policies The accounting policy for changes in market value did not provide sufficient detail on how it is accounted for or recognised. e.g. as income	Accounting policies should communicate the accounting treatment to users of the financial statements Management response Management have agreed to update the accounting policy to reflect the this	✓
Note 4 Critical judgements in applying accounting policies Under IAS 1.122 it is confirmed that assumptions about the future are not critical judgements, which would include the net pension fund liability	Critical judgements should reflect significant judgements taken by management in the course of preparing the financial statements Management response Management have agreed to update Note 4 Critical judgements to state that the fund were not required to make any critical judgements when applying its accounting policies.	✓
Note 5 Assumptions made about the future and other major sources of estimation uncertainty The effect of the sensitivity analysis for Private Equity investments, Infrastructure, and pooled property investments did not clearly show the impact of the uncertainty in value.	This disclosure should include percentages and the corresponding value change resulting from the sensitivity analysis to provide a more comprehensive and informative disclosure Management response Management have agreed to provide a clear cross reference to Note 13 where they have undertaken a sensitivity analysis demonstrating the impact of a change in assumptions	✓
Note 14b Net (Gains) and Losses on Financial Instruments The CIPFA Code states that the market value of the assets under the management of fund managers and the proportion managed by each manager must be disclosed. Note 14b in the accounts only discloses the market values and does not include the proportion (%) managed by each fund manager.	Note 14b should be updated to include the proportion (%) managed by each fund manager. Management response Management have agreed to amend the narrative to reflect the proportion (%) managed by each fund manager.	✓
Note 13b Reconciliation of fair value measurements within level 3 The draft financial statements omitted the prior period comparator of this note	Note 13b should be updated to include a prior period comparator Management response Management have agreed to amend Note 13b to include a prior period comparator	✓

D. Audit Adjustments

Misclassification and disclosure changes (continued)

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<p>Note 16. Market risks</p> <p>The presentation of Note 16 Market risks included Credit risk, which is not strictly a Market risk.</p>	<p>The Fund should consider consolidating Note 15 and Note 16, aligning with the "CIPFA LGPS Accounts Example Fund."</p> <p>Management response</p> <p>Management have agreed to amend the narrative to consolidate Note 15 and Note 16, in line with the CIPFA LGPS Accounts Example.</p>	✓
<p>Note 16. Market risks</p> <p>The descriptors used for the asset types in the Price risk sensitivity analysis differ from those used in Note 11, 12, 13, and 14.</p>	<p>Note 16 should be presented in a format in which readers can easily reconcile the asset type to those listed elsewhere in the financial statements</p> <p>Management response</p> <p>Management have agreed to update the presentation of Note 16 to aid comparability.</p>	✓

D. Audit Adjustments (continued)

Impact of unadjusted misstatements

As at 12 September 2024, we have identified no unadjusted adjustments which would result in changes to the reported figures in the key financial statements and the reported net assets of the Fund for the year ending 31 March 2024.

As outlined on page 5, our audit work in remains in progress for the highlighted matters. We will revisit the above assessment as part of the conclusion of our audit.

E. Fees and non-audit services

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

	Proposed fee 2023/24	Final fee 2023/24
City of London Corporation Pension Fund tendered Audit fee	£35,000	TBC
ISA 315 – same as prior year	£4,500	TBC
Sub-total	£39,500	TBC
Assurances Provided to Other Auditors		
Core Audit Work to Support Pension Fund Letters requested by other auditors	£6,000	TBC
IAS 19 letters requested by BDO – assumed to be the same as prior year	£1,100	TBC
IAS 19 letters requested by Crowe – assumed to be the same as prior year	£1,100	TBC
Additional file sharing requested by Crowe – assumed to be the same as prior year	£1,500	TBC
Sub-total	£9,700	TBC
Total audit fees (excluding VAT)	£49,200	TBC

*Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards. Provision of IAS 19 assurances to auditors of any other type of entity remains non-Code work.

E. Fees and non-audit services

Non-audit fees for other services	Proposed fee	Final fee
Audit Related Services		
IAS 19 Assurances (requested by Crowe and BDO)	£9,500	TBC
Total non-audit fees (excluding VAT)	£9,500	TBC

I confirmed that the non-audit fees pertain to IAS19 assurances for admitted bodies of the pension fund. As these costs are passed onto those admitted bodies, the fund are effectively acting as an agent and therefore there will be no fees in PF account.

