



Audit and Risk Management Committee

Date: MONDAY, 15 SEPTEMBER 2025
Time: 11.00 am
Venue: COMMITTEE ROOMS, GUILDHALL

Part 1 - Public Agenda

Part 1 - Public Agenda

8. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

- a) City Fund and Pension Fund - Statement of Accounts, Audit Findings and external auditor's Annual Audit Report 2024-25 (Pages 3 - 370)
Report of the Chamberlain.

Part 2 - Non-Public Agenda

Part 2 - Non-Public Agenda

13. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

- a) City Fund and City's Estate auditor procurement process (Pages 371 - 376)
Report of the Chamberlain.

Item received too late for circulation in conjunction with the Agenda.

Ian Thomas CBE
Town Clerk and Chief Executive

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Committee(s): Audit and Risk Management Committee – For decision Finance Committee – For decision Pensions Committee – For decision Local Government Pensions Board – For Information	Dated: 15/09/2025 16/09/2025 22/09/2025 12/01/2026
Subject: City Fund and Pension Fund – Statement of Accounts, Audit Findings and external auditor's Annual Audit Report 2024-25	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?	No
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
Report author: Daniel Peattie, Assistant Director – Strategic Finance Iain Jenkins - Chief Accountant	

Summary

The draft Statement of Accounts for the City Fund and Pension Fund were presented to Audit and Risk Management Committee on 14 July 2025. This report provides an update on the audit of the Accounts, any changes and the Auditor's findings.

The audited 2024-25 City Fund Statement of Accounts are presented in Appendix 1 for approval. This set of accounts reflects the 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. A copy of the draft Management Representation letter for the Pension Fund is presented at Appendix 4. The draft Management Representation letter for the City Fund is included within the Audit Findings Report at Appendix 2.

The external auditor's Annual Audit Report summarises all of the work that Grant Thornton have undertaken in relation to the City Fund during 2024-25. This is presented at Appendix 5. The Annual Audit Report includes their commentary on the City Fund's Value for Money (VfM) arrangements.

Recommendation(s)

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

- **Recommend** approval of the 2024-25 Statement of Accounts to Finance Committee.
- **Delegate** authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, approval of any material changes to the financial statements required before the signing of the audit opinion by Grant Thornton, which is expected by 30th September 2025.
- **Consider** the Audit Findings Report for the City Fund and Pension Fund 2024-25 as set out in Appendix 2 and Appendix 3.
- **Approve** the management representation letter for the City Fund as set out on pages 52-55 of Appendix 2, and the management representation letter for the Pension Fund as set out in Appendix 4.
- **Consider** the Auditor's Annual Audit Report 2024-25 as set out in Appendix 5

The **Pensions Committee** is asked to:

- **Consider** the Audit Findings Report for the Pension Fund 2024-25 as set out in Appendix 3.

The **Finance Committee** is asked to:

- **Recommend** approval of the 2024-25 Statement of Accounts to Finance Committee.
- **Delegate** authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Finance Committee, approval of any material changes to the financial statements required before the signing of the audit opinion by Grant Thornton, which is expected by 30th September 2025.
- **Consider** the Audit Findings Report for the City Fund and Pension Fund 2024-25 as set out in Appendix 2 and Appendix 3.

The **Local Government Pensions Board** is asked to:

- **Note** the Audit Findings Report for the Pension Fund 2024-25 as set out in Appendix 3

Main Report

Background and current position

1. The update provided to the Audit and Risk Management Committee on 14th July 2025 presented the draft 2024-25 City Fund Statement of Accounts to the Committee. That report set out the key elements within the City Fund accounts. The key points to note since that date are set out in paragraphs 2 to 13 below

Public Inspection period

2. The draft, unaudited 2024-25 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 30 June 2025. Publishing these accounts by 30 June 2025 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 Tuesday 1st June and ran for 30 working days, concluding on 11th August 2025. 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 2024-25 Accounts

4. The audit of the 2024-25 Statement of Accounts commenced in June 2025 and has been undertaken by Grant Thornton.
5. The updated version of the 2024-25 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 total increase in Total Comprehensive (Income) and Expenditure of £90.4m due to:

Description	Effect on Comprehensive Income & Expenditure Statement	Effect on Balance Sheet
Pensions Liability – Application of asset ceiling under IFRIC 14, resulting in remeasurement of pensions liability	Dr Remeasurement of Pension Liability £90.4m	Cr Pension Liability -£90.4m
Rents received in advance – Correction between long term and short-term balances	Nil	Dr Long Term rents received in advance £1.3m Cr Short Term rents received in advance -£1.3m
Assets under construction (AUC) – The AUC balance in the draft accounts was classified as Property Plant & Equipment AUC, but some of it related to Investment Properties and Intangible assets. This is now reclassified on the balance sheet	Nil	Dr Intangible Assets £6.2m Dr Investment Props £13m Cr PPE -£19.2m
Total	Dr £90.4m	Cr £90.4m

7. Further details on these audit adjustments can be seen on page 46 of the audit findings report at Appendix 2. These adjustments have nil effect on the General Fund balance.

8. 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.
9. The Audit Findings Report from prior year audits contained thirteen recommendations. Eight of these have now been implemented, and five remain open. Actions to address these remaining recommendations are in place for 2025-26 and these are set out on pages 43-45 of Appendix 2. Two additional recommendations have been made this year and these are shown on pages 41-42 of the Audit Findings Report.
10. Additional measures to prevent such adjustments in the future are being implemented through a training programme, with assistance from Grant Thornton.

Auditor's Annual Report and Value for Money (VfM) opinion

11. The auditors are required to report their commentary on the City Fund's arrangements under specified criteria in relation to VfM –
 - a. Financial sustainability
 - b. Governance
 - c. Improving economy, efficiency and effectiveness (the 3 Es)
12. The full report is included as Appendix 5. Within it there was one key recommendation raised by Grant Thornton in respect of the Housing Revenue Account (HRA) and pressures on the remaining Reserves. See page 20 of the report (Appendix 5). The management actions to address this are then set out on page 34 of Appendix 5.
13. The 2023-24 VFM report included 25 improvement recommendations. Of those, sixteen have been addressed and are now closed, four have been superseded by the new recommendations for 2024-25 and five remain open. Of those that remain open, one was not due to take effect in 2024-25 and one is noted as in progress. Further detail is in Appendix 5 pages 39 to 51.

Corporate & Strategic Implications

14. The Corporate and Strategic implications are set out below:
 - 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
 - Financial implications – Recommendations to improve Value for Money scrutiny are responded to within Appendix 5. Additionally, progress is being shared with the Efficiency and Performance Working Party, which is a member officer working group reporting into the Finance Committee.
 - Resource implications – None
 - Legal implications – None

- Risk implications – Recommendations relating to risk management are responded to within Appendix 5.
- Equalities implications – None
- Climate implications – None
- Security implications – None

Conclusion

15. At present, there are no material queries remaining unadjusted regarding the 2024-25 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 2025.

16. 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 statutory requirement to sign and publish accounts by the 30th September.

Appendices

- Appendix 1 – Revised City Fund Accounts 2024-25 (Audit & Risk and Finance Committees only)
- Appendix 2 – City Fund Audit Findings Report 2024-25 (Audit & Risk and Finance Committees only)
- Appendix 3 – Pension Fund Audit Findings Report 2024-25
- Appendix 4 – Pension Fund Letter of Representation 2024-25
- Appendix 5 – City Fund Auditor's Annual Report 2024-25 (Audit & Risk Committee and Finance only)

Background Papers

Audit and Risk Management Committee – 14 July 2025 – City Fund and Pension Fund Statement of Accounts update

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

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Year ended 31 March 2025

08 September 2025



City of London Corporation
Guildhall
London EC2P 2EJ

08 September 2025

Grant Thornton UK LLP
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London EC2M 7EA

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Dear Members of the Audit and Risk Management Committee

Audit Findings for City of London Corporation – City Fund for the year ending 31 March 2025

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 have been discussed with the management and will be discussed with the Audit and Risk Management Committee.

As auditors 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.

Chartered Accountants

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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 manage risk, quality and internal control particularly through our Quality Management Approach. 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-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-2025.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.

Sophia Brown
Key Audit Partner
for Grant Thornton UK LLP

Chartered Accountants

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01 Headlines

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Headlines (1)

This page and the following 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 2025 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;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024-25; 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 conducted in a hybrid manner over two visits, during March and again from June to September 2025. In May 2025, we issued an Indicative Audit Plan for this audit, setting out the scope and timing of our work. We confirm that no material changes were made to that report, and it should be noted as the final audit plan for 2024-25 audit period.

Our findings are summarised in section 3 and Appendices B and D of this report. We identified several adjustments to the financial statements, with significant adjustments relating to:

- Capital assets : adjusting current year and opening balances of assets under construction, intangible assets and investment properties.
- Pension liabilities: Material adjustments required on the face of the balance sheet and other related disclosures.

These changes have no impact to the General Fund or the level of the Authority’s useable reserves.

We identified several disclosure amendments throughout the financial statements. These are set out in Appendix D. We also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year audit are detailed in Appendix C.

Our work, at the time of this report, is ongoing. To date, there are no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters outlined overleaf.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited, subject to review of the final version.

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 throughout the audit period. The financial statements were published and submitted for audit within the legislated deadlines and supported by detailed working papers.

Our anticipated financial statements audit report opinion will be **unmodified**, subject to the satisfactory conclusion of outstanding matters outlined overleaf.

Headlines (2)

Outstanding matters

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

- response to queries raised on journals samples evidence;
- response to queries raised on Collection Fund debtors' reconciliation;
- responses to technical queries raised following review of accounts;
- responses to queries raised on assets under construction;
- responses to sample evidence requested for payroll cost detailed testing; and
- responses to follow up queries raised on expenditure, fees and charges income, additions of assets, creditor, and debtor samples.

The following key areas of our work are being processing by the audit team:

- Page 15
- NNDR appeals provision;
 - right of use assets, lease liabilities and associated movements;
 - capital disclosure notes such as capital commitments, capital expenditure and financing and minimum revenue provision;
 - asset verification of other land and buildings and investment properties;
 - related parties; and
 - Movement in Reserves Statement.

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

- receipt of IAS 19 assurance letter from Pension Fund auditor in relation to the LGPS pension scheme audit procedures;
- 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.

Headlines (3)

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority 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 Authority'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 Authority's arrangements under the following specified criteria:

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

We have completed our VFM work, and our detailed commentary is set out in the separate Auditor's Annual Report, presented alongside this report at the September 2025 Audit and Risk Management Committee meeting.

We are generally satisfied that the Authority has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. However, we have identified one significant weakness in the current year related to the low HRA Reserve balance.

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 required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the NAO that the group audit of the Whole of Government Accounts has been certified by the Comptroller & Auditor General, and we have undertaken the work required in relation to consolidation returns under the Code as the Authority exceeds the set group threshold of £2 billion in assets.

We anticipate completing the required WGA work on completion of the main audit.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Headlines (4)

Significant matters

Classification of assets under construction PPE / Investment properties and Intangible assets

In our audit work relating to capital assets, we completed a review of the assets under construction (AUC) in line with our understanding of City Fund and ongoing projects. We performed a triangulated test using information obtained from various areas of our audit, identifying discrepancies in the classification of AUC among property, plant and equipment (PPE), investment properties and intangible assets.

Management had classified all AUC additions in the current year of £153.2m solely as property, plant and equipment. The closing balance of assets under construction classified as property, plant and equipment was £351.9m at 31 March 2025. While performing our audit procedures, we identified that some of the AUC assets included within the closing balance at year end should be classified as investment property under development or intangible assets. This discrepancy required several discussions with management to satisfy ourselves that reviews were performed to correctly and accurately classify the Authority's assets under construction.

The errors identified affect prior years, requiring a prior period adjustment to be processed in the accounts. The adjustments result in the following changes:

- £19.2 million of AUC incorrectly classified as PPE at 31 March 2025.
- £13 million of AUC PPE to be classified as 'Investment properties under development' at 31 March 2025, along with a prior period adjustment to the opening balance of £TBC million.
- £6.2 million of AUC PPE to be moved to 'Intangible assets' at 31 March 2025, with a prior period adjustment to the opening balance of £21.8 million.

Given the material values involved, and discussions held with management, we report this as one of the significant matters of the audit. The full scope of the adjustments is still being finalised by management, considering other potential impacts within capital financing requirement, cash flow statements, prior periods impacts and the Movement in Reserves Statement. This adjustment is reported in Appendix D.

Headlines (5)

Significant matters (continued)

Net pension liability, IFRIC 14 assessment

Our audit work of City Fund's net pension liability, specifically relating to the Local Government Pension Scheme (LGPS), identified that City Fund did not account for the full impact of IFRIC 14. This accounting standard addresses the extent to which a surplus asset under IAS 19 can be recognised on the Balance Sheet as an asset and whether any additional liabilities are required in respect of onerous funding commitments.

The Authority engages a management expert actuary to provide actuarial valuations of its assets and liabilities derived from this scheme. As at 31 March 2025, the actuary determined for the first time that the LGPS scheme was in surplus, with assets exceeding liabilities. However, the actuary also determined that an asset ceiling needed to be applied to the surplus asset to be recorded in the Balance Sheet. This is due to an assessed minimum funding requirement, found by the actuary to constitute an onerous funding commitment, an additional liability.

The impact of IFRIC 14 was not taken into account in the primary statements and disclosure notes of City Fund's accounts. Management agreed to make the required changes, which involve material adjustment to the accounts as follows:

- The net pension liability (including police and judges' pension schemes) balance increased by £90m, from £671.8 million to £762.2 million for 31 March 2025.
- The remeasurement of the net pension liability will also be adjusted by the same amount for 31 March 2025.

This adjustment also requires some updates within several disclosures in the financial statements, including additional explanations regarding the applied asset ceiling, pension reserves, and cash flow statement. This adjustment is reported in detail in Appendix D.

Headlines (6)

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

We intend to finalise this audit in advance of the backstop date for the 2024-25 financial year.

Headlines (7)

Implementation of IFRS 16 Leases

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March 2025, covering the accounting requirements of IFRS 16. Additionally, CIPFA published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

“A contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except for:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the Authority

In the current year, the implementation of IFRS 16 has resulted in the first-time recognition of a right-of-use asset of £12.6m and a corresponding lease liability of £12.6m on City Fund's balance sheet. Additionally, corresponding movements have been charged in the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MIRS).

New accounting policies have been added to the financial statements, and additional disclosures relating to leases have been added in Note 30 in accordance with the requirements of the IFRS 16 as adopted by CIPFA Code.

We report on this area on page 25, covering the procedures we have completed and our findings.

02 Materiality

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Our approach to materiality

As communicated in our Indicative Audit Plan dated 12 May 2025, we determined materiality at the planning stage to be £12.238m, which was based on approximately 2% of prior year’s gross expenditure. At year-end, we reassessed materiality based on the draft financial statements and revised materiality levels upwards. The upward revision is a result of an overall increase in City Fund’s gross expenditure of 11% from the prior year.

A recap of our approach to determining materiality is set out below.

	Planning amount £	Final amount £	Qualitative factors considered
Materiality for the financial statements	12,238,000	13,636,000	We determined the final financial statement materiality based on a proportion of the current year gross expenditure of the Authority. The main users of the Authority’s accounts primary interest is in the cost of providing services and how City Fund manages its spending. As such, we concluded that gross expenditure remains the most appropriate benchmark for setting the materiality levels for the Authority. Final materiality is approximately 2% of the Authority’s current year gross expenditure.
Materiality for specific transactions, balances or disclosures - Senior officer remuneration and termination benefits	20,000	20,000	We consider senior officer remuneration and termination benefits as sensitive disclosures and of public interest. We set a lower materiality figure to ensure adequate procedures are performed and identified misstatements of lower amounts are reported to those charged with governance. No changes on threshold since the planning stage.
Reporting threshold	612,000	681,800	We determined that an individual difference less than £681,800 is considered trivial. We report to the Audit and Risk Management Committee any unadjusted misstatements above this threshold.

03 Overview of significant and other risks identified

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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.

Other risks are, in the auditor’s judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	● Amber
Valuation of land and buildings	Significant	↔	✗	High	● Green
Valuation of Council Dwellings	Significant	↔	✗	High	● Green
Valuation of Investment Properties	Significant	↔	✗	High	● Green
Valuation of the pension fund net liability/asset	Significant	↔	✗	High	● Amber
Risk of fraud and error in revenue recognition (rebutted for all streams)	Other	↔	✗	low	● Green
Fraud in expenditure recognition (rebutted)	Other	↔	✗	low	● Green
IFRS 16 Leases implementation	Other	↔	✗	low	● Green
Completeness of the business rates (NNDR) appeals provision (New risk area)	Other	↑	✗	Medium	● Green

- ↑

 Assessed risk increase since Audit Plan
- ↔

 Assessed risk consistent with Audit Plan
- ↓

 Assessed risk decrease since Audit Plan
- Green

 - Not likely to result in material adjustment or change to disclosures within the financial statements
- Amber

 - Potential to result in material adjustment or significant change to disclosures within the financial statements
- Red

 - Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks (1)

Risk identified	Audit procedures performed	Conclusions
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p> <p>The Authority faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how it reports performance.</p> <p>We 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.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none">• Evaluated the design and implementation of management controls over journals;• Analysed the journals listing and determined risk-based 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 to supporting evidence. Our primary test identified entries for testing that could potentially be used to move reserves between the general fund and the ring-fenced housing revenue accounts. Additionally, targeted entries with a reduction impact in revenue expenditure to confirm they were not used to defer expenditure for the current year.• Identified and tested journals entries made off-ledger, gaining understanding and corroborating to supporting evidence;• Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and• Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>One control deficiency issue was identified in the previous year, which on follow up remained not addressed for 2024-25. It is in relation to the approval of journals lines below £100,000 (refer to detail in Appendix C). We have factored this control deficiency into our risk analysis and identification of unusual journals. This test focussed on addressing the risk of unusual journal entries below the threshold posted without going through an approval process.</p> <p>Further, our IT audit work identified that two users were granted access to diagnostic tools within the production environment, breaching segregation of duties and access control protocols (refer to detail in Appendix B). We factored this into our review of unusual and risky journals based on journal posters.</p>	<p>Our audit work is in progress with no significant issues identified to date in respect of management override of controls. See those already reported in previous column.</p>

Significant risks (2)

Risk identified	Audit procedures performed	Conclusions
<p>Valuation of land and buildings (2024-25 £591.6m)</p> <p>The Authority re-values its land and buildings on a rolling five-yearly basis. The Authority 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. The valuation of land and buildings represents a key accounting estimate which is sensitive to changes in assumptions and market conditions.</p> <p>We therefore identified valuation of land and buildings as a significant risk, particularly key assumptions and inputs applied by the valuer at financial statement date to determine the current value of the assets.</p> <p>As a result, we selected 11 assets covering £226.2 million of the £479.4 million revalued during the year.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none"> • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to management's valuation expert, and the scope of their work. • Evaluated the design and implementation of controls put in place by management to ensure that City Fund's other land and buildings are not materially misstated. • Evaluated the competence, capabilities and objectivity of the valuation expert engaged by management. • Discussed with, and wrote to, management's 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 management's 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 DRC 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 confirm they were input correctly to the Authority's asset register. • Evaluated the assumptions made by management for those assets not revalued during the year, and how management has satisfied themselves that the carrying amounts of these assets are not materially different to the current value at 31 March 2025. 	<p>Our audit work is complete, and we have not identified any issues regarding the valuation of land and buildings.</p> <p>We are satisfied that the judgments and estimates made by management regarding the valuation of land and buildings are appropriate.</p> <p>Furthermore, we found no material misstatement arising from management bias as a result of the judgments and estimates made over the valuation of land and buildings.</p>

Significant risks (3)

Risk identified	Audit procedures performed	Conclusions
<p>Valuation of council dwellings (2024-25 £242.4m)</p> <p>City Fund measures its council 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.</p> <p>The valuation of council dwellings represents a key accounting estimate which is sensitive to changes in assumptions and market conditions.</p> <p>We therefore identified valuation of council dwellings as a significant risk, particularly key assumptions and inputs applied by the valuer at financial statement date to determine the current value of the assets.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none">• Evaluated management’s processes and assumptions for the calculation of the estimate, the instructions issued to management’s valuation expert, and the scope of their work.• Evaluated the design and implementation of controls put in place by management to ensure that City Fund’s council dwellings are not materially misstated.• Evaluated the competence, capabilities and objectivity of the valuation expert engaged by management.• Discussed with, and wrote to, management’s 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 for the appropriateness of the Beacon applied as well as undertaking existence testing of a sample of assets.• Challenged the information and assumptions used by management’s valuation expert to assess completeness and consistency with our understanding.	<p>Our audit work is complete and we have not identified any issues regarding the valuation of council dwellings.</p> <p>We are satisfied that the judgments and estimates made by management regarding the valuation of council dwellings were appropriate.</p> <p>Furthermore, we found no material misstatement arising from management bias as a result of the judgments and estimates made over the valuation of council dwellings.</p>

Significant risks (4)

Risk identified	Audit procedures performed	Conclusions
<p>Valuation of investment properties (2024-25 £1.502bn)</p> <p>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 a 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.</p> <p>The valuation of investment property represents a key accounting estimate which is sensitive to changes in assumptions and market conditions.</p> <p>We therefore identified valuation of investment properties as a significant risk, particularly key assumptions and inputs applied by the valuer at financial statement date to determine the fair value of the assets.</p> <p>We selected for testing, 24 assets covering £504.9 million of the £1.280 billion revalued during the year. In addition, we tested the total balance of £221.7 million relating to lease adjustments treated under investment properties. No estimation is involved in this element of the investment properties closing balance.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none">• Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to management's valuation expert, and the scope of their work.• Evaluated the design and implementation of controls put in place by management to ensure that City Fund's investment properties are not materially misstated.• Evaluated the competence, capabilities and objectivity of management's 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 management's valuer to assess completeness and consistency with our understanding.• Recalculated the valuations, testing key inputs including yields applied, rental information used, and other key assumptions applied in the valuers' calculations behind the asset's valuation.• Ensured revaluation movements during the year were input correctly to City Fund's asset register.• Assessed the value of a sample of assets in relation to market rates for comparable properties.	<p>Our audit work is complete and we have not identified any issues regarding the valuation of investment properties.</p> <p>We are satisfied that the judgments and estimates made by management regarding the valuation of investment properties were appropriate.</p> <p>Furthermore, we found no material misstatement arising from management bias as a result of the judgments and estimates made over the valuation of investment properties.</p>

Significant risks (5)

Risk identified	Audit procedures performed	Conclusions
<p>Valuation of net pension liability/asset (2024-25 £671.8m)</p> <p>The Authority’s share of the pension fund net liability, reflected in its Balance Sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>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 inputs can have a significant impact on the estimated pension fund liability.</p> <p>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. It is considered a significant estimate due to the size of the numbers involved (£671.8m in the Authority’s Balance Sheet at 31 March 2025, falling from £875.6m at 31 March 2024) and the sensitivity of the estimate to changes in key assumptions.</p> <p><i>(continued overleaf)</i></p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none"> • Gained an understanding of the processes and controls put in place by management to ensure that City Fund’s pension fund net liability is not materially misstated and evaluated the design of the associated controls. • Assessed the competence, capabilities and objectivity of management’s expert actuary who carried out the City Fund pension fund valuation and the unfunded Police Pension liability. • Assessed the accuracy and completeness of the information provided by 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. • Reviewed the IFRIC 14 assessment carried by management’s expert 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. • Undertook procedures in relation to Police Pension Scheme covering member data testing, benefits payable and contribution to confirm accuracy of data sent to the actuary. • Assessed the potential impact of the Virgin Media case on the entities pension schemes. The impact is not currently known; however, disclosures are encouraged in the financial statements. <p><i>(continued overleaf)</i></p>	<p>Our audit work is substantially complete.</p> <p>We are satisfied that the judgments and estimates made by management regarding the valuation of net pension liability were appropriate.</p> <p>Furthermore, we found no material misstatement arising from management bias as a result of the judgments and estimates made over the valuation of the net pension liability.</p>

Significant risks (6)

Risk identified	Audit procedures performed	Conclusions
<p>Valuation of net pension liability/asset (continued)</p> <p>City Fund’s share of the City of London Corporation Pension Fund’s assets and liabilities under the Local government Pension Scheme (LGPS), has for the first time fair value of planned assets (£715.9m) exceeding the fair value of defined obligation (£645.4m).</p> <p>The asset ceiling under IFRIC 14 was applied, limiting the surplus that can be recorded in the balance. This involves an assessment carried out by the management expert actuary, in line with actuarial valuations method.</p> <p>We therefore identified the valuation of the Authority’s pension fund net liability as a significant risk.</p>	<p>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.</p> <p>Key observation:</p> <p>We would like to draw attention to one issue identified during our work, which management has amended in the financial statements.</p> <p>While the management expert actuary assessed the impact of IFRIC 14 in relation to the LGPS scheme, our audit work identified that management did not incorporate this assessment into the preparation of the financial statements. This omission resulted in the recording of a surplus asset for the year which understated the City Fund’s pension liability at 31 March 2025. The total understatement was £90.4 million, resulting in a revised combined net pension liability position adjusted upwards from £671.8 million to £762.2 million. Additionally, management has made the required adjustments to the accompanying disclosure notes to reflect the impact of the asset ceiling as assessed by management’s expert actuary.</p> <p>We understand this error to be clerical in nature and a result of City Fund pension assets in excess of its liabilities, being in a surplus position for the first time.</p>	

Other risks (1)

Risk identified	Audit procedures performed	Conclusions
<p>Presumed risk of fraud in expenditure recognition</p> <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 nature of all expenditure streams at the Authority, we considered the risk that expenditure may be misstated due to the improper recognition of expenditure and concluded that there is not a significant risk for all expenditure streams. This is due to the low fraud risk in the nature of the underlying transaction, which would require a significant number of transactions to be incorrectly recorded to cause a material misstatement. We determined that the risk of fraud arising from expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none">• There is little incentive to manipulate expenditure recognition;• Opportunities to manipulate expenditure recognition are limited; and• The culture and ethical frameworks of local authorities, including that of the Authority, meaning that all forms of fraud are seen as unacceptable. <p>Based on our assessment, no specific fraud risk factors were identified and therefore we do not consider expenditure recognition to be a significant risk for the Authority.</p> <p>Though we rebutted the risk of fraud above, we considered that the risk relating to expenditure recognition may be prevalent around manual accruals of expenditure around year-end and the potential volume at year-end increasing the risk of error in expenditure recognition. We therefore, pinpointed the risk associated with the completeness of expenditure as an ‘other risk’.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none">• Inspected a sample of payments and invoices received around the year-end to confirm whether they were included in the correct accounting period.• Inspected a sample of expenditure items and tested to supporting information to gain assurance over accuracy and occurrence.• Inspected a sample of accruals made at year-end for expenditure incurred but not yet invoiced to assess whether the estimation of the accrual was consistent with the value billed after the year-end.• Tested unusual journal entries, which included a test focussing on credits to revenue expenditure to identify entries which may potentially be used to deferred expenditure or under report. This covered as part of our work in relation to management override of controls (refer to page 17).	<p>Our audit work is complete and we have not identified any issues regarding completeness of expenditure recognition.</p>

Other risks (2)

Risk identified	Audit procedures performed	Conclusions
<p>Risk of fraud and error in revenue recognition (rebutted for all streams)</p> <p>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.</p> <p>In our risk assessment of all revenue streams for the Authority, we considered the risk factors set out in ISA 240 and nature of the revenue streams at the Authority. Based on that, we rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying transactions and the fact that it would require a significant number of transactions to be misstated to cause a material misstatement. We determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <p>3.2 There is little incentive to manipulate expenditure recognition;</p> <ul style="list-style-type: none">• Opportunities to manipulate revenue recognition are limited; and• The culture and ethical frameworks of local authorities, including that of the Authority, meaning that all forms of fraud are seen as unacceptable. <p>Based on our assessment, no specific fraud risk factors have been identified and therefore we do not consider revenue recognition to be a significant risk for the Authority.</p> <p>Whilst we rebutted the risk of fraud above, we considered that the risk of error relating to revenue recognition may be prevalent within streams at the Barbican, Spitalfields, Police, and Port Health and Environmental due to the nature of trading. We therefore, pinpointed the risk associated with the occurrence of revenue within these streams as an ‘other risk’.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none">• 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 and occurrence.• Tested a sample of receipts and invoices raised post year-end to ensure they were included in the correct financial year, gaining assurance over completeness.• Updated our understanding of the revenue business process for material revenue streams.	<p>Our audit work is complete and we have not identified any issues regarding revenue recognition.</p>

Other risks (3)

Risk identified	Audit procedures performed	Conclusions
<p>IFRS 16 Leases implementation (£12.6m recognised on transition date)</p> <p>IFRS 16 Leases is now mandatory for all local government bodies from 1 April 2024. The standard replaced IAS 17 Leases, and the three interpretations that supported its application (IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases – incentives, and SIC-27 Evaluating the substance of transactions involving the legal form of a lease). Under the new standard the current distinction between operating and finance leases is removed for lessees and, subject to certain exceptions, lessees will recognise all leases on their balance sheet as right of use (ROU) assets, representing the right to use the underlying leased assets, and a corresponding liability representing its obligation to make lease payments.</p> <p>The Code adapts IFRS 16 and requires that the subsequent measurement of the ROU asset where the underlying asset is an item of property, plant and equipment is measured in accordance with section 4.1 of the Code.</p> <p>We considered the implementation of IFRS 16 as other risks, noting the significant changes to disclosures required under the new standard. At year end, a ROU asset of £9.6m, and corresponding lease liability of £9.8m remains in the City Fund balance sheet, both of which are immaterial.</p> <p>We pinpointed the risk over completeness of IFRS 16 disclosures made under the new accounting standard.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none"> Documented our understanding of the processes and controls in place by management to ensure that the Authority’s ROU assets and corresponding liabilities are not materially misstated. This included understanding steps implemented by management to identify leases impacted by IFRS 16, ensuring completeness. Obtained the lease register from management and compared to the prior year to identify any leases omitted. Additionally, reviewed lease payments listing using the full ledger to identify lease payments made and corroborate to a lease agreement to the lease register. Reviewed management’s rational for classifying lease arrangements as either leases, short-term leases, or low-value leases. Reviewed accounting policies and disclosures in relation to IFRS 16. Reviewed the application of judgement and estimation in determining ROU asset valuations and lease liabilities. Reviewed disclosures made in the accounts in relation to ROU asset values and lease liabilities to ensure compliance with the requirements of IFRS 16 as adapted in the CIPFA Code. <p>Our work identified that there were IFRS 16 disclosures omitted in the draft financial statements. This included disclosures providing details of the change from IAS 17 in treatment of operating leases. This is required to be presented in the form of a reconciliation of IAS 17 treatment of the operating leases to the closing balance reported under IFRS 16.</p> <p>Additionally, our procedures identified that management did not reclassify a total of £8m of other land and buildings, previously held as finance lease under IAS 17, to right of use assets within Note 13 as required under IFRS 16. Management has made the amendments.</p>	<p>Our audit work is ongoing and at this stage we have not identified any other issues regarding the IFRS 16 standard adoption.</p>

Other risks – New

Risk identified	Audit procedures performed	Conclusions
<p>Completeness of the business rates (NNDR) appeals provision (2024-25 £26.8m)</p> <p>Due to the Authority’s location, it is among a few authorities in the country with a large Collection Fund account, particularly the Non-Domestic Business Rates (NNDR). Business rates are paid by businesses and other non-domestic property occupiers based on their assessed estimated property by the Valuation Office Agency (VOA). Businesses or occupiers may appeal their business rates assessment for different reasons, such as material change of circumstances affecting the property. The appeals provision reflects a provision against businesses that launched the appeals process with the VOA and represents the potential refunds the Authority will have to pay out if the appeals are successful.</p> <p>The estimation of the provision is completed by your engaged expert analysed local. The key inputs are the estimation of the potential loss in rateable value and yield, which also considers the impact of reliefs applied to the properties.</p> <p>Due to the size of the provision (£26.8m), we identified the provision as an ‘other risk’ area. Pinpointing the risk over completeness of the provision made, to gain assurance that all potential successful refunds are accounted for.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none"> Updated our understanding of the processes and controls put in place by management to ensure that the provision is not materially misstated. Evaluated the competence, capabilities and objectivity of management’s expert Analyse Local. Challenged management on the key assumptions, including the allowance of reliefs in the calculating the Appeals Provision. Performed a sensitivity analysis and reviewed other industry benchmarks to determine the provision’s reasonableness. Performed a review of the provision movement year on year. Recalculated the provision utilising the data used by Analyse Local in the estimation and confirmed if they agreed to management recorded figures. 	<p>Our audit work is ongoing and at this stage we have not identified any issues regarding the NNDR appeals provision.</p>

04 Other findings

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Other findings – information technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

Our indicative audit plan issued in May 2025 stated we would carry out a design and implementation assessment Oracle E-Business Suite and Altair. On obtaining a more detailed understanding of the systems, we concluded that our assessment would focus on design effectiveness only.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Oracle E-Business Suite – Main ledger system	Detailed ITGC assessment (design effectiveness only)	<div><div></div></div> Amber	<div><div></div></div> Amber	<div><div></div></div> Green	<div><div></div></div> Green	Our IT audit work identified that there that 2 users were granted access to diagnostic tools within the production environment, breaching segregation of duties and access control protocols. The audit team carried out additional procedures to consider high risk or unusual journals by these users. The work was incorporated within our journals testing (page 17 of this report) in relation to the significant risk over management override of controls. No issues identified.
Altair – Pensions system	Detailed ITGC assessment (design effectiveness only)	<div><div></div></div> Amber	<div><div></div></div> Amber	<div><div></div></div> Green	<div><div></div></div> Green	No material issues identified.
iTrent – Payroll system	Detailed ITGC assessment (design implementation only)	<div><div></div></div> Green	<div><div></div></div> Green	<div><div></div></div> Green	<div><div></div></div> Green	No issues identified.

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

05 Communication requirements and other responsibilities

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Other communication requirements

Issue	Commentary
Matters in relation to fraud	We 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 management, which is presented as a separate item for presentation along this report. There were no specific representations requested from management, subject to satisfactory conclusion of outstanding matters on page 7 of this report.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted, and the requests were sent. All requests that were sent to counterparties were received.
Disclosures	Our review found no material omissions in the financial statements. We have reported immaterial disclosure misstatements in Appendix D of this report.
Audit evidence and explanations	All information and explanations requested from management was provided, subject to satisfactory conclusion of outstanding matters on page 7 of this report.
Significant difficulties	There were no significant difficulties. Members of the finance team were available to provide evidence and explanations as required throughout the audit.

Other responsibilities (1)

Issue	Commentary
Going concern	<p data-bbox="359 247 2443 404">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 2024). 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 data-bbox="359 418 2443 454">Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul data-bbox="359 468 2443 739" style="list-style-type: none"> <li data-bbox="359 468 2443 618">• 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 <li data-bbox="359 632 2443 739">• 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 data-bbox="359 753 2443 903">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 data-bbox="359 918 2443 1096" style="list-style-type: none"> <li data-bbox="359 918 2443 953">• the nature of the Authority and the environment in which it operates <li data-bbox="359 968 2443 1003">• the Authority’s financial reporting framework <li data-bbox="359 1018 2443 1053">• the Authority’s system of internal control for identifying events or conditions relevant to going concern <li data-bbox="359 1068 2443 1096">• management’s going concern assessment. <p data-bbox="359 1110 2443 1146">On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul data-bbox="359 1160 2443 1246" style="list-style-type: none"> <li data-bbox="359 1160 2443 1196">• a material uncertainty related to going concern has not been identified; and <li data-bbox="359 1210 2443 1246">• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities (2)

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>No inconsistencies have been identified. We plan 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; and • 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 specified group reporting threshold of £2 billion, we examine and report on the consistency of the WGA consolidation pack with the Authority's audited financial statements.</p> <p>Note that work in this area is not yet started and will commence following the conclusion of the audit. Please see point below in relation to the certification of the audit closure.</p>
Certification of the closure of the audit	<p>We cannot formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work required and received confirmation from the National Audit Office that the audit of the Whole of Government Accounts (WGA) consolidation pack for the year ended 31 March 2025 is complete and certified by the Comptroller and Auditor General.</p> <p>We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.</p>

06 Value for money arrangements

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Value for money arrangements

Approach to value for money work for the year ended 31 March 2025

The National Audit Office issued its latest value for money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, the Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30 November each year from 2024-25.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.

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Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we identified a significant weaknesses in arrangements in relation to the low HRA Reserve balance. Full details are included in our 2024-25 AAR, presented along this report.

07 Independence considerations and fees

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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, there are no independence matters that we would like to report to you.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority 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 Authority or investments in the Authority 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 Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We are aware of local taxation charges paid by Grant Thornton to the Authority as a result of the firm having an office located in 8 Finsbury Circus. We do not consider that this gives rise to a business relationship between the firm and the Authority as the firm has no choice but to pay local taxes. Therefore, we do not consider this to give rise to an independence issue.
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 Authority, 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.

Fees and non-audit services

We confirm below our final fees charged for the audit.

Audit fees	Proposed fee £	Final fee £
City Fund audit fee	491,570	491,570
Total audit fees (excluding VAT)	491,570	491,570

A reconciliation of our fees to the financial statements is set out below.

Reconciliation of fees per the financial statements to total fees above (audit services)	£
Fees per the financial statements for audit services	491,570
Certification of grant claims and returns	205,000
Total audit fees (excluding VAT)	696,570

For the purposes of our audit, we made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to the City of London Corporation. There are no non-audit services for which work is ongoing or charged from the beginning of the financial year to the date of this report.

We were appointed to provide non-audit services for certification of City Fund’s Housing Benefits Subsidy (HBAP) claim for financial years 2020-21 and 2021-22. The terms, timelines and fees for this work are under discussion and we do not anticipate this to be finalised with work starting before closure of this audit.

Management has made an estimate in the accounts in relation to this work (HBAP) to the total of £205k, covering all prior years to 2024-2025. We have adequate safeguards in place to mitigate perceived self-interest threat from these future fees. As a result, we have not identified threats to our independence and adequate safeguards are applied in the current year.

Appendices

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A. Communication of audit matters with those charged with governance (1)

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 matters in relation to going concern.	●	●
Views about the qualitative aspects of the Authority’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures.		●
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.		●

A. Communication of audit matters with those charged with governance (2)

Our communication plan	Audit Plan	Audit Findings
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.		●

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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, as a minimum a requirement exists for our findings to be distributed to all the company directors and 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 those charged with governance.

B. Action plan (1)

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. 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
<div>●</div> <div>Medium</div>	<p>1. Delayed deactivation of user access on Oracle EBS post-termination</p> <p>Oracle EBS application access was not promptly revoked or disabled for terminated employees.</p> <p>Risk – While no unauthorised access occurred in this instance, delays in revoking access after termination increases the risk of former employees retaining access to critical systems. This could lead to unauthorised data access, manipulation, or compromise of financial reporting integrity, especially if not detected promptly.</p>	<p>We recommend that management should ensure user access is deactivated in alignment with an employee’s last working day. Where immediate deactivation is not feasible, a compensating control such as monitoring for post-termination logins should be implemented.</p> <p>Furthermore, coordination between HR and IT should be strengthened to ensure timely communication and execution of access termination procedures.</p> <p>Management response</p> <p>Agreed, an account may not be closed on the day that a person leaves the organisation. But in practical terms it is not feasible to achieve this; as noted, the account will have been updated within a few days to ensure all responsibilities have been removed. So, whilst the risk has not been eliminated, it has been minimized. Also worth noting that in order to access Oracle (CBIS) a person needs access to the corporate network, so it is possible their network access may have already been removed even if their Oracle account has yet to be updated.</p>

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

B. Action plan (2)

Assessment	Issue and risk	Recommendations
<div><div>●</div><div>Medium</div></div>	<p>2. Inappropriate assignment of ‘FND_DIAGNOSTICS’ responsibility to developer in Oracle EBS production</p> <p>In reviewing user responsibilities assigned within the Oracle E-Business Suite (EBS) production environment, it was identified that a developer was granted the ‘FND_DIAGNOSTICS’ responsibility. This responsibility provides access to diagnostic tools that exposes sensitive application and system information. Granting such access to a developer in a live production environment is inconsistent with best practices for segregation of duties and access control.</p> <p>Risk – Providing developers with diagnostic-level access in production increases the risk of unauthorised access to sensitive data, potential misuse of system tools, and unintentional changes that could impact the integrity of financial data. It also weakens the control environment and may result in non-compliance with audit and regulatory requirements.</p>	<p>We recommend that management restricts the ‘FND_DIAGNOSTICS’ responsibility to designated support personnel or database administrators with a clear operational need. Developers should not be granted this access in production environments. Where temporary access is required, it should be granted through a formal break-glass process with appropriate approvals, time-bound access, and post-access review.</p> <p>Management response</p> <p>The CBIS Support & Diagnostics responsibility is a diagnostic reporting tool – it does not have any access to make system changes. It is therefore valid for a developer to have access to this responsibility so that any issues can be investigated and diagnosed.</p>

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Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

C. Follow up of prior year recommendations (1)

We identified the following issues in the audit of the Authority’s 2023-24 financial statements, which resulted in 10 recommendations being reported in our 2023-24 Audit Findings Report. Five of the recommendations are now closed, and we set out below those in progress.

Assessment	Issue and risk previously communicated	Update on actions taken
Not yet addressed	<p>Statement of Accounts approval (reported in 2023-24)</p> <p>During the review of the accounts, we observed that while the financial statements were approved by the Chamberlain before being published for public inspection, they were not subsequently submitted to the Committee for approval following the end of the inspection period. The Audit and Accounts Regulations mandate that the accounts must be submitted for approval by the finance committee after the inspection period.</p> <p>It is noted that management typically submits the accounts to Finance Committee after the conclusion of the audit. While the Regulations do not specify the exact timing for this approval after the inspection period, it is advisable for management to consider presenting the financial statements to the Committee earlier, especially in cases where the audit process takes longer to complete.</p>	<p>Management update</p> <p>Given that the draft accounts are presented at the July meeting of the Audit and Risk Management Committee, and the final accounts at the September meeting; this meets the requirements of the Accounts and Audit Regulations, and no additional occasion is necessary.</p> <p>Auditor comment</p> <p>Similar issues identified in current year audit. Recommendation remains open.</p>
Not yet addressed	<p>Management of the fixed asset register (reported prior to 2023-24)</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 assets team when recording the revaluations into the fixed asset register (FAR).</p>	<p>Management update</p> <p>The CIPFA asset manager software is due to mirror the FAR spreadsheet in 2024-25, before being the primary source in 2025-26. This will reduce the number of manual spreadsheets & calculations. It will allow us to quickly check for duplications.</p> <p>A formal reconciliation has been implemented between each valuation and the FAR. Unusual changes in valuations are explored with the valuers, but we will ensure explanations for any unusual year to year changes are accompanied with an explanation.</p> <p>Auditor comment</p> <p>Similar issues identified in current year audit in our other land and buildings audit work. Recommendation remains open.</p>

C. Follow up of prior year recommendations (2)

Assessment	Issue and risk previously communicated	Update on actions taken
Not yet addressed	<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 (reported in 2023-24)</p> <p>In 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 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.</p>	<p>Management update</p> <p>An accounting policy will be added to the accounts for 2024-25 stating that REFCUS grants payable should be recognised in the financial year that they are paid.</p> <p>Auditor comment</p> <p>Policy is in progress but not yet fully formalised or implemented. Recommendation remains open.</p>
Not yet addressed	<p>Terms of engagement with external valuers not best practice and RICS compliant (reported prior to 2023-24)</p> <p>Our valuation expert performed a review of the valuation reports prepared by management's experts and this review resulted in a control deficiency identified in the fact that 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>Management update</p> <p>The scope of work has been set out in various documentation between City Surveyor and the valuers, provided to the external auditors. In terms of the methodology that has been set out at the start of the contract and will be reissued if this methodology changes.</p> <p>Auditor comment</p> <p>Similar issues identified in current year audit. Recommendation remains open.</p>

C. Follow up of prior year recommendations (3)

Assessment	Issue and risk previously communicated	Update on actions taken
Not yet addressed	<p>Journal authorisation (reported prior to 2023-24)</p> <p>We noted that 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>Management update</p> <p>From 2025-26 onwards management has implemented a centralised log of journals which will demonstrate that all journals >100k have been approved. Management is looking at how the use of SAP can continue to refine this process going forward.</p> <p>Auditor comments</p> <p>Similar issues identified in current year audit. Recommendation remains open.</p>

D. Audit adjustments (1)

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.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000
1. Net pension liability (understatement) – Impact of IFRIC 14 asset ceiling to the IAS 19 surplus not accounted for, resulting in £90.4m understatement of pension liability and remeasurement of pension liability.	Dr Remeasurement of pension liability 90,400	Cr Pension liability 90,400	Dr 90,400
2. Long-term rents received in advance (overstated) –Long-term rents received in advance overstated by £1.3m and short-term rents received in advance understated by the same amount.	Nil	Dr Long-term rents received in advance 1,338 Cr Short-term rents received in advance 1,338	Nil
3. Assets under construction (AUC) assets PPE (overstated) – PPE AUC in Note 13 overstated by £19.2m. The balance disclosed incorrectly included investment properties AUC and intangible assets. PPE AUC also overstated by £21m 2023-24, prior period restatement required.	Nil	Dr Intangible assets 6,200 Dr Investment properties 13,000 Cr Property, plant and equipment 19,200	Nil
Overall impact	Dr 90,400	Cr 90,400	Dr 90,400

D. Audit adjustments (2)

Impact of unadjusted misstatements

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

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Reason for not adjusting
1. Investment property valuation (overstatement) – We identified a variance of £1.3m when comparing the auditor’s recalculation of the property values and those recorded in the fixed asset register per valuation reports. This was an overstatement of the investment properties balance.	Dr Gains on revaluations of investment properties 1,336	Cr Investment properties 1,336	Dr 1,336	Immaterial difference in estimation
2. Reconciling difference between the fixed asset register (FAR) and management’s expert valuation report A reconciliation between the FAR and the valuer Newmark’s final valuation report identified a cumulative discrepancy of £1,801,792 across the Barbican Art Gallery, Central Criminal Court (1907 and South & East Wing), and Barbican Estate Dwellings. The FAR was overstated, and the revaluation movement understated.	Dr Surplus/Deficit on the revaluation of property, plant and equipment 1,801	Cr Council dwellings 892 Cr Other land and buildings 908	Dr 1,801	Immaterial difference

Continued overleaf

D. Audit adjustments (3)

Impact of unadjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Reason for not adjusting
3. NNDR provision (overstatement) – We identified a variance of £0.872m when reperforming the calculation of the NNDR provision estimate. This was due to management excluding the impact of reliefs applied to NNDR bills.	Cr Provision expense 872	Dr provision liability 872	Cr 872	Immaterial difference in estimation
Overall impact of current year unadjusted misstatements	Dr 2,265	Cr 2,265	Dr 2,265	

D. Impact of unadjusted misstatements in the prior year

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2023-24, and the resulting impact upon the 2024-25 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2024/25 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 £000	Balance Sheet £000	Impact on total net expenditure £000	Reason for not adjusting
1. Understatement of debtor balance Extrapolated error of £0.916m from debtor testing. 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, extrapolated to £0.916m.	Cr Income statement 916	Cr Reserves 916	Cr 916	Immaterial extrapolation
2. Indexation of assets not revalued Based on our indexation exercise of assets not revalued, using market data, we concluded that the other land and buildings asset class is £4.640m understated. Some of the assets were revalued in the current leaving an impact of £3.473m of assets not revalued.	nil	Dr PPE 3,473 Cr Unusable reserves 3,473	nil	Immaterial difference in estimation
3. Understatement of REFCUS We identified capital expenditure of £0.649m (extrapolated) on an academy owned by City's Estate which was capitalised by City Fund, rather than being recognised as revenue expenditure funded by capital under statute (REFCUS). There is an immaterial depreciation charge which is an error in the current year financial statements.	nil	Cr PPE 649 Dr Reserves 649	nil	Immaterial extrapolation
Overall impact of prior year unadjusted misstatements	Cr 916	Dr 916	Cr 916	

D. Impact of unadjusted misstatements in current and prior years

The table below considers the overall impact of unadjusted misstatements in current and prior years.

Detail	Comprehensive Income and Expenditure Statement	Balance Sheet	Impact on total net expenditure	Conclusion
	£000	£000	£000	
Overall impact of unadjusted misstatement in the current year	Dr 2,265	Cr 2,265	Dr 2,265	Impact not material in current year, no change in net expenditure position in current year.
Overall impact of unadjusted misstatement in the prior year	Cr 916	Dr 916	Cr 916	Impact not material in prior year, no change in net expenditure position in current year.
Net expenditure impact	Dr 1,349	Cr 1,349	Dr 1,349	The impact of prior period and/or current period unadjusted misstatements is not material and does not change the reported position of City Fund.

D. Audit adjustments – misclassification and disclosure

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	Misclassification or change identified	Adjusted?
Expenditure and Funding Analysis (EFA)	The provisional outturn of (£43.9m) reported in the draft financial statement narrative report was not consistent with the version of the outturn report reported to the Finance Committee on 1 July 2025, it was reported as £34.1m. Whilst the variance underspend of £33.2m was reported to Finance Committee as £23.4m. Management advises the difference was due to timing difference between when each report was prepared.	Yes
Page 59 Notes 23, 26 and 31: Pension liability	We identified that management did not consider the impact of IFRIC 14 asset ceiling to the IAS 19 surplus. This resulted in a £90.4m understatement of the net pension liability and remeasurement of pension liability. Further, disclosure notes relating to the pension liability omitted the IFRIC 14 impact. This resulted in Notes 23, 26 and 31 of the financial statements requiring updates.	Yes
Note 6: Grant income	We identified within Note 6 that one grant totalling £1.9m was incorrectly classified under 'Other' non-government revenue grants and contributions, when it should be classified as a Dedicated School Grant.	Yes
Note 13: ROU asset	In our IFRS 16 work we identified that management had continued to classify assets previously held under IAS 17 as finance leases as other land and building. These assets, totalling of £8m, should be transferred within Note 13 from other land and buildings to right of use asset classification.	Yes
Note 30: Leases	Management did not complete a reconciliation demonstrating the change from IAS 17 in treatment of operating leases to the closing balance under IFRS 16. We also requested management to amend or add narrations that were clear on the new application of IFRS 16.	Yes
Minor disclosure issues	A number of disclosure amendments were identified and agreed with management. These were typos, accounting policies, senior officer remuneration disclosures and other disclosures.	Yes

E. Management letter of representation

Dear Grant Thornton UK LLP

City of London Corporation – City Fund
Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of City Fund of the City of London Corporation (“the Authority”) for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority’s financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

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Financial statements

- i. We have fulfilled our responsibilities for the preparation of the Authority’s financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 (“the Code”); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of investment properties, council dwellings, other land and buildings, NNDR appeals provision and pension fund net liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

E. Management letter of representation

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Authority's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. The prior period adjustments disclosed in Note 13 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
- xv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
 - b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

E. Management letter of representation

- xv. We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements
- xvi. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.
- xvii. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

Information provided

- xviii. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- xix. We have communicated to you all deficiencies in internal control of which management is aware.
- xx. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xxi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxiii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

E. Management letter of representation

- xxv. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxvi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework, and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

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Approval

The approval of this letter of representation was minuted by the Authority's Audit and Risk Management Committee at its meeting on **15 September 2025**.

Yours faithfully

Caroline Al-Beyerty

Chamberlain & Chief Financial Officer

F. Draft audit opinion – to follow

We anticipate to issue the Authority with an unmodified audit report, subject to satisfactory resolution of outstanding matters.



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

Year ended 31 March 2025

Date of issue: 10 September 2025



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

Grant Thornton UK LLP

8 Finsbury Circus
London EC2M 7EA

www.grantthornton.co.uk

Dear Alderman Prem Goyal OBE,

Audit Findings for City of London Corporation Pension Fund for the 31 March 2025

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. 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.

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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 manage risk, quality and internal control particularly through our Quality Management Approach. 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-2024-.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

Chartered Accountants

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Headlines and status of the audit

Headlines

Financial statements

Introduction

These are 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 2025 for the attention of those charged with governance.

ISA Requirements

Under 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 2025 and of the amount and disposition at that date of the fund's assets and liabilities; 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.

Audit Work

Our audit work was completed during July – August 2025. Our findings are summarised on page 18.

We have identified no adjustments to the financial statements that have resulted in changes to the Pension Fund's reported financial position. Audit adjustments are detailed on pages 41 to 42.

We have also raised recommendations for management as a result of our audit work. These are set out in our action plan on page 43. Our follow up of recommendations from the prior year's audit are detailed on pages 44 and 45.

Continued overleaf

Headlines

Financial statements

Audit Work - continued

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:

- Benefits payable - receipt of BACS payment evidence for Lump Sums from the strategic finance team;
- senior engagement team review;
- receipt of management representation letter; and
- review of the final set of financial statements.

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.

Drafts of our anticipated opinion and the management representation letter are reflected in a separate report for consideration by the Audit and Risk Management Committee.

Whilst 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 pleased to report that we anticipate this being in September 2025, well ahead of the statutory deadline of 27 February 2026.

We are also 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 2025. 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 'consistency' opinion at this time. We anticipate being able to issue our 'consistency' opinion in the forthcoming weeks and 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 their work on Whole of Government Accounts and our work on the Annual Report has been completed.

Headlines

Local & National Context - Administration and Governance

The total membership of the City of London Corporation Pension Fund (the 'Fund') was c. 16,000 people as at the end of March 2025. Of this number around one third are active employees who still contribute to the scheme. In total, there were 10 active employers covered by City of London Corporation Pension Fund at the end of March 2025.

The Fund has continued to work through the processes for connecting to the Pensions Dashboard ecosystem and is on track to connect to the Pensions Dashboard by the public sector staging date of 31 October 2025. The service itself will not be released to the general public until a later date. Schemes will be given at least 6 months notice before the public go-live date.

The Fund has continued to implement the McCloud remedy. No significant issues have been encountered. The Pensions Office has implemented the Remedy in respect of active scheme members and all retirements that have occurred since the implementation date (i.e. 1 October 2023) have been processed on this basis.

At the time of writing, the Pensions Office, is currently working on the 2025 Annual Benefit Statements (ABS), which for eligible active and deferred scheme members must be provided by 31 August 2025, and these will reflect the estimated underpin protection as provided for by the McCloud Remedy.

We have received requests from employer body auditors to undertake work on the accuracy and completeness of the information provided to the actuary as part of the 2024/25 IAS 19 valuation process. This work has been completed and appropriate assurances provided.

Local & National Context - Investments and Funding

The net assets of the City of London Corporation Pension Fund as at the end of March 2025 amounted to £1,525.3m (31 March 2024: £1,495.8m).

The 2022 triennial valuation was undertaken by Barnett Waddingham, and showed that the Fund had assets sufficient to cover 98% of the accrued liabilities as at 31 March 2022. The 2025 triennial valuation is now well progressed with cleansed information being provided to the actuary in August. Preliminary results are expected in the autumn and the anticipation is that funding levels across the sector will improve.

At the end of May 2025 the Government published its response to the 'Fit for the Future' consultation. Its key proposals include:

- **reforming asset pooling** - transferring all assets to the management of the pool alongside taking principal investment advice from the pool and delegating implementation of the investment strategy to the pool,
- **boosting investment in local areas and regions** - setting out the approach to local investment in the Investment Strategy Statement and working with relevant Strategic Authorities to identify suitable local investment opportunities, and
- **strengthening the governance of LGPS Administering Authorities and LGPS pools** - undertaking an independent governance review once in every three-year period, have an independent advisor without voting rights, rather than an independent member of a committee and prepare strategies on governance, knowledge and training and administration.

The minimum standards for pooling and the independent governance review will be introduced in the Pension Schemes Bill which is about to enter the Committee stage in Parliament. Subsequent regulations and statutory guidance will provide further detail on implementation of all the new requirements.

The Fund is in the London CIV pool and already well advanced with pooling. During 2024/25 the Fund continued to move assets into the pool. As at 2024/25 year end, there are 3 new Investments, 2 of which were through the London CIV (Level 2) and one Infrastructure Manager (Level 3). Pooled funds with the London CIV now represent £845.3m of the funds £1,502.1m net investment assets, i.e. 56% of the funds net investment assets. We will track progress against the other proposals once regulations and guidance are finalised.

Financial statements

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 NAO 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.

Financial statements (continued)

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 15th September 2025 and following final approval of the accounts by the Finance Committee on 16th September 2025 , subject to the following outstanding matters:

- Benefits payable- receipt of BACS payment evidence for Lump Sums from the strategic finance team;
- senior engagement team review;
 - receipt of management representation letter; and
 - review of the final set of financial statements.

Acknowledgements

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

Materiality

Our approach to materiality

As communicated in our Audit Plan dated April 2025, we determined headline materiality at the planning stage as £29m based upon 2% of Gross Investment Assets as at 31 March 2024. At year-end, we have reconsidered planning materiality based on the 2024/25 figures in the draft financial statements. We have retained the planning materiality due to the actual value of gross investment assets changing insignificantly from the planning stage and no new risk indicators being identified.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £29m based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements.
- We have used 2% of gross investment assets as at 31 March 2024 as the benchmark for our materiality.
- The benchmark percentage applied has increased from 1.9% in the prior period audit, to 2%, based on the following factors:
 - The Fund's portfolio being primarily level 2 assets, for which market data is available for audit purposes.
 - Prior period experience noted limited findings with no adjusted or unadjusted misstatements raised in relation to the net assets statement.

Performance materiality

- We have determined performance materiality at £20.3m, this is based on 70% of headline materiality. We have not had to revise performance materiality from the planned level.

Specific materiality for the Fund Account

- We have determined a lower separate materiality for the fund account at £7.23m, this is based on 10% of gross expenditure (in the Fund Account) as at March 2024. The lower specific materiality for the fund account was applied to the audit of all fund account transactions, except for investment transactions, for which headline materiality was applied. Similarly to our headline materiality we did reconsider this based upon the draft financial statements. Whilst expenditure has increased our view is that this is linked to possible one-off events which it would not be appropriate to take into consideration when reviewing our materiality. We have therefore not revised our Fund Account materiality from the planned level.

Reporting threshold

- We will report to you all misstatements identified in excess of £1.45m, in addition to any matters considered to be qualitatively material.

Our approach to materiality (continued)

A summary of our approach to determining materiality is set out below.

Description	Amount (£)	Qualitative factors considered
Materiality for the financial statements	29,000,000	<p>The Fund’s portfolio is primarily level 2 assets, for which market data is available for audit purposes. Prior period experience noted limited findings with no adjusted or unadjusted misstatements raised in relation to the net assets statement.</p> <p>Headline Materiality for planning equates to 2% of your gross investment assets as at 31 March 2024.</p>
Performance materiality	20,300,000	Performance Materiality is based on a percentage (70%) of the overall materiality.
Specific materiality for the fund account	7,230,000	<p>The contribution and benefit structures of the Fund are not complex as there are only 20 employers in the scheme, of which the City of London Corporation itself represents 92% of active members and of beneficiaries receiving a pension.</p> <p>Materiality for the Fund Account for planning equates to 10% of gross expenditure (in the fund account) as at 31 March 2024.</p>
Trivial matters - reporting threshold	1,450,000	Performance Materiality is based on a percentage (70%) of the overall materiality.

Overview of audit risks

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 (SCOT+).

Material only are 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.

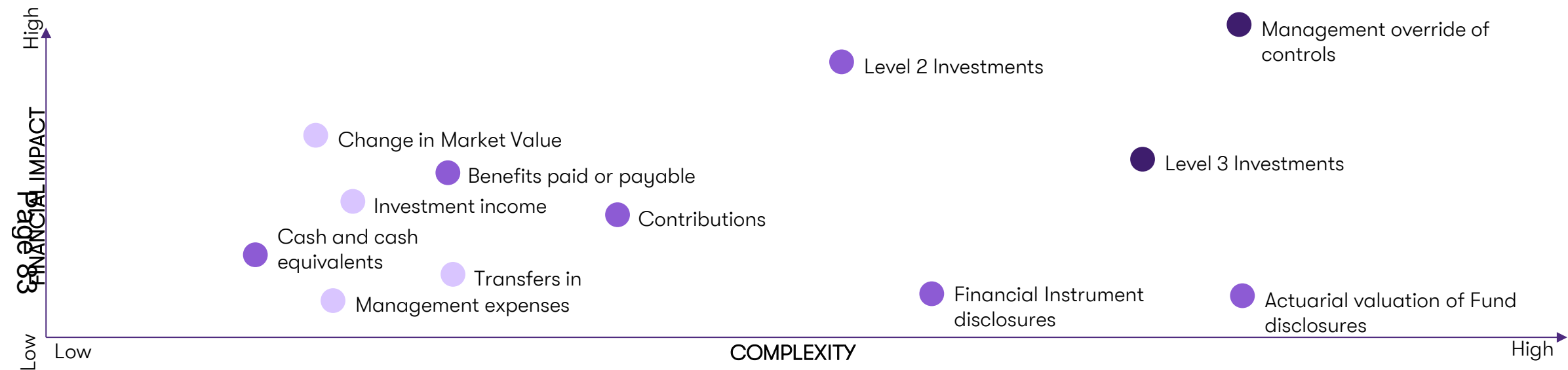
In the graph overleaf, we have presented the, significant risks, SCOT, material only and other risks relevant to the audit.

Page 02



Overview of audit risks

There have been no changes to the audit risk assessment communicated in our audit plan.



Glossary

Significant risk	●
SCOT+	●
Material only	●
Other audit risks – none identified	●

Overview of audit risks

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	●
Valuation of Level 3 Investments	Significant	↔	✗	High	●
Valuation of Level 2 Investments	SCOT+	↔	✗	Medium	●
Actuarial Present Value of Promised Retirement Benefits disclosure – IAS 26	SCOT+	↔	✗	Medium	●
Cash and cash equivalents	SCOT+	↔	✗	Low	●
Benefits payable	SCOT+	↔	✗	Low	●
Contributions receivable	SCOT+	↔	✗	Low	●
Financial instrument disclosures	SCOT+	↔	✗	Low	●

Glossary

- ↑

Assessed risk increased since audit plan
- ↔

Assessed risk consistent with audit plan
- ↓

Assessed risk decrease since audit plan
- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant changes to disclosures within the 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.

Risk identified	Audit procedures performed	Key observations
<div><div>Page 8 of 40</div><div><p>Management override of controls</p><p>In accordance with ISA (UK) 40, we have identified a risk of fraud in respect of management override of controls.</p></div></div>	<div><p>As part of our audit procedures, we have:</p><ol style="list-style-type: none">1. Reviewed accounting estimates, judgements and decisions made by management2. Tested journals entries3. Reviewed unusual significant transactions4. Incorporated an element of unpredictability into our audit procedures</div>	<div><p>We have noted one finding in relation to management override of controls.</p><p>As documented in our follow up of prior period audit recommendations, the Fund have made improvements during 2024/25 to its control environment for journals over £100k. For those under £100k, the fund is currently willing to tolerate the risk in respect of detection and correction. We have looked at these and the total of journals processed under £100k is £1.6m and therefore we are satisfied with the low risk of material misstatement. However, we continue to recommend that management implement changes to the control environment to ensure timely detection and correction of potential errors in these entries.</p><p>During our testing of journal entries, we identified a highly trivial miscoding error between Cash and Current Assets – Receivables. Had there of been a review of journal entries below £100k, this may have been identified by the fund. However, we are satisfied that this is not indicative of management override of controls.</p><p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p><p>Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.</p></div>

Significant

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations
<p>Valuation of level 3 investments</p> <p>The valuations of level 3 investments are based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud.</p> <p>Significant</p> <p>Relevant assertion(s) Valuation, Existence</p> <p>Applicable assertion(s) Rights & Obligations, Presentation</p> <p>Planned level of control reliance None</p>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none">1. Evaluated management's processes for valuing Level 3 investments;2. Obtained and reviewed the audited financial statements of the investment accounts. Where these were at a different reporting date to the Fund's financial statements the valuations were compared using the accounting for cashflows;3. Obtained and reviewed the corresponding investment manager report as at the investment accounts and the Fund accounts reporting dates where appropriate;4. Reviewed purchase and sale transactions of the investment near the reporting date where appropriate;5. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and the Fund accounts;6. Reviewed management's classification of the assets;7. Obtained and reviewed investment manager service auditor report on design and operating effectiveness of internal controls where appropriate.	<p>We have noted no material adjustments or findings in relation to the valuation of level 3 investments.</p> <p>We are satisfied that judgements made by management are appropriate and the valuations have been determined using consistent methodology.</p>

Significant Classes of Transactions

Significant classes of transactions, account balances, and disclosures (SCOT+s), are associated with risks of material misstatement but are not linked to a significant risk. This section provides commentary on the SCOT+ risks communicated in the Audit Plan.

Risk identified	Audit procedures performed	Key observations
<p>Valuation of level 2 investments</p> <p>Level 2 investments do not carry the same level of inherent risks associated with level 3 investments, however there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly. These assets represent a class of transaction in the financial statements due to the size of the balance (£1,201m as at 31 March 2025). As a result, the valuation of the Fund’s Level 2 Investments have been identified as a significant class of transactions.</p> <div><p>Significant Class of transactions (SCOT+)</p><p>Relevant assertion(s) Existence, Valuation</p><p>Applicable assertion(s) Rights & Obligations, Presentation</p><p>Planned level of control reliance None</p></div>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none">1. Agreed the valuation to the confirmation received from the investment manager;2. Agreed the valuation back to quoted prices at year-end where available;3. Compared the valuation to purchase and sale transactions near the reporting date (where appropriate);4. Reviewed the guidelines under which the investment has been valued (where appropriate);5. Obtained and reviewed a service auditor’s report on internal controls for the investment manager (where appropriate);6. Reviewed management’s classification in the fair value hierarchy for a sample of level 2 investments;7. No additional detailed testing was performed beyond the planned procedures as we have obtained sufficient assurance.	<p>We have noted no material adjustments or findings in relation to level 2 investments.</p> <p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p>

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
<p>Actuarial present value of promised retirement benefits disclosure – IAS 26</p> <p>The disclosure of the Fund’s Actuarial Present Value of Promised Retirement Benefits is an accounting estimate and is sensitive to changes in key assumptions. As an actuarial valuation has not been prepared at the date of the financial statements IAS 26 requires the most recent valuation (which should be based on IAS 19, not the pension fund’s funding assumptions) to be used as a base and the date of the valuation disclosed (net assets of £160m as at 31 March 2025). The Pension Fund engage the services of a qualified actuary to develop an IAS 26 compliant estimate of the disclosure. As a result, it has been identified as a significant class of transactions.</p>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none">1. Updated 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;2. Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary’s work;3. Assessed the competence, capabilities and objectivity of the actuary who carried out the Fund’s valuation;4. Assessed the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability;5. Tested the consistency of disclosures with the actuarial report from the actuary; and6. 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>We have noted no material adjustments or findings in relation to the actuarial present value of promised retirement benefits disclosure (IAS 26).</p> <p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p>
<p>Significant Class of transactions (SCOT+)</p> <p>Relevant assertion(s)</p> <p>Valuation</p> <p>Applicable assertion(s)</p> <p>Presentation</p> <p>Planned level of control reliance</p> <p>None</p>		

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
<p>Cash and cash equivalents</p> <p>The receipt and payment of cash represents a significant class of transactions occurring throughout the year, culminating in the year-end balance for cash and cash equivalents reported on the Net Asset Statement.</p> <p>Significant Class of transactions (SCOT+)</p> <p>Relevant assertion(s)</p> <p>Existence, Completeness</p> <p>Applicable assertion(s)</p> <p>Rights & Obligations, Presentation</p> <p>Planned level of control reliance</p> <p>None</p>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none">1. Obtained direct confirmations for all bank accounts;2. Obtained monthly bank reconciliations as at the year-end and for one month post year-end; and3. Reconciling items we deemed to be immaterial and as such did not require confirmation of clearance through the bank account after the year-end	<p>We have noted no material adjustments or findings in relation to the cash and cash equivalents balance.</p>

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
<div>Benefits payable</div> <div>Pension benefits payable represents a significant percentage of the Fund’s expenditure.</div> <div>Significant Class of transactions (SCOT+)</div> <div>Relevant assertion(s)</div> <div>Accuracy</div> <div>Applicable assertion(s)</div> <div>Completeness, Occurrence, Presentation</div> <div>Planned level of control reliance</div> <div>None</div>	<div>As part of our audit procedures, we have:</div> <div><div>1. Evaluated the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness;</div><div>2. Gained an understanding of the Fund's system for accounting for pension benefits expenditure and evaluate the design of the associated controls;</div><div>3. Tested a sample of lump sums and associated individual pensions in payment by reference to member files; and</div><div>4. Tested relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained.</div></div>	<div>At the time of writing, we have not noted any material adjustments or findings in relation to the benefits payable balance.</div> <div>However, the conclusion of our audit findings is pending the receipt of BACS payment evidence for Lump Sums from the strategic finance team.</div>

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
<p>Contributions receivable</p> <p>Contributions from employers and employees represents a significant percentage of the Fund's revenue. As a result, it has been identified as a significant class of transactions.</p> <p>Significant Class of transactions (SCOT+)</p> <p>Relevant assertion(s)</p> <p>Completeness</p> <p>Applicable assertion(s)</p> <p>Accuracy, Occurrence, Presentation</p> <p>Planned level of control reliance</p> <p>None</p>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none">1. Evaluated the Fund's accounting policy for recognition of contributions for appropriateness;2. Gained an understanding of the Fund's system for accounting for contribution income and evaluate the design effectiveness of the associated controls;3. Tested a sample of contributions to source data to gain assurance over their accuracy and occurrence; and4. 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>We have noted no material adjustments or findings in relation to the contributions receivable balance.</p>

Significant Classes of Transactions (continued)

Page 92.

Risk identified	Audit procedures performed	Key observations
<div>Financial instrument disclosures</div> <div>Financial instrument and associated risk disclosures provide crucial information to allow users to understand and evaluate:</div> <div><div><div>• The significance of financial instruments to the entity’s financial position and performance.</div><div>The nature and extent of risks from financial instruments during, and at the close of, the reporting period.</div><div>• How the Fund manages these risks.</div></div></div> <div>Significant Class of transactions (SCOT+)</div> <div>Relevant assertion(s)</div> <div>Accuracy</div> <div>Applicable assertion(s)</div> <div>Completeness, Presentation</div> <div>Planned level of control reliance</div> <div>None</div>	<div>As part of our audit procedures, we have:</div> <div><div>1. Updated our understanding of the processes and controls put in place by management to prepare the financial instrument disclosures;</div><div>2. Documented and evaluate the Fund’s accounting policies for appropriateness and consistency;</div><div>3. Evaluated the instructions issued by management to their management expert/information provider for these disclosures;</div><div>4. Tested the consistency of disclosures with the actuarial report from the actuary; and</div><div>5. For all material financial instrument disclosures we have confirmed they are disclosed in accordance with IFRS 7, measured in accordance with IFRS 9 and classified in accordance with CIPFA guidance on IFRS 9 Financial Instruments</div></div>	<div>We have noted no material adjustments or findings in relation to the financial instrument disclosures.</div>

We have noted no material adjustments or findings in relation to the financial instrument disclosures.

Rebuttal of presumed risks

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Risk	Risk relates to	Audit team's assessment	Final audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	<p>We have identified and completed a risk assessment of all revenue streams for the Fund. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be a significant risk for the Pension Fund.</p>	At planning we did not consider this to be a significant risk for the Fund and that standard audit procedures would be carried out. We have continued to review this rebuttal throughout the audit to ensure this judgement remains appropriate and are satisfied that it does.
The expenditure cycle includes fraudulent transactions	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	<p>We have identified and completed a risk assessment of all expenditure streams for the Fund. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure recognition; • opportunities to manipulate expenditure recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be a significant risk for the Pension Fund.</p>	At planning we did not consider this to be a significant risk for the Fund and that standard audit procedures would be carried out. We have continued to review this rebuttal throughout the audit to ensure this judgement remains appropriate and are satisfied that it does.

Other findings

Other findings – key judgements and estimates

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

Summary of management's approach

Level 3 investments - £301.1m

The Pension Fund has investments in Infrastructure funds, Pooled property funds and Private equity funds that total £301.1m on the net assets statement at year-end.

Management receive quarterly performance reports which are reviewed and subsequently presented to the Pensions Committee, providing scrutiny of estimates. Investment managers will periodically provide update reports for committee meetings – providing an opportunity for officers and members to challenge unusual movements or assumptions.

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. To determine the value, management rely on the valuations provided by the investment managers.

The value of the investment has increased by £79.3m in 2024/25, largely due to an in-year investment of £75.0m into an open-ended Infrastructure Fund in January 2025 as part of the strategic asset allocation. To fund the new investment, the Pension Fund fully disinvested from Lindsell Train and made a drawdown from equity manager C Worldwide (both of which were Level 2 assets) and used Cash in the Bank Account.

Audit comments

In response to management's approach, we have:

1. Reviewed the audited financial statements of the investment accounts. Where there were different reporting dates, cashflows have been considered in the comparison
2. Ensured consistency of the investment management report with the financial statements
3. Compared the valuation to purchase and sale transactions of the investment near the reporting date (where appropriate)

continued overleaf

Other findings – key judgements and estimates (continued)

Audit comments (continued)	
Page 96	4. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and fund accounts
	5. Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls where appropriate
	6. Evaluated the reasonableness of any increase/decrease in valuation of the estimate, using relevant indices where appropriate
	In undertaking this approach, we have also considered the completeness and accuracy of the underlying information used to determine the estimate, in addition to the impact of any changes to valuation method from the prior period (if applicable).
We have also confirmed that the sensitivities disclosed in the notes to the accounts are reasonable and in line with the CIPFA Code, and the estimate is adequately disclosed in the financial statements.	

Assessment	
● [Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious	

Assessment Key

- [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

Other findings – key judgements and estimates (continued)

Summary of management's approach

Level 2 investments - £1,201m

The Pension Fund has investments in the LCIV Pool that total £1,201m on the net assets statement at year-end.

Management receive quarterly performance reports which are reviewed and subsequently presented to the Pensions Committee, providing scrutiny of estimates. Investment managers will periodically provide update reports for committee meetings – providing an opportunity for officers and members to challenge unusual movements or assumptions.

These investments involve inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. The investments are not traded on an open exchange/market and the valuation of the investment is subjective. In order to determine the value, investment managers make use of evaluated price feeds.

The value of the investment has decreased by £61m in 2024/25, largely due to in-year disinvestment from Lindsell Train and a drawdown from equity manager C Worldwide, in order to help invest £75.0m into an open-ended Infrastructure Fund (Level 3 asset) in January 2025 as part of the asset allocation. Note the level 3 asset was also funded by Cash in the Bank Account.

Audit comments

In response to management's approach, we have:

1. Ensured consistency of the investment management report with the financial statements;
2. Agreed the valuation back to quoted and/or publicly published prices at year-end where available;
3. Compared the valuation to purchase and sale transactions of the investment near the reporting date (where appropriate); and
4. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and fund accounts

continued overleaf

Other findings – key judgements and estimates (continued)

Audit comments (continued)	
5.	Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls where appropriate
6.	Evaluated managements classification within the fair value hierarchy
In undertaking this approach, we have also considered the completeness and accuracy of the underlying information used to determine the estimate, in addition to the impact of any changes to valuation method from the prior period (if applicable).	
We have also confirmed that the sensitivities disclosed in the notes to the accounts are reasonable and in line with the CIPFA Code, and the estimate is adequately disclosed in the financial statements.	

Assessment	
● [Green]	We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Assessment Key

- [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

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application 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			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
General Ledger - Oracle E-Business Suite	ITGC assessment (design, implementation and operating effectiveness). Prepared in conjunction with the City of London Corporation's (administering authority) general ledger. Noting that the Oracle E-Business Suite system is hosted by the City of London Corporation and used by the City of London Corporation Pension Fund.	● [Amber]	● [Green]	● [Green]	● [Amber]* *See overleaf for non - significant deficiency	Management override of controls
Pension Administration System - Altair	ITGC assessment (design and implementation effectiveness only)	● [Green]	● [Green]	● [Green]	● [Green]	Contributions receivable, Benefits payable and the actuarial valuation

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

Other findings – Information Technology

Additional procedures carried out to address risks arising from our findings

The Oracle E-Business Suite application's technology infrastructure was noted to have a 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.

This recommendation was also raised in the prior period and is therefore detailed in our follow up of prior period recommendations on pages 44 to 45.

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Communication requirements and other responsibilities

Other communication requirements

	Issue	Commentary
1	Matters in relation to fraud	<ul style="list-style-type: none"> 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
2	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed
3	Matters in relation to laws and regulations	<ul style="list-style-type: none"> The unintended exclusion of some casual workers from the LGPS by the City of London Corporation may have led to non-compliance with employment and pension regulations. The matter was reported by the Fund Employer (i.e. the City of London Corporation) to the Pensions Regulator as a breach in pensions regulations. The Regulator advised that “where an employer has identified an error or failed to carry out their enrolment duties, they must rectify the error as it did not occur”. A remediation process is in place. On this basis we were satisfied that no further action was required from us as the Fund's auditors and that no additional risks were identified. You have not made us aware of any other incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work
4	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Pension Fund. This will be shared with management and the Audit & Risk Management Committee informed at its meeting that there were no specific representations requested beyond those normally sought, which is an report item at this committee. This will be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.
5	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to their custodian and investment managers. This permission was granted and the requests were sent. All requests were returned with positive confirmation and no alternative procedures were required. 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.
6	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements Significant disclosures in the 2024/25 statutory financial statements include the Fair Value Hierarchy, Actuarial Present Value of Promised Retirement Benefits, Uncertainty and risk disclosures

Other communication requirements (continued)

Going Concern

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).

Commentary

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 2024). 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.

Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:

- 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.

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.

continued overleaf

Other communication requirements (continued)

Going Concern

Commentary (continued)

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:

- 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.

On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:

- 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.

Other responsibilities

Issue	Commentary
Other information	<p>The Pension Fund is administered by the City of London Corporation (the ‘Corporation’), and the Pension Fund’s accounts form part of the Corporation’s financial statements. We are required to read any other information published alongside the Corporation’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 separate agenda item.</p>
Matters on which we report by exception	<p>We are required to give a separate consistency opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.</p> <p>The statutory deadline requires that the Pension Fund Annual Report is published by 1 December 2025. 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 ‘consistency’ opinion at this time. We anticipate being able to issue our ‘consistency’ opinion in the forthcoming weeks and ahead of the 1 December Annual Report deadline.</p> <p>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 their work on Whole of Government Accounts and 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 NAO Code. We have nothing to report on these matters.</p>

Audit adjustments

Adjusted misstatements

This is a summary of adjusted misstatements identified during the audit. We are required to report all non-trivial misstatements to those charged with governance. We have noted no adjusted misstatements which impact upon the balances reported in Net Assets Statements and Fund Account.

Disclosure misstatement	Auditor recommendations
<p>Note 17 - Funded Obligation of the Overall Pension Fund</p> <p>The discount rate reported in Barnett Waddingham’s IAS 26 report is 5.85%, whereas the draft 2024/25 Statement of Accounts (SOA) reflected a rate of 5.9%.</p>	<p>We recommend that management update the final version of the SOA to align with the IAS 26 report.</p> <p>Management response</p> <p>This update has been processed in the final version of the SOA</p>
<p>Note 23 - Contingent liabilities and contractual commitments</p> <p>In a case involving Virgin Media and NTL in June 2023, the High Court ruled that a lack of evidence of actuarial confirmation would render relevant amendments to affected contracted-out Defined Benefit pension schemes’ rules invalid and void. The Court of Appeal upheld the ruling in July, with potential far-reaching implications for many Defined Benefit schemes – including Local Government Pension Schemes.</p>	<p>We requested management reflect upon this matter as a potential contingent liability and update the Note 19 disclosure to reflect their judgement.</p> <p>Management response</p> <p>Management have deemed this to be a contingent liability and have agreed to update the disclosure in Note 19</p>
<p>Note 23 - Contingent liabilities and contractual commitments</p> <p>As part of our review of contractual commitments we noted a clerical error of £2.145m, which would result in the corrected balance being £61.8m.</p>	<p>We recommend that management update the final version of the SOA to reflect this.</p> <p>Management response</p> <p>This update has been processed in the final version of the SOA</p>
<p>Note 15 - Risk and risk management - Interest rate risk</p> <p>As part of our review of the financial statements we noted that the bond value differed to the amounts disclosed in Note 12 for both the current and prior period:</p> <p>2023/24 - £182.2m in Note 15 should have been £212.7m per Note 12</p> <p>2024/25 - £388.9m in Note 15 should have been £203.3m per Note 12</p>	<p>We recommend that management update the final version of the SOA to reflect this.</p> <p>Management response</p> <p>This update has been processed in the final version of the SOA</p>

Unadjusted misstatements

We are required to report all non-trivial misstatements to those charged with governance.