None of the above services were provided on a contingent fee basis.

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F. National context

National context – audit backlog

Consultation

The Ministry for Housing, Communities and Local Government (MHCLG), working with the FRC, as incoming shadow system leader, and other system partners, has put forward proposals to address the delay in local audit. The proposals consist of three phases:

Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.

Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.

Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The consultation ran until 7 March 2024. Full details of the consultation can be seen on the following pages:

- [Consultations on measures to address local audit delays \(frc.org.uk\)](https://www.frc.org.uk/consultations/consultations-on-measures-to-address-local-audit-delays)
- [Addressing the local audit backlog in England: Consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england)
- [Code of Audit Practice Consultation - National Audit Office \(NAO\)](https://www.nao.org.uk/consultations/code-of-audit-practice-consultation)

Our response to the consultation

Grant Thornton responded to the consultation on 5 March 2024. In summary, we recognise the need for change, and support the proposals for the introduction of a backstop date of 30 September 2024. The proposals are necessarily complex and involved. We believe that all stakeholders would benefit from guidance from system leaders in respect of:

- the appropriate form of reporting for a backstopped opinion
- the level of audit work required to support a disclaimer of opinion
- how to rebuild assurance in terms of opening balances when previous years have been disclaimed.

We believe that both auditor and local authority efforts will be best served by focusing on rebuilding assurance from 2023/24 onwards. This means looking forwards as far as possible, and not spending 2023/24 undertaking audit work which was not carried out in previous years. We look for guidance from systems leaders to this effect. The timing of the general election has delayed the implementation of these proposals. Once we have a further understanding of the new government's intentions, and its priorities across the sector we will discuss this with you.

Impact on Pension Funds

Pension fund accounts fall within the scope of the outlined backstop legislation. Where an Administering Authority accounts may be required to be backstopped this would not automatically apply to the Pension Fund accounts. We expect to be able to issue a separate opinion on the Fund accounts where the Pension Fund audit can be completed.

Update

Following the general election the Minister of State for Housing, Communities and Local Government has proposed backstop legislation which will revise the date of the first backstop for financial years up to and including 2022-23 to December 13 2024.

National context – Triennial Valuation

Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of the Pension Fund and set employer contribution rates for the period 2023/24 – 2025/26. For the Pension Fund, the valuation was undertaken by Barnett Waddingham LLP, and showed that the Pension Fund's funding position had improved to 98% (from 90% as at 31 March 2019). The results of the latest triennial valuation are reflected in note 17 to the financial statements. These valuations also provide updated information for the calculation of the net pension liability on employer balance sheets.



City of London Corporation – The City Fund and Pension Fund

Audit progress report and sector updates

September 2024



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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 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 either your Engagement Lead or Engagement Manager.

Progress update and audit deliverables – City Fund

At September 2024, our work on the audit of the 2023-24 financial statements is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion on the financial statements of the City Fund. Our detailed findings are included in our 2023-24 Audit Findings Report to be presented to the Audit and Risk Committee on 23 September 2024. We have further outlined outstanding matters on page 6 of that report.

Our work on the Authority's value for money (VFM) arrangements is not yet complete. We will report in our full commentary on the Authority's arrangements in our Auditor's Annual Report (AAR) at the November 2024 Audit and Risk Management Committee meeting.

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

2023-24 Deliverables	Planned date	Status
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
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	Complete
Auditor's Report This includes the audit opinion on your 2023-24 City Fund financial statements.	September 2024	Not yet due (on track for end of September 2024)
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

*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period.

Progress update and audit deliverables – City Fund

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

The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period.

Progress update and audit deliverables – Pension Fund

At September 2024, our work on the audit of the 2023-24 financial statements is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion on the financial statements of the City of London Corporation Pension Fund. Our detailed findings are included in our 2023-24 Audit Findings Report to be presented to the Audit and Risk Committee on 23 September 2024. We have further outlined outstanding matters on page 6 of that report.

2023-24 Deliverables	Planned date	Status
<p data-bbox="125 539 465 571">Pension Fund Audit Plan</p> <p data-bbox="125 587 1323 687">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.</p>	May 2024 and June 2024 respectively	Complete
<p data-bbox="125 715 622 746">Pension Fund Audit Findings Report</p> <p data-bbox="125 762 1261 831">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.</p>	September 2024	Complete
<p data-bbox="125 858 546 890">Pension Fund Auditor’s Report</p> <p data-bbox="125 906 1335 970">This includes the opinion on your 2023-24 City of London Corporation Pension Fund financial statements within the City Fund’s Financial Statements.</p>	September 2024	Not yet due (On track for end of September following the Audit and Risk Management Committee meeting)
<p data-bbox="125 1018 927 1050">Pension Fund Annual Report Auditor’s Consistency Report</p> <p data-bbox="125 1066 1335 1166">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.</p>	November 2024	Not yet due

2023-24 VFM delay letter

Chair of Audit and Risk Management Committee
City of London Corporation – City Fund

September 2024

Dear Alderman Goyal

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected.

As a result, we are not in a position to issue our full 2023-24 Auditor's Annual Report (AAR), including our commentary on arrangements to secure value for money. We expect to publish our report in November 2024 as we outlined in our 2023-24 Audit Plan. We plan to issue the audit opinion on the 2023-24 City Fund financial statements at the end of September 2024 – on issuing the audit opinion we will formally write to the Chamberlain to summarise our VFM findings at that date and confirm intention to issue the full AAR in November 2024.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Sophia Brown
Key Audit Partner

Ending the local audit backlog

A plan for restoring timely assurance to the Local Government audit system was announced by the Minister of State for Local Government and English Devolution on 30th July 2024.

When parliamentary time permits, secondary legislation is going to be used to amend the Accounts and Audit Regulations (2015) and to introduce five new backstop dates:



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1. Financial years up-to-and-including 2022/23: 13 December 2024;
2. Financial year 2023/24: 28 February 2025;
3. Financial year 2024/25: 27 February 2026;
4. Financial year 2025/26: 31 January 2027;
5. Financial year 2026/27: 30 November 2027; and
6. Financial year 2027/28: 30 November 2028.

Paul Dossett, Grant Thornton Partner and Head of Local Government, has had an article published in The MJ, where he reviews the reasons for the delays in audited accounts and considers what is required for a long-term solution:

<https://www.themj.co.uk/beyond-the-local-audit-backstop>

Key messages from the Minister are that:

For financial years up to and including 2022/23, if financial audits are not complete by 13 December 2024, disclaimed or modified opinions will be required. The Minister recognises that in most cases these may remain in place for up to two years.

The Minister's statement is, however, "crystal clear" that where there are modified opinions for financial accounts, auditors' other statutory duties – including to report on Value for Money (VfM) arrangements, to make statutory recommendations, and to issue Public Interest Reports, will still be a high priority.

There will be some limited grounds for exemption to meeting the audited accounts backstop dates: Where auditors are considering a material objection; where recourse to the court could be required; or from 2023/24, where the auditor is not yet satisfied with the body's Value for Money arrangements. Nevertheless, Councils need to be aware that the Government intends to publish a list of bodies and auditors that do not have an exemption and yet still do not meet the proposed new dates.

To help Councils comply with these arrangements, for financial years 2024/25 to 2027/28, the Minister states that the deadline for filing Category 1 'draft' (unaudited) accounts will be extended from 31 May to 30 June (allowing higher quality draft accounts); and there will be no routine inspections of local audits (by the Financial Reporting Council or by the Institute of Chartered Accountants in England and Wales) for financial years up to and including 2022/23, unless there is a clear case in the public interest to do so.

Once implemented, the hope is that the new arrangements will help to restore the robust assurance needed to underpin good governance and accountability.

For the full statement, see [Written statements - Written questions, answers and statements - UK Parliament](#).

Lessons from recent Auditors' Annual Reports

In July 2024, Grant Thornton shared findings from a review of just under 100 recent Auditors' Annual Reports (AARs), covering around 30% of all Councils in England. With around 730 different areas for improvement identified, the AARs highlighted five key areas where local government is facing increased challenge:



1. Transformation and saving plans;
2. The Dedicated Schools Grant;
3. Financial governance and internal control;
4. Performance management and procurement; and
5. The Housing Revenue Account.