We have noted no unadjusted misstatements which impact upon the balances reported in Net Assets Statements and Fund Account.

Impact of unadjusted misstatements in prior year

There were no unadjusted misstatements identified in 2023/24 which required reporting as they would not 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.

Action plan

We have identified one recommendation for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2025/26 audit. The matters reported here are limited to those deficiencies that we have 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
1	● [Green]	<p>The most recent period in which the internal audit scope included areas attributable to the Pension Fund was 2019/20. The City of London Corporation has been investing in recent years to increase the capacity and resilience of internal audit, and as a result the service is now fully resourced.</p> <p>Whilst there is not a formal requirement for internal audit to undertake work on pensions arrangements at Administering Authorities, and practice is not consistent across the sector, we believe that it is best practice to include the Pension Fund within the scope of internal audit on a regular basis. The Fund may also wish to consider this in the wider light of Government’s expectations on governance arrangements following the ‘Fit for Future’ consultation.</p>	<p>Management and officers should consider adding the pension fund to the upcoming scope of internal audit.</p> <p>Management response</p> <p>Internal audit have built this into their programme of work for 2025/26, including a review planned for the LGPS Administration. The headline objective for this work will be to provide assurance that the governance , risk and control arrangements over administration of the Local Government Pension Scheme are adequate and effective.</p>

Assessment key:

- [Red] High – Significant effect on financial statements
- [Amber] Medium – Limited effect on financial statements
- [Green] Low – Best practice

Follow up of prior year recommendations

This is a summary of where we identified recommendations for the Pension Fund because of issues identified during the prior year audit, and an update on actions taken by management as a result.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1 →	<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>At the time of receiving the recommendation in the prior year, the ‘Systems Administrator’ post (which is responsible for this area of work) was still vacant and applicants to the role were being sought. The post was filled in late March 2025 and since this date the Pensions Office have been working to formally document the processes used to set up new users within the Altair system.</p>

Assessment:

- ✓ Action completed
- Work in progress / Partially addressed
- ✗ Not yet addressed

Follow up of prior year recommendations

This is a summary of where we identified recommendations for the Pension Fund because of issues identified during the prior year audit, and an update on actions taken by management as a result.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
2 →	<p>Journal authorisation timeliness</p> <p>During the 2023/24 audit, we noted that there was no defined timeline for sending follow-up emails for approvals or for receiving formal approval of journal entries.</p> <p>Risk</p> <p>Timeliness of journals authorisation enables the appropriate detection and correction of errors to be addressed in a timely manner.</p> <p>We recommended that a check on authorisations being undertaken is established.</p>	<p>The Pension Fund have implemented a monthly control process to monitor journal approvals during 2024/25.</p> <p>Each month, journals requiring approval by a designated approver are extracted from Oracle, and are then categorized into two groups:</p> <ul style="list-style-type: none">• Transactions below £100,000• Transactions above £100,000 <p>For transactions exceeding £100,000: a formal email is sent to the respective designated approver, with appropriate processes to escalate delays in review.</p> <p>For transactions below £100,000: No changes have been made to the control environment to address the risk of detection and correction of error in these entries within a timely manner.</p> <p>We recommend that a check on authorisations being undertaken is established for transactions below £100,000.</p>

Assessment:

- ✓ Action completed
- Work in progress / Partially addressed
- ✗ Not yet addressed

Independence considerations

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 disclose the following to you:

Matter	Conclusion
Our firm provides audit services to the London Collective Investment Vehicle (LCIV)	We have concluded that these services would not have an impact on our independence, on the basis that these entities are legally and operationally independent from this pension scheme. In addition, these services are being provided by a team which is separate and independent from our audit team. The result of their work would not have any impact in the financial statements that are subject to our audit. We have considered that an objective reasonable and informed third party would concur with this conclusion.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. In this context, we confirm that there are no such matters.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Independence considerations (continued)

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the 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 Fund or investments in the 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 Fund as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	Grant Thornton UK LLP have been appointed as the London CIV 's new auditor. The London CIV are a LGPS asset pool for which the City of London Corporation Pension Fund are one of the 32 Shareholders. We are satisfied that this does not impact upon our independence (see page 47). Grant Thornton UK LLP moved London Offices in July 2025. The new office is within the City Of London Corporation boundaries and business rates will be payable. As these are a statutory tax, we are satisfied that there is no impact upon our independence.
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 Fund's committees, 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.

Following this consideration, we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Fees and non-audit services

The following tables overleaf set out the total fees for non-audit services that we have been engaged to provide or charged from the beginning of the financial year to date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The non-audit services are consistent with the Fund's policy on the allotment of non-audit work to your auditor.

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

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to City of London Corporation Pension Fund. The table overleaf summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fee.

Our firm also provides audit and non-audit services to the City of London Corporation. The fees in relation to these services and the related ethical considerations are reported in the Audit Findings Report issued to Those Charged With Governance (TCWG) for that entity. Consequently, such fees are disclosed in the Corporation's financial statements rather than the Pension Fund's.

Audit related non-audit services	£	Threats identified	Safeguards applied
IAS 19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice	1,100	<p>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.</p> <p>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.</p>	The level of this recurring fee taken on its own is not considered a significant threat to independence as the total fee for this work is £1,100 in comparison to the total proposed fee for the audit of £95,000 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Other audit related Non-audit service	0		
Total	1,100		

We confirm 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.

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Appendices

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A. Communication of audit matters with 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 LP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Fund’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
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		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
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		●

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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, as a minimum a requirement exists for our findings to be distributed to all the company directors and 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 those charged with governance.

B. Internal controls

We confirm that we have not identified a deficiency or a significant deficiency in our evaluation of relevant controls for 2024/25.

Relevant controls are those that auditors believe may prevent, detect or correct a material misstatement.

We are satisfied that our audit findings in relation to IT, Journals below £100k and frequency of internal audit, do not constitute deficiencies to relevant controls, in line with the above definition.



“The purpose of an audit is for the auditor to express an opinion on the financial statements. Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance.” (ISA (UK) 265)

C. Our team and communications

Grant Thornton core team

Grant Patterson

Engagement Lead/
Key Audit Partner



Jasmine Kemp

Audit Manager



Ronojit Dasgupta

Audit Senior / In-charge



- Key contact for senior management and Audit and Risk Management Committee
- Overall quality assurance

- Audit planning
- Resource management
- Performance management reporting

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none">• Client Surveys	<ul style="list-style-type: none">• The Audit Plan• Audit Progress and Sector Update Reports• The Audit Findings• Auditor’s Annual Report	<ul style="list-style-type: none">• Audit planning meetings• Audit clearance meetings• Communication of issues log	<ul style="list-style-type: none">• Technical updates
Informal communications	<ul style="list-style-type: none">• Open channel for discussion		<ul style="list-style-type: none">• Communication of audit issues as they arise	<ul style="list-style-type: none">• Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

D. Logistics





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[Prepare on client letterhead**]**

Grant Thornton UK LLP
17th Floor
103 Colmore Row
Birmingham
B3 3AG

[Date] – {TO BE DATED SAME DATE AS DATE OF AUDIT OPINION}

Dear Grant Thornton UK LLP

**City of London Corporation Pension Fund
Financial Statements for the year ended 31 March 2025**

This representation letter is provided in connection with the audit of the financial statements of City of London Corporation Pension Fund ("the Fund") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Fund financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Fund's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include valuation of Level 2 and Level 3 investments. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition,

measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Fund has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- ix. We have considered the misclassification and disclosures changes schedule included in your Audit Findings Report. The financial statements have been amended for these misclassifications and disclosure changes and are free of material misstatements, including omissions.
- x. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xii. The prior period adjustments disclosed in note 15 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
- xiii. We have updated our going concern assessment. We continue to believe that the Fund's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that that:
 - a. the nature of the Fund means that, notwithstanding any intention to liquidate the Fund or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
 - b. the financial reporting framework permits the Fund to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Fund's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xiv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Fund from whom you determined it necessary to obtain audit evidence.

- xv. We have communicated to you all deficiencies in internal control of which management is aware.
- xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi. We have drawn to your attention all correspondence and notes of meetings with regulators.
- xxii. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.
- xxiii. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the Fund's Audit and Risk Management Committee at its meeting on **[**date**]**.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Fund

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City of London Corporation: City Fund

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Auditor's Annual Report
Year ending 31 March 2025

September 2025



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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 completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. 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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01 Introduction and context

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Introduction

This report brings together a summary of all the work we have undertaken for City of London Corporation – City Fund during 2024-25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of City Fund are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of City Fund as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Auditor's powers

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of a local authority has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State. They may also issue:

- Statutory recommendations to the Court of Common Council which must be considered publicly
- A Public Interest Report (PIR).

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether City Fund has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

Local government – context

Local government has remained under significant pressure in 2024-25

National

Past



Funding not meeting need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.

Present



Financial sustainability

Many councils continue to face significant financial challenges, including housing revenue account pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.

Future



Funding reform

The UK government plans to reform the system of funding for local government and introduce multi-annual settlements. The state of national public finances means that overall funding pressures are likely to continue for many councils.



External audit backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.



Reorganisation and devolution

Many councils in England will be impacted by reorganisation and/or devolution, creating capacity and other challenges in meeting business as usual service delivery.

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Local

The City of London Corporation is the governing body of the Square Mile. It is home to 8,600 residents, with the population increasing to approximately 678,000, daily, with workers in the City. City Fund is one of three main functions managed by the Corporation and plays a central role in supporting the Corporation’s statutory functions as the local authority for the Square Mile. City Fund operates under an Executive decision-making model, which oversees the formation of all major policies, strategies and plans and, as such, City Fund’s formal decision-making and governance structure constitutes the Court of Common Council, the primary decision-making body supported by a range of committees supporting specific activities. The Corporation has 100 common City Councillors who are elected every four years, by both residents and businesses. The most recent elections were in March 2025. No single party is in overall control, the majority of Councillors (83 in total), are independent candidates.

It is within this context that we set out our commentary on the Council’s value for money arrangements in 2024-25.

02 Executive summary

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Executive summary – our assessment of value for money arrangements

Our overall summary of our value for money assessment of City Fund’s arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023-24 Assessment of arrangements	2024-25 Risk assessment	2024-25 Assessment of arrangements
Financial sustainability	A No significant weaknesses identified but improvement recommendations raised.	No risks of significant weakness identified.	R A significant weakness identified in arrangements in relation to the HRA Reserve Balance and a key recommendation made. We also raised one new improvement recommendation, with one prior year improvement recommendation still to be fully addressed.
Governance	A No significant weaknesses identified but improvement recommendations raised.	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, no new improvement recommendations raised. One improvement recommendation from prior year still to be fully addressed.
Improving economy, efficiency and effectiveness	A No significant weaknesses identified but improvement recommendations raised.	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified. We have raised one new improvement recommendation.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made or unaddressed from prior year.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made or unaddressed from prior year.

Executive summary

We set out below the key findings from our commentary on City Fund's arrangements in respect of value for money.



Financial sustainability

In respect of the general fund, City Fund continues to display a strong financial track record, having underspent by £23.4m in 2024-25 based on the draft outturn position. This allowed City Fund to contribute to, and continue to, strengthen its reserves position. A balanced budget was set for 2025-26, with a further £30.3m contribution to reserves.

Financial gaps exist in the medium-term, however the resilience built up in the reserves position is sufficient to temporarily support the gaps, allowing time for City Fund to identify a solution over the course of the Medium-Term Financial Plan (MTFP).

The HRA reserves position is critically low at £0.034m at the end of 2024-25, due to an in-year deficit position greater than last year, and contrary to the budgeted surplus position. Due to the significance of this matter, we raised a key recommendation which has been accepted by Management. We include further detail on pages 17 and 20.



Governance

In 2024-25, City Fund carried out reviews of risk management and procurement addressing our previous recommendations, effectively. However, the improvement recommendation raised in the prior year, on complaints data, remains unresolved. Internal audit activity increased and is planned to increase further in the next financial year; however further effort is needed by the organisation to manage Internal Audit recommendations. The Head of Internal Audit's view is that City Fund has a generally effective overall control environment. No issues related to breaches of legislation or professional standards were identified.

Budget setting, budget monitoring and decision-making processes remain consistent with the prior year and continue to be appropriate. We have not identified any specific opportunities for improvement. Overall, governance arrangements are effective.



Improving economy, efficiency and effectiveness

City Fund introduced performance reporting aligned with its Corporate Plan, though some data gaps remain. While prior recommendations on performance management and procurement were addressed, we make an improvement recommendation around frequency of performance reporting.

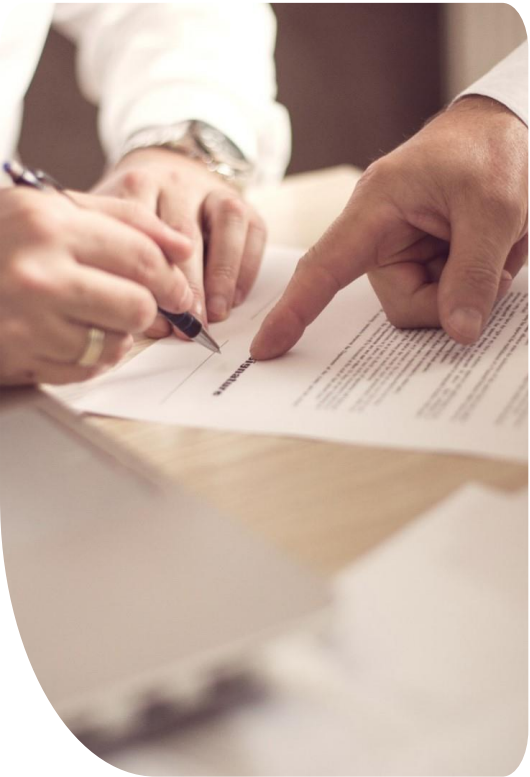
Complaints remain low and an Ofsted inspection of Children's Social Care Services and Early Help took place in September 2024. The Corporation retained their 'Outstanding' rating.

In last year's AAR there was an Improvement recommendation that City Fund should seek to improve arrangements in relation to HRA capital and repairs by undertaking a 'lessons learned' exercise on slippage on Sydenham Hill and York Way projects. City Fund expect to do this in December 2025 and recognises that large projects like the Barbican renewal pose risks. Overall, arrangements in this area are appropriate.

Executive summary – auditor’s other responsibilities

This page summarises our opinion on City Fund’s financial statements and sets out whether we have used any of the other powers available to us as City Fund’s auditors.

Auditor’s responsibility	2024-25 outcome
Opinion on the financial statements	Upon completion of our audit of your financial statements, we anticipate issuing an unqualified audit opinion following the Audit and Risk Management Committee meeting on 15 September 2025. Our findings from the audit are included in our Audit Findings Report, as a separate agenda item.
Use of auditor’s powers	<p>We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.</p> <p>We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.</p>



03 Opinion on the financial statements and use of auditor's powers

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Opinion on the financial statements

These pages set out the key findings from our audit of City Fund's financial statements, and whether we have used any of the other powers available to us as City Fund's auditors.

Audit opinion on the financial statements

We plan to issue an unqualified opinion on City Fund's financial statements following the Audit and Risk Management Committee meeting on 15 September 2025. The full opinion will be included in City Fund's Annual Report for 2024-25, which can be obtained from the City of London Corporation's website.

Grant Thornton provides an independent opinion on whether City Fund's financial statements:

- give a true and fair view of the financial position of City Fund as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of City Fund in accordance with applicable ethical requirements, including the Financial Reporting City Fund's Ethical Standard.

Findings from the audit of the financial statements

City Fund provided draft accounts on 30 June 2025, in line with the national deadline of 30 June 2025.

Draft financial statements were of a good standard and supported by detailed working papers.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to City Fund's Audit and Risk Management Committee on 15 September 2025. Requests for this Audit Findings Report should be directed to the City of London Corporation.

Opinion on the pension fund statements (1)

These pages set out the key findings from our audit of the pension fund financial statements, and whether we have used any of the other powers available to us as City Fund's auditors.

Audit opinion on the financial statements

We plan to issue an unqualified opinion on the Pension Fund's financial statements following the Audit and Risk Management Committee meeting on 15 September 2025.

Consistency report on the financial statements within the Pension Fund Annual Report

The Pension Fund is required to publish its Annual Report by 1 December 2025. We issue an auditor's consistency report which includes our opinion that the 2024/25 Pension Fund financial statements within the Pension Fund Annual Report are consistent, in all material aspects, with those within the audited administering authority's Financial Statements.

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 'consistency' opinion at this time. We anticipate being able to issue our 'consistency' opinion in the forthcoming weeks and ahead of the 1 December Annual Report deadline.

Grant Thornton provides an independent opinion on whether the Pension Fund's financial statements:

- 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 2025 and of the amount and disposition at that date of the fund's assets and liabilities; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK); the Code of Audit Practice (2024) published by the National Audit Office; and applicable law. We are independent of the Pension Fund in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the Pension Fund financial statements

The Pension Fund provided draft accounts in line with the national deadline.

Draft financial statements were of a reasonable standard and supported by detailed working papers.

Opinion on the pension fund statements (2)

Audit Findings Report

We report the detailed findings from our Pension Fund audit in our Audit Findings Report. A final version of our report was presented to the Audit and Risk Management Committee meeting on 15 September. Requests for this Audit Findings Report should be directed to the City of London Corporation.

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Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.



04 Value for money commentary on arrangements

Page 143

Value for money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All local authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether City Fund has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

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Financial sustainability

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



Improving economy, efficiency and effectiveness

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

Financial sustainability – commentary on arrangements (1)

We considered how City Fund: **Commentary on arrangements**

Rating

Identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

City Fund reported a draft outturn £23.4m underspend for 2024-25, continuing its strong financial track record with regards to the general fund. The position is predominantly due to non-recurring factors, such as higher-than-expected interest on cash balances, therefore these areas are not relied upon within the 2025-26 budget. The outturn position allowed central contingencies of £12m, that were set aside within the budget for unexpected risks, to be transferred to reserves.

City Fund set a balanced budget for 2025-26 which seeks to maintain a healthy balance of reserves. This includes an unallocated general fund reserve of £20m, the minimum balance that has been set for several years. Following the net usage of earmarked reserves for the purposes they have been set aside for, City Fund expects to hold total usable revenue reserves of £283.4m at the end of 2025-26. In context, this is greater than the net revenue budget of £227.7m, for 2025-26, and therefore considered to be a strong position. Assumptions made within the budget, across key income and expenditure streams, are observed to be appropriate based on best available information at the time of setting the budget. The budget monitoring process allows for these to be kept under review and updated through the annual budget setting and Medium-Term Financial Plan (MTFP) process.

While City Fund is projected to achieve a balanced budget in 2025-26 with a £30.3m contribution to reserves, the MTFP estimates that 2026-27 onwards, will fall into a deficit of £59.3m over the remaining 3 years of the MTFP. At this stage it is anticipated that the position may need to be managed through reserves; however, City Fund has built the reserves up over several years and the balances are adequate to support the position temporarily as alternative solutions are identified. The MTFP currently, prudently, assumes a worst-case scenario in respect of sector wide uncertainties in business rate reforms, and the potential impact on funding from this key source.

Unlike the general fund position, the HRA position is significantly more challenged, due to a decline in the position since we raised an improvement recommendation on the HRA balance in the prior year. We have identified a significant weakness in arrangements to achieve budgetary control of the HRA and raised a key recommendation – further details are provided on page 20.

Red
Significant weaknesses in arrangements identified and key recommendation made in relation to HRA position

Financial sustainability – commentary on arrangements (2)

We considered how City Fund: **Commentary on arrangements**

Rating

<div>plans to bridge its funding gaps and identify achievable savings</div> <div>Page 146</div>	<p>City Fund is in the early stages of developing a Transformation Programme aligned with the Fantastic Five Years vision. Several prior year savings programmes are in existence and continue to run, these include the Fundamental Review Savings, Target Operating Model (TOM)/12% savings programmes and Resources and Priorities Refresh Programme (RPR). At the time of setting the budget in February 2025, £4.4m of savings from these programme were still unidentified over the MTFP, of which £2.8m savings were planned to be achieved in 2025-26, and £1.6m in 2026/27. Therefore, to respond to the risk surrounding the MTFP deficit outlook and unidentified savings the Corporation has sought to overhaul its approach by introducing the Transformation Programme. The Corporation will be supported by a Strategic Partner, with expertise in this area, in developing and delivering the phased programme. Identification of an appropriate partner is in progress. Plans for internal governance arrangements to monitor the programme are already in place.</p> <p>Overall, arrangements are in their infancy but demonstrate evidence of the Corporation seeking to take alternative actions to respond to emerging financial pressures, adapting rather than relying on savings from existing sources. In light of newly established arrangements our improvement recommendation from the prior year is no longer relevant – further details provided in relation to prior year IR4 on page 42.</p>	<div>Green</div> <div>No significant weaknesses or improvement recommendations</div>
<div>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</div>	<p>The 2025-26 net expenditure budget is £227.7m, compared to a 2024-25 revised net budget of £185.9m, a £41.8m or 22% increase. The increase can predominantly be attributed to inflationary pressures, however growth and investment is observed in specific services where financial pressures are observed. This includes investment in adult social care and children services, homelessness, health & safety officers, and internal audit capacity. There are early indications within the budget that officers and Members may consider reprioritising resources, or reviewing activities undertaken in the future. These discussions are at a very early stages and the current budget and MTFP continues to support a full range of services. City Fund is seeking to place maximising of income generation and delivery of savings at the forefront of its plans to protect its services for as long as possible. The investment observed in the 2025-26 budget is strongly aligned to the corporate objective of 'Providing Excellent Services' within the Corporate Plan 2024-29.</p>	<div>Green</div> <div>No significant weaknesses or improvement recommendations</div>

Financial sustainability – commentary on arrangements (3)

We considered how City Fund: **Commentary on arrangements**

Rating

<p>ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>City Fund’s financial planning and investment decisions align to the Corporate Plan 2024-29. Other relevant strategies to financial planning decisions include those related to people, climate change, capital and asset management. Climate plans are well developed and established with an overarching Strategy to achieve net zero objectives, between 2020-2027, supported by annual action plans to break this down into specific tasks. The implications are considered within the annual budget, capital programme and MTFP. Strategies in relation to people and asset management are less developed and there is an opportunity to improve the pace of development to ensure that these strategies can be incorporated into financial and non-financial decision-making, in the same way the Climate Strategy is. We raise a new improvement recommendation in relation to the Asset Management Strategy on page 21. Our improvement recommendation in relation to the People Strategy from the prior year remains open, with further details on IR8 (2023-24) page 44.</p> <p>City Fund’s capital programme, underpinned by the Capital Strategy, continues to be challenged. The BAU programme has slippage of £86.9m and the major projects programme has slippage of £64m, £150.9m overall or 33.8% of the budgeted capital programme for 2024-25. The specific projects and causal factors behind the slippage are well understood and articulated within budget monitoring information. To manage the emerging position no new capital proposals were solicited as part of the 2025-26 process, with the programme made up of existing projects. This is supported by £7m held in contingency from 2026-27, maintained each year to provide some small headroom for critical requests to address any unforeseen pressures and a review and re-prioritisation process for all schemes, which aims to ensure the programme remains affordable without reliance on external borrowing. City Fund continues to work towards key priorities via ongoing funding of the Cyclical Works Programme and Barbican Centre to ensure it can aim to maintain appropriate standards with the estate, including housing.</p>	<p>Amber</p> <p>No significant weaknesses, improvement recommendation made</p>
<p>identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans</p>	<p>Risks identified within the budget are appropriate to the nature of City Fund’s activities, and key challenges in the sector, with no omissions. Importantly, mitigating actions being taken to address risks are clearly articulated to Members. City Fund has made efforts to improve the information presented to Members, providing numerical context to some of these risks where information is available, this responds to a prior year recommendation. The budget continues to include stress-testing and scenario planning on key income assumptions. City Fund has placed specific focus on modelling the impact of transitional relief under potential business rate reforms, resulting in prudent scenario presentation to allow the budget to plan effectively for this imminent, but uncertain, event.</p>	<p>Green</p> <p>No significant weaknesses or improvement recommendations</p>

Financial sustainability – key recommendation

Significant weakness identified in relation to financial sustainability

Key finding: In 2023-24 we highlighted the HRA Reserve position as an area for improvement due to the low balance held in context of planned expenditure. However, although the balance was low, it was considered stable. HRA plans for 2024-25 sought to improve the reserve position, by setting a budget that forecast a surplus for the year and increased the reserve position, with medium-term plans building up the reserve over 4 years. However, the HRA has not performed in line with expectation, which has seen a deterioration in the already vulnerable reserve position. With the position no longer being stable, a significant weakness in arrangements to achieve budgetary control of the HRA reserve has been identified.

Evidence: The 2023-24 position confirmed that the HRA Reserve was low in the context of the actual expenditure on the HRA Account (£0.309m, which was 2% of expenditure). However, the HRA Reserve remained stable over several years and was forecast to increase over the medium-term. The original 2024-25 budget for the HRA was an in-year surplus of £0.144m, taking the year-end reserve balance to £0.445m. Instead, the HRA deficit of £0.275m for 2024-25, reduces the HRA Reserve balance to £0.034m. The 2025-26 budget is set to produce a small surplus, increasing the reserve by £0.42m. The position is extremely vulnerable to even small variances from assumptions made around variable and volatile line items within the budget. For example, repairs and maintenance expenditure is expected this to be £0.212m less than the 2024-25 actual expenditure, if expenditure costs follow prior year trends then the HRA Reserve would be diminished.

City Fund has recognised the risk within its Risk Register, where it is red-rated, and reported on regularly to Members, as well as through separate Member briefings. A comprehensive review of the HRA has been undertaken in developing a new 10-year plan. This does plan for recovery of the position over the period, however it is based on assumptions relating to rent-generating units which are yet to be completed. This has been an area of under-performance in recent years, contributing to the current position.

Impact: Reserves are a finite resource which enable the HRA to protect itself against future uncertainties, risks and unexpected events. Without sufficient reserves City Fund's HRA is not able to remain financially sustainable, it is required to remain in balance or surplus by Statute.

Key recommendation 1

KR1: City Fund must take immediate and urgent actions to secure the future sustainability of the HRA Reserve by seeking to control costs, maximise income, and reassess assumptions, particularly in relation to estimates for repairs and maintenance costs, to ensure they remain realistic. Costs exceeding budget and income less than forecast have the potential to diminish HRA reserves. The current position of City Fund's HRA balance is considered critical.

Financial sustainability – improvement recommendation

Area for improvement identified: Identifying and delivering recurrent savings

Key finding: For the Housing Strategy to effectively progress its repairs and improvements to the housing stock, City Fund is developing an Asset Management Strategy. A Housing Strategy and supporting action plan is in place, laying the foundations. However, the Asset Management Strategy, which aims to provide a fully costed 5-year plan for the required works, is not yet developed or implemented.

Evidence: We are assured, through our discussions with officers, that the development of the Strategy is in progress, but yet to be finalised. Given the vulnerable nature of the HRA Reserve position we feel that pace and priority is required to finalise the Strategy. We would expect arrangements to include a fully costed supporting annual plan and monitoring arrangements.

Impact: A lack of fully costed Asset Management Strategy, as pertains to the HRA, could lead to unanticipated emergency repairs and maintenance costs in the medium-term, which have been a significant pressure on the HRA Reserve over several years.

Improvement recommendation 1

IR1: Given the vulnerable nature of the HRA Reserve position we feel that pace and priority is required to finalise the Asset Management Strategy. We would expect this to be supported by a fully costed annual plan and robust monitoring arrangements.

Grant Thornton insights – learning from others

City Fund has the arrangements we would expect to see in respect of its budget setting processes, but could challenge itself to go further, based on the best arrangements we see across the sector.



What City Fund is already doing

- City Fund clearly articulates assumptions made in relation to key income and expenditure streams including pay inflation, non-pay inflation, Council Tax increases and impact of business rate reforms. The assumptions made are reasonable based on best available information.
- Reporting provides capital programme monitoring which informs Members of capital performance at organisational level (City Fund), service level and committee level, with supporting narrative on some key projects.



What others do well

- Present a full suite of assumptions, in relation to key funding streams, namely Council Tax and business rates. Including non-financial assumptions that can impact the budget.
- The most effective capital monitoring arrangements we see breakdown the programme by individual scheme. Including information on individual scheme budgets, budget revisions, in-year slippage and future outlook. This information then allows specific issues to be identified and targeted actions taken.



City Fund could consider

- Articulating the assumptions made regarding collection rates, on council tax and business rates, within the budget setting information. The benefit of this would be to provide Members with a full suite of information, and opportunity to challenge, across all relevant assumptions related to key funding streams within the budget.
- More detailed monitoring of capital projects at individual scheme level to reflect the emerging pressure and magnitude of the programme. individual budgets, budget revisions, in-year slippage and future outlook. Major Projects alone total £1.1bn over the life of the Capital Programme and have experienced slippage over recent years.

Governance – commentary on arrangements (1)

We considered how City Fund: **Commentary on arrangements**

Rating

How the Corporation monitors and assesses risk and how City Fund gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

City Fund’s risk management approach is overseen by the Audit and Risk Management Committee. During 2024-25 there was extensive activity in this area as a new Risk Management Strategy and Policy were agreed, and regular reporting to Committee continued. This reporting showed alignment with the issues in the organisation and evidence of regular review. The new activity around the Strategy and Policy meant that our improvement recommendations from 2023-24 regarding this area are now discharged.

Internal Audit delivered 611 days of work, an increase from 425 in 2023-24. The Corporation increased resources in the Internal Audit plan and anticipates delivering a higher level of days in 2025-26. We made an improvement recommendation last year around Internal Audit resource and the decision to increase Internal Audit resources mean that the recommendation is discharged.

The Head of Internal Audit’s view is that City Fund has a general effective overall control environment, however within this several ‘limited assurance’ rated reviews were raised (10 of 24 overall). Discussions with Internal Audit confirm that in many cases improvements, in line with the recommendations, have already been made. In general, the areas receiving these ratings are stand alone operations and have not impacted the Corporation-wide opinion on the control environment. Consistency in the application of controls was a common theme within these reviews.

There has been progress in the implementation of Internal Audit recommendations, from 92 at the end of 2024-25 to 65 at June 2025, though City Fund needs to recognise that, given there will be more audit work completed, this could result in more recommendations requiring additional efforts to respond to, alongside existing recommendations.

City Fund has an Anti-Fraud and Corruption Strategy, which is due to be updated later in the year in line with City Fund’s response to a 2023-24 improvement recommendation. There is regular detailed reporting on this to the Audit and Risk Management Committee. For the first half of 2024-25 42 investigations were completed compared to 34 in the same period in the previous year. Social housing tenancy fraud has the highest notional value. The team also reviewed right to buy housing application fraud, blue badge fraud, corporate investigations, council tax investigations and whistle blowing disclosures. This represents active and wide-ranging arrangements.

Overall, the Corporation effectively monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. However, improvement recommendation from last year is retained as we have not seen evidence of progress in relation to improving data for complaints monitoring, refer to prior year IR15 (2023-24) page 48.

Amber
No significant weaknesses, improvement recommendations unaddressed from prior year

Governance – commentary on arrangements (2)

We considered how City Fund: **Commentary on arrangements**

Rating

approaches and carries out its annual budget setting process	<p>The budget setting process for 2025-26 remains consistent with the prior year. We identified no recommendations or opportunities for improvement in the prior year, owing to the well-established and robust process in place and this remains the case for the 2025-26 process. The budget setting process includes adequate time for, and comprehensive engagement with, budget holders, Members, the public and other appropriate stakeholders. This is predominantly achieved through the Star Chambers process, as well ‘deep dive sessions’ between Finance and service teams, Executive Leadership Board (ELB) workshops, Policy and Resources Committee away days and reviews by Efficiency and Performance Working Party (EPWP). Each of these adds a layer of challenge and scrutiny, focussed on ensuring the robustness of the budget proposed for the year ahead.</p>	<p>Green</p> <p>No significant weaknesses or improvement recommendations</p>
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	<p>Financial performance continues to be monitored sufficiently regularly (at least quarterly) through a variety of channels including Chief Officer monthly meetings, departmental and service committees, the Resources Allocation Sub-Committee and Finance Committee. The information is presented in sufficient detail for Members and officers to understand key pressures, causes and subsequent actions to respond. As such, the information allows Members to effectively hold individual departments to account as required. A protocol is in place to ensure that any year-end overspends by department are met within following year budgets, unless an exception is approved by the Chairs of the Policy and Resources and Finance Committees. A similar protocol applies to carrying forward year-end underspends.</p> <p>There is sufficient skill and capacity within the Finance team to support the financial reporting, budget setting and audit processes. The team is fully staffed within their structure, having focussed on recruitment over several years. All staff are permanent members of the team who are experienced in theses processes.</p> <p>City Fund report on Treasury Management in line with the CIPFA Code on Treasury Management, this includes an annual Treasury Management Strategy and Investment Plan, a mid-year report on Treasury Management activity and an annual report on Treasury Management performance. Our discussions with officers identified a discrepancy between the Financial Regulations within the Constitution and the Treasury Management Strategy. The relevant section of the Financial Regulations sets out that the Finance Committee does not receive the regular monitoring, where as the Strategy expects this. The Council therefore intend to update the working within the Strategy so the two align going forward.</p>	<p>Green</p> <p>No significant weaknesses or improvement recommendations</p>

Governance – commentary on arrangements (3)

We considered how City Fund: **Commentary on arrangements**

Rating

<p>ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee</p>	<p>City Fund has appropriate arrangements in place to ensure that Members making decisions have the necessary information. Reports show background to decisions and why decisions are required and give details on implications.</p> <p>The Audit and Risk Management Committee has a key part in City Fund’s governance approach. It meets regularly and covers external and internal audit, risk management, counter fraud and approval of City Fund and City’s Estate Statements of Accounts. Member input and engagement is high and there are independent members (i.e. people who are not elected Members of the Corporation). The Committee has an annual report which looks at the range of the Committees activities which was reported to Committee and to the Court of Common Council in 2024-25. The report included a review of the Committees effectiveness which highlighted some improvements that could be made in training of and support to members, which are being taken forwards and addressed in 2025-26.</p> <p>City Fund ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance. No recommendations have been raised in this area.</p>	<p>Green</p> <p>No significant weaknesses or improvement recommendations</p>
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Governance – commentary on arrangements (4)

We considered how City Fund: **Commentary on arrangements**

Rating

City Fund monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour

City Fund has arrangements in place to report significant changes in government policy and legislation to Members via reports to its Committees and Member training, the latter of which has been enhanced. The organisation has reviewed processes around standards of Member behaviour with the result being implementation of a new process for reviewing complaints and training.

In 2024-25 the Corporation published an independent review of member behaviour, carried out by the Local Government Association (LGA) in late 2023. This found no generalised problem but suggested a series of positive actions, several of which have already been taken. During the year the Panel of Independent Persons and the Member Development and Standards Committee consider standards and investigations. In October 2024, the Court of Common Council received a report, the first of what is intended to be an annual process, on the activity of the Panel of Independent Persons which included an update on their work on standards complaints. The Panel received 11 complaints in the 14-month period the report covers. Given that the Corporation has 125 Members this is not a high number of complaints. A number of the complaints related to behaviour, which the actions following from the LGA review will be seeking to improve.

In 2024-25 two procurement improvement recommendations were made relating to maximising compliance with the new Procurement Act 2023 and updating internal procurements policies. During 2024-25 City Fund carried out a Strategic Procurement Review which identified that the approach should be more strategic and creative, with greater consideration of risk, consistency in contract management, clarity in roles and responsibilities between the central Commercial Services team and the departments and simplifying complex governance arrangements to reduce delays. City Fund is taking action on each of these recommendations, with some already delivered, and will also shortly be producing a revised version of the Procurement Code, which contributes to delivering the required improvements. An addendum to the existing Code has been in place to ensure that City Fund is compliant with the new Act, which came into effect in February 2025, while the Code is revised in full. The two improvement recommendations are discharged, as a result of the work undertaken to date.

City Fund monitors and ensures appropriate standards around legislative, regulatory requirements and Member behaviour. Overall, arrangements are effective, and therefore no recommendations have been raised in this area.

Green
No significant weaknesses or improvement recommendations

Improving economy, efficiency and effectiveness – commentary on arrangements (1)

We considered how City Fund: **Commentary on arrangements**

Rating

<div>Page 155</div> <div>uses financial and performance information to assess performance to identify areas for improvement</div>	<p>City Fund introduced new reporting to Members showing performance against indicators from the Corporate Plan, with a view to evolving techniques and metrics over time, making iterative improvements. There are a small number of indicators where data is missing but, nevertheless, the changes made to date discharge the improvement recommendation made in 2022-23 – that City Fund should draw upon existing expertise, software and tools in developing its Performance Management Framework to ensure good practice can be replicated to City Fund-wide approach (IR24 page 51). We have raised a narrower improvement recommendation, based on the updated arrangements that reporting should be made to Members with greater frequency than the current planned schedule of annual reporting, refer to page 30. We recognise that officers do receive information frequently and that the extension of this to Members is part of the iterative improvement work that City Fund seeks to achieve.</p> <p>In line with the position reported in our work last year City Fund is focussing on improving data quality. It has a new Digital, Data and Technology Strategy and also recognised the practical improvements it can make, for example with actions to carry out data cleansing and improve data integrity as part of the Housing Strategy.</p> <p>City Fund has arrangements to use information to assess performance and identify improvement areas – around fees and charges as part of the Transformation Programme, and in the early discussions on budget changes in City Fund’s Star Chamber. City Fund’s view is that in many situations the organisation sits as an outlier due to its low population, but where appropriate benchmarking information is being utilised.</p> <p>Overall, City Fund is using financial and performance information to assess performance and to identify areas for improvement effectively.</p>	<div>Amber</div> <div>No significant weaknesses, improvement recommendations made</div>
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Improving economy, efficiency and effectiveness – commentary on arrangements (2)

We considered how City Fund: **Commentary on arrangements**

Rating

<p>evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>City Fund has a good record in low numbers and good outcomes from complaints raised through the Ombudsman's service. There were two complaints in 2024-25 and one was upheld. This is below the median measured by population for local authorities.</p> <p>An Ofsted inspection of Children’s Social Care Services and Early Help took place in September 2024 and the Corporation retained its outstanding rating.</p> <p>City Fund set itself a series of actions in relation to its Housing Service and is largely making progress on these, having delivered 9 of the 11 tasks set out, the main exceptions being the items related to data quality where we provide insight on the previous page.</p> <p>City Fund evaluates the services it provides to assess performance and identify areas for improvement effectively. No specific recommendations are made in relation to this area.</p>	<p>Green</p> <p>No significant weaknesses or improvement recommendations</p>
<p>ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives</p>	<p>City Fund plans and carries out its work with partners, includes partnering with the Greater London Authority to build the new London museum; working with banks and the Home Office on cyber fraud; and working with health policing and neighbouring authorities in supporting vulnerable people and engages in depth with local businesses on its budget and resource allocation. These are monitored and governed through the Corporate Plan monitoring process and the Corporation’s committee governance processes. For residents, City Fund held a series of City Queston Times and produced information showing how it has responded to points raised at these events.</p> <p>As an example of arrangements with partners, City Fund reviewed how its partnerships with Business Improvement Districts (BID) have worked, given there has been some time elapsed since the BIDs were set up. City Fund identified some improvements in the partnerships such as reporting back against success criteria, clearer understanding of roles, and better co-ordination. The actions taken included setting up a strategic Board and quarterly lunches, a BID representative on the Corporations Destination City Advisory Board and an offer of administrative support to BID chairs</p> <p>City Fund ensures it delivers its role within significant partnerships and engages with stakeholders it has identified in order to assess whether it is meeting its objectives effectively. No recommendations have been raised in this area.</p>	<p>Green</p> <p>No significant weaknesses or improvement recommendations</p>

Improving economy, efficiency and effectiveness – commentary on arrangements (3)

We considered how City Fund: **Commentary on arrangements**

Rating

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commissions or procures services, assessing whether it is realising the expected benefits

City Fund has completed the majority of the identified actions designed to improve its procurement strategies and operations during 2024-25 and will complete implementation of the remainder in 2025-26. These actions arose, in part, from our 2023-24 improvement recommendation to standardise contract management arrangements to maximise compliance, transparency and efficiency. City Fund’s Strategic Procurement Review identified work it intends to carry out to improve this, and the new model of working is being consulted on internally. On the basis that this work is near completion this improvement recommendation is closed.