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To help Councils with their challenge, Grant Thornton's Lessons report summarised suggestions for improvement into a single checklist for success.

Key questions for Audit Committees from the checklist for success:

- External audit recommendations – are we up to date with monitoring progress and implementation and prior year recommendations?
- Savings and reserves – is our medium-term financial plan up to date?
- Special educational needs and disability – are we on track with arrangements to close any deficit?
- Workforce – do we have an up-to-date strategy?
- The Housing Revenue Account – when did we last review the strategy and arrangements for governance and internal control?

Even before the July 2024 general election, local authorities were key to delivering nationally important policies. Under the new government, the sector looks likely to play an even more pivotal role as, for example, proposed reforms to planning and housebuilding get underway. Audit Committees can use the Grant Thornton checklist for success to assess how ready their organisation is to take advantage of the new opportunities likely to open-up and to step into the new, higher profile role they are likely to be invited to play.

For a full copy of the report, see [Lessons from recent auditor's annual reports \[grantthornton.co.uk\]](https://www.grantthornton.co.uk)

Learning from the new unitary councils

In September 2024, Grant Thornton published findings from Auditors' Annual Reports for eight unitary councils created since 2019 (or, where relevant, from Auditors' Annual Reports for their predecessor councils).

Grant Thornton's report includes a series of key messages for Councils who may be facing local government re-organisation in the future, including:

During the transition period

- Appoint shadow authority roles as soon as possible;
- Allocate adequate resources to planning and transformation;
- Consider how to reduce legacy staff capacity.

Financial sustainability

- Have a finance team in place at the start;
- Understand the legacy reserves position early.

Governance

- Prioritise the production of legacy accounts;
- Don't underestimate the complexity of internal audit.

Effectiveness, economy, efficiency

- Develop a performance management framework early; and
- Put in place clear strategies.

For a full copy of the report and the key messages within it, see [Local government reorganisation: Lessons from new unitaries | Grant Thornton](#)

“Local government re-organisation is here to stay....(but) One size does not fit all, and local government is no exception”.



Code of practice on good governance

In June 2024, SOLACE, CIPFA and Lawyers in Local Government (LLG) jointly published a new code of practice on good governance. The code provides advice and sets expectations for the three highest profile statutory roles in local government – the Head of Paid Service, the Chief Finance Officer, and the Monitoring Officer. The aim of the code is to enable these three high profile officers to effectively work together in a ‘Golden Triangle’ - to best advise members, implement decisions, and help achieve good outcomes.

This is a powerful publication because it is the first in which SOLACE, CIPFA and LLG have spoken as one voice. Whilst the Seven Principles of Public Life, or Nolan principles, apply to all public office holders (and indeed all those in other sectors delivering public services), expectations of the three most senior statutory officers in Councils go further. The fact that this guide is targeted specifically at their three roles is therefore more than welcome.

The new code of practice sets out seven standards the “Golden Triangle” officers should comply with, alongside a series of more direct requirements they should adhere to. The code provides guidance to the three officers concerned; can be used to explain their roles more clearly to others; and provides context for conversations about the roles, the requirements, and actions to be undertaken.

Questions Audit Committees can use the code to ask themselves surround: Do we understand what our most senior officers do? And do they understand the standards they are bound by?

For a full copy of the Code of Practice, see [Code of Practice on Good Governance for Statutory Officers June 2024.pdf \(solace.org.uk\)](#)

The seven standards of the Golden Triangle are:



Understand Governance

Roles and responsibilities



Act Wisely

A duty of enquiry & the exercise of statutory functions



Lead Ethically

The Seven Principles of Public Life



Act Effectively

Robustness in working arrangements



Resource the Roles

Get the tools to do the job



Build Resilience

Deputies and development



Deliver sound decision making

The outcome of good governance

Internal Audit - supporting a healthy service

The Chartered Institute of Internal Auditors (CIIA) published an assessment of the health and status of internal audit within local government in July 2024, using research based on survey findings from 44% of all councils in the United Kingdom and Northern Ireland. The findings were stark and could make worrying reading for any Audit Committee, as survey responses unveiled:

- Fear of speaking out about key findings, including around financial sustainability;

Difficulty in discussing financial assurance matters with Audit Committee members in public meetings;

Lack of member understanding of the work of internal audit; and

Insufficient staffing and inability to recruit to vacant posts, affecting completion of the Internal Audit plan.

New Global Internal Audit Standards (GIAS) are due to come into effect in January 2025 and can be adopted now if entities wish. They include considerations specifically for the public sector.

Respective responsibilities for members and management around supporting, overseeing, and resourcing the internal audit function can be found in the CIIA report.

Audit committees and senior management in local government should consider whether any of the findings are relevant to their organisation and, if so, consider using the transition to the new GIAS as an opportunity to challenge and revisit their practices.

For a full copy of the Institute's findings, see [An evaluation of the health of internal audit in local authorities.pdf](#) (iia.org.uk)

Summary of respective responsibilities to provide:

Support:

Audit committee

Champion the internal audit function.

Senior management

Support recognition of the function throughout the organisation.

Oversight:

Audit committee

Gain an understanding of Internal Audit findings.

Discuss any disagreements with the Chief Executive and senior management.

Senior management

Assist members in understanding the effectiveness of the organisation's governance, risk management and control processes and escalate to members any matters of importance.

Resources:

Audit committee

Discuss the sufficiency of resources, both in numbers and capabilities, at least annually.

Senior Management

Engage with members to provide sufficient resources and resolve any issues around resourcing.

Annual review of local government complaints

The Local Government and Social Care Ombudsman's latest Annual Review of Local Government Complaints was published in July 2024.

The review shows that nationally, there has been an increase in the number of complaints received, an increase in the number of complaints upheld, and ongoing issues within special educational needs; housing; and adult social care services.

The review argues that complaints can be seen as a valuable source of information, and it encourages councils to use complaints information to identify early warning signs of service failure. It includes best practice resources to help councils take valuable learning from complaints, including a performance map and data tables.

Readers are advised by the review to consider, using the interactive data for those councils they are interested in:

Uphold rates;

- Suitable remedy rates;

- Compliance rates; and

- The nature of service improvement recommendations made.

Councils should bear in mind that since April 2024 [new overview and scrutiny: statutory guidance for councils, combined authorities and combined county authorities](#) recommends that scrutiny committee work programmes are informed by the reports and recommendations issued by the Ombudsman.

For a full copy of the Ombudsman's Annual Review, see [Annual Review of Local Government Complaints](#).



Homelessness and housing targets

The National Audit Office (NAO) published a report in July 2024 on the effectiveness of government in tackling homelessness.

The report noted that homelessness is now at the highest level since comparable data collection began in the early 2000s, despite local government spending on homelessness services having more than doubled since 2010/11. The report also noted that a co-ordinated government response is difficult because there was, at the time of writing the report, no strategy or published target for statutory homelessness; and, again at the time of writing the report, the Department for Levelling Up, Housing and Communities had limited power to influence other government departments' decisions on cross-cutting matters that can affect homelessness services.

The National Audit Office argued that homelessness funding is fragmented and generally short-term, inhibiting homelessness prevention work and limiting investment in good-quality temporary accommodation or other forms of housing.

New housebuilding targets announced by the new government on 30th July may help, but consistent funding and a move away from short termism and a clear strategy are also going to be essential levers that national and local government are now going to have to develop.

For a copy of the National Audit Office report, see [the effectiveness of government in tackling homelessness \(nao.org.uk\)](https://nao.org.uk).

For the government's new housebuilding targets, see [Housing targets increased to get Britain building again - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

£2.44bn

Spent by local government in 2022/23 on homelessness services

60%

Proportion of local government 2022/23 total gross expenditure on housing services (excluding that relating to their own housing) that was used to deal with homelessness, up from 25% in 2010/11

15

Cross-government boards that have a remit relevant to homelessness



National Audit Office



New approaches needed to key educational issues

Two recent reports highlighted weaknesses in the educational system that councils have to work with. Both include recommendations for the new government, intended to give disadvantaged children and children with special educational needs and disabilities better outcomes for the money spent.