A 2023-24 improvement recommendation was raised that City Fund should seek to improve arrangements in relation to HRA capital and repairs by undertaking a ‘lessons learned, exercise on slippage on Sydenham Hill and York Way projects. City Fund expects to do this in December 2025 as part of a standard project management approach.

City Fund has major projects such as the Barbican renewal programme, estimated at £230m, and has an awareness of the risks that come with uncommon projects, such as this. These were clearly articulated to Members at the point of approval of the programme budget and included consideration of the financial impact of closure of the centre and the focus on sustaining, or generating income workstreams, meaning the project may not make a surplus. Several elements of the project are still being finalised as the 10-year plan for the operating model for the centre is in progress. This will provide a firmer basis for future decisions and as it progresses City Fund will need to consider, and plan for, common issues that can occur with large and complex projects, learning lessons from similar projects at the Corporation and other local authorities.

Overall, City Fund commissions and procures services effectively. No recommendations have been raised in this area.

Green
No significant weaknesses or improvement recommendations

Improving economy, efficiency and effectiveness – improvement recommendation

Area for improvement: performance reporting

Key finding: City Fund can enhance the impact of performance information by providing more information to Members in-year.

Evidence: City Fund produced an extensive set of measures of performance which it intends to publish annually to show performance against the Corporate Plan. During the year officers receive and use performance information to manage the operations of City Fund, in line with delegated authorities. Because the information to Members will be published annually this may mean public accountability of Members for some performance issues may not be as effective as it could be. It is recommended that selected indicators are reported to Members in-year.

Impact: Member accountability for the overall management of City Fund performance is weakened while this is not being reported.

Improvement recommendation 2

IR2: City Fund should report selected performance indicators to Members at a public decision-making meeting in-year.

Pension Fund (1)

City Fund is the administering authority for the City of London Pension Fund. As part of our VfM work we are required to consider City Fund’s arrangements in respect of the Pension Fund.

We considered how City Fund: **Commentary on arrangements**

Rating

Page 159	Financial sustainability: sufficiency of funds to meet liabilities	<p>The Pension Fund is revalued every three years by an independent actuary, to assess future liabilities and set employers’ contribution rates. The most recent formal valuation, as at 31 March 2022, assessed the whole Pension Fund as having a £35m deficit, meaning its liabilities were 98% funded by the assets held. The Fund’s Funding Strategy Statement compels it to adjust the level of required employer to fund the deficit over a maximum period of 11 years. Based on the initial 2022 valuation employer contribution rates were 18.5%, current contribution rates derived are 21%. These 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. Therefore, plans are in place to respond to the estimated position.</p>	Amber No significant weaknesses, improvement recommendations made
	Governance: appropriateness of governance arrangements	<p>The Fund’s governance arrangements consist of a Pensions Committee and Local Government Pensions Board. The Pensions Committee has delegated responsibility to manage the Pension Fund and is the decision-making body and they support the Local Government Pensions Board in their role to ensure compliance with LGPS regulations and legislation and to ensure the effective and efficient governance and administration of the Fund. The two meet sufficiently regularly, the Committee quarterly and the Board bi-annually in 2024-25. Standing agenda items and ad hoc reports cover a range of issues in relation to risk, performance and compliance.</p> <p>The Administration Team achieved 90% or more, against its KPI targets, for the full 2024-25 period. Risks are appropriately mitigated or managed, and this is clearly articulated through the Pension Fund risk registers, where following mitigating actions taken no risks are considered to be red-rated by the Fund.</p> <p>The Government published its ‘Fit for Future’ consultation response in May 2025. This confirmed that funds should have all their assets under pool management by 31 March 2026. Regular updates are being provided to the Pensions Committee, this includes information on the planned development of a Pooling Transition Plan, however there is currently no formalised plan in place to achieve 100% pooling of pension investment assets by the required date. As at July 2025 56% of investment are managed by the London CIV Pool, or other pooled management arrangements, with an additional outstanding 4% commitment to the LCIV Renewable Infrastructure Fund. This is an increase from 31 March 2024, where only 36% of funds were managed under pooled arrangements.</p>	

Pension Fund (2)



Pension Fund Pooling

Some London Authority Funds are around 60-70% pooled at the same date, therefore with the additional 4% commitment outstanding the City of London Pension Fund is aligned. However, there are still a significant proportion of assets to transfer in a short period of time. The Pension Fund will need to move at pace to achieve this. The requirements are part of a Bill, and are not yet written into statute, therefore any legal and regulatory consequences of failing to achieve the deadline are currently uncertain.

We considered how City Fund: Commentary on arrangements

Rating

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Improving economy, efficiency and effectiveness: annual report findings

We considered arrangements for implementing some key work streams and the impact on the Fund Administration teams. For 2024-25 these include:

- **Implementing the McCloud remedy** – Implementation requires lots of complex calculations so could potentially impact heavily on administration teams. Updates are brought to the Pension Committee via the Pensions Administrators’ update. The latest update at July 2025 confirms that the Fund is well-progressed with implementing the remedy and has a plan for continuing to do so on a systematic basis. Further updates are planned to the Committee as the implementation progresses.
- **Preparing for the Pensions Dashboard** – The department for Work and Pensions (DWP) designed an online platform (Pensions Dashboard), public sector schemes are required to be connected by October 2025. Updates on progress are also provided via the Pensions Administrators’ update. The Pensions Office have appointed an Integrated Service Provider (ISP) to allow connection to the national digital architecture and testing of the system is currently underway. Therefore, the Fund is on track to achieve connection by the target date.
- **Preparing and maintaining a Funding Strategy Statement** – In January 2025 the SAB, CIPFA and MHCLG produced “Guidance for Preparing and maintaining a Funding Strategy Statement (FSS)”. The Fund met with their actuary in July 2025 to discuss the new FSS requirements with them. The FSS will be updated as part of the 2025 valuation process. Therefore, a planned timeline is in place to implement the requirements.

Amber
No significant weaknesses, improvement recommendations made

05 Summary of value for money recommendations raised in 2024-25

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Key recommendation raised in 2024-25

Page 162
R1

Key recommendation	Relates to	Management actions
City Fund must take immediate and urgent actions to secure the future sustainability of the HRA Reserve by seeking to control costs, maximise income, and reassess assumptions, particularly in relation to estimates for repairs and maintenance costs, to ensure they remain realistic. Costs exceeding budget and income less than forecast have the potential to diminish HRA reserves. The current position of City Fund’s HRA balance is considered critical.	Financial sustainability	<p>Actions: The Housing Revenue Account is at a pivotal point, needing decisive changes to ensure its sustainability and effective delivery.</p> <p>Revised capital financing plans have reduced borrowing needs, giving around £1.1m in annual headroom by Year 3. This extra capacity will help rebuild reserve balances as well as support health & safety posts over the next three years.</p> <p>The HRA's delivery model is being reassessed to ensure it remains efficient and adaptable.</p> <p>Stronger monitoring is being introduced for housing unit delivery, with enhanced reporting and accountability to meet targets and quickly address issues.</p> <p>Given previous weaknesses, new measures are being implemented to enhance budget oversight, including real-time tracking, early warnings, clear escalation, and empowering managers to stop or adjust spending if necessary.</p> <p>Together, these steps aim to strengthen the HRA’s financial resilience, improve delivery, and ensure robust oversight going forward.</p> <p>Responsible Officer: Peta Caine</p> <p>Due Date: June 2026</p>

Improvement recommendations raised in 2024-25

	Recommendation	Relates to	Management actions
Page 163	IR1 Given the vulnerable nature of the HRA Reserve position we feel that pace and priority is required to finalise the Asset Management Strategy. We would expect this to be supported by a fully costed annual plan and robust monitoring arrangements.	Financial sustainability	Actions: The Asset Management Strategy will be finalised once the results of the current stock condition survey are received and reviewed at the end of this financial year 2025/26. Responsible Officer: Director of Housing Due Date: June 2026
	IR2 City Fund should report selected performance indicators to Members at a public decision-making meeting in-year.	3Es	Actions: Reporting of performance measures already takes place through a number of mechanisms to service committees, grand committees and the Court of Common Council, via departmental and institutional Business Plans, Annual Governance Statement (City Fund) and major projects and portfolios, all of which will include City Fund components. We adhere to the rules in terms of what is and isn't reported in public. Reporting is set to increase as greater scrutiny is being rolled out e.g. in-year reporting of BPs to Committees which will increase the reporting already taking place. The approach is part of an ongoing process to improve performance management across the organisation, ensuring we do not reinforce siloes, increase bureaucracy and/or reporting burden. As a result, the reporting mechanisms are part of our existing governance and activities rather than having City Fund Performance reporting in isolation, and we believe that the current arrangements already meet the intent of the recommendation. Responsible Officer: Corporate Strategy Team, Barbara Hook Due Date: Already in Place

06 Appendices

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Appendix A: Responsibilities of City Fund

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

City Fund's Chamberlain is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chamberlain is required to comply with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. In preparing the financial statements, the Chamberlain is responsible for assessing City Fund's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by City Fund will no longer be provided.

City Fund is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of City Fund’s value for money arrangements.

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of City Fund’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.



A range of different recommendations can be raised by City Fund’s auditors as follows:

Statutory recommendations – recommendations to City Fund under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by City Fund where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in City Fund’s arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment	
Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Court of Common Council or relevant committees
Interviews and discussions with key stakeholders	External review such as by the LGA, CIPFA, or Local Government Ombudsman
Progress with implementing recommendations	Regulatory inspections such as from Ofsted and CQC
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of prior year improvement recommendations (1)

	Prior recommendation	Raised	Progress	Current position	Further action
Page 167	IR1 City Fund should, in collaboration with Members, review business rate assumptions to ensure they are realistic in the medium-term.	2023-24	City Fund has undertaken scenario planning and included details of the analysis within the budget setting information, specifically in relation to the impact of potential transitional relief and business rates reforms. The approved budget and MTFP assumes a worst-case scenario, that no support will be received, and so financial planning is undertaken on a cautious and prudent basis in order to effectively plan for future financial sustainability.	Recommendation addressed	No
	IR2 City Fund should review its assumptions in relation to the Barbican Capital and Cyclical Works Programme to ensure that it is affordable in the medium-term. Prior to embarking on any additional works included in the financial planning City Fund will need to address Internal Audit's concerns around controls in the repairs programme.	2023-24	<p>The first phase of the Barbican Renewal Programme is included within City Fund's Capital Programme. These works total £307m (including an estimate for risk). City Fund is only able to fund the first stage of the Barbican Renewal and this initial phase of the works was approved by the Court of Common Council on 5 December 2024, with the project due to start in 2025-26. When Members approved the decision to invest in the first phase of Barbican centre renewal works, they included a condition to bring back a 10-year plan. This is in development and will be a key mechanism for determining funding of later phases of the programme.</p> <p>Sustainable funding for cyclical works has been incorporated into future years from 2028-29, as approved by Court of Common Council on 7 March 2024. This approach is designed to prevent similar challenges to those at the Barbican Centre, where a substantial amount of funding has been required with immediacy, to address critical repairs and upgrades. As such lessons have been learned and applied to future works. Members were informed that capital programmes have been reduced to accommodate the budgeting of the ongoing Cyclical Works Programme.</p>	Recommendation addressed	No

Appendix C: Follow up of prior year improvement recommendations (2)

Prior recommendation		Raised	Progress	Current position	Further action
Page 168 IR3	City Fund should review its HRA assumptions to ensure the medium-term outlook is realistic and sustainable. Detailed analysis of demand, total cost and unit cost factors would be useful in supporting this review. The review should specifically consider estimates around capital, repairs and income. In reviewing the repairs element of the HRA City Fund has the opportunity to identify successful examples elsewhere in the sector and apply to their own challenges.	2023-24	We reviewed the assumptions made within the 2025-26 HRA budget and although they are deemed reasonable based on the available information at the time of setting the budget, the fragile position of the HRA Reserve balance means the assumptions, and the emerging position, will need to be kept under close review, as the position is vulnerable to even the smallest variances from expectation. A significant weakness in arrangements as a result of the position has been identified and the need to keep assumptions under review incorporated into the Key Recommendation associated with this weakness.	Recommendation superseded	See our Key Recommendation KR1 (page 20)
	Following internal and external Housing Service and HRA reviews City Fund should develop detailed action plans to progress recommendations and monitor these effectively to completion.		A new 10-year HRA forecast has been developed which includes the results consultancy work to review of the full cost of Golden Lane Estate improvements, as well as latest estimates of wider estate renewal costs.		

Appendix C: Follow up of prior year improvement recommendations (3)

Prior recommendation		Raised	Progress	Current position	Further action
Page 169 IR4	As City Fund continues to develop savings via the RPR process and Project Management System procurement it should seek to improve arrangements by:				
	<ul style="list-style-type: none">Analysing the ability of the RPR to fully mitigate gaps in the MTFP and present this to Members.Develop a savings monitoring framework to effectively track savings delivery via the RPR and present this to Members alongside budget monitoring.Producing a cost-benefit analysis of the proposed Project Management System, considering savings it could feasibly deliver in the RPR and MTFP.	2023-24	<p>The previous 12% savings target, Fundamental Savings Review and RPR Programmes are being amalgamated and replaced with the Transformation Programme therefore this recommendation is somewhat superseded.</p> <p>City Fund is in the process of seeking a Strategic Business Partner to support all aspects of the Transformation Programme and has set out the proposed governance process of monitoring the Programme. Therefore, progress has been made towards improving the savings programme itself, although delivery and monitoring remains in a transition period. We will review the new arrangements for effectiveness in 2025-26, once established and embedding.</p>	Recommendation superseded	Not for 2024-25. We will review this area as part of our 2025-26 work when new arrangements are implemented.

Appendix C: Follow up of prior year improvement recommendations (4)

Prior recommendation		Raised	Progress	Current position	Further action
IR5	City Fund should develop a Delivery Framework to support the Housing Strategy to ensure its aims can be successfully delivered, operationally. The Framework should include clear actions, responsible individuals, to metrics to measure success of outcomes and a framework for monitoring performance.	2023-24	Supporting Action Plan for 2025-26 is developed, it includes clear Action, Milestones, Timescales, Responsible Officer Lead, Expected Outcomes and KPIs to measure success. We are yet to observe monitoring of the plan taking place, however as the plan relates to 2025-26 this is to be expected. We will keep a watching brief to ensure those arrangements are in place in our 2025-26 work.	Recommendation addressed	No
	City Fund should undertake detailed analysis of the causal demand, unit cost, total cost and supply side factors impacting social care and present these to Members to inform the response to mitigating the pressures being observed.		Reporting should reflect risk, overall City Fund's outturn position is a positive position, of underspend, therefore we are satisfied that the level of reporting does not require additional detail, especially in this area. However, despite limited detailed reporting it is clear that City Fund has undertaken analysis in both Adult and Children's Social Care, Commissioning Overview Reports for both areas were presented to Community and Children's Committee in November 2024. The reports focus on Commissioning and Quality Assurance (QA) arrangements which includes analysis of demand, costs and the nature of the individual services and contracts. Each report results in an action plan which will now need to be effectively monitored, this has not yet been observed at the Committee, we might expect this to be undertaken every 6-12 months and so will keep a watching brief in 2025-26.		

Appendix C: Follow up of prior year improvement recommendations (5)

		Prior recommendation	Raised	Progress	Current position	Further action
Page 171	IR7	City Fund should undertake targeted research into appropriate temporary accommodation solutions which respond to demand, supply and cost factors causing pressures in this service	2023-24	The Emergency & Temporary Accommodation Placements – Stage 1 Strategy Report and Stage 2 Award Report went to Finance Committee, P&P Sub Committee, HRS Sub-Committee and Court Of Common Council in June 2024. Although no further research has been undertaken the actions taken to date and the underspends in the budget have been sufficient to ensure that the financial position, overall, has not been compromised by pressures in this area.	Recommendation addressed	No
	IR8	City Fund should ensure the People Strategy is completed in full so it can begin to embed. It is important a People Plan is developed to translate the strategic objectives into tangible actions to achieve them. A framework will be required to ensure progress of the actions within the Plan are effectively monitored.	2023-24	The most up to date version of the Strategy obtained continues to be from March 2024, therefore no changes observed since prior year work. There remains an opportunity to complete the Strategy. In addition, we are yet to identify a supporting plan (similar to those observed for the Climate and Housing Strategies).	Recommendation not addressed	To review again in 2025/26

Appendix C: Follow up of prior year improvement recommendations (6)

	Prior recommendation	Raised	Progress	Current position	Further action
Page 172 IR9	City Fund consider reviewing its investment portfolio across long- and short-term instruments to balance liquidity with securing higher returns to protect the medium-term financial position.	2023-24	City Fund continues to follow CIPFA's Treasury Management Code of Practise which prioritises security and liquidity over yield. The Treasury Management Strategy allows for investments up to three years, and during 2024-25 City Fund entered into a two-year fixed term deal at competitive rates (when the Bank Base Rate stood at 5.25%). City Fund confirms that the capital values of the bond funds – particularly the short-dated bond funds – can be volatile over the short-term but they are expected to produce higher returns over the longer-term. Therefore, City Fund deliberately allocates a small portion of the overall portfolio to these investments – an amount that can sustainably be invested over the medium-term. Whilst officers will continue to look for suitable opportunities to invest over the longer-term, the primary objectives will remain the security and liquidity, to meet the funding needs of the City Fund over the short to medium-term. Therefore, we are satisfied that City Fund has kept the position under review and taken decisions in line with its strategy to balance its priorities/objectives.	Recommendation addressed	No
	City Fund should seek to improve arrangements in relation to HRA capital and repairs by undertaking a 'lessons learned, exercise on slippage on Sydenham Hill and New York Way projects. In addition, it should review current capital and repairs reserve forecasts for optimism bias and affordability.	2023-24	City Fund awaits completion of York Way project in quarter 4 of the financial year 2025-26 to undertake this review.	Recommendation not addressed (but not yet due)	To review again in 2025/26

Appendix C: Follow up of prior year improvement recommendations (7)

Page 173

	Prior recommendation	Raised	Progress	Current position	Further action
IR11	City Fund should prioritise the renewal of the Anti-Fraud and Corruption Strategy in 2024-25.	2023-24	City Fund have reported to the July 2025 Audit and Risk Management Committee on the new strategy. This set the vision and four strategic pillars, which are foundations to the Strategy, which is being revised. The Strategy is expected to cover the period 2025-2028 and respond to the failure to prevent offences that become statute on 01 September 2025, under the Economic Crime & Corporate Transparency Act 2023. Although the Strategy has not yet been fully developed, we acknowledge the progress made, the point remains open to be re-reviewed in 2025/26 .	Recommendation in progress	To review again in 2025/26
IR12	City Fund should engage Internal Audit to undertake a comprehensive review of risk management arrangements following changes made in 2023-24 and 2024-25. This proactive step will ensure that risk management processes are robust and effective across City Fund, aligning with best practices and promoting a culture of strong risk governance	2023-24	Internal Audit produced a thematic report on Risk Management giving ‘Limited Assurance’. However, the Head of Internal Audit confirmed that this conclusion reflected the earlier part of the 2024-25 year and that subsequent action has been taken, via updates to the Strategy, Policy and Risk Appetite, which responds to their concerns in the latter half of the year.	Recommendation addressed	No

Appendix C: Follow up of prior year improvement recommendations (8)

	Prior recommendation	Raised	Progress	Current position	Further action
IR13	City Fund should undertake more frequent monitoring of the progress of recommendations from the Zurich review of risk management arrangements at the Audit & Risk Management Committee until they are fully completed	2023-24	Risk Management Strategy, Policy and Risk Appetite have all been updated, together with ongoing reports on Risk Management being taken to the Audit and Risk Committee. These actioned the recommendations from the Zurich review and therefore discharges the recommendation effectively.	Recommendation addressed	No
IR14	<p>To ensure that decision makers are provided with appropriate assurances from Internal Audit the below is required:</p> <p>1. continued close monitoring of resourcing via the Internal Audit Dashboard and liaison with officers and Members should further challenges emerge.</p> <p>2. additional investment to continue to build resilience into the team and ensure delivery is maintained in the short-term, and aspirations of growth deliverable in the medium-term.</p> <p>3. development of formalised 3-year Strategic Audit Plan, which will be aided by continued training and recruitment at Senior Auditor level.</p>	2023-24	The 2024-25 audit plan delivered 611 days, up from 425 in the prior year. Resources are committed to increase this number further in 2025-26. The Strategic Audit Plan has been produced.	Recommendation addressed	No

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Appendix C: Follow up of prior year improvement recommendations (9)

Prior recommendation		Raised	Progress	Current position	Further action
IR15 R16	City Fund should improve capacity, processes and systems within the Governance and Member Services department to ensure consistency and availability of complaints handling performance data.	2023-24	As at November 2024 a report was submitted to the officer Senior Leadership Team to consider proposals to improve the design of complaints management processes, including enhanced resourcing arrangements. No further update has been provided and we have not been made aware of any further data issues in this area.	Recommendation unaddressed	To review again in 2025/26
	City Fund should maximise the possibility of compliance with the new Procurement Act 2023 and updated internal procurements policies, by developing targeted formalised training in respect of these documents.	2023-24	City Fund carried out training and intends to do further training as part of business-as-usual operations.	Recommendation addressed	No

Appendix C: Follow up of prior year improvement recommendations (10)

Prior recommendation		Raised	Progress	Current position	Further action	
Page 176	IR17	City Fund should establish clear and well-defined processes for staff to follow when procuring or commissioning services, in particular when dealing with waivers. This should include the documentation of standardised procurement processes, incorporating clear guidelines for waivers	2023-24	A Strategic Procurement Review was undertaken which identified improvements to be made, many of which are being implemented via the new Procurement Code, reflecting the change in legislation which came into effect at the end of February 2025.	Recommendation addressed	No
	IR18	City Fund should seek to standardise contract management arrangements, policies and procedures across the organisation to maximise compliance, transparency and efficiency	2023-24	Arrangements to respond to IR17 are also relevant here – A Strategic Procurement Review was undertaken which identified improvements to be made, many of which are being implemented via the new Procurement Code, reflecting the change in legislation which came into effect at the end of February 2025.	Recommendation addressed	No

Appendix C: Follow up of prior year improvement recommendations (11)

		Prior recommendation	Raised	Progress	Current position	Further action
Page 177	IR19	City Fund should update the budget setting process to provide additional detail to Members, specifically in relation to assumptions and risks. (including quantification of risks, ensuring completeness of risks and collection rate assumptions for Council Tax and Business Rates estimates)	2022-23	<p>We have not identified information in relation to collection rate assumptions within the budget for 2025-26. Given there is no specific financial sustainability risk identified in our work we closed this recommendation and included as an insight (page 22) as a consideration for the future, should the financial risk profile of City Fund change.</p> <p>City Fund has made efforts to improve the information presented to Members related to budget risk, providing numerical context to some of the risks identified where information is available. We have noted that the risks identified appear to be complete, with no obvious omissions.</p>	Partially addressed	No – should financial risk profile of City Fund change this can be reconsidered
	IR20	City Fund should review its arrangements for monitoring the HRA including reviewing performance more frequently, more detailed information provided to Members regarding performance and monitoring consistently undertaken by the most relevant committee.	2022-23	Members have been made aware of the risks to the HRA through regular Risk Register updates to Finance Committee and Community and Children's Committee, a separate Members Briefing in September 2024, an update on the 10-year plan at the Policy and Resources Committee away day in July 2025 and followed by reports to the relevant Committees in the autumn. In addition to this a Power BI dashboard has been developed relating to Major Housing Projects, the reporting covers financial and non-financial performance at project level. These are being reported to the Housing Management and Almhouses Sub-Committee on a quarterly basis.	Recommendation addressed	No

Appendix C: Follow up of prior year improvement recommendations (12)

	Prior recommendation	Raised	Progress	Current position	Further action
IR21	Improve efficiency in the HRA Capital Programme by shifting focus of repairs and maintenance programme to more proactive and pre-planned approach.	2022-23	Updates from officers confirm that a stock condition survey has been commissioned and a draft 10-year investment plan developed, subject to funding being identified. We have still identified a reliance on emergency repairs, which has been a factor in the significant weakness observed in the HRA Reserve position.	Recommendation now superseded and encompassed in our Key Recommendation KR1	See Key Recommendation KR1 (page 20)
Page 178 IR22	<p>City Fund should continue to review and make iterative improvements to its Risk Management Strategy including:</p> <ul style="list-style-type: none"> Mapping risks within the Corporate Risk Register to objectives within the Corporate Plan. Understanding the cause of risks being carried above City Fund's risk appetite, reviewing the risk appetite itself to ensure it remains realistic and/or implementing additional mitigations to reduce risk levels. Reviewing risks to ensure completeness, notably consideration of the risks associated with the ERP system implementation. 	2022-23	During 2024-25 a new Risk Management Strategy 2024-2029 was endorsed, a supporting Risk Management Policy updated and agreed, and a revised approach to risk appetite devised, with a draft risk appetite statement taken to Court of Common Council in May 2025 for approval. Corporate risks have been examined through the lens of the Corporate Plan outcomes – this also factored into the work on risk appetite. The Chief Officer Risk Management Group (CORMG) continues to meet regularly to discuss and review risk management in the City of London Corporation, including corporate and new and emerging risks. We confirmed that ERP implementation is in the appropriate risk register, no further omissions have been noted.	Recommendation addressed	No

Appendix C: Follow up of prior year improvement recommendations (13)

	Prior recommendation	Raised	Progress	Current position	Further action
Page 179	<p>IR23 Internal Audit</p> <p>1. Working with Internal Audit to develop a formal action plan and tracker, overseen by Members, to formally monitor the progress of outstanding recommendations.</p> <p>2. Reviewing the issues raised in reviews rated 'limited assurance' to determine if the findings are more pervasive than the individual services they relate to.</p>	2022-23	<p>1. This is now reported consistently as part quarterly Internal Audit Updates to Audit and Risk Committee.</p> <p>2. Internal Audit produced thematic reports to provide the relevant information to Members and officers.</p>	Recommendation addressed	No
	<p>IR24 City Fund should draw upon existing expertise, software and tools in developing its Performance Management Framework to ensure good practice can be replicated to City Fund-wide approach. Notable good practice already in use in a specific area of the organisation is the Power Bi Dashboard mechanism used to monitor climate change performance.</p>	2022-23	City Fund has begun producing PI information which is reported to Members.	Recommendation now superseded by IR2	See Improvement Recommendation IR1 (page 21)
	<p>IR25 City Fund should review its unit cost benchmarking position to determine if there is potential for efficiencies within these service blocks, or if they are comfortable with the comparative unit costs due to variations in statistical nearest neighbours' priorities, as part of their acknowledged interest in the greater use of benchmarking.</p>	2022-23	City Fund uses benchmarking data in fees and charges as part of the Transformation Programme, and in the Star Chambers process, where applicable. Sources used include LG Inform.	Recommendation addressed	No



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**THE CITY OF LONDON
CORPORATION**

**Statement of Accounts
for the City Fund**

**Year Ended
31 March 2025**

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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.

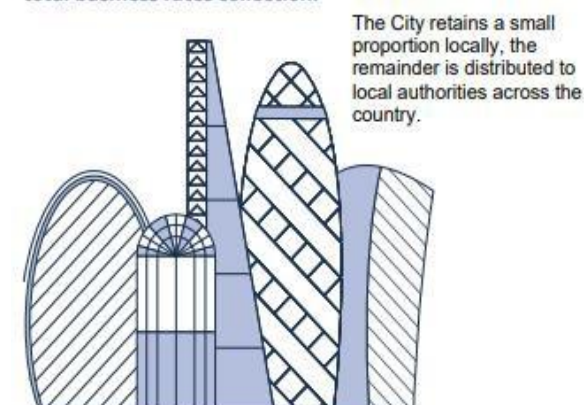
The City Corporation manages two funds, City Fund and City's Estate, and is the sole trustee of City Bridge Foundation, a 900-year old charity which owns and manages five Thames crossings- Tower, London, Southwark, Millennium and Blackfriars Bridges- at zero cost to the taxpayer. The funding arm of City Bridge Foundation distributes funds surplus to bridge requirements and is London's largest independent charitable funder. 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 678,300 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.**



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 2025-2030
- 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 Strategy 2024-2029
- Equality Objectives 2024-2029
- Policing Plan 2025-2028
- Safer City Partnership 2022-2025
- Social Mobility Strategy 2018-2028
- Transport Strategy 2024-2044

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 2024-25 is shown 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 2024-25 this was set at 1.8p 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

- Renewed and refreshed Artistic Vision
- In depth audience research that informs programming, Comms and Brand refresh
- Delivered over 4,000 events across the Centre with over 1m visitors
- The Barbican Centre Creative Collaboration department has worked with 32 schools and 1,300 students

Chamberlain's department

- 60% of construction suppliers are now SMEs
- Over 35,000 requests and incidents resolved by the DITS team

Community and Children's Services

- Children's Services rated 'Outstanding' for a second time, 'providing excellent outcomes for children'.
- Ranked 1st in peer group for Adult Social Care Quality of Life and Carers satisfaction.
- The offer to care leavers has been strengthened with all living in suitable accommodation and in permanent accommodation by the age of 25.

- Libraries contribute to health and wellbeing, with 93% of users reporting a positive impact and 90% of people who attended Dragon Cade's mental wellbeing sessions saying it improved their mental health.

Environment

- Progressed the City Plan 2040 through the next stages of development
- Published the SME Delivery Strategy and Circular Economy Framework
- Gained approval for a new Air Quality Strategy and a revised Transport Strategy
- Licensing Team refreshed and published several policies which will support businesses, including SMEs, to thrive in the City, while maintaining a balanced approach for our residents.

Comptroller & City Solicitors

- Parliamentary elections delivered effectively without challenge in compliance with statutory requirements.
- LEXCEL (Law Society quality assurance standard) re-accreditation secured successfully

Corporate Communications

- Engagement with the resident community has been expended, and in 2024 saw 550 signups to the four City Question Time events and a physical resident newsletter going to all 6,800 doorsteps being reintroduced.
- Achieved the highest voter registration for City elections in a decade, the highest ever under the current legal framework

Further information

- The City Corporation publishes a progress report setting out the performance against the Corporate Plan 2024-29. Further detail can be found at the following link.

[Corporate Plan 24-29 Preliminary Progress Report](#)

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.

During the first year of the Risk Management Strategy 2024-2029, a new Risk Management Policy was agreed by Members and a new Risk Appetite Statement developed (this was subsequently agreed by the Court of Common Council in May 2025). The focus for FY2025/26 will be on socialising and embedding this new approach within the City Corporation, to assist us in the delivery of our strategic outcomes.

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)	29
FTE trade union representative	29

Total pay bill and facility time costs 2024-25

Total City of London pay bill	£230.1m
Total cost of facility time	£124k
Percentage of pay spend on facility time	0.05%

Percentage of working hours spend on facility time by union representative	No. of People
0% of working hours	23
1% to 50% of working hours	3
51% to 99% of working hours	0
100% of working hours	3
Total	29

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 with 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. During 2024/25 approval was also given to proceed with the first phase of the Barbican Renewal works. 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 remains significant uncertainty in the economic outlook linked to inflation and interest rates. Despite recent stabilization long-term projections continue to 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 is likely to shift resources away from London. Its implementation has been delayed and recent consultation documentation indicates metrics which takes funding away from London and the City Corporation in particular. We are awaiting confirmation from the Government on their implementation plans and extent of transitional funding.
- **Business Rates** – the planned reset and redistribution of Business Rate income expected for 2026/27 presents a significant risk to the City Corporation as this is a major source of funding for City Fund activity. The proposals consulted on have the potential to significantly impact the amounts retained by the City Corporation, and the timing of Business Rate revaluations and splits in multipliers only increases the uncertainty. Further detail is expected over the Summer of 2025, but this leaves little time to react to changes for 2026/27 budgets.

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. However, projected deficits from 2026-27 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.

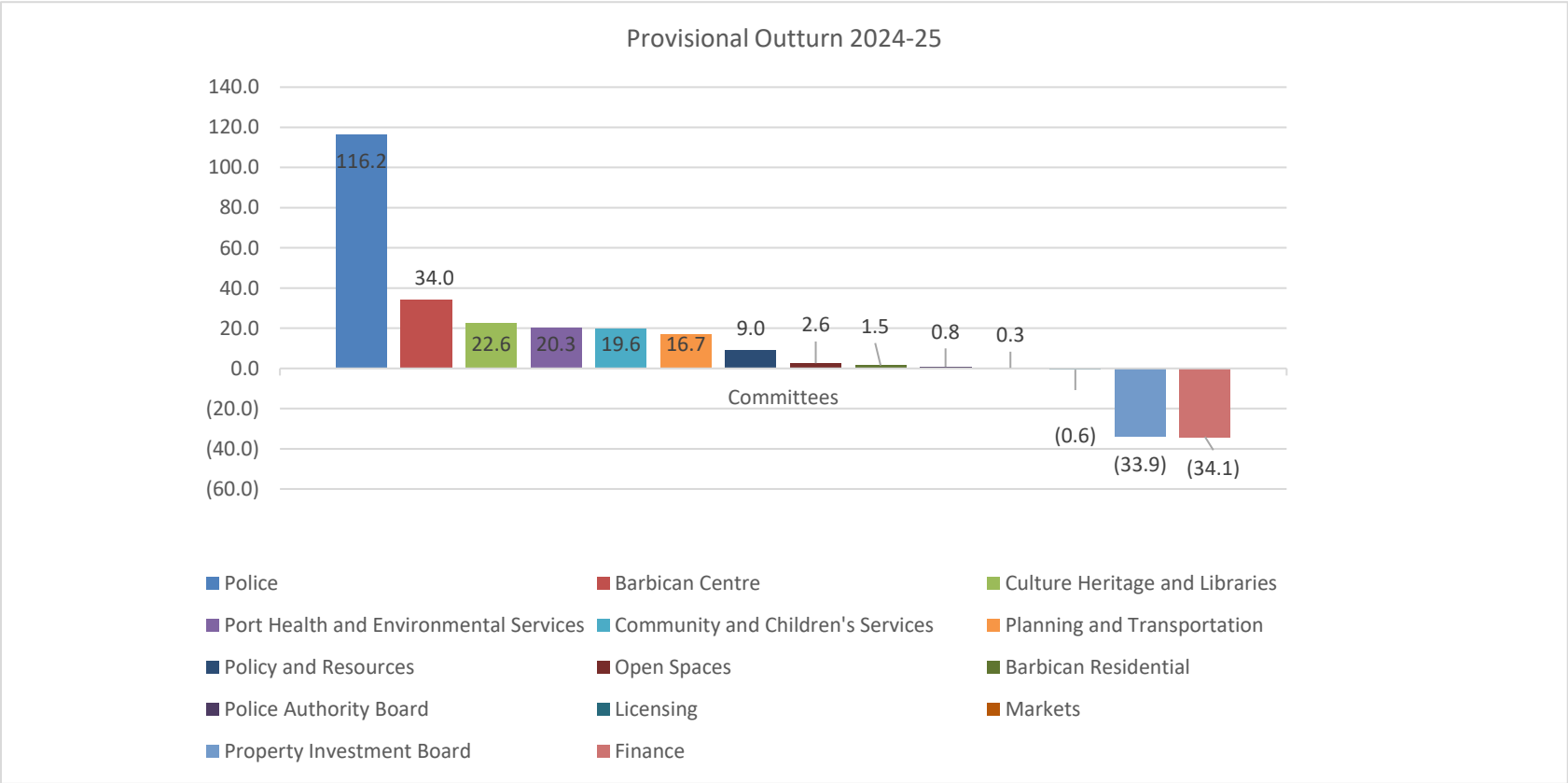
City Fund Medium Term Forecast	25/26	26/27	27/28	28/29
Surplus/(Deficit)	£m	£m	£m	£m
City Fund position including Police deficit	30.4	(9.2)	(26.1)	(22.5)
General Fund Reserve – working capital	20.0	20.0	20.0	20.0
Major Project Financing Reserve	125.9	81.3	37.9	8.4
Cyclical Works Programme Reserve	49.0	32.4	21.2	0.0
Climate Action Reserve	13.0	12.5	12.5	12.5

2024-25 FINANCIAL SUMMARY

Revenue Budget

Our budget for 2024-25 was agreed by the Court of Common Council (the City Corporation’s primary decision-making body) in March 2024 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 2024-25 was set at 1.8p 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 24-25 revenue outturn.



Budget Outturn

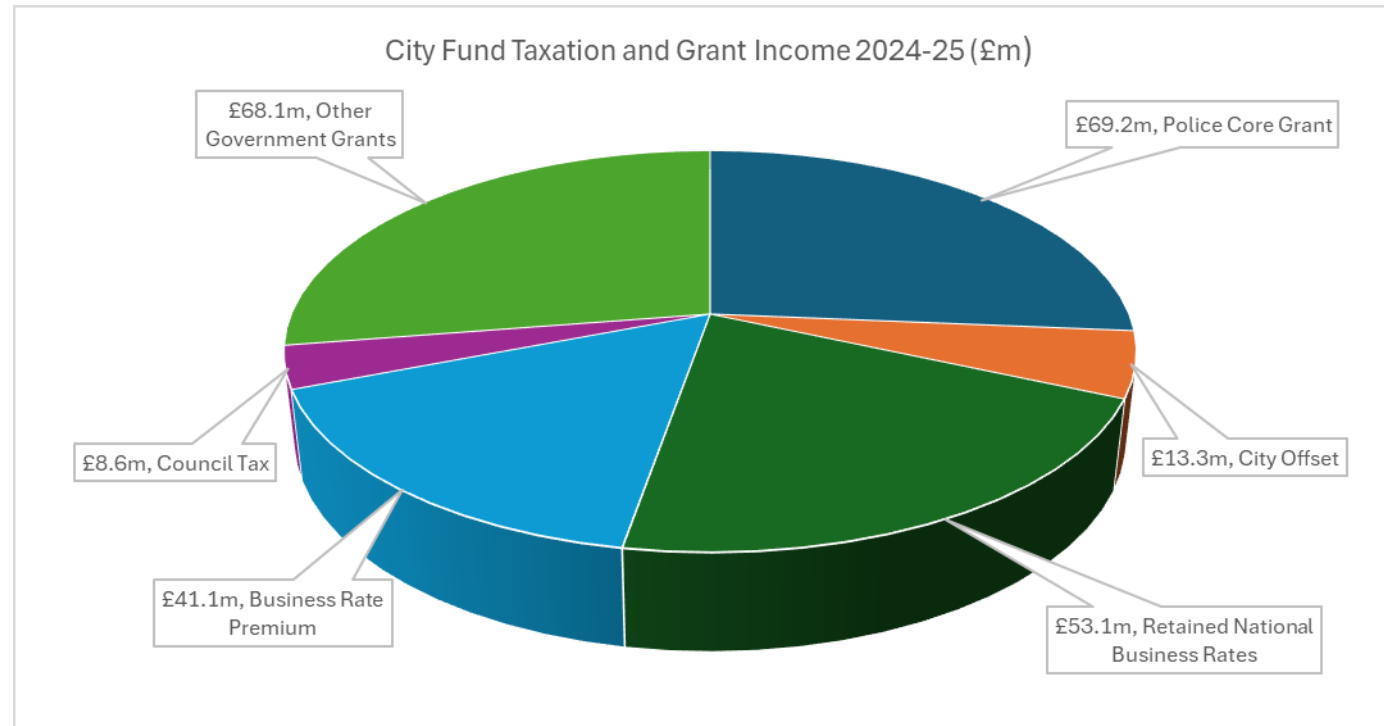
The adjacent table compares each committee outturn to its final budget for 2024-25. Taking into account service expenditure and funding from taxation and grants, the City Fund recorded a £23.4m underspend for the year. The most material variance and the reason for this is:

Finance - Interest received on cash balances exceeded the budget by £19.4m largely due to the rephasing of capital and major project expenditure.