On 23rd July 2024, the National Audit Office (NAO) published its report on [Improving educational outcomes for disadvantaged children \(nao.org.uk\)](https://www.nao.org.uk/publications/2024/july/improving-educational-outcomes-for-disadvantaged-children/), noting that disadvantaged children include those who are currently, or have previously been, looked after by the council.

The report highlighted that the government spends an estimated £9.2 billion on supporting disadvantaged children and narrowing the attainment gap between them and their peers, but that disadvantaged children still perform less well than their peers across all areas and across all school phases.

Two days later, on 25th July, the ISOS Partnership published an [independent report commissioned by the County Councils network and the Local Government Association](#) showing that educational attainment amongst children with special educational needs and disabilities (SEND) has not improved since 2014, despite councils being projected to spend £12 billion on these services by 2026 (compared to £4 billion a decade ago).

Going forward for SEND, local government could play a pivotal role in delivering any changes of policy. It is important for members to be aware of the changes that could happen in future. The ISOS partnership recommends that the new government:

- Invests in building capacity in mainstream schools to meet children's needs, such as therapists, educational psychologists, and wider inclusion support, helping to reduce the reliance on specialist school places;
- Resets the vision and guiding principles of the SEND system towards inclusion, prevention and earlier support which would cater for young people who do not have a statutory plan, with such plans reserved for the most complex cases;
- Provides a new 'national framework' for SEND;
- Establishes 'Local Inclusion Partnerships' to enable more effective assessments, commissioning and collaboration between councils, schools and health; and
- Creates a National Institute for Inclusive Education as an independent arbiter around inclusive education and support for children and young people with additional needs.



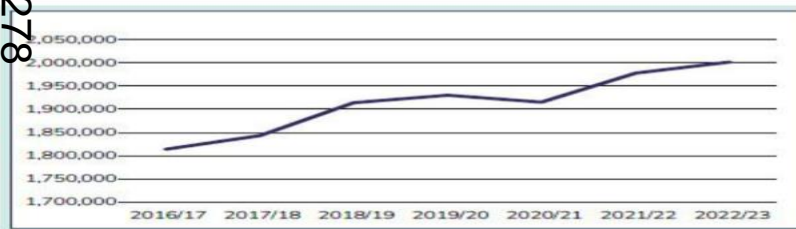
Demand management for social care

In July 2024 CIPFA published a guide to managing rising demand in adult and children's social care, drawing on lessons from nineteen different English councils.

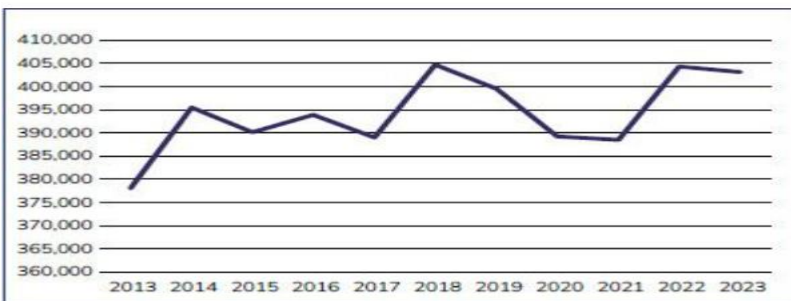
Having highlighted that requests for adult social care and the number of children in need are both rising, CIPFA shared examples of good practice around:

- Adult Social Care – Market management; transitions; transformation and innovation; and
- Childrens' Social Care - Market management; transitions; transformation and innovation.

Rise in the demand for adult social care support for new clients:



Rise in the number of children in need:



The report shows the importance of strong corporate and leadership buy-in; utilising funding and resources from diverse sources; focusing on improving outcomes; making use of monitoring, forecasting and benchmarking tools; and investing in preventative action. However, CIPFA also highlighted the specific contributions that innovative finance professionals can make:

- Financial oversight, analysis and management;
- Grant and resource management;
- Compliance, reporting and risk management;
- Evidence-based decision making and communication;
- Monitoring, forecasting and benchmarking;
- Strategic thinking;
- Funding maximisation;
- Business case and scenario planning;
- Sustainable commissioning; and
- Data utilisation, monitoring and evaluation.