2023-24	2024-25 Budget v Outturn - City Fund Summary by Committee			
Outturn		Budget	Provisional Outturn	Variance (Better)/Worse
	Net Expenditure (Income)			
£m		£m	£m	£m
29.4	Barbican Centre	29.7	34.0	4.3
1.8	Barbican Residential	4.1	1.5	(2.6)
18.3	Community and Children's Services	19.0	19.6	0.6
22.4	Culture Heritage and Libraries	22.6	22.6	0.0
(61.2)	Finance	(8.6)	(34.1)	(25.5)
0.2	Licensing	0.4	0.3	(0.1)
(0.1)	Markets	0.3	(0.6)	(0.9)
2.0	Open Spaces	2.3	2.6	0.3
15.4	Planning and Transportation	19.3	16.7	(2.6)
103.8	Police	116.3	116.2	(0.1)
0.7	Police Authority Board	1.0	0.8	(0.2)
8.1	Policy and Resources	8.8	9.0	0.2
18.5	Port Health and Environmental Services	17.7	20.3	2.6
(36.1)	Property Investment Board	(34.5)	(33.9)	0.6
123.2	City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves	198.4	175.0	(23.4)

Funding from taxation and grants

A breakdown of the City Fund taxation and grants income for 2024-25 can be seen in the chart below:



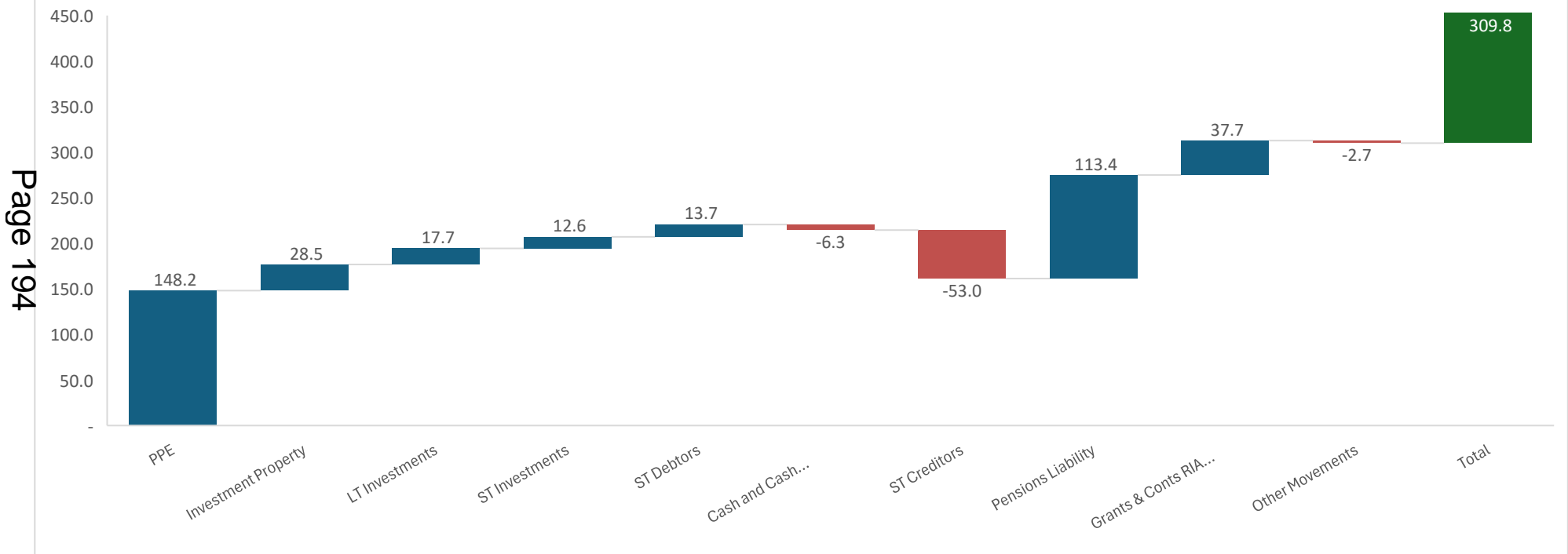
Please note the figures shown here do not take account of statutory accounting adjustments and reserve movements. These may differ to those presented in the main accounts.

Balance Sheet

The City Corporation maintains a strong balance sheet position with net assets totalling £2,398.4m at year end. The key movements which have contributed to an overall balance sheet increase of £309.8m compared to the previous year are shown below. For more detail on these movements please refer to the following notes to the accounts: Cash and Cash Equivalents – Notes 32-35, 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.

2024-25 Balance Sheet Movement

■ Increase ■ Decrease ■ Total



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 2025. 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 2024-25, 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 2024-25 ("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 2025.

Caroline Al-Beyerty - Chamberlain and Chief Financial Officer

Date: XX September 2025

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

Andrien Meyers, 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

2023-24				Notes	2024-25		
Gross Expenditure	Gross Income	Net Expenditure/ (Income)			Gross Expenditure	Gross Income	Net Expenditure/ (Income)
£m	£m	£m			£m	£m	£m
			Services				
182.9	(97.0)	85.9	Police		186.5	(94.9)	91.6
1.0	(0.2)	0.8	Police Authority Board		1.6	(0.8)	0.8
64.4	(29.6)	34.8	Barbican Centre		68.7	(34.7)	34.0
38.9	(20.1)	18.8	Community & Children's Services		42.5	(24.5)	18.0
27.0	(17.4)	9.6	Housing Revenue Account (HRA)		23.1	(18.5)	4.6
51.9	(41.7)	10.2	Planning & Transportation		57.6	(43.9)	13.7
31.4	(17.4)	14.0	Port Health & Environmental Services		36.7	(19.5)	17.2
25.3	(3.8)	21.5	Culture, Heritage and Libraries		24.6	(2.7)	21.9
43.8	(12.3)	31.5	Finance		34.3	(10.4)	23.9
18.0	(19.9)	(1.9)	Barbican Residential		20.2	(21.9)	(1.7)
19.9	(7.4)	12.5	Policy & Resources		17.8	(8.0)	(9.8)
2.5	(0.7)	1.8	Open Spaces and City Gardens		3.4	(0.7)	2.7
1.0	(0.8)	0.2	Licensing		1.2	(0.9)	0.3
42.3	0.0	42.3	Major Project Cost		102.3	0.0	102.3
550.3	(268.3)	282.0	Cost of Services		620.5	(281.4)	339.1
		(2.4)	Other Operating Income	7			(7.1)
		10.2	Financing & Investment Income & Expenditure	7			(64.9)
		(301.5)	Taxation & Non-Specific Grant Income	7			(438.9)
		(11.7)	(Surplus)/Deficit on the Provision of Services				(171.8)
		44.0	(Surplus)/Deficit on the Revaluation of Property, Plant & Equipment	31			(10.6)
		(56.7)	Remeasurements of the Pensions Liability	26			(127.5)
		(12.7)	Other Comprehensive (Income) & Expenditure				(137.9)
		(24.4)	TOTAL COMPREHENSIVE (INCOME) & EXPENDITURE				(309.8)

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 2024 carried forward		(334.1)	(0.3)	(42.1)	(46.2)	0.0	(422.9)	(1,665.6)	(2,088.5)
Movement in reserves during 2024-25									
Total Comprehensive Income & Expenditure		(176.4)	4.5	0.0	0.0	0.0	(171.9)	(137.9)	(309.8)
Adjustments between accounting basis & funding basis under regulations	11	123.3	(4.2)	(14.1)	(28.3)	(0.6)	76.1	(76.1)	0.0
Net (increase)/decrease before Transfers to Earmarked Reserves		(53.1)	0.3	(14.1)	(28.3)	(0.6)	(95.8)	(214.0)	(309.8)
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 2024-25		(53.1)	0.3	(14.1)	(28.3)	(0.6)	(95.8)	(214.0)	(309.8)
Balance at 31 March 2025 carried forward*		(387.3)	0.0	(56.3)	(74.5)	(0.5)	(518.7)	(1,879.7)	(2,398.4)

* The City Fund balance of £387.3m comprises General Fund balance of £20m and earmarked revenue reserves of £367.3m (see note 12, page 51).

	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.

Balance Sheet

31 March 2024		Notes	31 March 2025
£m			£m
1,119.2	Property, Plant and Equipment	13	1,267.3
9.0	Heritage Assets	14	9.0
1,487.1	Investment Property	17	1,515.6
1.9	Intangible Assets		7.7
11.5	Long-Term Debtors	16	11.0
28.6	Long-Term Investments	18	46.3
2,657.3	Long-Term Assets		2,856.9
846.4	Short-Term Investments	18	859.1
4.0	Assets Held for Sale		4.0
0.5	Inventories		0.5
167.0	Short-Term Debtors	20	180.7
47.2	Cash and Cash Equivalents	35	40.9
1,065.2	Current Assets		1,085.2
(351.1)	Short-Term Creditors	21	(404.1)
(10.5)	Grants and Contributions Received in Advance – Revenue	27	(10.5)
(21.1)	Provisions	22	(26.8)
0.0	Current Lease Liability		(3.2)
(382.7)	Current Liabilities		(444.6)
(875.6)	Pensions Liability	26	(762.2)
(110.8)	Grants and Contributions Received in Advance – Capital	27	(73.1)
(225.8)	Rents Received in Advance	28	(223.8)
(39.0)	Other Long-Term Liabilities	29	(40.0)
(1,251.2)	Long-Term Liabilities		(1,099.1)
2,088.6	NET ASSETS		2,398.4
(422.9)	Usable Reserves*		(518.7)
(1,665.7)	Unusable Reserves	31	(1,879.7)
(2,088.6)	TOTAL RESERVES		(2,398.4)

The Statement of Accounts was authorised for issue by the Chamberlain on XX September 2025. Events after the balance sheet date and up to XX September 2025 have been considered in respect of material impact on the financial statements. No adjustments have been made.

*A breakdown of Usable Reserves can be seen on the Movement in Reserves Statement on page 27.

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 32-35 of the accounts. The cash and cash equivalent balance is held in bank current accounts held by the City Corporation.

2023-24		Notes	2024-25
£m			£m
(11.6)	Net (surplus)/deficit on the provision of services		(171.8)
(23.2)	Adjustments for non-cash movements	32	(62.8)
73.9	Adjustments for items that are investing and financing activities	32	201.0
39.1	Net cash (inflows)/outflows from operating activities		(33.5)
(65.4)	Investing activities	33	38.5
11.1	Financing activities	34	1.3
(15.1)	Net (increase)/decrease in cash and cash equivalents		6.3
(32.1)	Cash and cash equivalents at the beginning of the reporting period		(47.2)
(47.2)	Cash and cash equivalents at the end of the reporting period		(40.9)



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 139, 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 36, page 96). 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 £107.9m, Total Liabilities of £21.2m, Total Income of £99.7m, and Total Expenditure of £71.8m, into the City of London Corporation's financial statements. These figures are from 2023/24 MoL Accounts as the MoL are not required by the Charity Commission to publish their 2024/25 accounts until January 2026.

Cash and Cash Equivalents

The City Fund utilises the bank account of the City of London Corporation, who are the named entity on the bank account. Monies are held by the City of London Corporation and are readily available for the City Fund. It is therefore the judgement of the City Fund that this meets the definition of a cash equivalent as per the CIPFA Code of Practice and IAS 7.

Rounding differences - Please be aware that there may be minor rounding differences between some of the disclosure notes and the figures on the core statements.

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 2025 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 2025 is £1,387.7m (consisting of City Fund £646.8m, Police Pension Scheme £738.5m and Judges Pension Scheme £2.4m). 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> <tr> <th rowspan="3">Assumptions</th><th colspan="2">Movement in liability</th></tr> <tr> <th>Increase in Assumption</th><th>Decrease in Assumption</th></tr> <tr> <th>£m</th><th>£m</th></tr> <tr> <td>0.1% adjustment to discount rate</td><td>(25.3)</td><td>25.9</td></tr> <tr> <td>0.1% adjustment to salary increase rate</td><td>2.4</td><td>(2.4)</td></tr> <tr> <td>0.1% adjustment to Pension increase rate</td><td>24.0</td><td>(23.4)</td></tr> <tr> <td>1 year adjustment to life expectancy</td><td>59.8</td><td>(57.4)</td></tr> </table>	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	24.0	(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	24.0	(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 2025 is £1,221.8m (£1,073.3m as at the end of March 2024). 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£122.18m.																			

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 2025 are available on page 57 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 £3.2m 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 2025 is £1,515.6m (£1,487.1m as at the end of March 2024). If the value of the Corporation's investment properties were to reduce by 1%, this would result in a £15.15m 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

The objective of the expenditure and funding analysis is to demonstrate to council tax [and rent] payers how the funding available to the City Fund (ie government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The expenditure and funding analysis also shows how this expenditure is allocated for decision making purposes between the City Fund's directorates [services or departments]. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024-25					
	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	116.2	0.9	117.1	(25.5)	91.6
Police Authority Board	0.8	0.0	0.8	0.0	0.8
Barbican Centre	34.0	0.2	34.2	(0.3)	33.9
Community and Children's Services	19.6	(1.2)	18.4	(0.5)	17.9
HRA	0.0	0.3	0.3	4.2	4.5
Planning and Transport	16.7	(7.4)	9.3	4.4	13.7
Port Health and Environmental Services	20.3	1.1	21.4	(4.1)	17.3
Culture, Heritage and Libraries	22.6	0.0	22.6	(0.7)	21.9
Finance	(34.1)	(15.2)	(49.3)	73.2	23.9
Barbican Residential	1.5	0.0	1.5	(3.2)	(1.7)
Policy and Resources	9.0	(0.7)	8.3	1.6	9.9
Open Spaces and City Gardens	2.6	(0.3)	2.9	(0.2)	2.7
Property Investment	(33.9)	0.0	(33.9)	33.9	0.0
Licensing	0.3	0.0	0.3	0.1	0.4
Markets	(0.6)	0.0	(0.6)	0.6	0.0
London NNDR Pool Strategic Investment Pot	0.0	(1.8)	(1.8)	1.8	0.0
Major Project Cost	0.0	0.0	0.0	102.3	102.3
Net Cost of Services	175.0	(23.5)	151.5	187.6	339.1
Other Income and Expenditure	(175.0)	(29.2)	(204.2)	(306.8)	(511.0)
(Surplus) or Deficit on the Provision of Services	0.0	(52.7)	(52.7)	(119.2)	(171.9)
Opening City Fund and HRA Balances			(334.5)		
Add (Surplus) or Deficit on City Fund and HRA Balance in Year			(52.7)		
Closing City Fund and HRA Balances at 31 March*			(387.3)		

*The balance of £387.3m comprises City Fund £387.3m and HRA £0m

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)	94.9	31.5
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
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

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.

2023-24						2024-25				
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
2.4	(22.0)	0.0	0.8	(18.8)	Police	0.3	(24.4)	0.0	(1.4)	(25.5)
0.0	0.0	0.0	0.0	0.0	Police Authority Board	0.0	0.0	0.0	0.0	0.0
0.0	(0.6)	0.0	0.7	0.1	Barbican Centre	0.0	(0.9)	0.0	0.6	(0.3)
0.0	(0.2)	0.0	(0.1)	(0.3)	Community and Children's Services	(0.5)	(0.3)	0.0	0.3	(0.5)
9.5	(0.1)	0.0	0.4	9.8	HRA	4.2	(0.2)	0.0	0.2	4.2
0.0	(0.4)	0.0	1.6	1.2	Planning and Transport	0.0	(0.5)	0.0	4.9	4.4
0.0	(0.4)	0.0	(3.9)	(4.3)	Port Health and Environmental Services	0.0	(0.5)	0.0	(3.6)	(4.1)
0.0	(0.2)	0.0	(0.6)	(0.8)	Culture, Heritage and Libraries	0.0	(0.3)	0.0	(0.4)	(0.7)
35.2	0.4	0.0	59.3	94.9	Finance	19.6	(0.1)	0.0	53.7	73.2
0.0	(0.1)	0.0	(3.6)	(3.7)	Barbican Residential	0.0	(0.2)	0.0	(3.0)	(3.2)
1.4	(0.2)	0.0	(0.1)	1.1	Policy and Resources	1.9	(0.3)	0.0	0.0	1.6
0.0	0.0	0.0	(0.1)	(0.1)	Open Spaces and City Gardens	0.0	(0.1)	0.0	(0.1)	(0.2)
0.1	0.0	0.0	36.0	36.1	Property Investment	0.0	0.0	0.0	33.9	33.9
0.0	0.1	0.0	0.0	0.0	Licensing	0.0	0.1	0.0	0.0	0.1
0.0	0.0	0.0	0.3	0.3	Markets	0.0	(0.1)	0.0	0.7	0.6
0.0	0.0	0.0	2.2	2.2	London NNDR Pool Strategic Investment Pot	0.0	0.0	0.0	1.8	1.8
44.1	0.0	0.0	0.0	44.1	Major Project Cost	102.3	0.0	0.0	0.0	102.3
92.7	(23.7)	0.0	92.8	161.9	Net Cost of Services	127.8	(27.8)	0.0	87.6	187.6
(24.4)	43.1	(1.9)	(122.9)	(106.1)	Other Income and Expenditure	(112.1)	42.0	(3.0)	(233.7)	(306.8)
68.3	19.4	(1.9)	(30.1)	55.8	Surplus or Deficit on Provision of Services	15.7	14.2	(3.0)	(146.1)	(119.2)

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.

2023-24		2024-25
£'m		£'m
	Expenditure	
212.2	Employee expenses	230.1
268.7	Other service expenses	329.7
40.0	Support service recharges	43.1
51.2	Depreciation, amortisation and impairments	36.9
39.5	Interest payments	41.5
0.3	Precepts and levies	0.5
302.8	Business rates tariff and levy payments to Government	339.6
59.2	Unrealised loss on revaluation of investment properties	5.9
974.0	Total expenditure	1,027.4
	Income	
(184.7)	Fees, charges and other service income	(194.9)
(52.1)	Interest and investment income	(50.3)
(400.5)	Business rates and council tax income	(458.7)
(345.1)	Government grants and other grants, contributions and reimbursements	(465.0)
0.0	Unrealised (gains)/loss on revaluation of investment properties	(16.3)
(3.2)	Gain on the disposal of assets	(14.1)
(985.7)	Total Income	(1,199.3)
(11.6)	(Surplus) or Deficit on the Provision of Services	(171.9)

6. Grant Income

2023-24	Credited to Services	2024-25
£m	<u>Revenue Grants (Government)</u>	£m
	Home Office	
(19.3)	Police Pensions	(18.1)
(8.1)	Counter Terrorism	(8.0)
(10.0)	National Cyber Security Programme	(9.3)
(4.3)	National Fraud Intelligence Bureau	(4.6)
(4.9)	National Lead Force for Fraud	(4.4)
(2.2)	Police Uplift Programme	(0.2)
(2.9)	Asset Recovery Incentivisation Scheme	(1.7)
(9.4)	Action Fraud Managed Services	(0.6)
0.0	Mutual Aid	(0.2)
(0.2)	National Law Enforcement Data Service	(0.1)
(7.1)	Fraud Reform	(4.3)
(5.1)	Fraud and Cyber Crime Reporting Analysis System	(28.4)
(5.4)	Other	(7.1)
	Department for Work and Pensions	
(3.7)	Housing and Council Tax Benefit	(4.2)
(0.1)	Other	(0.1)
(7.5)	HM Courts and Tribunals Service	(7.5)
	Department for Education	
(3.9)	Dedicated Schools Grant	(3.6)
(1.0)	Other	(0.8)
	Ministry of Levelling up, Housing, Communities	
(5.8)	Other	(7.5)

2023-24	Credited to Services	2024-25
£m	<u>Revenue Grants (Government) Continued</u>	£m
	Department for Health	
(2.2)	Public Health	(0.8)
(0.7)	Other	(1.8)
(1.8)	Transport for London	(1.9)
(2.1)	Intellectual Property Office	(2.2)
(1.5)	Greater London Authority	(2.5)
	Department for Energy Security and Net Zero	
(0.2)	Discretionary grants to Businesses	0.0
(1.1)	Department for Environment, Food & Rural Affairs	(0.3)
(0.4)	HM Treasury	0.0
(0.3)	Arts Council England	0.0
(2.5)	Other revenue grants (Government)	(0.2)
	Non Government revenue grants and contributions	
(3.2)	S106/S278 and other developer contributions	(3.6)
(26.2)	Other	(31.3)
(143.1)	Total	(155.4)

7. Income and Expenditure below Cost of Services

20223-24		2024-25
Net Expenditure/ (Income)		Net Expenditure/ (Income)
£m		£m
(3.2)	Net Gain on Disposal of Fixed Assets	(8.2)
0.2	Inner and Middle Temple Precepts	0.4
0.2	Local levies	0.2
0.5	Pension Fund Administration Expenses	0.5
(2.3)	Total Other Operating Income and Expenditure	(7.1)
	Investment Properties	
(35.9)	Operational	(33.4)
59.2	(Gain)/loss on revaluation	(16.3)
(52.1)	Interest receivable and similar income	(50.3)
42.6	Pension Interest Cost	41.5
(0.2)	Contribution from Trading Services	(0.7)
(0.1)	Impairment gains/losses	(3.8)
(3.2)	Financial instrument (gain)/loss	(1.9)
10.3	Total Financing and Investment Income and Expenditure	(64.9)

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 £53.1m and operating expenses of £19.7m.

Contribution from Trading Services comprises a turnover of £9.9m and expenditure of £9.3m

2023-24		2024-25
Income		Income
£m		£m
(42.9)	Retained National Business Rates	(53.1)
(32.7)	City Fund Non Domestic Rates Premium	(41.1)
(12.5)	City Fund Offset	(13.3)
(9.6)	Council Tax Income	(8.6)
	Non Ringfenced Government Revenue Grants	
(7.2)	Revenue Support Grant	(7.7)
(62.5)	Police Core Grant	(66.3)
(14.2)	Police Other Grants	(19.1)
(48.1)	NNDR Grants	(41.1)
(0.5)	Other	(1.3)
	Capital Grants & Contributions	
(11.2)	Home Office	(4.5)
0.0	Greater London Authority	(55.1)
0.0	City's Estate	(35.4)
(2.1)	Ministry of Justice	(2.7)
0.0	Department of Education	(18.6)
(31.0)	Section 106 and CIL	(64.4)
(27.0)	Other Capital Grants and Contributions	(6.6)
(301.5)	Total Taxation and Non-Specific Grant Income	(438.9)

Capital Grants and Contributions include at £55m grant from the Greater London Authority for work on the Museum of London restoration. This is a one - off grant for 2024-25.

8. Dedicated Schools Grants

In 2024-25, the City Fund received a specific grant from the Department for Education, the Dedicated Schools Grant (DSG), of £3.3m (2023-24: £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 2024-25 are as follows:

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

2024-25	Schools Budget Funded by DSG		
	Central Expenditure	Individual School Budget	Total
	£m	£m	£m
Final DSG for 2024-25 before Academy recoupment	1.3	2.0	3.3
Academy Figure recouped for 2024-25	0.0	0.0	0.0
Total DSG after Academy recoupment for 2024-25	1.3	2.0	3.3
Plus: Brought forward from 2023-24	0.6	0.0	0.6
Less: Carry forward to 2024-25 agreed in advance	0.0	0.0	0.0
Agreed initial budgeted distribution in 2024-25	1.9	2.0	3.9
In year adjustments	0.0	0.0	0.0
Final budgeted distribution for 2024-25	0.0	0.0	3.9
Less: Actual central expenditure	(1.7)	0.0	(1.7)
Less: Actual ISB deployed to schools	0.0	(2.0)	(2.0)
Plus: Local authority contribution for 2024-25	0.0	0.0	0.0
Carry forward to 2025-26	0.2	0.0	0.2

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 2024-25 and 2023-24 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
2023-24			Salary Range	2024-25		
Police Officers	Other		£	Police Officers	Other	
197	109	172	50 - 54,999	137	82	175
157	59	110	55 - 59,999	239	27	137
96	48	116	60 - 64,999	172	41	125
77	13	66	65 - 69,999	104	19	80
65	15	70	70 - 74,999	76	10	67
26	6	33	75 - 79,999	69	7	69
20	11	27	80 - 84,999	34	5	40
4	1	16	85 - 89,999	16	6	21
2	7	11	90 - 94,999	15	3	27
7	2	8	95 - 99,999	5	1	5
2	1	10	100 - 104,999	3	3	6
3	3	6	105 - 109,999	4	3	7
1	0	4	110 - 114,999	2	3	5
0	1	1	115 - 119,999	1	1	7
0	0	4	120 - 124,999	0	0	4
0	1	1	125 - 129,999	0	0	0
0	0	7	130 - 134,999	0	0	4
0	0	2	135 - 139,999	0	1	3
0	0	0	140 - 144,999	0	0	3
0	0	1	145 - 149,999	0	0	2
657	277	665	Total	877	212	787

Table 2 - Senior Officer Remuneration

[illegible]

2023-24	Proportion charged to Local or Police Authority Activities	Total Remuneration (inc pension)	Salary (including fees & allowances)	Accommodation	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	£'000
Salary is £150,000 or more a year										
Town Clerk & Chief Executive – I. Thomas	55%	297	163	0	0	0	0	163	0	163
Managing Director I&G - Brussels Office - N. Collier	100%	278	230	0	0	0	0	230	48	278
Comptroller & City Solicitor - M.Cogher	65%	261	140	0	0	0	0	140	29	169
Managing Director Barbican Centre - C. Spencer	100%	259	214	0	0	0	0	214	45	259
Police Commissioner - A. McLaren	100%	257	197	0	11	0	22	230	60	290
Chamberlain - C. Al-Beyerty	60%	232	115	0	0	0	0	115	24	139
City Surveyor - P Wilkinson	40%	230	76	0	0	0	0	76	16	92
Temporary Commissioner - P.O'Doherty	100%	239	187	0	11	0	0	198	52	250
Chief Operating Officer - E.Moore - Left Jan 2024	65%	218	120	0	0	0	0	120	22	142
Assistant Commissioner - P.Betts	100%	224	172	0	11	0	0	183	52	235
Director of Innovation and Growth - D.Nussbaum	67%	193	107	0	0	0	0	107	22	129
Salary is between £50,000 and £150,000										
Chief Strategy Officer	40%	175	58	0	0	0	0	58	12	70
Temp Assistant Commissioner	100%	182	144	0	11	0	22	177	38	215
Director of Community & Children's Services	100%	135	135	0	0	0	0	135	0	135
Chief People Officer	45%	161	60	0	0	0	0	60	12	72
Executive Director of CC & EA	100%	161	133	0	0	0	0	133	28	161
Executive Director of Environment	100%	131	131	0	0	0	0	131	0	131
Joint Chief Finance Office	100%	157	130	0	0	0	0	130	27	157
Service Delivery Director	100%	156	129	0	0	0	0	129	27	156
Commander	100%	164	126	0	11	0	41	178	38	216
Interim Executive Director of Environment	100%	151	125	0	0	0	0	125	26	151
Director of Markets & Consumer Protection	55%	146	66	0	0	0	0	66	14	80
Interim Deputy Town Clerk	55%	146	67	0	0	0	0	67	14	81
Temporary Commander	100%	144	112	0	0	0	0	112	32	144

Table 3 - Exit Packages charged to City Fund

2023-24				2024-25				
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)
4.0	2.0	6.0	46.7	£0 - £20,000	1.0	7.0	8.0	75.0
1.0	3.0	4.0	92.8	£20,001 - £40,000	2.0	1.0	3.0	88.6
1.0	1.0	2.0	96.1	£40,001 - £60,000	0.0	1.0	1.0	60.0
0.0	0.0	0.0	0.0	£60,001 - £80,000	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	£80,001 - £100,000	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	£100,001 - £150,000	0.0	0.0	0.0	0.0
6.0	6.0	12.0	235.6	Total	3.0	9.0	12.0	223.6

10. Audit Fees

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 2024-25 audit will be carried out by Grant Thornton. Audit Fees of £95,000 (2023-24: £39,500) in respect of the City of London Pension Fund are met by the Pension Fund and are not included in the table.

2023-24		2024-25
£'000		£'000
340.0	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.	491.6
75.0	Certification of grant claims and returns by the appointed auditor*	205.0
31.4	Audit Standards Procedural Review (ISA 315 & 240) and additional work completed	0.0
20.0	Fees payable in respect of other services provided by Grant Thornton	0.0
466.4		696.6

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

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.

2024-25	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	
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)	(14.1)					14.1
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	3.0					(3.0)
Holiday pay (transfers to or from the Accumulated Absences Reserve)	0.2					(0.2)
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)	31.6	(6.3)				(25.3)
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	1.9					(1.9)
Total Adjustments to Revenue Resources	22.6	(6.3)	0.0	0.0	0.0	(16.3)
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	13.8		(13.8)			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)	4.2					(4.2)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	43.1					(43.1)
Capital resources to meet revenue expenditure funded from capital under statute (expenditure)	(101.8)					101.8
Posting of HRA resources from revenue to the Major Repairs Reserve		2.1			(2.1)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(2.7)			2.7		0.0
Transfer of capital grants and contributions to Capital Grants Unapplied	144.1			(144.1)		0.0
Total Adjustments between Revenue and Capital Resources	100.7	2.1	(13.8)	(141.4)	(2.1)	(54.6)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			0.0			0.0
Use of the Major Repairs Reserve to finance capital expenditure					1.5	(1.5)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				113.2		(113.2)
Cash payments in relation to deferred capital receipts			(0.3)			0.3
Total Adjustments to Capital Resources	0.0	0.0	(0.3)	113.2	1.5	(114.4)
Total Adjustments	123.3	(4.2)	(14.1)	(28.2)	(0.6)	(76.1)

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)	(65.0)	(9.4)				74.4
Transfer of deferred non-current assets sale proceeds from revenue to the Deferred Capital Receipts Reserve	0.0					0.0
Transfer to the Pooled Investment Reserve	3.2					(3.2)
Total Adjustments to Revenue Resources	(80.2)	(9.4)	0.0	0.0	0.0	89.6
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)	43.3					(43.3)
Capital resources to meet revenue expenditure funded from capital under statute (expenditure)	(46.0)					46.0
Posting of HRA resources from revenue to the Major Repairs Reserve		2.1			(2.1)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(1.1)			1.1		0.0
Transfer of capital grants and contributions to Capital Grants Unapplied	27.8			(27.8)		0.0
Total Adjustments between Revenue and Capital Resources	31.7	2.1	(6.2)	(26.7)	(2.1)	1.3
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

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 2024-25.

	Notes	Balance at 31 March 2023	Transfers Out 2023-24	Transfers In 2023-24	Balance at 31 March 2024	Transfers Out 2024-25	Transfers In 2024-25	Balance at 31 March 2025
		£m	£m	£m	£m	£m	£m	£m
Highway Improvements	I	(56.2)	8.2	(10.6)	(58.6)	12.45	(15.39)	(61.54)
Major Projects Reserve	li	(67.5)	49.6	(36.8)	(54.7)	42.35	(142.39)	(154.74)
Business Rate Equalisation	lii	(3.8)	0.0	(1.5)	(5.3)	1.00	0.00	(4.30)
Cyclical Works Programme Reserve	lv	(30.0)	0.0	0.0	(30.0)	0.82	(38.00)	(67.18)
Build Back Better Reserve	v	(14.8)	0.0	0.0	(14.8)	1.61	0.00	(13.19)
London NNDR Pool SIP	vi	(5.8)	0.0	(2.2)	(8.0)	0.00	(1.77)	(9.77)
Crime Reduction Initiatives	vii	(7.4)	4.1	(2.6)	(6.0)	2.33	(0.29)	(3.86)
Police Future Expenditure	viii	(10.7)	5.1	(3.5)	(9.2)	0.00	(1.00)	(10.10)
Other Earmarked Reserves	ix	(24.5)	1.9	(3.4)	(26.0)	4.34	(21.04)	(42.70)
Total		(220.7)	68.8	(60.6)	(212.5)	64.90	(219.88)	(367.38)

- (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 2024-25	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Right of Use Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation									
at 1 April 2024	240.1	589.9	7.6	126.5	1.6	199.1	0.4	0.0	1,165.2
Additions	6.9	12.2	0.0	3.9	0.0	134.0	0.0	12.6	169.6
Transfers	0.1	0.3	0.0	0.0	0.0	(0.4)	0.0	0.0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5.3	(4.0)	0.0	0.0	0.0	0.0	0.0	0.0	1.3
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5.5)	(2.1)	0.0	0.0	0.0	0.0	0.0	0.0	(7.6)
Derecognition – disposals	(4.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(4.4)
at 31 March 2025	242.5	596.3	7.6	130.4	1.6	332.7	0.4	12.6	1,324.2
Accumulated Depreciation and Impairment									
at 1 April 2024	(0.1)	(3.8)	(3.0)	(85.0)	0.0	0.0	0.0	0.0	(91.9)
Depreciation Charge	(1.8)	(11.3)	(0.7)	(5.9)	0.0	0.0	0.0	(3.0)	(22.7)
Depreciation written out to the Revaluation Reserve	0.5	8.7	0.0	0.0	0.0	0.0	0.0	0.0	9.2
Depreciation written out to the Surplus/Deficit on the Provision of Services	1.3	1.7	0.0	0.0	0.0	0.0	0.0	0.0	3.0
Derecognition – disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
at 31 March 2025	0.0	(4.7)	(3.7)	(90.9)	0.0	0.0	0.0	(3.0)	(102.4)
Net Book Value									
at 31 March 2024	240.0	586.1	4.6	41.5	1.6	199.1	0.4	0.0	1,073.3
at 31 March 2025	242.4	591.6	3.9	39.5	1.6	332.7	0.4	9.6	1,221.8

Property, Plant and Equipment (Continued)

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)	(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

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.

2023-24	Infrastructure Assets Movement on Balances	2024-25
£m		£m
44.8	Opening Net Book Value at 1 April	45.7
9.2	Additions	8.4
(8.3)	Depreciation	(8.6)
45.7	Closing Net Book Value at 31 March	45.5

Reconciliation of Property, Plant and Equipment

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

2022-24	Reconciliation of Property, Plant and Equipment	2024-25
£m		£m
1,073.3	Other PPE Assets	1,221.8
45.7	Infrastructure Assets	45.5
1,119.0	Total PPE Assets Net Book Value	1,267.3

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

Depreciation

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

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

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

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

HRA Dwelling Valuations

Dwellings are valued at their 'existing use with vacant possession' and then reduced to reflect 'existing use for social housing'. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current DLUHC guidance (guidance for valuers – 2016) identifies a vacant possession adjustment factor for London of 25%. This factor has been adopted in establishing the Existing Use Value-Social Housing. The estimated vacant possession value of HRA dwellings at 31st March 2025 is £710.4m (£705.2m at 31st March 24) which has been reduced by 75% to £177.7m (£176.3m at 31st March 24) 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 £374.5m were outstanding at 31 March 2025 (£488m at 31 March 2024), significant commitments above £1m are detailed as:

- £298m relating to Salisbury Square demolition and development scheme
- £20m for York Way Estate Provision of Social Housing
- £13m for Sydenham Hill Provision of Social Housing
- £3m for FCCRAS
- £2m for Middlesex Street Car Park - Eastern Base Feasibility
- £2m for St Pauls Gyratory Transformation
- £1m for Pedestrian Priority Program- King William Street
- £1m for Barbican Centre Renewal
- £1m for Southwark Estate Windows Replacement Programme
- £1m for Barbican Centre - Fire Safety Project

Revaluations

The following have been revalued at 31 March 2025 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 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 (2024-25 £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 £90.5m reflects the recognition of £94.7m of additional borrowing requirement to fund capital schemes and the implementation of IFRS16, partially offset by a £4.2m minimum revenue provision made in the year.

2023-24		2024-25
£m		£m
94.1	Opening Capital Financing Requirement	99.8
	Capital Investment	
118.9	Property, Plant and Equipment	165.4
3.1	Investment Properties	13.7
(0.1)	Intangible Assets	6.3
46.0	Revenue Expenditure Funded for Capital Under Statute	101.8
0.0	Right of Use Assets	12.6
	Sources of Finance	
(1.4)	Minimum Revenue Provision	(4.2)
(15.0)	Capital Receipts	(0.0)
(107.2)	Capital grants, contributions and donations	(156.3)
(1.8)	Major Repairs Reserve	(1.5)
(36.8)	Direct revenue contributions	(51.5)
0.0	Adjustment to CFR	0.0
99.8	Closing Capital Financing Requirement	186.1

2023-24		2024-25
£m		£m
	Explanation of movement in year	
(1.4)	Minimum Revenue Provision	(4.2)
7.1	Increase in underlying need to borrow	90.5
0.0	Adjustment to CFR	0.0
5.7	Increase/(decrease) in Capital Financing Requirement	86.3

16. Long Term Debtors

31 March 2024		31 March 2025
£m		£m
8.8	Net Investment in Finance Leases	8.3
1.6	Rent	2.0
1.0	Loans to Museum of London	0.8
0.1	Other Loans	0.0
11.5	Total	11.0

17. Investment Properties

2023-24		2024-25
£m		£m
1,543.2	Balance at start of the year	1,487.1
0.0	Transfers	0.0
	Additions:	
0.0	Purchases	0.0
0.0	Construction	13.0
3.1	Subsequent expenditure	0.7
0.0	Disposals	(1.5)
	Revaluations:	
(59.2)	Net gains from fair value adjustments	16.3
1,487.1	Balance at end of the year	1,515.6

Investment Property valued using Level 3 inputs as at 1 April 2024 was £1,260.5m and Investment Property valued using Level 3 inputs as at 31 March 2025 was £1,277.4m. Investment Property valued using Level 1 inputs (lease premium adjustments) as at 1 April 2024 was £226.5m and Investment Property valued using Level 1 inputs as at 31 March 2025 was £225.1m.

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 31 March 24	Current 31 March 24		Long Term 31 March 25	Current 31 March 25
£m	£m		£m	£m
		Investments		
0.0	447.0	Fair value through profit and loss	0.0	452.2
28.6	399.4	Amortised Cost	46.3	406.8
28.6	846.4	Total Investments	46.3	859.0
		Debtors		
11.5	54.2	Amortised Cost	11.0	70.2
11.5	54.2	Total Debtors	11.0	70.2
		Creditors		
0.0	(103.2)	Amortised Cost	0.0	(122.5)
0.0	(103.2)	Total Creditors	0.0	(122.5)
		Long Term Liabilities		
(3.8)	0.0	Amortised Cost	(9.8)	0.0
(3.8)	0.0	Total Long Term Liabilities	(9.8)	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:

2023-24		2024-25
£m		£m
(3.2)	Net(gain)/loss on financial assets at fair value through profit and loss	(1.9)
(3.2)	Total net (gains)/losses in Surplus or Deficit on the Provision of Services	(1.9)
(54.0)	Interest (income)/expenses from financial assets	(54.2)
(54.0)	Total interest revenue in Surplus or Deficit on the Provision of Services	(54.2)

31 March 2024			31 March 2025	
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	6.7	6.7
28.6	28.6	Long Term Investments	46.3	46.3
846.4	846.4	Short Term Investments	859.0	859.0
54.2	54.2	Short Term Debtors	70.2	70.2
940.7	940.7	Total financial assets	986.5	986.5
		Financial liabilities		
(103.2)	(103.2)	Short Term Creditors	(122.5)	(122.5)
(3.8)	(3.8)	Long Term Liabilities	(9.8)	(9.8)
(107.0)	(107.0)	Total financial liabilities	(132.3)	(132.3)

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 2024-25, with Standard Chartered Bank added to the counterparty list during the year with a maximum lending limit of £100m, 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-Thüringen 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 2025, the City Fund had £956.9m 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 2025	<3 months	3-6 months	6-12 months	>1 year	Total
Expected loss rate	3%	3%	25%	26%	9%
Gross carrying amount (£m)	18.1	5.6	1.1	8.3	33.0
Loss provision (£m)	0.6	0.2	0.3	2.1	3.1

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:

2023-24		2024-25
£m		£m
	Increase in interest receivable on investments held at variable rates	
4.6	City Fund	4.3
4.6	Total	4.3

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 2025, except for two investments of £46.3m, 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 2025, the Corporation estimates that a 1% increase (decrease) in interest rates will decrease (increase) their carrying value by £4.3m.

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 2024	Short-term Debtors by Nature	31 March 2025
£m		£m
	Trade and Rental Debtors	
11.8	Trade Debtors	13.8
20.0	Rents	21.9
(9.9)	Less: Allowances for expected credit losses and doubtful debts	(5.7)
22.0	Sub-Total Trade and Rental Debtors	30.0
	Collection Fund Debtors	
32.6	Collection Fund Debtors	25.5
(15.3)	Less: Impairment allowances for collection fund debtors	(9.0)
17.3	Sub-Total Collection Fund Debtors	16.4
	Sundry Debtors	
98.4	Accruals	94.9
18.0	Payments in Advance	28.2
6.4	VAT Debtors	9.0
0.1	London Business Rates Pool	0.3
4.9	Other	1.9
127.7	Sub-Total Sundry Debtors	134.3
167.0	Total	180.7

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.

31 March 2024	Short-term Debtors by Counterparty	31 March 2025
£m		£m
62.3	Central Government	40.1
1.4	Greater London Authority and Transport for London	3.7
103.3	All Other Parties	137.0
167.0	Total	180.7

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.

21. Short-term creditors

31 March 2024	Short-term Creditors by Nature	31 March 2025
£m		£m
	System Creditors	
(10.5)	Trade Creditors	(13.5)
(23.9)	Goods Received Not Invoiced	(22.8)
(34.5)	Sub-Total System Creditors	(36.3)
	Service Area Specific Creditors	
(7.5)	Deposits	(7.6)
(11.3)	Barbican Control Accounts	(11.6)
(5.6)	Police Control Accounts	(5.6)
(15.6)	Project Accounting Accruals	(24.1)
(40.0)	Sub-Total Service Area Specific Creditors	(48.9)
	Sundry Creditors	
(32.9)	Sundry Accruals	(39.5)
(6.5)	Mayoral CIL	(7.3)
(23.7)	Receipts in Advance	(27.0)
(2.2)	London Business Rates Pool	(12.3)
(199.7)	Collection Fund Creditors	(223.2)
(11.6)	Other	(9.7)
(276.6)	Sub-Total Sundry Creditors	(317.7)
(351.1)	Total	(404.1)

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.

31 March 2024	Short-term Creditors by Counterparty	31 March 2025
£m		£m
(65.4)	Central Government	(74.8)
(103.2)	Greater London Authority and Transport for London	(114.7)
(182.4)	All Other Parties	(214.7)
(351.1)	Total	(404.1)

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 2025 and an analysis of successful appeals and trends in 2024-25.

	National Business Rates	City Fund Premium on Business Rates	Total
	£m	£m	£m
Balance at 1 April 2024	(20.4)	(0.7)	(21.1)
Appeals settled in 2024-25	28.7	3.2	31.9
Provisions made in 2024-25	(32.6)	(5.0)	(37.6)
Balance at 31 March 2025	(24.3)	(2.5)	(26.7)

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 2024	31 March 2024		31 March 2025	31 March 2025
£m	£m		£m	£m
(1,406.2)	(717.2)	1 April	(1,426.3)	(727.4)
(30.4)	(15.5)	Current Service Cost	(32.6)	(16.6)
(66.6)	(34.0)	Interest Cost	(68.9)	(35.1)
		Remeasurement gains/losses:		
19.7	10.0	Actuarial Gains/losses arising from demographic assumptions	3.7	1.9
24.0	12.2	Actuarial gains/losses arising from changes in financial assumptions	211.1	107.6
(4.4)	(2.2)	Other Actuarial Gains/Losses	3.4	1.7
(1.2)	(0.6)	Past Service Cost, including curtailments	(0.3)	(0.1)
(2.2)	(1.1)	Liabilities extinguished on settlements	(0.1)	(0.1)
53.5	27.3	Benefits paid	56.0	28.5
(12.9)	(6.6)	Contributions from scheme participants	(14.6)	(7.4)
0.4	0.2	Unfunded Pension Payments	0.4	0.2
(1,426.3)	(727.4)	31 March	(1,268.2)	(646.8)

Liabilities are discounted to their value at current prices, using a discount rate of 5.85% (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 4.90% in 2023-24]

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 2024	31 March 2024		31 March 2025	31 March 2025
£m	£m		£m	£m
1,263.7	644.5	1 April	1,376.4	702.0
60.6	30.9	Interest on Assets	67.5	34.4
		Remeasurement gains/losses:		
54.8	28.0	Return on Assets less interest	(39.9)	(20.4)
(1.0)	(0.5)	Administration expenses	(1.0)	(0.5)
37.1	18.9	Contributions by Employer	42.3	21.6
12.9	6.6	Contributions by Scheme Participants	14.6	7.4
(53.9)	(27.5)	Benefits Paid	(56.4)	(28.7)
2.3	1.2	Settlement Prices Received/(Paid)	0.3	0.1
1,376.4	702.0	31 March	1,403.8	715.9

c. Reconciliation of change in impact of asset ceiling

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2024	31 March 2024		31 March 2025	31 March 2025
£m	£m		£m	£m
0	0	Opening impact of asset ceiling	0	0
0	0	Interest on impact of asset ceiling	0	0
0	0	Actuarial losses / (gains)	177.3	90.4
0	0	Closing impact of asset ceiling	177.3	90.4

The asset ceiling is the present value of any economic benefit available to the employer in the form of refunds or reduced future employer contributions.

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

31 March 2024		31 March 2025
%		%
56	Equity Investments	51
1	Cash	2
13	Infrastructure	18
16	Absolute return portfolio	16
14	Bonds	13
100		100

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

d. Overall net deficit

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2024	31 March 2024		31 March 2025	31 March 2025
£m	£m		£m	£m
(142.6)	(72.7)	1 April	(49.9)	(25.4)
(20.1)	(10.2)	change in liabilities	158.1	80.7
112.7	57.5	change in assets	27.4	14.0
0.0	0.0	Impact of asset ceiling	(177.3)	(90.4)
(49.9)	(25.4)	31 March	(41.7)	(21.1)

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:

2023-24		2024-25
	Mortality assumptions:	
	Life expectancy in years from age 65	
	Retiring today	
20.8	Men	20.7
23.3	Women	23.3
	Retiring in 20 years	
22.0	Men	22.0
24.7	Women	24.7
3.20%	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%
4.90%	Discount Rate	5.85%

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 2025				
	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	(18.3)	18.7	(9.3)	9.5
0.1% change in rate of increase in salaries	1.3	(1.3)	0.7	(0.7)
0.1% change in rate of increase in pensions	17.9	(17.5)	9.1	(8.9)
One year change in rate of mortality assumption	47.8	(45.8)	24.4	(23.4)

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 2025 are £42.3m (estimated City Fund Share £21.6m).

The scheme actuary has estimated that the weighted average duration of the defined benefit obligation for scheme members is 15 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 2025 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 2024		31 March 2025
£m		£m
(838.3)	1 April	(847.6)
(12.6)	Current Service Cost	(13.0)
(39.4)	Interest Cost	(40.7)
	Remeasurement gains/losses:	
3.5	Actuarial Gains/losses arising from demographic assumptions	2.3
7.3	Actuarial gains/losses arising from changes in financial assumptions	122.5
(2.1)	Other Actuarial Gains/Losses	1.9
38.9	Benefits paid	41.7
(5.8)	Contributions from scheme participants	(6.3)
0.6	Injury Benefits Paid	0.7
(847.9)	31 March	(738.5)

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

2023-24	Mortality assumptions:	2024-25
	Life expectancy in years from age 65	
	Retiring today	
21.3	Men	21.2
23.4	Women	23.4
	Retiring in 20 years	
22.5	Men	22.5
24.7	Women	24.8
3.25%	Rate of Inflation – RPI	3.20%
2.95%	Rate of Inflation – CPI	2.90%
3.95%	Salary Increases	3.90%
2.95%	Pension Increases	2.90%
4.90%	Discount Rate	5.80%

Change in Assumptions at 31 March 2025

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	Decrease
	£m	£m
0.1% change in rate for discounting scheme liabilities	(11.2)	11.4
0.1% change in rate of increase in salaries	1.4	(1.3)
0.1% change in rate of increase in pensions	10.4	(10.1)
One year change in rate of mortality assumption	25.4	(24.5)

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 £738.5 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 2026 are expected to be £16.4m and the expected top up grant from the Government is £19.0m.

The scheme actuary has estimated that the weighted average combined duration of the defined benefit obligation for the schemes is 15 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 2024		31 March 2025
£m		£m
(2.2)	1 April	(2.5)
(0.1)	Current Service Cost	(0.2)
(0.1)	Interest Cost	(0.1)
	Remeasurement gains/losses:	
0.0	Actuarial Gains/losses arising from demographic assumptions	0.0
(0.0)	Actuarial gains/losses arising from changes in financial assumptions	0.2
(0.0)	Other Actuarial Gains/losses	0.0
0.1	Benefits paid	0.1
(2.3)	31 March	(2.4)

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:

2023-24	Mortality assumptions:	2024-25
	Life expectancy in years from age 65	
	Retiring today	
20.8	Men	20.7
23.3	Women	23.3
	Retiring in 20 years	
22.0	Men	22.0
24.7	Women	24.7
3.45%	Rate of Inflation – RPI	3.35%
2.95%	Rate of Inflation – CPI	2.90%
3.95%	Salary Increases	3.90%
2.95%	Pension Increases	2.90%
4.80%	Discount Rate	5.60%

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)	0.02
0.1% change in rate of increase in salaries	0.00	0.00
0.1% change in rate of increase in pensions	0.02	(0.02)
One year change in rate of mortality assumption	0.10	(0.09)

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 £2.4m 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 2025 a gain of £217.9m (at 31 March 2024 it was a gain of £56.7m). 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 2024		31 March 2025
£m		£m
	Present Value of the defined benefit obligation	
(725.8)	City of London Pension Scheme - City Fund	(645.4)
(839.5)	Police Pension Schemes	(731.5)
(2.5)	Judges Pension Scheme	(2.4)
	Fair Value of plan assets	
702.0	City of London Pension Scheme - City Fund	715.9
	Present value of unfunded obligation	
(1.6)	City of London Pension Scheme - City Fund	(1.4)
(8.1)	Police Pension Schemes	(7.1)
	Impact of asset ceiling	
0.0	City of London Pension Scheme - City Fund	(90.4)
(875.6)	Net liability on balance sheet	(762.2)

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:

2023-24					2024-25			
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:				
12.6	0.1	15.5	28.2	Current service cost	13.0	0.2	16.6	29.8
0.0	0.0	0.6	0.6	Past service costs	0.0	0.0	0.1	0.1
0.0	0.0	(0.1)	(0.1)	(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
39.4	0.1	3.1	42.6	Interest cost	40.7	0.1	0.7	41.5
52.0	0.3	19.6	71.9	Total Retirement Benefit Charged to the Surplus or Deficit on the Provision of Services	53.6	0.3	17.9	71.8
				Other Comprehensive Income & Expenditure				
				Remeasurement of the net defined benefit liability:				
0.0	0.0	(28.0)	(28.0)	Return on plan assets	0.0	0.0	20.4	20.4
(3.5)	0.0	(10.0)	(13.5)	Actuarial (gains) & losses - changes in demographic assumptions	(2.3)	(0.0)	(1.9)	(4.2)
(7.3)	0.0	(12.2)	(19.6)	Actuarial (gains) & losses - changes in financial assumptions	(122.5)	(0.2)	(107.6)	(230.4)
2.1	0.0	2.2	4.3	Actuarial (gains) & losses – Other	(1.9)	(0.0)	(1.7)	(3.6)
0.0	0.0	0.0	0.0	Impact of asset ceiling	0.0	0.0	90.4	90.4
(8.8)	0.0	(48.0)	(56.7)	Total Other Comprehensive Income & Expenditure	(126.7)	(0.2)	(0.5)	(127.4)
43.2	0.2	(28.3)	15.1	Total Retirement Benefit Charged/(Credited) to the CIES	(73.1)	0.0	17.4	(55.7)
				Movement in Reserves Statement				
(52.0)	(0.3)	(19.6)	(71.9)	Reversal of net charges/credits for retirement benefits in accordance with the Code	(53.6)	(0.3)	(17.9)	(71.8)
33.7	0.1	18.9	52.7	Actual amount charged against the City Fund and HRA Balances	36.0	0.1	21.7	57.9

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 2024		31 March 2025
£m		£m
	Grants and Contributions Received in Advance - Capital (Long-term)	
(110.8)	S106 / S278 Contributions	(73.1)
	Grants and Contributions Received in Advance - Revenue (Short-term)	
(1.9)	S31 Grant for NNDR Reliefs due to Central Government	(2.9)
(0.4)	COVID Additional Relief Fund Receipt in Advance from Central Government	(0.1)
(8.2)	Other Revenue Grants and Contributions	(7.5)
(10.5)	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 £223.8m (2023-24: £225.8m).

29. Other Long-term Liabilities

At the 31 March 2025 the City Fund has long term liabilities of £40.0m (2023-24: £39.0), which consists of £30.2m (2023-24: £35.3m) of outstanding London NNDR Pool Strategic Investment Pot (SIP) project funding due to be released over the life span of agreed projects and £9.8m (2023-24: £3.7m) of financial lease liabilities.

30. Leases

Finance Leases

Right of Use Assets

City Fund adopted IFRS 16 from 1st April 2024 as required by the Code of Practice, this resulted in some previously classified operating leases being added as right of use assets. The primary impact of IFRS 16 is the removal of the distinction between finance leases and operating leases. Finance leases have historically been accounted with on the balance sheet with an asset and liability, operating leases have been treated as charge to revenue in the year they are paid and no requirement to reflect this in the balance sheet. IFRS 16 requires all substantial leases to be accounted for on the balance sheet, recognising the rights acquired to use an asset.

Items of low value and leases that expire on or before 31st March 2025 are exempt from the new arrangements. IFRS 16 has been applied retrospectively but with the cumulative effect recognized at 1st April 2024. This means that right of use assets and liabilities have been calculated as if IFRS16 has always been applied but recognized in 2024/25 and not by adjusting prior years figures. The weighted average of the incremental borrowing rates used to discount liabilities was 5%, using PWLB rates.

The table below shows the breakdown of the new right of use asset additions along with subsequent depreciation charges. An additional liability resulting from this change in the accounting approach is also highlighted in the tables.

Movements on Balances 2024/25	ROU Other Land and Buildings	ROU Plant and Vehicles	Total
	£m	£m	£m
Cost or valuation			
at 1 April 2024 (Restated)			
Additions	11.6	1.0	12.6
Transfers	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-
Derecognition - disposals	-	-	-
at 31 March 2025	11.6	1.0	12.6
Accumulated Depreciation and Impairment			
at 1 April 2024 (Restated)			
Depreciation Charge	(2.7)	(0.3)	(3.0)
Depreciation written out to the Revaluation Reserve	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-
Derecognition - disposals	-	-	-
at 31 March 2025	(2.7)	(0.3)	(3.0)
Net Book Value			
at 31 March 2024	-	-	-
at 31 March 2025	8.9	0.7	9.6

	31st March 2025
ROU Liabilities	
	£m
Current	3.2
Non Current	6.6
Total	9.8

City Fund as Lessee

Existing finance Leases at the end of financial year 2024/25 are permissible to be reported under the previous IAS 17 guidance.

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 2024		31 March 2025
£m		£m
	Property, Plant and Equipment	
10.5	Other Land and Buildings	8.0
0.5	Vehicles, Plant and Equipment	0.0
28.2	Investment Properties	28.0
39.3		36.0

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 2024		31 March 2025
£m		£m
3.2	Investment Property	3.2
0.5	Cleansing Vehicles	0.0
3.7	Long Term Liabilities	3.2

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 2024	31 March 2024		31 March 2025	31 March 2025
£m	£m		£m	£m
0.7	0.5	Not later than one year	0.1	0.0
0.5	0.0	Later than one year and not later than five years	0.5	0.0
12.7	3.2	Later than five years	12.6	3.2
13.9	3.7	Total	13.2	3.2

City Fund as Lessor

The gross investment is made up of the following amounts:

31 March 2024		31 March 2025
£m		£m
	Finance lease debtor (net present value of minimum lease payments)	
0.3	Current	0.3
8.3	Non-current	8.0
17.0	Unearned finance income	16.5
25.6	Gross investment in the lease	24.8

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 2024	31 March 2024		31 March 2025	31 March 2025	
£m	£m		£m	£m	
0.5	0.3	Not later than one year	0.5	0.3	
2.2	1.1	Later than one year and not later than five years	7.4	1.2	
23.1	7.1	Later than five years	26.2	6.8	
25.8	8.5	Total	35.7	8.3	

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 2024		31 March 2025
£m		£m
2.7	Not later than one year	0.7
2.8	Later than one year and not later than five years	2.7
14.8	Later than five years	14.2
20.3	Total	17.6

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 2024		31 March 2025
£m		£m
46.5	Not later than one year	44.6
151.5	Later than one year and not later than five years	143.0
3,452.6	Later than five years	3,471.9
3,650.6	Total	3,659.5

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 2024		Note	31 March 2025
£m			£m
(303.7)	Revaluation Reserve	A	(309.4)
(2,218.4)	Capital Adjustment Account	B	(2,308.6)
875.6	Pensions Reserve	C	762.2
(26.6)	Collection Fund Adjustment Account	D	(29.6)
4.0	Accumulated Absences Account	E	3.8
(8.6)	Deferred Capital Receipts Reserve	F	(8.3)
0.2	Financial Instrument Revaluation Reserve	G	0.2
11.9	Pooled Investment Adjustment Account	H	10.0
(1,665.6)	Total Unusable Reserves		(1,879.7)

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).

2023-24		2024-25
£m		£m
(353.5)	Balance at 1 April	(303.7)
(6.1)	Upward revaluation of assets	(15.2)
50.1	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	4.7
44.0	Surplus on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(10.5)
5.8	Difference between fair value depreciation and historical cost depreciation	4.8
0.0	Assets reclassified as investments	0.0
0.0	Accumulated gains on assets sold or scrapped	0.0
5.8	Amount written off to the Capital Adjustment Account	4.8
(303.7)	Balance at 31 March	(309.4)

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.

2023-24		2024-25
£m		£m
(2,207.7)	Balance at 1 April	(2,218.4)
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
28.2	Charges for depreciation, impairment and revaluation losses of non-current assets	31.3
24.7	Revaluation gains on Property, Plant and Equipment	4.6
0.8	Amortisation of intangible assets	0.5
46.0	Revenue expenditure funded from capital under statute	101.8
0.6	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	5.9
100.4	Total reversal of items relating to capital expenditure debited or credited to the CIES:	144.2
(5.8)	Adjusting amounts written out of the Revaluation Reserve	(4.8)
94.6	Net written out amount of the cost of non-current assets consumed in the year	139.5
	Capital financing applied in the year:	
(15.0)	Use of the Capital Receipts Reserve to finance new capital expenditure	0.0
(1.8)	Use of the Major Repairs Reserve to finance new capital expenditure	(1.5)
(43.3)	Capital grants, contributions & donations credited to the CIES that have been applied to capital financing	(43.1)
(63.8)	Application of grants to capital financing from the Capital Grants Unapplied Account	(113.2)
(1.4)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(4.2)
(36.8)	Capital expenditure charged against the City Fund & HRA balances	(47.3)
(162.1)	Total Capital financing applied in the year:	(213.4)
56.5	Movements in the market value of Investment Properties debited or credited to the CIES	(16.3)
0.2	Museum of London loan principle	0.0
(2,218.4)	Balance at 31 March	(2,308.6)

c. Pension Reserve

2023-24		2024-25
£m		£m
913.2	Balance at 1 April	875.6
(56.7)	Remeasurements of the net defined benefit liability	(127.5)
71.9	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	71.8
(52.7)	Employer's pension contributions less direct payments to pensioners payable in the year	(57.7)
875.6	Balance at 31 March	762.2

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 £29.6m has arisen in the account. This surplus is largely due to timing differences between our submission of estimated business rate income for the year, submitted in January for the preceding financial year.

e. Accumulated Absences Account

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

f. Deferred Capital Receipts Reserve

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

g. Financial Instrument Revaluation Reserve

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

h. Pooled Investment Reserve

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



Notes to the Cash Flow Statement

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following item:

2023-24		2024-25
£m		£m
(28.2)	Depreciation, impairments and impairment reversal	(31.3)
90.0	(Increase)/Decrease in creditors	(53.6)
(8.1)	Increase/(Decrease) in debtors	13.2
(0.1)	Increase/(Decrease) in inventories	0.0
(19.1)	Movement in pension liability	(14.1)
(0.6)	Carrying amount of non-current assets sold	(5.9)
(59.2)	Movement in investment property values	16.3
(1.3)	Deferred credits	0.7
0.3	(Increase)/Decrease in contributions to provisions	(5.7)
3.2	Other non-cash items charged to the net surplus or deficit on the provision of services	17.6
(23.2)	Total	(62.8)

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

2023-24		2024-25
£m		£m
(52.1)	Interest received	(50.3)

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

2023-24		2024-25
£m		£m
3.8	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13.8
70.1	Capital grants credited to the net surplus or deficit on the provision of services	187.2
73.9		201.0

33. Cash Flow Statement – Investing Activities

2023-24		2024-25
£m		£m
112.2	Purchase of property, plant and equipment, investment property and intangible assets	181.8
(1,740.3)	Proceeds from short-term and long-term investments	(2,061.4)
1,646.6	Purchase of short-term and long-term investments	2,087.6
(3.8)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(15.3)
(80.1)	Capital grants received	(158.9)
0.1	Other receipts from investing activities	4.7
(65.4)	Net cash outflows/(inflows) from investing activities	38.5

34. Cash Flow Statement – Financing Activities

2023-24		2024-25
£m		£m
10.5	Billing Authorities - Council Tax and NNDR Adjustments	10.6
0.6	Reduction/(increase) in finance lease liability	(9.3)
11.1	Net cash inflows from financing activities	1.3

35. Cash and Cash Equivalents

31 March 2024		31 March 2025
£m		£m
0.0	Cash	0.0
47.2	Cash Equivalents (cash readily available and held by City of London Corporation)	40.9
47.2	Total	40.9

Cash equivalents are represented by cash in hand readily available to the City Fund, held by the City of London Corporation, 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.

The City Fund utilises the bank account of the City of London Corporation, who are the named entity on the bank account. The City Fund does not hold cash at bank.



Other Notes to the Accounts

36. 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 2024-25, including instances where their close family has made transactions with the City of London.

During 2024-25 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	2024-25 £000	2023-24 £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	(44)	(67)	Provision of service costs received by City Fund/ Contribution to Sculptures in the City project
Blue Moon	A member is the founder & chief executive	(30)		Credit note in relation to fees paid for services to City Fund
CBRE	A member is an executive director and a member is employed by CBRE	68	156	Payment of service costs and management fees to City Fund
Deloitte LLP	A Member is a Partner	(51)	24/(13)	Provision of service costs received by City Fund
Deutsche Bank	A Member is a Director & a members spouse is a managing director	(135)	(120)	Provision of service costs received by City Fund
EC Business Improvement District	A member is a director	4,427/(207)	-	Levy paid to BID/ income related to maintenance/ cleansing services provided 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)	Contribution received by City Fund

London & Partners	A Member is a Director	8	45/(2)	Licence fee paid by City Fund
London Councils	A member is a Director in London Councils Ltd	12/(37)	(8)/(24)	Council Grants to City Fund & contributions to London Councils
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
Lord Mayors Appeal Ltd	Two members are directors & 2 members are trustees	14	-	Donation of Beerfest profits
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)	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 owner of an LLP at Lloyds of London	(14)	(1,815)	Funds to City Fund for Project Works
Partnership for Young London	A Member is a Director, Two members are trustees	(15)/(10)	15/(10)	Reversal of prior year creditor in relation to Pan London CiCC contract; 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	-	-	Membership Fees

The following transactions have been disclosed where Members have declared an interest in parties that have transactions with the City Fund during 2024-25.

Related party	Connected party	2024-25	2023-24	Detail of transaction
		£000	£000	
Barbican Association	Five members are members of the Barbican Association	19	-	Payment of expenses 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	(246)	(168)	Payment to City Fund for Sponsorship Fees & contribution to Sculptures in the City project
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 independent member of the council	(354)	(198)	Provision of service costs received by City Fund
DLA Piper UK LLP	One member is an equity partner and one member is a consultant to DL A Piper UK LLP	(15)	-	Membership fees 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	(24)	(30)	Provision of service cost received by City Fund and a refund to Keltbray for services provided
Lloyds Banking Group	A Member is an Employee	(799)	(6)/(162)	Provision of Services costs received by City Fund
London Borough of Sutton	A Member is the Head of Pensions Investments	(227)	(729)/(201)	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	(225)	(229)	Income received by City Fund for the Provision of Services
Ministry of Defence	Member is a TA officer	(56)	-	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	5,639/(395)	5,451/(447)	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 2024-25 was £100.2m (2023-24: £42.3m) and the City Fund received £1.05m for rent, loan repayments and other services. At 31st March 2024 there was an outstanding receivable of £1.02m relating to rent and loan repayments. For 2024-25, City Fund is committed to provide £5.64m (£5.46m in 2023-24) 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 2024-25, City's Estate provided a grant of £35.4m to City Fund for the Salisbury Square Development.

During the year, City Bridge Foundation contributed for its share of costs - £0.313m (2023-24: £0.114m) towards Corporate IT projects and were credited £0.075m (2023-24: £0.091m) in respect of the "Secure City" project, relating to CCCTV and telecommunications. The balance owed to CBF at year end was nil (2023-24: 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 2025 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 £18.92m (2024: £16.77m).

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 2025 was £127,388), no consolidation has taken place.

37. 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, £0.436m in remuneration from the City Fund was claimed for Members undertaking their duties (2023-24: £0.269m).

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 £3,647.78 (2023-24: £2,452.42) 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.

38. Contingent Liabilities

There are no contingent liabilities to disclose as at 31 March 2025.

39. Events after the reporting period

In preparing these accounts the City Fund is required to consider events that may have an impact on the financial statements since 31 March 2025. Events after this date have been considered in respect of material impact on the financial statements. No adjustments have been made.

40. 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 2024-25, the Eight Authority Pool continued in 2024-25. 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 2025 £m
Short-Term Debtors	0.0
Cash & Cash Equivalents	12.3
Short-Term Creditors	(12.3)



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.

The HRA continues to be carefully monitored both in year and over the medium term. A financing plan is being developed to ensure that a planned surplus is delivered and replenishes the reserves, pending new housing units coming on stream to bring additional rental income into the HRA

Income and Expenditure Statement				
2023-24		Notes	2024-25	
£m			£m	£m
	Expenditure			
5.8	Repairs and maintenance		7.4	
8.8	Supervision and management		8.8	
2.1	Depreciation of non-current assets		2.1	
7.2	Revaluation (gain)/loss on HRA dwellings		4.2	
0.1	Movement in the allowance for bad debts	1	(0.2)	
24.0	Total Expenditure			22.3
	Income			
(11.5)	Dwelling rents		(12.4)	
(1.9)	Non-dwelling rents		(1.8)	
(3.3)	Charges for services and facilities		(3.9)	
(0.3)	Contributions towards expenditure		(0.2)	
(17.0)	Total Income			(18.3)
7.0	Net Expenditure/(Income) of HRA Services as included in the City Fund CIES cost of services			4.0
	HRA share of other income and expenditure included in the City Fund CIES			
0.0	Net (gain)/loss on Disposal of Fixed Assets		0.0	
0.2	Interest and investment income		0.5	
0.0	Investment property (gain)/loss on revaluation		0.0	
7.3	(Surplus)/deficit for the year on HRA Services		4.5	

Movement on the HRA Statement				
2023-24		Notes	2024-25	
£m			£m	£m
(0.2)	Balance on the HRA at the end of the previous year			(0.3)
7.3	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement		4.5	
(7.3)	Adjustments between accounting basis and funding basis under statute	2	(4.2)	
(0.1)	(Increase)/decrease in year on the HRA			0.3
(0.3)	Balance on the HRA at the end of the current year			0.0

1. Impairment Allowance for Bad and Doubtful Debts

2023-24		2024-25
£m		£m
0.85	Provision at 1 April	0.93
(0.03)	Bad Debts written off	(0.08)
0.11	Decrease in Provision	(0.23)
0.93	Provision at 31 March	0.62

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 2025 the City Corporation's HRA rental stock was 1,858 dwellings. The HRA also includes costs and service charge income relating to properties sold on long leases of which there were 942 as at 31 March 2025 (2023: 940).

31 March 2024		31 March 2025
No.		No.
27	Houses and Bungalows	27
1,833	Flats	1,831
1,860	Total	1,858

31 March 2024		31 March 2025
No.		No.
1,860	Stock at 1 April	1,860
(3)	Sales	(3)
3	New Build	1
1,860	Stock at 31 March	1,858

4. Arrears of Rent, Service and Other Charges

As at 31 March 2025 the total arrears for rent, service charges and other charges were £7.7m (31 March 2024: £6.7m) as follows:

31 March 2024		31 March 2025
£m		£m
0.2	Former residential tenants	0.1
0.4	Current residential tenants	0.4
1.5	Commercial tenants	1.5
4.7	Service charges	6.1
(0.1)	Other charges	0.4
6.7	Total arrears	7.7

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.

2023-24				2024-25				
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				
180.3	36.6	48.9	265.8	1 April	176.3	32.0	61.0	269.3
14.6	0.0	17.8	32.4	Additions	6.9	0.1	39.8	46.8
5.7	0.0	(5.7)	0.0	Transfers	0.1	(3.5)	(0.1)	(3.5)
(7.6)	(4.5)	0.0	(12.1)	Revaluation increase/(decrease) recognised in the Revaluation Reserve	0.2	2.7	0.0	2.9
(16.3)	(0.1)	0.0	(16.4)	Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	(5.5)	0.0	0.0	(5.5)
(0.3)	0.0	0.0	(0.3)	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
176.4	32.0	61.0	269.4	31 March	177.7	31.3	100.7	309.7
				Accumulated Depreciation and Impairment				
(0.1)	(0.2)	0.0	(0.3)	1 April	0.0	(0.2)	0.0	(0.2)
(1.8)	(0.3)	0.0	(2.1)	Depreciation Charge	(1.7)	(0.3)	0.0	(2.0)
0.8	0.2	0.0	1.0	Depreciation written out to the Revaluation Reserve	0.4	0.2	0.0	0.6
1.0	0.1	0.0	1.1	Depreciation written out to the Surplus/Deficit on the Provision of Services	1.3	0.0	0.0	1.3
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	0.0	(0.3)	0.0	(0.3)
				Net Book Value				
180.2	36.4	48.9	265.5	1 April	176.3	31.8	61.0	269.1
176.3	31.8	61.0	269.1	31 March	177.7	31.0	100.7	309.4

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 2025 is £710.4m (£723.5m 31st March 24) which has been reduced by 75% to £177.7m (£182.5m at 31st March 24) to reflect social housing.

7. Major Repairs Reserve

2023-24		2024-25
£m		£m
0.4	Balance 1 April	0.0
	Transfer from HRA equal to depreciation	
(2.1)	Dwellings	(2.1)
0.0	non dwellings	0.0
0.0	Additional contribution to/(from) HRA	0.0
1.8	Capital expenditure (dwellings)	1.5
(0.0)	Balance 31 March	(0.6)

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.

2023-24		2024-25
£m		£m
	Expenditure in year	
	Fixed assets	
17.8	Assets under construction	39.8
14.6	Dwellings	6.9
0.0	Other	0.1
0.0	Revenue expenditure funded from capital under statute	0.0
32.4	Total Expenditure	
	Methods of financing	
0.0	GF Appropriation	3.5
8.4	Capital Receipts	0.0
1.8	Major Repairs Reserve	1.5
22.2	Grants and contributions	41.8
32.4	Total Financing	46.8

Collection Fund Statement

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.

2023-24			Notes	2024-25			
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total	
£m	£m	£m		£m	£m	£m	
			INCOME				
(10.0)	0.0	(10.0)	Council Tax Receivable		(10.7)	0.0	(10.7)
(0.2)	0.0	(0.2)	Transfer from City Fund (Reliefs)		(0.2)	0.0	(0.2)
	(1,259.6)	(1,259.6)	National Business Rates	1		(1,292.8)	(1,292.8)
	0.0	0.0	National Business Rates transitional protection payments			0.0	0.0
	(42.8)	(42.8)	GLA Business Rate Supplement			(43.9)	(43.9)
	(35.2)	(35.2)	City Business Rate Premium			(43.2)	(43.2)
(10.2)	(1,337.6)	(1,347.8)	TOTAL INCOME		(10.9)	(1,379.9)	(1,390.8)
			EXPENDITURE				
			Council Tax Precepts and Demands				
8.9	0.0	8.9	City	2	9.0	0.0	9.0
1.3	0.0	1.3	GLA		1.4	0.0	1.4
0.1	0.0	0.1	Impairment of debt for Council Tax		(0.1)	0.0	(0.1)
			National Business Rates Precepts and Demands	2			
	340.8	340.8	City			359.5	359.5
	420.4	420.4	GLA			443.3	443.3
	374.9	374.9	Central Government			395.4	395.4
	(5.5)	(5.5)	National Business Rates transitional protection payments			(0.8)	(0.8)
	42.2	42.2	Business Rate Supplement collected on behalf of GLA			43.3	43.3
	32.7	32.7	City Business Rate Premium			41.3	41.3
	12.5	12.5	City Offset	5		13.3	13.3
	1.1	1.1	Interest paid on refunds			3.6	3.6

2023-24			Notes	2024-25		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
			EXPENDITURE CONTINUED			
			Impairment of debts for Business Rates			
	12.4	12.4	National		(16.2)	(16.2)
	0.6	0.6	GLA		0.5	0.5
	0.5	0.5	Premium		0.1	0.1
			Impairment of appeals for Business Rates			
	84.8	84.8	National		12.9	12.9
	2.0	2.0	Premium		1.8	1.8
			Cost of Collection Allowance			
	1.9	1.9	National Business Rates		2.0	2.0
	0.0	0.0	GLA Business Rate Supplement		0.1	0.1
			Contributions towards previous year's estimated Collection Fund Surplus/(Deficit)			
0.8	2.9	3.7	City	0.0	20.6	20.6
0.1	3.6	3.7	GLA	0.0	25.4	25.4
	3.2	3.2	Central Government		22.7	22.7
11.2	1,331.0	1,342.2	TOTAL EXPENDITURE	10.3	1,368.8	1,379.1
1.0	(6.6)	(5.6)	(Surplus)/Deficit for Year	(0.6)	(11.1)	(11.7)
(0.8)	(80.8)	(81.6)	Balance 1 April	0.0	(87.4)	(87.4)
0.2	(87.4)	(87.4)	Balance 31 March	(0.6)	(98.5)	(99.1)

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 2024-25 the City of London set a non-domestic rating multiplier of 0.564 (56.4p in the £) and a small business non-domestic rating multiplier of 0.517 (51.7p in the £). This comprises the NNDR and SBNDR multipliers of 0.546 and 0.499 respectively, plus a premium of 1.8p 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 2024-25 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 2025 was £2.683bn.

2023-24		2024-25
£m		£m
(1,373.3)	National Business Rates	(1,422.7)
78.4	Less: Voids	86.8
14.1	Mandatory and discretionary relief	18.4
20.6	Expanded retail, leisure, and hospitality relief	24.4
0.7	Partly occupied allowance	0.3
(1,259.6)	Net income from national business rates	(1,292.8)

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 £1,051.62 for a Band D property, inclusive of a 2.99% general increase and a 2% increase for Adult Social Care.

To this £1,051.62 is added £166.27 in respect of the precept from the Greater London Authority to arrive at the total Council Tax of £1,217.89 for a Band D property in 2024-25. 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	811.93
B	7/9	947.25
C	8/9	1,082.57
D	9/9	1,217.89
E	11/9	1,488.53
F	13/9	1,759.18
G	15/9	2,029.82
H	18/9	2,435.78

3. Tax Bases 2024-25

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

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

BAND	MIDDLE	INNER	CITY AREA	TOTAL
	TEMPLE	TEMPLE	EXCLUDIN G	CITY
			TEMPLES	AREA
A	-	-	2.33	2.33
B	-	-	140.86	140.86
C	-	-	441.96	441.96
D	-	-	803.69	803.69
E	9.78	0.92	3,007.40	3,018.10
F	32.14	24.56	1,612.88	1,669.58
G	24.17	61.25	2,106.70	2,192.12
H	-	4.00	565.00	569.00
AGGREGATE RELEVANT AMOUNTS	66.09	90.73	8,680.82	8,837.64
COLLECTION RATE	97%	97%	97%	
TAX BASES	64.11	88.01	8,420.4	8,572.52

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 £13.3m in 2024-25 (2023-24: £12.5m).

5. (Surplus)/Deficit for the year

A business rates surplus of £11.1m was achieved for the year, but this was in large part due to a prior year surplus of £6.5m which was payable in 2024-25. After adjusting for the prior year surplus, the in year position was a surplus of £17.6m.

Breakdown of Business Rate Collection Fund Deficit	Total	City	GLA	Central Govt
Percentage allocation		30%	37%	33%
Opening collection fund surplus/(deficit)	87.4	26.2	41.3	19.8
Prior year surplus/(deficit)	68.7	20.6	25.4	22.7
In-year surplus/(deficit)	79.8	23.9	29.5	26.3
Closing Surplus/(deficit)	98.5	29.5	45.4	23.4

Police Pension Fund

Police Pension Fund Account for the year ended 31 March 2024

2023-24		2024-25	
£m		£m	£m
	Contributions receivable		
	- from employer		
(13.4)	normal	(16.2)	
0.0	early retirements	(1.0)	
(5.8)	- from members	(6.3)	
(19.2)			(23.5)
(0.1)	Transfers in from other Police Authorities		0.0
	Benefits payable		
31.9	- pensions	34.4	
6.7	- commutations and lump sums	7.1	
38.6			41.5
	Payments to and on account of leavers		
0.0	- Transfers out to other Police Authorities	0.0	
0.0	- Other	0.1	
19.3	Sub-total: Net amount payable for the year before transfer from Police Authority	18.1	
(19.3)	Additional contribution from Police Authority	(18.1)	

- 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 158. 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 auditor's report to the members of City of London Corporation on the pension fund financial statements 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 2025

Net Asset Statement as at 31 March 2025

2023-24	Notes	2024-25
£m		£m
	Dealings with members, employers and others directly involved in the Fund	
(53.1)	Contributions	(60.3)
(5.7)	Transfers in from other pension funds	(7.3)
(58.8)		(67.6)
58.4	Benefits	63.4
5.7	Payments to and on account of leavers	4.3
64.1		67.7
5.3	Net (additions)/withdrawals from dealings with members	0.1
8.2	Management expenses	8.2
13.5	Net withdrawals including fund management expenses	8.3
	Returns on investments	
(5.8)	Investment income	(26.9)
(128.1)	Profit and losses on disposal of investments and changes in the value of investments	(10.9)
(133.9)	Net return on investments	(37.8)
(120.4)	Net (increase)/decrease in the net assets available for benefits during the year	(29.5)
(1,375.4)	Opening net assets of the scheme	(1,495.8)
(1,495.8)	Closing net assets of the scheme	(1,525.3)

2023-24	Notes	2024-25
£m		£m
0.2	Long-term investments	0.2
1,483.6	Investment assets	1,501.9
1,483.8	Total net investments	1,502.1
14.0	Current assets	25.7
(2.0)	Current liabilities	(2.5)
1,495.8	Net assets of the Fund available to fund benefits at the end of the reporting period	1,525.3

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 2025			31 March 2024	
	Current contributors	Beneficiaries in receipt of pension	Deferred members	Total	Total
	No.	No.	No.	No.	No.
ADMINISTERING AUTHORITY					
City of London Corporation	4,816	4,649	4,877	14,342	13,825
	4,816	4,649	4,877	14,342	13,825
SCHEDULED BODIES:					
Museum of London	274	320	699	1,293	1,271
Magistrates Court	0	16	9	25	28
Multi Academy Trust	26	0	7	33	20
	300	336	715	1,351	1,319
ADMITTED BODIES:					
Irish Society	5	11	1	17	16
Parking Committee for London	0	7	4	11	11
Guildhall Club	0	5	4	9	8
City Academy - Southwark	109	15	155	279	254
Schools Plus Ltd	1	0	0	1	0
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	7	2	19	28	28
Turning Point	1	0	0	1	1
Agilysis	0	6	13	19	20
Agilysis (police)	0	1	1	2	3
Bouygues (EDTE)	0	0	1	1	1
Cook & Butler	0	1	1	2	2
1SC Guarding Limited	0	3	0	3	3
Skanska	4	1	0	5	5
Veolia	3	1	1	5	5
	130	60	204	394	368
TOTAL	5,246	5,045	5,796	16,087	15,512

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 2025. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. For 2024/25, 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 2024/25 financial year and its financial position at 31 March 2025. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2024/25* (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. IAS 21 'The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)' which was issued in August 2023 clarifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. Implementation

of IAS 21 is not expected to have a material impact on the Pension Fund.

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 17.

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.

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

Financial Assets

- ii. 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.
- iii. 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).

Acquisition costs are included in the purchase costs of investments.

Foreign Currency Transactions

- iv. 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.

Management Expenses

- v. 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.

- vi. 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.

Investment Income

- vii. 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.

The change in market value of investments during the year are recognized as income and 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.

Contribution Income

- viii. 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 Voluntary Contributions

- ix. 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.

Benefits Payable – Retirement grants

- x. 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.

Transfers to and from other schemes

- xi. 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.

Cash and Cash Equivalents

- xii. Cash comprises cash at the Bank, all cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

Actuarial present value of promised retirement benefits

- xiii. The actuarial present value of promised retirement benefits is

assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 17).