The examples of proactive work by professionals from across the nineteen councils show how co-operation can make a real difference. For more details on the report, see [Managing rising demand in adult and childrens social care \[cipfa.org\]](https://cipfa.org).

The social landlord role – what can councils do better?

The Housing Ombudsman published its latest Insight Report in July 2024: [Insight report - Issue 17 \(housing-ombudsman.org.uk\)](https://www.housing-ombudsman.org.uk/insight-report-issue-17)

The report focused on London – noting that 47% of the cases determined by the Ombudsman in 2023/24 were from residents living in a London postcode, despite the fact that just under one in six homes in the Ombudsman’s membership is located within Greater London.

No other region of England has such a wide gap between the proportion of social housing and complaints, but the Ombudsman noted that outside Greater London, other councils and landlords should also take note of the recommendations and learning points, especially in other urban areas, as they provide vital indicators of where things go wrong and how to stop that from happening.



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The report recommends that landlords:

- Foster a positive complaints culture - leadership and governance should be seen to support the complaints’ function, including promoting internal cooperation and engagement with the complaints process;
- Don’t lose sight of the person at the centre of a complaints issue – try to ameliorate the impact of issues outside the landlord’s full control and avoid blame. Be clear about landlord responsibilities where resolution involves dealing with third parties;
- Show that the resident’s experience is important – ensure that details are taken and recorded appropriately so that residents feel listened to; the right solution is found to resolve the issue swiftly; and the communication to the resident is courteous and accurate;
- Remember that complaint handling is a landlord’s opportunity to regain a resident’s trust after they have had a bad experience; and
- Use insight and intelligence from complaints strategically. This ranges from effective root cause analysis of casework through to identifying risks and horizon scanning.

The report makes good reading for members looking to better understand how they can help to stop things going wrong in the council’s relationship with residents.



Devolution

On 16th July 2024, the new Deputy Prime Minister wrote a [Letter to Local Leaders](#) setting out the new government’s ambition to:

- Devolve new powers over transport, skills, housing, planning and employment support;
- Provide more regions with integrated settlement and with access to financial flexibility;
- Move away from a deal-based approach, “setting out clear conditions and a clear offer in return for places seeking devolution agreement”; and

Enshrine a presumption towards devolution, so that places can take on new powers automatically if they meet certain conditions.

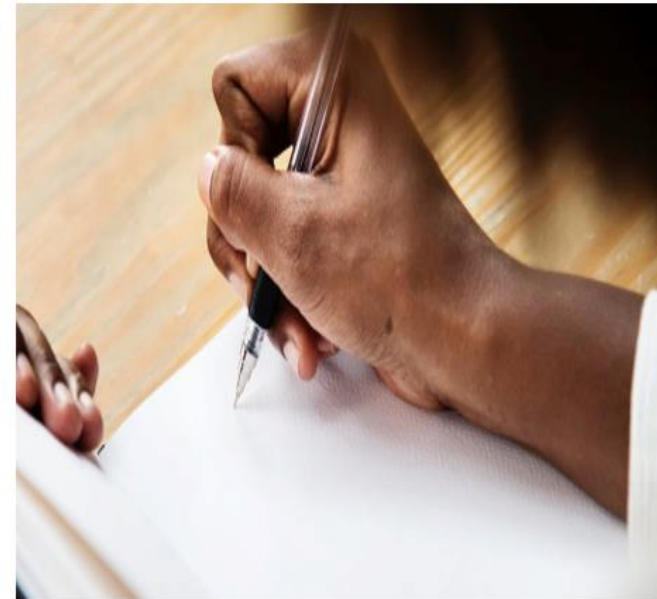
In the English Devolution Bill one day later, the government started arrangements to legalise a new devolution framework; address within it growth drivers such as employment and planning; and make devolution the “default setting”.

How and when the details of the new devolution revolution will work remains to be seen, but the Deputy Prime Minister has made it clear that new arrangements will be tailored to sensible economic geographies so that local leaders can act at the scale needed to effectively deploy their powers. In most cases that will require councils to come together in new combined authorities. Councils are now encouraged to begin discussions with their neighbouring authorities on this basis.

Members will need to start asking themselves both how ready their organisation is, and how ready their neighbours are.



Ministry of Housing, Communities & Local Government



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>