Contingent Assets, Contingent Liabilities and Contractual Commitments

- xiv. A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the Balance Sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognized in the net asset statement but are disclosed by way of narrative in the notes.

4. Critical judgements in applying accounting policies

The Fund was not required to make any critical judgements when applying its accounting policies.

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 2025 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 17)	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 £20m a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £1m a one-year increase in assumed life expectancy would increase the liability by approximately £49m.
Private equity investments (Note 13)	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022) and use valuation techniques that rely on unobservable inputs.	Private equity investments are valued at £21.2m in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change. Please refer to Note 13 for a sensitivity analysis demonstrating the impact of a change in assumptions.
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 £161.7m and £118.0m, respectively in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change. Please refer to Note 13 for a sensitivity analysis demonstrating the impact of a change in assumptions.

6. Events after the reporting date

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

7. Contributions receivable

By Category

2023-24		2024-25
£m		£m
(13.9)	Employees' contributions	(15.7)
	Employers' contributions	
(34.9)	Normal contributions	(39.7)
(4.0)	Deficit recovery contributions	(4.5)
(0.3)	Pensions strain contributions	(0.4)
(39.2)	Total employers' contributions	(44.6)
(53.1)		(60.3)

By type of employer

2023-24		2024-25
£m		£m
(49.6)	Administering authority	(56.5)
(2.5)	Scheduled bodies	(2.9)
(1.0)	Admitted bodies	(0.9)
(53.1)		(60.3)

8. Benefits payable

By Category

2023-24		2024-25
£m		£m
50.7	Pensions	54.6
6.0	Lump sum retirement benefits	7.2
1.7	Lump sum death benefits	1.6
58.4		63.4

By type of employer

2023-24		2024-25
£m		£m
54.7	Administering authority	59.2
3.1	Scheduled bodies	3.4
0.6	Admitted bodies	0.8
58.4		63.4

9. Payments to and on account of leavers

2023-24		2024-25
£m		£m
5.5	Individual transfers out	4.1
0.2	Refunds to members leaving service	0.2
5.7		4.3

10. Management expenses

2023-24		2024-25
£m		£m
0.7	Administration expenses	0.6
7.1	Investment management expenses	7.2
0.4	Oversight and governance*	0.4
8.2		8.2

*Includes audit fees of £39,500 that have been charged to the Pension Fund (2023-24: £35,000). The fee payable for the 2024-25 audit is estimated to be £95,000.

a. Investment management expenses

2023-24					2024-25			
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	0.4	0.0	1.0	Infrastructure funds	0.8	0.8	0.0	1.6
4.4	0.0	0.0	4.4	Pooled investments**	3.9	0.0	0.4	4.3
0.6	0.0	0.0	0.6	Pooled property investments	0.6	0.0	0.0	0.6
0.3	0.8	0.0	1.1	Private equity	0.2	0.5	0.0	0.7
5.9	1.2	0.0	7.1	Total	5.5	1.3	0.4	7.2

**Included £1.7m charged to the Pension Fund by the London CIV regional asset pool (£1.1m in 2023-24).

11. Income from investments

2023-24		2024-25
£m		£m
(0.3)	Infrastructure funds	(0.4)
(1.1)	Interest	(1.2)
(0.3)	Pooled Investments	(21.1)
(3.3)	Pooled property investments	(3.7)
(0.8)	Private equity	(0.5)
(5.8)	Total	(26.9)

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 31-03-2024		Market Value 31-03-2025
£m		£m
	Investment assets	
	Pooled funds	
212.7	Corporate Bonds	203.3
109.6	Diversified growth funds	113.4
635.6	Global equity	621.7
129.8	Multi asset credit	130.2
174.3	UK equities	132.4
1,262.0		1,201.0
	Other investments	
78.2	Infrastructure funds	161.7
119.0	Pooled property investments	118.0
24.4	Private equity funds	21.2
221.6		300.9
0.0	Investment income due	0.0
1,483.6	Total investment assets	1,501.9
	Long-term investments	
0.2	Equities	0.2
1,483.8	Net investment assets	1,502.1

a. Reconciliation of movements in investments

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

	Market Value 31-03-2024	Purchases During the Year	Sales During the Year	Change in Value	Market Value 31-03-2025
	£m	£m	£m	£m	£m
Infrastructure funds	78.2	88.2	(6.5)	1.8	161.7
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	1,262.0	271.2	(340.6)	8.4	1,201.0
Pooled property investments	119.0	0.0	(1.7)	0.7	118.0
Private equity funds	24.4	0.2	(3.4)	0.0	21.2
	1,483.8	359.6	(352.2)	10.9	1,502.1
Investment income due	0.0				0.0
Net investment assets	1,483.8				1,502.1

	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

b. Investments analysed by fund manager

Market value 31-03-2024			Market value 31-03-2025	
£m	%		£m	%
		Investments managed by the London CIV		
192.9	13%	LCIV Global Alpha Growth Fund*	187.5	12%
0.0	0%	LCIV Global Equity Value Fund**	114.8	8%
0.0	0%	LCIV Global Equity Quality Fund**	154.4	10%
129.8	9%	LCIV Alternative Credit Fund*	130.2	9%
105.5	7%	LCIV Buy and Maintain Fund (Short Duration)*	105.5	7%
107.2	7%	LCIV Buy and Maintain Fund (Long Duration)*	97.8	6%
0.0	0%	LCIV Renewable Infrastructure Fund	12.6	1%
0.0	0%	M&G UK Residential Property Fund**	42.3	3%
0.2	0%	London CIV	0.2	0%
535.6	36%		845.3	56%
		Investments managed outside the London CIV		
40.8	3%	Alternative assets	33.4	2%
119.9	8%	Artemis Institutional Equity Income Fund*	132.4	9%
40.8	3%	Aviva Lime Property Fund	40.2	3%
173.0	12%	C Worldwide Global Equities**	165.0	11%
117.1	8%	Harris Associates Global Equity Fund#	0.0	0%
61.8	4%	IFM Global Infrastructure (UK)	64.9	4%
0.0	0%	JP Morgan Infrastructure Investments Fund**	72.0	5%
54.5	4%	Lindsell Train UK Equity Fund#	0.0	0%
42.9	3%	M&G UK Residential Property Fund**	0.0	0%
35.3	2%	M&G Secured Property Income Fund	35.5	2%
109.6	7%	Ruffer Absolute Return Fund*	113.4	8%
152.5	10%	Veritas Global Focus Fund#	0.0	0%
948.2	64%		656.8	44%
1,483.8	100%	Total	1,502.1	100%
0.0		Investment income due	0.0	
1,483.8		Net investment assets	1,502.1	

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

** The M&G UK Residential Property Fund was moved under pool management from 1 July 2024.

As at 31 March 2025 alternative assets comprise of private equity and infrastructure investments managed through ten separate investment managers.

#During the year 2024/25 the Pension Fund invested in three new funds, the LCIV Global Equity Value Fund (£116.0m), LCIV Global Equity Quality Fund (£155.2m) and the JP Morgan Infrastructure Investments Fund (£75.0m).

LCIV Global Equity Value Fund (GEV)

The Pension Fund agreed to move its investment from the Harris Associates Global Equity Fund to the LCIV GEV Fund due to the Managers similar 'value' style investment bias, increasing the Pension Fund's percentage of assets pooled with the LCIV. The investment was made in three tranches, two tranches of £38.0m each were made in October 2024 and the final tranche of £40.0m was completed on 7 November 2024. The Pension Fund fully divested from equity manager Harris.

LCIV Global Equity Quality Fund (GEQ)

The Pension Fund moved its investment from the Veritas Global Focus Fund to the LCIV GEQ Fund to due to the Managers similar 'quality' style investment bias, increasing the pooled asset percentage with the LCIV. The investment was made in two tranches on 15 November 2024 (£78.0m) and 21 November 2024 (£77.2m). The Pension Fund fully divested from equity manager Veritas.

JP Morgan Infrastructure Investments Fund

The Pension Fund agreed to invest £75.0m in an Open-ended Infrastructure Fund in September 2024 as part of the asset allocation. The Manager issued a drawdown notice and investment was made in full on 2 January 2025. To fund the new investment, the Pension Fund fully disinvested from Lindsell Train, made a drawdown from equity manager C Worldwide and used Cash in the Bank Account.

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*.

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.

* Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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 2025.

	Assessed valuation range	Market value 31-03-2025	Value on increase	Value on decrease
	(+/-)	£m	£m	£m
Private equity funds	10%	21.2	23.3	19.1
Pooled property investments	10%	118.0	129.8	106.2
Infrastructure funds	10%	161.7	177.9	145.5
		300.9	331.0	270.8

a. Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

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

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

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

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

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

Values as at 31 March 2024					Values as at 31 March 2025			
Quoted market price	Using observable inputs	With significant unobservable inputs			Quoted market price	Using observable inputs	With significant unobservable inputs	
Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Financial assets at fair value through profit and loss				
0.0	0.0	78.2	78.2	Infrastructure funds	0.0	0.0	161.7	161.7
0.0	0.0	0.2	0.2	Long-term investments	0.0	0.0	0.2	0.2
0.0	1,262.0	0.0	1,262.0	Pooled investments	0.0	1,201.0	0.0	1,201.0
0.0	0.0	119.0	119.0	Pooled property investments	0.0	0.0	118.0	118.0
0.0	0.0	24.4	24.4	Private equity funds	0.0	0.0	21.2	21.2
0.0	1,262.0	221.8	1,483.8	Total investment assets	0.0	1,201.0	301.1	1,502.1
0.0	0.0	0.0	0.0	Investment income due	0.0	0.0	0.0	0.0
0.0	1,262.0	221.8	1,483.8	Net investment assets	0.0	1,201.0	301.1	1,502.1

b. Reconciliation of fair value measurements within level 3

The table below shows the movements in level 3 disclosures for 2024-25

Disclosures for level 3	Market value at 31-03-2024	Transfers into level 3	Transfers out of level 3	Purchases at cost	Sales	Unrealised gains / (losses)	Realised gains / (losses)	Market value at 31-03-2025
	£m	£m	£m	£m	£m	£m	£m	£m
Private equity	24.4	0.0	0.0	0.2	(3.4)	0.0	0.0	21.2
Pooled property investments	119.0	0.0	0.0	0.0	(1.7)	0.7	0.0	118.0
Infrastructure	78.2	0.0	0.0	88.2	(6.5)	1.8	0.0	161.7
Long term investment	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Total level 3	221.8	0.0	0.0	88.4	(11.6)	2.5	0.0	301.1

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	1.1	(4.4)	(2.5)	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	16.3	(7.2)	(1.5)	1.0	221.8

14. Financial Instruments

a. Classification of financial instruments

at 31 March 2024				at 31 March 2025		
Fair Value through profit and loss	Assets held at amortised cost	Total		Fair Value through profit and loss	Assets held at amortised cost	Total
£m	£m	£m		£m	£m	£m
			Financial assets			
78.2	0.0	78.2	Infrastructure funds	161.7	0.0	161.7
0.0	0.2	0.2	Long-term investments	0.0	0.2	0.2
1,262.0	0.0	1,262.0	Pooled investments	1,201.0	0.0	1,201.0
119.0	0.0	119.0	Pooled property investments	118.0	0.0	118.0
24.4	0.0	24.4	Private equity funds	21.2	0.0	21.2
0.0	13.8	13.8	Cash	0.0	25.6	25.6
0.0	0.0	0.0	Investment income due	0.0	0.0	0.0
0.0	0.0	0.0	Other debtors*	0.0	0.0	0.0
1,483.6	14.0	1,497.6		1,501.9	25.8	1,527.7
			Financial liabilities			
0.0	0.0	0.0	Creditors*	0.0	0.0	0.0
1,483.6	14.0	1,497.6	Total	1,501.9	25.8	1,527.7

*The table above *excludes* debtors valued at £0.1m (31 March 2024: £0.2m) and creditors valued at £2.5m (31 March 2024: £2.1m) 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 18 and 19 below.

b. Net (Gains) and Losses on Financial Instruments

2023-24		2024-25
£m		£m
	<u>Financial Assets</u>	
128.1	Fair value through profit and loss	10.9
128.1		10.9

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 ten 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.

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 2024-25, 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
Pooled and Long term investments				
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
	1,262.2		1,485.4	1,039.0
Pooled Property Investments				
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
	119.0		134.9	103.1
Private Equity Funds				
Private equity	24.4	26.7%	30.9	17.9
	24.4		30.9	17.9
Infrastructure Funds				
Unlisted infrastructure	78.2	14.7%	89.7	66.7
	78.2		89.7	66.7
Total	1,483.8		1,740.9	1,226.7

Asset type	Value as at 31 March 2025	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Pooled and Long term investments				
Developed market global equities	721.6	20.9%	872.4	570.8
Emerging market global equities	32.7	25.3%	41.0	24.4
Fixed Income	203.3	11.6%	226.9	179.7
Diversified growth funds	113.4	14.1%	129.4	97.4
Multi asset credit	130.2	12.8%	146.9	113.5
	1,201.2		1,416.6	985.8
Pooled Property Investments				
UK property (proxy for residential property)	82.5	16.6%	96.2	68.8
Long lease UK property	35.5	11.2%	39.5	31.5
	118.0		135.7	100.3
Private Equity Funds				
Private equity	21.2	27.0%	26.9	15.5
	21.2		26.9	15.5
Infrastructure Funds				
Unlisted infrastructure	161.7	12.3%	181.6	141.8
	161.7		181.6	141.8
Total	1,502.1		1,760.8	1,243.40

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 represents 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 2025 and 31 March 2024 (restated) 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%. The value as at 31 March 2024 has been restated from £182.2m to £392.9m due to a clerical error made.

Value as at 31 March 2024 (Restated)	Change	Value on increase (Restated)	Value on decrease (Restated)	Assets exposed to interest rate risk	Value as at 31 March 2025	Change	Value on increase	Value on decrease
£m	%	£m	£m		£m	%	£m	£m
13.8		13.8	13.8	Cash and cash equivalents	25.6		25.6	25.6
394.9	1.00%	376.8	413.0	Bonds	388.9	1.00%	373.4	404.4
408.7		390.6	426.8	Total	414.5		399.0	430.0

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 2025, and the comparable position as at 31 March 2024 is shown below. The analysis uses historical currency volatility data sourced from the fund custodian, BNY.

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
Swedish Krona	12.6	1.75%	12.8	12.4
Danish Krone	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
Indian Rupee	9.8	2.03%	10	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 2025			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	612.2	2.42%	627.0	597.4
Euro	232.3	1.28%	235.3	229.3
Japanese Yen	48.4	2.58%	49.6	47.2
Hong Kong Dollars	14.7	2.37%	15.0	14.4
Swedish Krona	13.0	2.14%	13.3	12.7
Taiwanese Dollar	11.6	1.80%	11.8	11.4
Mexican Peso	10.5	0.00%	10.5	10.5
Indian Rupee	10.1	2.13%	10.3	9.9
Swiss Franc	8.5	1.70%	8.6	8.4
Danish Krone	8.3	1.30%	8.4	8.2
Other overseas	28.0	0.44%	28.1	27.9
Overseas total	997.6		1,017.9	977.3
Sterling	504.5			
Net investment assets	1,502.1			

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 2025, liquid investment assets were £1,201.0m representing 80% of total fund assets (£1,262.0m at 31 March 2024 representing 85% 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.

16. 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	1,371.0
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%).

17. Funded Obligation of the Overall Pension Fund

31 March 2024		31 March 2025
£m		£m
(1,536.6)	Present Value of the defined benefit obligation*	(1,365.2)
1,495.8	Fair Value of Fund Assets (bid value)	1,525.2
(40.8)	Net Liability	160.0

*The present value of the funded obligation consists of £1,352.3m in respect of vested obligations and £12.9m in respect of non-vested obligations (2023/24: £1,520.9m and £15.7m respectively).

The above figures show the total net liability of the Fund as at 31 March 2025 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 2024		Assumptions	at 31 March 2025	
% 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	-
4.90	-	Discount Rate	5.85	-

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

Life expectancy from age 65		31 March 2024	31 March 2025
Retiring today	Males	20.8	20.7
	Females	23.3	23.3
Retiring in 20 years	Males	22.0	22.0
	Females	24.7	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. 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](#).

18. Current assets

Current assets include cash balances of £25.6m at 31 March 2025 (£13.8m at 31 March 2024) and accruals for contributions of £0.1m (£0.2m at 31 March 2024).

19. Current liabilities

Current liabilities represent accruals for investment management expenses, custodian fees and benefits payable of £2.5m (2023/24: £2.0m).

20. Additional voluntary contributions

Market Value at 31 March 2024		Market Value at 31 March 2025
£m		£m
2.3	Prudential	2.4
0.7	Standard Life Investments	0.7
0.1	Utmost Life and Pensions	0.1
3.1		3.2

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 2024-25 (2023-24: £0.37m).

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.

21. 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 (2023-24: £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 £41.5m in 2024-25 (2023-24: £36.4m).

22. Key management personnel

The key management personnel of the Fund as at 31 March 2025 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.

2023-24		2024-25
£m		£m
0.2	Short-term benefits	0.2
0.2		0.2

23. Contingent liabilities and contractual commitments

As at 31 March 2025, the Fund had external outstanding capital commitments relating to Renewable Infrastructure of £61.8m (31 March 2024: £75m). Further outstanding capital commitments at 31 March 2025 totalled £5.7m (31 March 2024: £8.6m). 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.

The Fund is aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on the City of London Pension Fund. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case, the judge ruled that alterations to the scheme rules were void and ineffective due to the absence of this written actuarial confirmation. The case was taken to the Court of Appeal, and the original ruling was upheld in July 2024.

As a result, there may be a further liability to the Employer's share of the City of London Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid. The Government Actuary's Department is currently undertaking a review to confirm whether such changes occurred in Local Government Pension Schemes (LGPS). Their most recent bulletin in November 2024 states that HM Treasury does not believe the Virgin Media case expressly addresses whether confirmation is required for public service pension schemes. Their view is that the relevant amendments in the LGPS would have been made by legislation and therefore would remain valid until revoked or repealed by subsequent legislation or declared void by a court. At this point, it is therefore not possible to estimate the potential impact, if any, on the City of London Pension Fund.

On 2nd September 2025, the Government published amendments to the Pension Schemes Bill to allow the retrospective validation of amendments which may have otherwise been invalid, this followed the Court of Appeal's decision in the Virgin Media case.

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 2024-25 financial year and its position at the year end of 31 March 2025. 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 2024-25 (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 equivalents are represented by cash in hand readily available to the City Fund, held by the City of London Corporation, 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. The City Fund does not hold cash at bank.

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 her 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

(i) The City Fund as lessee

The City of London classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The City of London initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the City's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the City is reasonably certain to exercise
- lease payments in an optional renewal period if the City is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the City is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn,

nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. In accordance with Code requirements, The City Fund will use the cost model as a proxy for fair value unless the conditions indicating that this would be a materially unreliable proxy are present.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the City Fund changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the City Fund excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the City Fund is reasonably certain to exercise and any termination options that the City Fund is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

(ii) The City Fund as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Where the City of London grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the City's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Operating leases

Where the City of London grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

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.

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.

(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 85-88).

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 Standards 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):

- **IAS21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability).** Issued August 2023

This amendment:

- Clarifies how an entity should assess whether a currency is exchangeable
- Clarifies how it should determine a spot exchange rate when exchangeability is lacking
- Requires the disclosure of information that enables readers of the accounts to understand the impact of a currency not being exchangeable.

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

- **IFRS17 Insurance Contracts.** Issued May 2017

IFRS17 replaces IFRS4 and sets out the principles for recognition, presentation and disclosure of insurance contracts.

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

- **Measurement of non-investment assets** – adaptations and interpretations of **IAS16 Property, Plant and Equipment** and **IAS38 Intangible Assets**

These changes include:

- Setting out three revaluation processes for operation property, plant and equipment
- Requiring indexation for tangible non-investment assets
- A requirement to value intangible assets using the historical cost approach

These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS8. However the adaptations also include a relief from the requirements of IAS8 following a change in accounting policy, as confirmed in paragraph 3.3.1.4 of the 2025-26 Code. Therefore this change will be applied prospectively, with no restatement of prior year figures.



Annual Governance Statement

Annual Governance Statement (City Fund) 2024-25

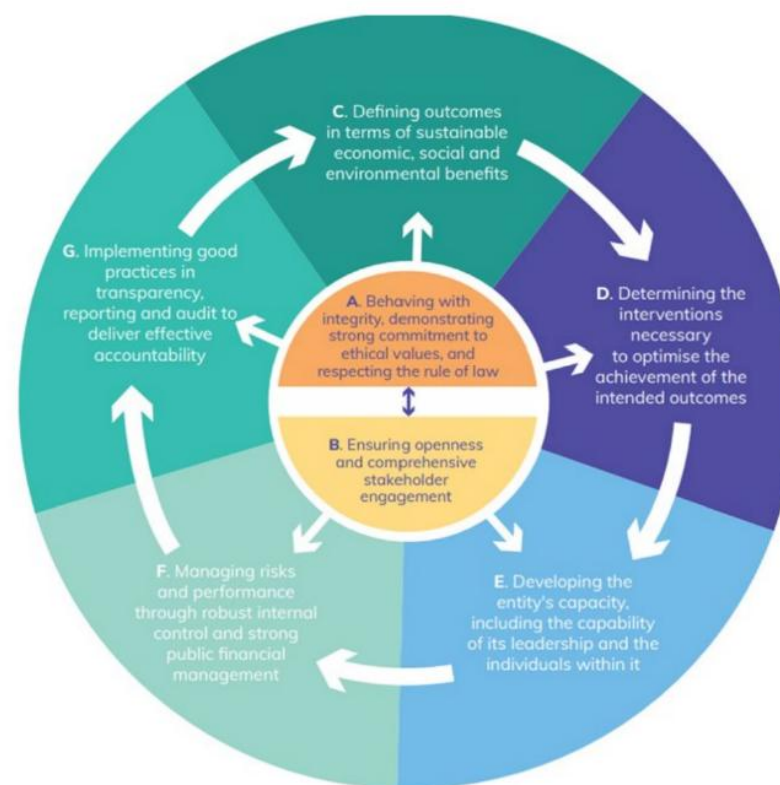
Executive Summary

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*. The City of London Corporation has complied with this code and met 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.

2. **This Annual Governance Statement (City Fund) statement sets out**
 - a. **our assessment of effectiveness in 2024-25**
 - b. **where our governance needs to improve and our commitment to do this during 2025-26**
 - c. **how we have improved our governance arrangements in 2024-25, and**
 - d. **provides a forward look on governance**

3. **The City of London Corporation is satisfied that appropriate fit for purpose governance arrangements are in place and are operating effectively.** Chief Officers and their teams input to this report, as the 1st line of Defence assurance, noting any areas of improvement that have been identified and that are to be implemented over the coming year. 2nd line of Defence assurance is achieved through corporate functions, such as Corporate Health and Safety, Corporate Risk Management and the Central Finance Function. These functions and any identified improvements are also noted. The City of London Corporation is committed to demonstrating effective governance and taking action that will strengthen this position further. Actions identified for implementation in 2025-26 include continuing to implement transformation across the City of London Corporation, for example in HR and Finance with the next stages of embedding Programme Sapphire, continuing delivery of the People Strategy's five themes, moving forward with phase 2 of the EEDI Review and phase 2 of the Transformation Programme, progressing the Health and Safety Action Plan and preparing for a Local Authority Peer Review which will take place during 2025/26 .

Delivering Good Governance in Local Government (CIPFA and Solace, 2016)



4. 3rd line of Defence assurance is achieved through Internal Audit. **The Head of Internal Audit has provided an annual opinion stating that the City of London Corporation 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.
5. External Assurance Providers provide External Audits and Inspections. Grant Thornton UK LLP provides the external audit of the City Fund and Pension Fund accounts, and as part of their work, review the Annual Governance Statement to be assured that it is consistent with our financial statements and is in line with the requirements set by CIPFA . Other providers of external audit include Ofsted and the Care Quality Commission.
6. This annual governance statement was approved by the City Corporation's Audit and Risk Management Committee on 12 May 2025.

Chris Hayward
Policy Chairman

Ian Thomas CBE
Town Clerk and Chief Executive

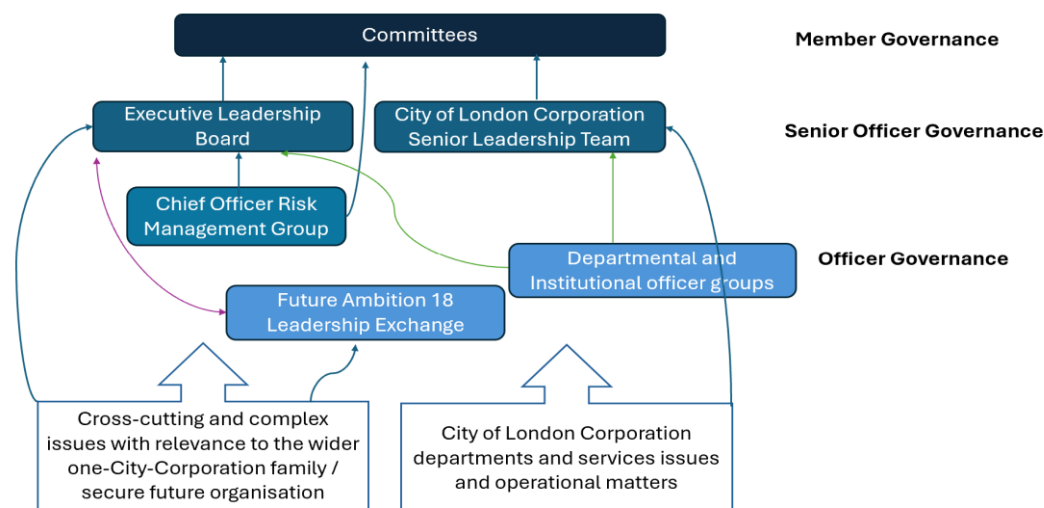
Our assessment of Effectiveness

Governance

7. The Annual Governance Statement (City Fund) 2024-25 has been produced from inputs provided by our Chief Officers and their teams for areas within their portfolios and using internal audits findings, and considering performance measures and various legal and statutory duties, including those reported in the public domain via our governance. We recognise the importance of appropriate controls, effective processes, and good management in ensuring the successful delivery of services for our communities and have in place **a robust system of governance**.
8. Our Code of [Corporate Governance](#) is a series of regulatory documents and protocols which govern how the City Corporation operates and takes decisions. These procedures, covering both the Local Authority and Police Authority roles and also applied to our private and charitable functions, where appropriate, are followed to ensure that our actions are fair, efficient, transparent and accountable. [Key elements](#) of the City Corporation's Governance Framework are explained (for example how the [Court of Common Council](#), the City of London Corporation's primary decision making assembly, appoints Grand Committees each year to provide scrutiny and oversight on its behalf) and some of the ways in which the City of London Corporation is consistent with the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*'s seven principles are listed.
9. Our [Corporate Plan 2024-2029](#) communicates six key outcomes we want to achieve over five years. Progress will be set out in an Annual Progress Report from 2026 onwards, as was noted in the [Corporate Plan 2024-2029 Preliminary Progress Report](#) published in February 2025. In addition, there will be twice yearly reporting on the City of London Corporation's People Strategy.
10. Appropriate **Member scrutiny and oversight** is vital in assuring the robustness of the City of London Corporation's governance. On being elected, new Members receive induction to enable them to understand and undertake their role. Induction is planned in advance of new member elections and prioritised to ensure effective governance and decision making are enabled from the start of each Member's term of office. In March 2025, 28 new Members were elected and have commenced Induction, managed by the Governance and Member Services team, arranged over a period of three months. This is to be followed by a rolling training programme over the course of their four year terms of office.



11. The City of London Corporation's **governance arrangements are kept under regular review**. Committee plans and Terms of Reference, and business as usual reviews into the various thresholds and responsibilities captured within the [Scheme of Delegations](#) and [Standing Orders](#), are completed as per agreed processes. In March 2025, the Court of Common Council approved revisions to the Standing Orders and revisions to the Members' Code of Conduct.
12. Scrutiny and oversight are achieved through **officer governance groups**. The City of London Corporation Senior Leadership Team (SLT), the Executive Leadership Board (ELB) and the Chief Officer Risk Management Group (CORMG) are the most senior officer governance groups and have continued to provide strategic oversight, guidance, and decision-making for effective governance and management, discharging the aggregate set of accountabilities delegated to Officers by Members. SLT comprises Tier 1 Chief Officers and meets weekly, covering operational matters, including organisational strategy and performance. ELB comprises Chief Officers and Heads of Institutions and meets for quarterly away days, providing collective leadership and direction, considering the City of London Corporation as a whole. CORMG is a sub-group of ELB, meeting at least six times per year, supporting ELB's overall responsibility for risk management. Below these a number of departmental and institutional officer governance groups enable the City Corporation to discharge appropriate governance responsibilities; such as the Health, Safety and Wellbeing Board, Portfolio Board, Corporate Projects Board, and Transformation Programme Board. The Future Ambition 18 Leadership Exchange (replacing Senior Leaders Forum which operated 2021-2023), comprising c.150 cross-City of London Corporation senior leaders below the Chief Officer level, was launched in 2024. This group will embed during 2025 determining how to work together to enable a world class City of London Corporation.



13. Effective systems and processes are in place to provide assurance that people meet our **expected standards of conduct**. The [Member Development and Standards Sub Committee](#) ensures all Members access opportunities to broaden specialist knowledge and skills in relation to their duties as Aldermen or Common Councillor. It is also responsible for monitoring, upholding and reviewing the City Corporation's Standard's regime. A revised [Members Code of Conduct](#) was approved by the Court of Common Council in March 2025. A [Panel of Independent Persons](#), a diverse group of 12 independent persons appointed by the Court of Common Council, receives allegations of misconduct under the Members' Code of Conduct. It facilitates informal resolution where appropriate, determines whether to investigate allegations, considers the outcome of investigations and if necessary, holds a hearing and appeal and presents 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 available to all Members on the Code of Conduct, and External Members are also subject to this Code.
14. The City of London Corporation has information for employees on **how to raise a concern** on its website and its staff intranet. During 2024/25 a new Speak Up Policy & Procedure was developed, and this will be formally launched to staff in April. This will replace the previous [Whistleblowing Policy](#). (Whistleblowing is the term used when someone who works in, or for an organisation, wishes to raise concerns about malpractice in the organisation and the covering up of any of these). The new Speak Up Policy and Procedure is to be supported by a new case management system for Speak Up concerns (Whistleblowing & Grievance) and

a new innovative electronic reporting tool, allowing concerns to be raised anonymously and enabling two way communication retaining anonymity, through the INCASE system. During 2024-25 five concerns were raised that, following Internal Audit triage, would meet the test for a protected disclosure under the whistleblowing arrangements. (This compares with four concerns raised during 2023-24.)

15. The City of London Corporation has an [Anti-Fraud and Corruption Strategy](#) to reduce the risk of fraud and corruption to the City of London Corporation, from internal and external sources. It provides a good practice guide to assist staff, users of public services and members of the public on Anti Fraud and Corruption issues and legislation, and assistance on the course of action to be taken by City Corporation employees and users of its public services.
16. The City of London Corporation has approaches in place to support its **compliance and preparedness** in the areas of Security and Resilience, Business Continuity, MAGIC (Gold Command) and Health & Safety, with processes and data reviewed regularly to help drive effectiveness and continuous improvement.

Delivery of Services

Police Authority function

17. The **City of London Police**, the City's independent territorial police service, is overseen by the [Police Authority Board \(PAB\)](#) and its sub-Committees. Comprising elected Members and external appointees, PAB is the City's equivalent of a Police and Crime Commissioner. It holds the City of London Police Commissioner to account for the efficient and effective delivery of the service, ensures value for money in the way the police is run, and sets policing priorities taking into account the views of the community. The City of London Police's operational and organisational priorities and objectives are published in periodic Policing Plans and strategies. In 2024-25 the new [Policing Plan 2025-2028](#), [Victims Strategy](#), [2024-25 Neighbourhood Policing and Engagement Strategy](#) and [Equity, Diversity and Inclusion Strategy 2024-2027](#) were developed and published. It's Neighbourhood policing approach connects the City of London Police directly to our communities, with Dedicated Ward Officers (DWO) making the police more visible, able to interact with the public, aid local knowledge, and keep those who live, work, and visit the city safe and feeling safe. In February 2025, the appointment of the [17th Commissioner of the City of London Police](#) received Royal Assent.

Community Engagement

18. City Question Time events were held in June 2024, October 2024, December 2025 and February 2025 at venues across the City, **enabling residents to meet and hold their elected officials to account**. Focus on delivering on the Policy Chairman's "Resident Reset" priority in 2024-25 saw the appointment of a Resident Communications and Campaigns Manager, introduction of a regular print newsletter delivered to all resident properties, improvements to the regular resident e-newsletter and creation of a residents landing page on the City website. The City of London Corporation captures the questions raised at these events and in January 2025 published '[You Said, We Did](#)' to **illustrate how it has responded** on issues including policing, housing, cleansing, planning and transport.
19. **Consultations and engagement** were held on important areas of policy, including on the City Plan 2040 as it progressed through the City of London's Committee governance during 2024-25, enabling stakeholders to see how future plans for the Square Mile have developed, and on Adult Social Care, the Safer City Partnership Strategy, Future Pharmacy Services and the 0-2 Childcare Policy. The Business Rates meeting was held in February 2025 (combined with City Question Time), **engaging with the business community on how decisions on setting business rates for the 2025-26 year were reached**. Stakeholder engagement plays a vital part in the City of London Corporation's policy development. Unpaid carers were involved in the development of the specification and the commissioning interviews for a new carers service which was successfully launched in 2024. Consultation on SEND Strategy included art engagement session with children with SEND and facilitated sessions with 30 professionals and parents; the SEND Strategy was approved by Community and Children's Services Committee in January 2025. Healthwatch patient panels were consulted the SEND Strategy and Adult Social Care Strategy. Consultation was undertaken on the refurbishment of Golden Lane Leisure Centre and the provision of services there and focus groups were established. A new resident engagement strategy within our housing service is in consultation. We have an active Children in Care Council.



20. Our [City Belonging Project](#) **connected workers across our diverse community**, through engagement with the diversity networks of City businesses, to aid consultation and co-creation in areas such as planning, transportation and service delivery and enable workers to feel as much a part of the community where they work as they do where they live. We launched 6 City Belonging networks: Latinos in the City, City Muslim Network, City Jewish Network, Veterans in the Square Mile, Women in the Square Mile, and Social Mobility in the City. 9 more City Belonging networks will be launched before the end of 2025. 454 City organisations and nearly 2,000 people took part in City Belonging events, including our Guildhall Pride celebration and the Lord Mayor's Show.



Equity, Equality, Diversity and Inclusion

21. The City Corporation aims to drive forward **Equity, Equality, Diversity and Inclusion (EEDI)** at all levels of the organisation to meet its published [Equality Objectives](#). The [EDI Sub-Committee](#), led by elected Members, strengthens the EDI governance structure and sets the strategic direction for EDI. This is coupled with an internal EEDI forum that brings together multiple internal stakeholders of City Corporation. This forum enables collaboration and insight as to how EEDI measures are working in practice. We have developed City Corporation wide EQIA and diversity monitoring guidance, issued November 2024. The City Corporation has 8 staff diversity networks and is a signatory of charters and accreditations including Women in Finance, Stonewall, Disability Confident Employer, London Living Wage and the Social Mobility Employer Index. We are developing a Social Mobility Action Plan. The City Corporation was ranked at 58th in the [Social Mobility Employer Index](#) in October 2024, substantially improving on its 2023 ranking of 87th. Many departments have a local equality framework providing a medium for local staff engagement. In 2024-25 a comprehensive EEDI Review has been undertaken to develop recommendations for EEDI going forward. Early findings of phase 1 of the review were communicated to EDI Sub Committee in February 2025. The full review recommendations will be considered by the EDI subcommittee in June 2025.

Department of Community and Children's Services

22. An Ofsted inspection of Children's Social Care Services and Early Help took place in September 2024 and **we retained our outstanding rating**.
23. The Safeguarding Sub-Committee fulfils our legal obligation to have a Corporate Parenting Board. Members on the Sub-Committee scrutinise various performance and strategies in relation to safeguarding and our Corporate Parent role. Over the past year the sub-committee has considered Service Development Plans, the Corporate Parenting Strategy and Annual Report, Quarterly Performance Reports and the Annual Report from the City and Hackney Safeguarding Children's Partnership.
24. There is significant political oversight & support which has historically focussed on rough sleeping but there has been more focus on statutory homelessness in the last few years as temporary accommodation placements have risen. Positive recognition that investment in officers (training, office culture, career progression) creates a knowledgeable workforce that seeks to offer a holistic service to residents and by doing so improves the outcomes for both the resident and the organisation as a whole.
25. The City of London Health and Wellbeing Board worked with the Local Government Association to review how to strengthen its role, learn from best practice and ensure that the Board is delivering on its priorities set out in the Joint Local Health and Wellbeing Strategy. A report setting out this new approach was agreed at the Health and Wellbeing Board in January 2025.
26. The Annual Tenant Satisfaction Survey showed that **overall satisfaction with our services has increased to 68%**, the third highest in London.

27. A peer review of our SEND Service was undertaken in Spring 2024. The review found that 'there is a **clear vision and ambition for children and young people with SEND** and that professionals know children and young people well and place them at the centre of their thinking.'
28. There is a schedule of audits in Adult Social Care carried out by the Principal Social Worker. During the last year, audits have included mental capacity assessments, carers assessments and prevention.
29. An external organisation, Aidhour, carry out audits of Children's Social Care cases on a monthly basis (2 cases a month). These can be flexible if we want to look at a particular cohort of children and young people such as those who are disabled.
30. A new Pets Policy was consulted on and had over 1000 responses. It was approved by committee in November 2024.

Environment Department

31. The Environment Department worked with internal and external partners to fulfil its statutory duties and deliver excellent public services, adapting to the requirements of new and changing legislation and government demands. Several key strategies and policies were developed in the period, in consultation with relevant stakeholders, which will deliver, or have already begun to deliver, positive outcomes for the environment, City residents, consumers, businesses and members of the public.
32. The next stage of the **extensive public engagement on the draft City Plan 2040** (the Regulation 20 consultation) was undertaken during 2024 and received 293 separate responses, amounting to 2,211 comments. All comments were taken into account in the preparation of the proposed submission draft City Plan 2040, which was submitted to the Secretary of State in August 2024. The City Plan 2040 is now subject to an independent examination in public, to be conducted by the Planning Inspectorate and - subject to an Inspector's report - will be formally adopted in 2025.
33. In July 2024, the [Transport Strategy \(2nd Edition\)](#) was published, reaffirming the City of London Corporation's commitment to making the City's streets **safer, more accessible and providing more space and priority to people walking and wheeling**.
34. The City of London Corporation's new [Air Quality Strategy 2025-2030](#) was published in December 2024 to fulfil its statutory obligations and to reach its **aim of meeting national air quality standards in all locations** within the next two to three years.
35. The publication and implementation of an [SME Strategy](#), launched in June 2024, is **aiding start-up businesses and SMEs to scale and grow**, helping to maintain London's position as the leading global financial and professional services centre.

36. Refreshed Licensing policies are supporting businesses, including SMEs, to thrive in the City, whilst maintaining a balanced approach for City residents.

37. A key action of the new [Circular Economy Framework](#), published in January 2025, is to improve circularity in construction: we are working with key building industry stakeholders across the Square Mile and have launched a technology platform intended to streamline and increase the reuse of construction materials. We achieved an ISO 20400 Sustainable Procurement score of 2.73 out of 5 (our first ever score), and we continue to focus on our target for the percentage of **household waste sent for reuse, recycling or composting** (26.87% in 2023/24).

38. Good progress was made against delivery of the City's Climate Action Strategy (see also paragraph 41) : the [Cool Streets and Greening Programme](#) saw an **increase in the number of trees planted** in the City and the area of **climate resilient public realm and open space enhanced**. The Square Mile Programme included the progression of a Heat Network Strategy for the Square Mile and the implementation of the Embodied Carbon Action Plan.

39. The [London Port Health Authority](#) successfully adapted its services to meet the requirements of the government's new Border Target Operating Model (BTOM), **ensuring public and animal health through effective controls of imported food and feed**. The Port Health Service will continue to respond accordingly to the government's stakeholder consultations on the delivery of the BTOM to ensure an effective border.

40. In August 2024 the City of London Corporation was again awarded the [Platinum RSPCA Pawprint award](#) for Licensing of Activities Involving Animals, recognising the **upholding of high standards in animal welfare through strong enforcement and compliance** in licensable activities. Heathrow Animal Reception Centre is the only live animal Border Control Post (BCP) in the UK which is designated for all species, and the only BCP in Europe that holds the IATA CEIV (Centre of Excellence for Independent Validators) Accreditation. This reflects the specialist nature and skills of the team.



Climate Action Strategy (see also paragraph 37)

41. The City of London Corporation's Climate Action Strategy was approved by Policy and Resources Committee in April 2019 with a target to be Net Zero in the City Corporation's operations by 2027. Following the successful completion of a £10M grant funded programme of works that saved 780tnCO2 and over £1M in avoided energy costs (2021 prices) the Energy Team are now working on 50 projects across 19 sites, **predicted to save a further 2000tn CO2 and £900k in avoided energy costs**. 13% of projects are completed, 12% are in delivery with the remaining 75% at varying stages of development, the majority of which are heating projects due to start over the summer 2025.



Net zero by 2027
in the City Corporation's
operations



Net zero by 2040
across the City Corporation's
full value chain



Net zero by 2040
in the Square Mile



Climate Resilience
Climate resilience in our
buildings, public spaces and
infrastructure

Cyclical Works Programme (CWP)

42. The Cyclical Works Programme (CWP) 2024/25 is a strategic initiative aimed at maintaining and enhancing the City of London Corporation's operational estate¹ while aligning with the broader goals of the Corporate Plan. The five year programme has commenced and is overseen by the Resource Allocation Sub-Committee, having approved funding to address the backlog and urgent repairs, including a dedicated programme management team. The first year of the programme overlapped with the previous CWP, but its projects, including some that contribute to the Climate Action Strategy, are progressing well, with several already completed and financial performance on track.

Head of Profession for Culture

43. In May 2024, the Court of Common Council confirmed that a Head of Profession for Culture would be appointed to progress the development of a new cultural strategy and be accountable to the Culture, Heritage & Libraries Committee. The development of a new Cultural Strategy is underway.
44. Culture has been in a transition year, stemming from the "Destination City – Independent Review 2024" the team have maintained a strong programme of existing and new projects. Some highlights include: Open House, Beerfest, educational and family focused activity, seasonal events, Sculpture in the City, City Festival of Music Innovation and Knowledge, Thames Day, promotion via our website and social media channels, programme and promotional partnerships (e.g. Visit London, Lift the City and Fabric) and grant-funded delivery (e.g. Reimagining Londinium and The Big Picture) and the Anne Desmet exhibition in the Art Gallery. The team continued to operate key assets, including the Guildhall Art Gallery (and City Corporation's artwork across its estate including Mansion House and Old Bailey), the Amphitheatre, the Roman Bathhouse and the City Information Centre.
45. Highlights from [The London Archives](#) include a major programme to rename and rebrand the service, changing the name from London Metropolitan Archives to The London Archives (TLA) in August 2024, with a new brand and website. A new programme was launched for London's schools with an engaging set of primary and secondary sessions which aim to **connect more children across the capital with the archives and history in the care of the City Corporation**. These sessions were piloted in the new learning facilities, bringing over 1000 school children through the pilot sessions. An outdoor exhibition focussed on Victorian photography and engaged 37,000 visitors at Aldgate Square and St Paul's Churchyard, working with Destination City and Surveyors to contribute to a vibrant, thriving destination. Amongst other acquisitions, an agreement was reached with the Institute of Race Relations to add their archive to the collections.

Barbican Arts Centre

46. The Barbican Centre is a Multi-Arts, Learning and Conference Centre in the heart of the City of London. The Barbican is London's Creative Catalyst for Arts, Curiosity and Enterprise. The Barbican Centre is governed by the Barbican Centre Board, a committee of the City of London Corporation. Two sub-Committees, the Risk and Finance Committee and the People, Culture and Inclusion Committee report into the Barbican Centre Board. The Barbican CEO is part of the Executive Leadership Board of the City of London Corporation. In 2024, an Interim CEO was seconded from City Bridge Foundation, the charity of which the City of London Corporation is the sole corporate trustee, after the departure of the previous CEO in July 2024. Recruitment for the permanent CEO began in March 2025 and the successful candidate will be appointed in July 2025.
47. The Barbican operates on a mixed funding model. The City of London Corporation, as founder and principal funder, funds 40% of activities from its City Fund. 60% of annual income is raised through audience revenue, enterprise, commercial income and raised income. The Barbican is supported by [the Barbican Centre Trust](#)

¹ The CWP does not extend to ring-fenced property assets (City of London Police estate, New Spitalfields, Billingsgate, City of London School, City of London School for Girls, City of London Junior School, Freeman's School) or the HRA.

[Limited](#). Trustees are dedicated to raising funds to support the Barbican's world-class arts and creative learning programmes. In December 2024, the Court of Common Council approved a £191M funding package (representing 80% of Phase 1 costs) to support the Barbican Renewal Programme, a five-year project of works to secure the future of the internationally renowned, grade-II listed site. The Barbican Centre has committed to a £40M Capital Campaign to raise the remaining 20% of Phase 1 costs. A Project Board has been established, co-chaired by the Barbican Centre CEO and City Surveyor, which meets monthly. The process of establishing the member level governance structure is underway, for approval at committees in May 2025. The Centre has committed to producing a 10-year business plan commencing April 2026.

48. The Barbican continues to deliver on its [Strategic Framework 2024-2029](#), which corresponds to the City of London Corporation's Corporate Plan 2024-2029, delivering on our Shared Goals and Purpose as London's Creative Catalyst. For 2024-2025, Audience Numbers are over 1.3M visitors to the Centre. In 2024/25 we worked with 52 primary, secondary and SEND schools and provided opportunities for over 1,800 children and young people to participate in and experience creative activities including access to performances, events, exhibitions, screenings and careers. The Barbican welcomed over 33,000 people across its Public and Communities programmes, including talks, workshops, gigs and exhibitions. A highlight of last year's programme was Our Street which welcomed 20,000 visitors to the Barbican in August 2024, most of whom visited in intergenerational family groups.
49. Over the past six months, the Barbican has further strengthened its Health and Safety team, including the appointment of a Head of Health, Safety and Wellbeing and a Fire Safety Manager, with recruitment underway for a Health and Safety Manager. The team has actively engaged with colleagues across the Centre to develop a comprehensive understanding of the organisation's risk profile and key health and safety challenges, laying the groundwork for a forthcoming improvement plan. Additionally, critical fire safety works have commenced across the site to enhance fire life safety systems, including upgrades to fire doors and compartmentation, with improvements to emergency lighting and signage to follow.

Enablers

Financial Management

50. The proper administration of the City's financial affairs and ensuring financial sustainability is fundamental to the City of London Corporation's service delivery. The Chamberlain is the Chief Finance Officer in accordance with section 151 of the Local Government Act 1972 and has overall responsibility for this. 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 Chamberlain also fulfils the role of Treasurer of the Police Authority.
51. 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.
52. 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 specific implications of the planned business rate reset in 2026/27, are key estimates required to be reviewed each year as part of the planning process. Programme Sapphire implementation (adoption of our new ERP system) is in progress, **modernising and improving our financial and human resources systems and processes**. Capability building within Chamberlain's and

Financial Services Division, and across the wider organisation, is continuing through its Finance, Improvement, and Transformation (FIT) strategy, which is due to be launched in 2025/26. In advance of this, training models for finance professionals, budget managers and project managers has been implemented to help address knowledge gaps. In 2024-25 sign off of the 2023/24 annual accounts for both City of London Corporation Funds by the external auditors was achieved in line with statutory deadlines.

Procurement

53. The City Corporation's procurement activity is governed by the [Procurement Code](#), 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. Procurement decisions are taken by the relevant Category Board according to spend. City Corporation **ensured its readiness for the Procurement Act 2023** which came into force in February 2025 and will take further action in summer 2025 to extend its established good practice beyond the Act's requirements.

Spend	Less than £100K	£100K to £2M	£2M to £4M	£4M and above
Deciding authority	delegated to Chief Officers with compliance and good governance facilitated through the Procurement Authorisation Report (PAR).	The relevant Category Board	Projects and Procurement sub-Committee	Projects and Procurement sub-Committee Plus Finance Committee (for Procurement Strategy) Court of Common Council (for Contract Award (contracts of £20M and above))

54. The Commercial Contract Management toolkit sets out the City Corporation's approach to the management of its contracts and provides practical guidance on responsible and sustainable procurement to officers across the City Corporation. Through its [Responsible Procurement Policy](#) the City Corporation seeks to use its spending power to the benefit the community and wider stakeholders. The City Corporation defines responsible procurement as having three main pillars: **social value, environmental sustainability and ethical sourcing**. Social Value means protecting and enhancing the health and wellbeing of local people and the local environment, reducing inequalities, providing skills and employment opportunities, promoting the local economy and building resilience through diverse supply chains. Environmental sustainability means reducing negative environmental impacts by working towards net zero and supporting environmental protection and improvement including animal welfare. Ethical Sourcing means ensuring that human rights and employment rights. Since 2023-24 all procurements (new tenders, extensions and frameworks) must have a minimum 15% Responsible Procurement weighting, split across six commitments.

- Take Climate Action and minimise environmental impacts of procurement on our operations and throughout our supply chain
- Encourage and facilitate Supplier Diversity (Diverse Owned Enterprises and SMEs) through direct contracts, partnerships and active monitoring
- Embed equity, diversity and inclusion throughout the contract process and work with suppliers who have proven to take active steps within their own organisations, supply chain and industry
- Protect human rights in our supply chain by working with suppliers who undertake due diligence to guard against modern slavery and other human rights abuses
- Facilitate meaningful work-related opportunities, which are actively targeted to enable social mobility and inclusion
- Achieve meaningful social value outcomes according to organisational and stakeholder priorities through internal collaboration, community input and supplier engagement

55. Responsible Procurement Impact reports were published in June 2024 (covering 2023-24) and December 2024 (2024-25 mid-year report) noting achievements in the period. Information on the City of London Corporation's responsible supply chain commitments, as well as its [Responsible Investment Policy](#), Statement of Ethical Policy, [Modern Slavery Statement](#), Equality Objectives, corporate anti-fraud and corruption strategy and various environmental strategies and policies, is also provided in a UN Global Compact and Sustainable Development Goals Communication on Engagement every two years. The City of London Corporation is a signatory to the UN Global Compact and Sustainable Development Goals (SDGs) and published a [Communication on Engagement](#) in December 2024.

Programmes and Projects

56. City of London Corporation's Programme and Projects management has been strengthened by the implementation of portfolio management model providing **greater assurance across the City Corporation's programme and project management landscape**. Implementation was structured into two phases, with delivery of phase 1 taking place from November 2024 to April 2025 and phase 2 over summer 2025. The principles for the new project procedure are

- a. Create governance proportionate to the size and complexity of the project
- b. Gateways at the right points to enable impactful strategic interventions
- c. Better quality reporting which provides the right data & analysis to inform decisions
- d. Enhance strategic value from the outset as well as upon the realisation of benefits and outcomes
- e. Bring focus upon the overall budget for a project or programme rather than progression to the next gateway
- f. Better understand and manage the full extent of the risk of a project or programme
- g. Learn from the experience of past projects and align to industry standards

57. Phase 1 laid the foundations for better portfolio governance, with the launch of a unified project management tool (Cora) to manage projects across the City of London Corporation and create a 'single source of truth' by updating project data. Phase 2 will launch and embed the new project governance, procedure, & training, supporting the transition to the portfolio approach

Transformation

58. The City of London Corporation has embarked on an ambitious Transformation programme as part of its Corporate Plan, People Strategy and DIDAT Strategy towards achieving a Fantastic Five Years. This programme is vital to averting impending risks such as financial unsustainability, stalled productivity, widening technological gaps, and sub-optimal systems and processes. The Transformation programme, as enabler of the Fantastic Five Years, will be guided by four cross-cutting themes, all of which emphasise our aim of harnessing our unique position in the square mile and beyond. Goal statements and related outcomes have been defined for each pillar:

- a. **Organisational Excellence:** We are set up to achieve great things quickly, effectively and efficiently: operationally, organisationally, and in terms of governance. A culture of continuous improvement and innovation drives this Transformation. Through deep listening - and agile response - to both residents and businesses we develop our services in line with the needs of the City.
- b. **Entrepreneurial Spirit:** Thinking beyond income generation to facilitate innovative, sustainable financial growth – as well as savvy resource management, ensuring long-term financial sustainability for the future of the City Corporation. A future where the City Corporation adds value to citizens, workers and businesses. By aligning our activities to the priorities of City businesses, we unlock new funding opportunities.

- c. **Future First:** The City Corporation is at the forefront of innovative technology providing seamless services for both residents and businesses. We anticipate the evolving needs of a modern, connected city, using technology to foster equity and sustainable growth. Digital engagement with our community and businesses takes priority - and has potential for income generation.
 - d. **Innovative Collaboration:** We become more than the sum of our parts through innovative collaboration. By breaking down silos and fostering teamwork between officers and members we amplify impact across all departments and institutions. We develop strong multi-way partnerships with businesses – from financial and professional services and beyond - to amplify culture and service delivery, and vice versa.
59. Programme boards have been set up for each Transformation pillar, each with a Chief Officer sponsor and deputy Chief Officer as SRO, and the overarching Transformation board will be launched in April 2025.
60. The City of London Corporation is in the process of going to market for a Strategic Partner for Transformation who will be tasked with:
- a. Acceleration of delivery of the Transformation portfolio
 - b. Leading the people side of Transformational change, in concert with the Values and Behaviours programme, which is led by HR colleagues
 - c. Developing Ratifying and/or identifying £10m of income generation and savings opportunities to be built into the 26/27 budget
 - d. Running a Transformation Academy
61. In preparation for this, a Transformation Maturity assessment was conducted, based on the [Local Government Association Transformation Maturity Matrix](#). A Survey was sent to 35 senior officers and responses have been collated identifying that the City Corporation is in between levels one and two of the matrix across ten Transformation capabilities (our assessment included HR and data as additional maturity metrics).

HR and People

62. In April 2024 the City of London Corporation published its first [People Strategy](#) and has committed to reporting progress to the Corporate Services Committee twice yearly. The first [progress report covering April-September 2024](#) was presented in January 2025. The second progress report will go to Corporate Services Committee in June 2025. The People Strategy contains five themes:

My Contribution, My Reward	Includes Ambition 25 and a Benefits Review and Refresh. Ambition 25 programme has been established to address the long overdue need to review the CoLC pay and grading framework and job evaluation process as part of the wider People Strategy 2024-29. To manage the governance a Chief Officer steering board commenced during 2024/25, and meets weekly to address all challenges and areas of governance that a programme of this size and scale brings. The Officer Steering Board reports regularly to Corporate Services Committee for further steers and guidance.
My Wellbeing, My Belonging	Involves procurement of a supplier to undertake a programme of work to create new values and behaviours in 2025/26 as well as collaborative projects with the Health & Safety team and the Equality, Equity, Diversity and Inclusion (EEDI) team. Wellbeing and belonging have been fore fronted through initiatives such as the largest ever Celebrating our People Awards (COPA), a series of wellbeing lunch and learns, and a revitalised volunteer programme.
Inclusive Leadership	Action included the delivery of an all-staff survey, analysis of results, and monitoring and delivery of outcomes from across the entire organisation. Progress will be reported in the June 2025 People Strategy report. A pilot 360 assessment was undertaken for our Senior Leadership Team and a new organisation-wide leadership forum to contribute to an increase in distributed leadership was introduced, to report to ELB, entitled Future Ambition 18 Leadership Exchange. Manager training programmes have been refreshed. New member induction and training has been created, working with Member Services, for spring 2025 launch.
My Talent, My Development	Has concentrated on a refresh of induction and mandatory training including Health and Safety, EEDI, and Cyber Security with an increased concentration on e-learning.
Brilliant Basics	Has included initial work to create a manager level data reporting dashboard and undertake back-office data improvements and data cleansing to inform the replacement of our People System through a larger enterprise resource planning solution, entitled Programme Sapphire in collaboration with Finance. The development of workforce planning approaches has begun, including a significant undertaking to revamp our approach to our temporary labour agency workforce with a more efficient and cost-effective service. Prioritised policy updates have taken place in line with central government changes. A review of the Employee Handbook and the creation of a robust review process for all policies is underway. Recruitment to key HR and People roles during 2024/25 (and ongoing) has strengthened the corporate HR and People function to enable and assure the successful delivery of the People Strategy themes and support transformation across the City of London Corporation.

Digital Data and Technology Strategy

63. In September 2024 the Court of Common Council approved the [Digital, Data and Technology \(DDaT\) Strategy](#). Implementation of Digital, Data and Technology (DDaT) Strategy focused on 5 key strategic outcomes of Brilliant Basics, technology convergence where possible, becoming data driven to improve decisions, transforming services through responsible use of Automation and AI and developing Digital skills and sharing expertise. Since implementation, the new strategy has achieved some excellent progress against the strategic outcomes:
- a. A single device approach to devices – for the first time a single brand of device will be used across the whole organisation. This has led to significant savings through a joint purchasing agreement and allows device expertise to be shared across all IT Teams.
 - b. Microsoft Copilot (Generative AI) – the City of London Corporation has taken its first steps in the use of Generative AI through Microsoft Copilot for M365. There are 240 licenced staff with representation across all departments who are using Copilot to deliver significant time savings through personal productivity gains. In March 2025, Copilot was used for 16,568 prompts with an estimated 921 ‘Copilot assisted hours’. 2025/26 will see an increasing focus on Copilot Agents or ‘Chat Bots’ to deliver time savings and efficiencies.
 - c. Corporate Data Platform – Microsoft Fabric has been implemented as the Corporate Data Platform, providing a single repository for corporate data which can be utilised and shared across the City of London Corporation, subject to appropriate access and permissions. Significant benefit has been demonstrated in the area of Planning, and the wider Environment Department, in automating the collection of data and utilising Microsoft PowerBI to produce real time Reports and Dashboards. Work has commenced on utilising the Corporate Data Platform to collate internal and external data sources insights for Destination City, where previously the City Corporation may have relied on third party support.
 - d. In-housed IT Services – 2024/25 has been the first full year since the insourcing of IT Services from the previous Managed Service Provider. The Digital, Information and Technology Service (DITS) has continued to focus on Brilliant Basics, delivering significant improvements against the services’ key performance indicators and demonstrating that an in-house service could both save money and deliver a better service.
 - e. Future Network Programme – this year DITS have initiated the programme to provide a new IT Network for the City of London Corporation, moving towards a cloud based, Wi-Fi first solution for all 120+ sites. The Programme is currently out to market for a new Network Provider, with a view to starting the roll out of the new network in early 2026.
 - f. Data Lighthouse Project – there is a recognised gap in the City of London Corporation for a corporate Customer Relationship Management solution. This project has commenced to deliver Microsoft Customer Insights as the corporate CRM platform, which will eventually be made available to all departments to create a single view of all customer interactions. The first two services are due to go live on the platform in early 2025/26.

Corporate Performance, Audit and Risk

64. The City Corporation looks to various performance measures as indicators of good governance. In 2024-25 these were:

Governance Performance Measures	2024-25 Outcomes	Previous year data
Internal Audit Work	24 Internal Audit reviews were completed (final reports issued). The majority resulted in Moderate and Limited Assurance opinions. 102 recommendations were raised (lower compared with previous years ²).	124 recommendations raised in 2023-24
Fraud identification: proven fraudulent activities carried out by members of staff	3 incidents in 2024/25.	1 incident in 2023-24
Outcomes of investigations carried out by Monitoring Officer or Independent Panel	In the period April 2024 –April 2025, 2 complaints were considered by the Panel of Independent Persons under the Code of Conduct. (Compares with).	3 complaints investigated in 2023-24
s151 formal issues raised	None in 2024-25	None in 2023-24
Local Government & Social Care Ombudsman referrals (where upheld)	Compliance with recommendations – 100% (no upheld referrals in 2023-24 (latest available)).	100% (no upheld referrals in 2022-23)
Meeting statutory deadlines/targets as per Electoral Commission Performance Standards	City wide elections were carried out in March 2025 to the national standard. The annual canvass (the statutory audit of the Ward List & the Electoral register) was delivered to relevant legislation.	8 elections in 6 wards carried out in 2023-24
Freedom of Information and Environmental Information Regulations	Jan to Dec 2024: 1,311 FOIs and 7 EIRs were received. 1,236 (93.77%) requests were responded to within the statutory Compliance deadline. The Information Commissioners Office target is 90%.	1191 FOIs and 9 EIRS on 2023, 93% responded within deadline.
Departments/Institutions that report business plan performance measures to Committees	2024-25 Performance: 6 Departments and Institutions ³ reported business plan performance measures to service Committees.	5 in 2023-24
Appraisals % completed	2024 (latest available): 80% appraisals completed (City Corporation overall average)	80% in 2023
Staff attendance at City Corporation induction	2024-25: 598 staff attended the New Starter induction events held in the period.	691 staff attended in 2023-24
Staff turnover rate	12.09% in 2023-24 (latest available)	13.99% in 2022-23
Staff survey participation and engagement	2024 participation rate 74%, engagement score 63%	Participation rate 51% eng't score 52% in 2022
Non-exempt invoices paid without a corresponding purchase order (PO)	2024-25: Compliant invoices 97% and non-complaint invoices 3%	96% compliant, 4% non-compliant in 2023-24
Health & Safety Systems Maturity	Target: 65% Proactive Safety Maturity score across all City of London Corporation Departments and Institutions. March 2025 score was 57%.	Baseline 2024 score was 51%.

² 124 recommendations were raised in FY2023-24. 73 recommendations were raised in FY2022-23. 168 recommendations were raised in FY2021-22

³ Environment Department, Department of Community and Children's Services, City Surveyor's, Chamberlain's, Innovation and Growth, Barbican Arts Centre, City of London Police,

Role of the Monitoring Officer

65. The Comptroller and City Solicitor is the City of London Corporation's Monitoring Officer for the purposes of s.5 of the Local Government and Housing Act 1989 and its Data Protection Officer. The Comptroller and City Solicitor is responsible for providing all legal services required by the City of London Corporation, with the main areas of law covered including commercial property and land law, housing, litigation, employment law, contract law, planning, trusts, charity and company law. Working to the Comptroller and City Solicitor, the Information Governance Team provide advice in relation to data protection (DPA) and freedom of information matters (FOI) meeting the target set by the Information Commissioners Office, and the Electoral Services Team are responsible for City, Parliamentary and GLA elections and maintaining the City's Electoral Registers. City wide elections were successfully delivered in March 2025.

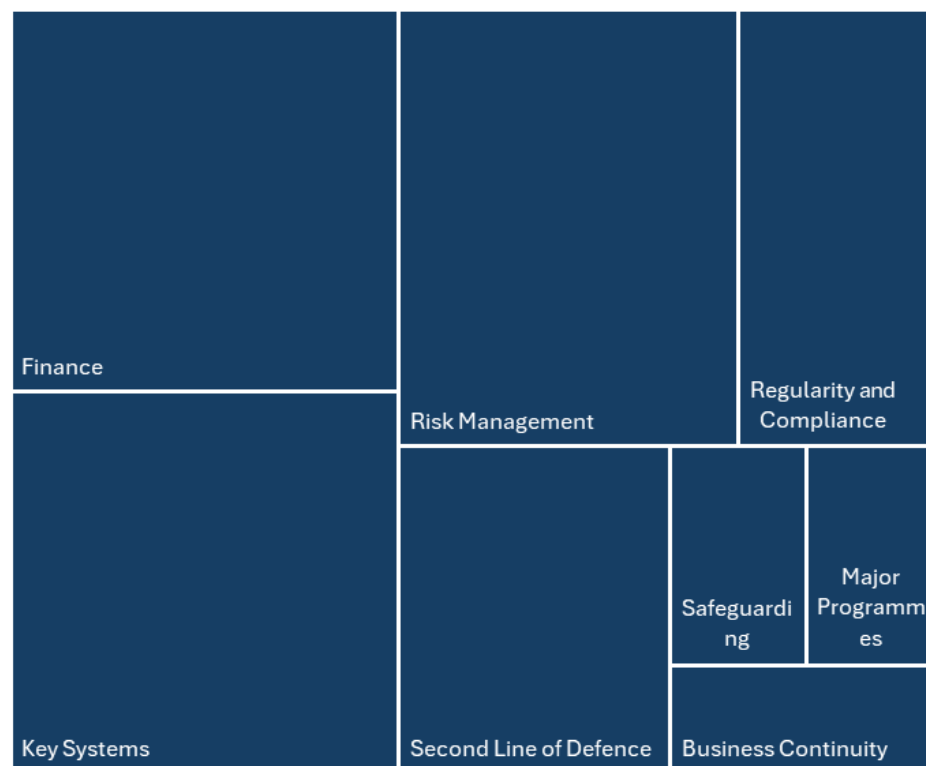
Role of Internal Audit

66. Internal Audit has provided **independent and objective assurance** across a range of City Corporation activities and services, not just limited to City Fund operations. The diagram opposite indicates the broad categorisation of assurance work within the Internal Audit programme of work.

67. For 2024-25 the Internal Audit work has continued to be driven by an ongoing assessment of risk and priorities. The agile and dynamic approach to Audit Planning, working to a rolling quarterly plan with a statement of intent for a further 6 months, has once again enabled 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. 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 and Limited 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.

68. In response to concerns raised by the Head of Internal Audit, the level of resources available to Internal Audit were increased midway through 2024/25 by way of contingency funding and by substantive update through the budget setting process for 2025/26 and beyond. This resource uplift has bolstered both management and delivery capacity within the team which has enabled a reintroduction of a more traditional approach to Internal Audit planning and has lifted delivery capability from around 600 Audit Days to 1000 Audit Days per annum. The team has been fully staffed since January 2025.

Distribution of Assurance Work



69. In preparation for the introduction of the Global Internal Audit Standards a conformance gap analysis was undertaken which confirmed good alignment. The detailed outcomes from the assessment have informed the Internal Audit continuous improvement programme, one notable product being the creation of an Internal Audit Strategy.

Audit and Risk Management Committee

70. 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 Audit and Risk Management Committee, and the [Nominations and Effectiveness Sub 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. Corporate risk deep dives are carried out by the Internal Audit Team to provide an additional level of assurance. In 2024-2025 recruitment of an independent member of the Nominations and Effectiveness Sub Committee was unsuccessful, and this exercise will be repeated during 2025-26.

Risk Management

71. The Chief Officer Risk Management Group (CORMG) continued to assess Corporate Risk through its well established processes and schedule of meetings and provided assurance to ELB on management of risks.

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72. The Risk Management Strategy 2024-2029 was approved by Members in May 2024. During the first year of the Strategy, progress was made on delivering the brilliant basics of risk management, including reviewing and consolidating risk registers, through a continuation of a staff training programme and engagement with the Risk Management Forum (officer risk leads/co-ordinators), which continues to meet regularly. This has ensured **more regular and thorough updating of risks and better quality of risk data used in strategic decision-making**. A new Risk Management Policy was developed and agreed by the Audit & Risk Management Committee, the City Bridge Foundation Board and the City of London Police Authority Board in the third quarter of FY2024/25. Following last year's Risk Appetite Review a new Risk Appetite Statement was developed with input from Chief Officers, Heads of Profession and Members and forms the final piece of the organisation's Risk Management Framework. The draft statement will be presented to the Court of Common Council for agreement in the first quarter of FY2025/26, following additional Member engagement. The anticipated implementation of this (to be supported by guidance) in FY2025/26 will help to inform a review of corporate risks against the delivery of Corporate Plan 2024-2029 outcomes.

73. An internal audit of the corporate application of the Risk Management Framework (based on departmental risk management audits conducted between July 2022 and June 2024) was completed in Q3. Some findings had already been addressed through BAU risk management activities during the audit period, with others captured as part of the action plan of the Risk Management Strategy 2024-2029.

74. The City Corporation contributed risk management expertise to Optimising Growth: The Evolving Role of the Chief Risk Officer research undertaken by Bayes Business School at City St George's, University of London. Commissioned by the Lord Mayor of the City of London, the research examined the evolving nature of the Chief Risk Officer (CRO) role within UK Financial Services firms.

Organisational Performance Management

75. The City of London Corporation has **identified performance measures to monitor the Corporate Plan 2024-2029 outcomes** and published a [preliminary report](#) on progress. Further progress reports will be published on the City Corporation website annually and will evolve over time as measures and processes improve.

Regular performance reporting to the Executive Leadership Board is being established with scrutiny of Business Plans quarterly progress reports having been adopted into process during 2024-25. Business Planning transition to multi-year strategic and outcome focused plans (refreshed annually) steps up from July 2025, with the pilot departments having produced 3 to 5 year plans during the 2024-25 year. City of London Corporation Departments and Institutions report regularly to service Committees on the delivery of business plan performance metrics and the City of London Corporation also reports on the delivery of legal and statutory duties. The City of London Corporation also reports on the delivery of legal and statutory duties.


Where our governance needs to improve





76. Each year, the City of London Corporation proposes taking actions in important areas of governance as an ongoing part of demonstrating delivering high standards of good governance. In 2025-26 we will focus on the following

Area	Action List	Targets / Milestones	Lead (Chief Officer)
Governance	Agree the future arrangements for the election of the Policy Chairman. Ready the City of London Corporation for a Local Authority Peer Review	Report to the Court of Common Council in the next Civic Year with options for the election of the Lead Member on Policy matters for the City of London Corporation (known as the Policy Chairman). Collect evidence to support the Review Team and provide support during the Peer Review Period (2025/26)	Deputy Town Clerk
EEDI	EEDI Review Phase 2	Phase 1 EEDI Review report recommendations to be considered and where accepted, implemented in Phase 2 of the EEDI Review (2025/26).	Chief Strategy Officer
Finance	Project Sapphire	Phase 2 implementation (2025/26)	Chamberlain
Organisational Performance	Embed multi-year business planning across City of London Corporation Departments	Include all departments and Institutions in corporate business planning process, set multi-year business plan guidance (Jul 2025), approved by Executive Leadership Board (Dec 2025) and Committees (Mar 2026)	Chief Strategy Officer
People & HR	People Strategy Delivery	While significant progress was made across all People Strategy themes in 2024/25, the sheer breadth and depth of work across multiple projects with individual governance groups has led to some challenges in managing the ambition originally forecast for year one of the People Strategy. This work will continue into 2025/26, and continue to be reported to the Corporate Services Committee.	Chief People Officer
Transformation	Transformation Programme Phase 2	Onboard a Transformation Programme Partner (Summer 2025) Develop and deliver Transformation Framework with the Transformation Programme Partner (2025/26)	Chamberlain
Health & Safety	Health & Safety Action Plan (People Strategy)	Achieve target of 65% Proactive Safety Maturity score across all CoL Departments (2025/26)	Deputy Town Clerk

How we improved our governance arrangements in 2024-25

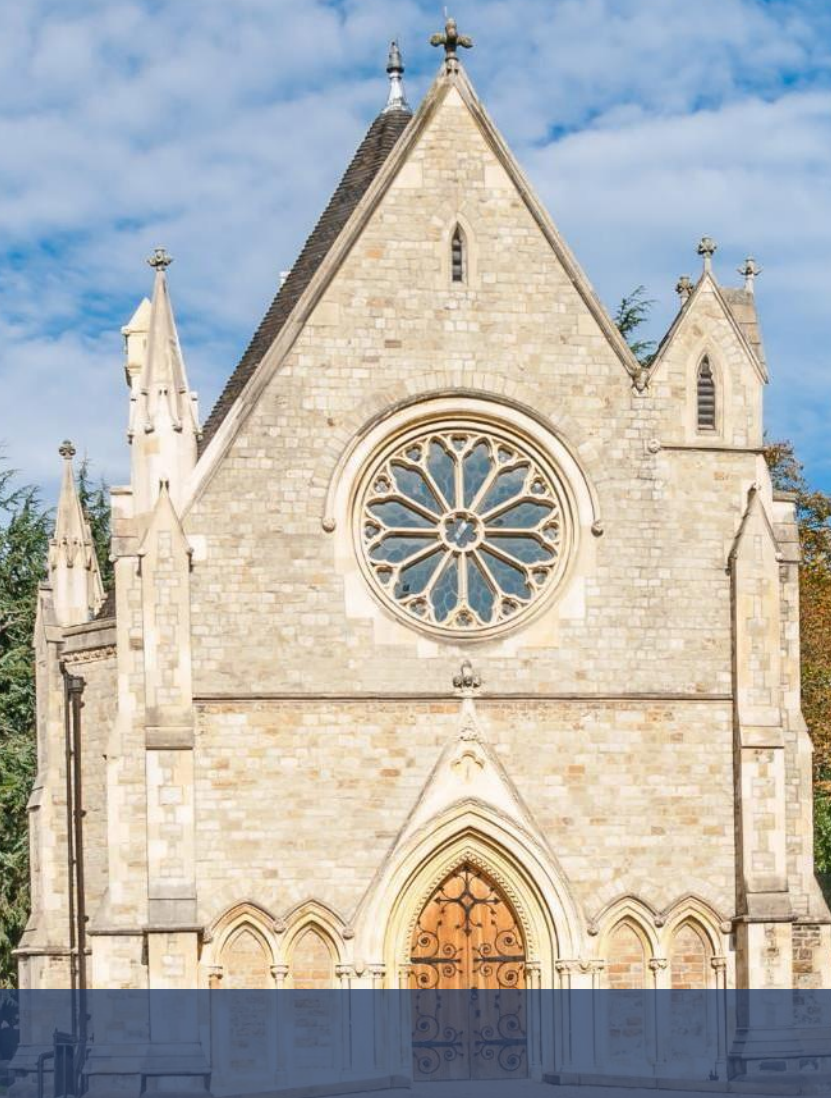
77. In the 2023-24 Annual Governance Statement the City Corporation proposed taking action in the areas of Health and Safety, Financial Management, HR and People, Transformation, Procurement, EEDI and Risk Management. Actions aimed to improve compliance and capability across the City Corporation, resulting in a positive impact in respect of its governance arrangements. A summary of progress during 2024/25 is shown below:

Action Identified	Progress achieved	Outcome
<p>Health & Safety</p> <p>Progress the Health and Safety Action Plan, delivering strategic improvements and governance, compliance and risk mitigation, and system enhancements and Digital Transformation</p>	<p>Health & Safety strategic workplan, aligned to People Strategy, established safety as a Golden Thread of the Corporate Plan. Health & Safety Policy approved April 2024. Strategic Health & Safety Board established Oct 2024. IIRSM accredited ELB H&S Governance Training delivered to ELB. Strengthened governance through corporate H&S team as a second line of defence, conducted a full safety assurance review across 33 high-risk departments. Refreshed Incident Reporting System launched in Jan 2025. New Risk Assessment System launched in 2025. Safety Management Framework developed and approved. New Every Day Safety Managers course piloted (roll out Summer 2025.)</p>	
<p>Finance</p> <p>Progress Project Sapphire to improve finance and HR systems. Progress automation of invoice payments. Continue effective financial management delivery through capital and revenue reporting and statement of accounts</p>	<p>Programme Sapphire approved and first phase implementation underway in HR L&D system. Next phases of Programme Sapphire in hand with Adopt not Adapt approach enabling improved financial processes and expansion of the City London Corporation's financial transformation programme. Sign off of historic sets of accounts and 2023/24 drafts for both Funds was achieved in line with statutory deadlines. Internal reporting for budget monitoring revised and improved. Court of Common Council approved actions to support a balanced 2025/26 budget and Medium Term Financial Plan for City Fund.</p>	Ongoing
<p>People & HR</p> <p>Progress Ambition 25 project. Implement People Strategy 2024-2029 actions for year 2024/25, including development of City Corporation values. Establish a learning focused offering for senior leaders. Review mandatory training offer</p>	<p>Ambition 25 developed to review of CoLC pay and grading framework and job evaluation process. This (and My Contribution, My Reward workstream) will ensure transparent, fair and clear job grading and evaluation methodology moving forward; steady progress reported to Corporate Services Committee (CSC) Chair & Deputy Chair. People Strategy progress reported to CSC Jan 2025; in June 2025 will report on the first full year in full. CSC agreed creation of overarching values for City Corporation to go out for full public tender; a complex procurement began Jan 2025. Future Ambition 18 Group established to create a robust platform for leadership development. Mandatory training offer updated to reflect changes in legislation and technology; available to new starters from Sep 2024 and to all staff to recomplete from April 2025 with Programme Sapphire implementation.</p>	Ongoing
<p>Transformation</p> <p>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 long term. Ensure Transformation enablers are in place, securing the Brilliant Basics. Develop and deliver (alongside a strategic delivery partner) a Transformation framework</p>	<p>Income Generation working group set up to drive silo-busting and accelerate delivery of opportunities. Transformation Readiness assessment (based on LGA Transformation Maturity Matrix) in Feb 2025 gave a maturity level between one and two (of a maximum five) and informed work for large-scale Transformation. A Transformation Framework and accompanying business model will be taken forward in Phase 2 of the Transformation, from 2026/27. In 2025/26 a Strategic Partner for Transformation will deliver:</p> <ol style="list-style-type: none"> Acceleration of delivery of the Transformation portfolio People side of Transformational change in concert with Values and Behaviours work Ratifying/identifying £10m of income generation/savings into 2026/27 budget Running a Transformation Academy 	Ongoing

<p>Governance</p> <p>Greater base-level knowledge about governance and decision-making across the organisation</p>	<p>Committee Report Template improved to better equip Committee Members with the key information to make informed decisions. Regular training for Members on Governance processes. Comprehensive Induction Training Schedule offered to all Members (new and returning) following City-wide elections. Corporate Governance briefed at New Starter Inductions. Standing Orders successfully reviewed and changes adopted.</p>	
<p>Procurement</p> <p>Review strategic procurement policy and practice</p>	<p>Action taken on preparedness for new Procurement Act; independent review of strategic procurement, readiness assessment, and strategic procurement improvement plan.</p>	
<p>Police/Police Authority Board</p> <p>Refresh 2022-25 Policing Plan. Annual City Police report for 2023/24. Continue governance reform of Professional Standards & Integrity Committee</p>	<p>City of London Policing Plan 2025-2028 published. City of London Police Annual Report 2023/24 published. Delivery of Serious Violence Duty Strategy 2024 is in progress. First City of London Police and City of London Corporation joint Victims Strategy published in February 2025. Equality, Diversity and Inclusion Strategy 2024-2027 published. Ongoing action has been delivered on Policing Standards and Integrity governance reform.</p>	
<p>Equity, Equality, Diversity & Inclusion</p> <p>Publish corporate Equality Objectives progress. Improve corporate outcomes on social mobility - participation in social mobility employer index Stabilise,strengthen corporate EEDI infrastructure</p>	<p>58th place ranking in the Social Mobility Employer Index achieved. Social Mobility Action Plan in development. Independent EEDI Review commissioned, informed by officer and Member workshops on scope and Terms of Reference. EEDI Review phase one reported to EDI Sub Committee. Equalities Objectives progress report in summer 2025 (one year on from publication). 2024 Equality Information Report published in Feb 2025. Recruitment to strengthen the corporate EEDI structure underway.</p>	<p>Ongoing</p>
<p>Risk Management</p> <p>Support an agile and effective risk management process, create an effective risk management culture and enable informed decision making and appetite for risk</p>	<p>Risk Management Strategy 2024-2029 promulgated across the City Corporation ; year 1 actions delivered to align risk management with strategic processes. Risk Management Policy developed, with a focus on risk application, roles, responsibilities, process and governance and reporting. 2025-26 actions will include: identification and delivery of Risk Management Strategy year 2 actions; continued socialisation of Risk Management Policy; embedding Risk Appetite Statement into service committee and Chief Officer decision-making; review of top-level risks by Chief Officers; and review of corporate risks against the outcomes of the Corporate Plan 2024-2029 to ensure strategic alignment.</p>	

A forward look on governance

78. The City of London Corporation is aware demand for services is increasing, for example in social care provision, SEND demand and responding to Homelessness. Escalating financial pressures and increasing demand pressures on our workforce and partners, could potentially impact on the resilience and effectiveness of our governance. It will be important that the City Corporation continues its focus on developing increased capability and understanding of Risk to enable risk informed, effective governance, delivering transformation and systems improvements, and continues its strategic, targeted programme of audit work to provide assurance of the City of London Corporation's internal control system. Areas of focus in 2025-26 are likely to include safeguarding, safety management, regularity and compliance, finance, major programmes, second line of defence, systems, risk management, and asset management.



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	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: <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	An amount set aside in the accounts for liabilities of uncertain timing or amount that have been incurred. Provisions are made when: <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	Reserves are reported in two categories in the Balance Sheet of local authorities: <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 includes 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
MHCLG.....	Ministry of Housing, Communities, and Local Government
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

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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