



**THE CITY OF LONDON  
CORPORATION**

**Statement of Accounts  
for the City Fund**

**Year Ended  
31 March 2023**

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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.

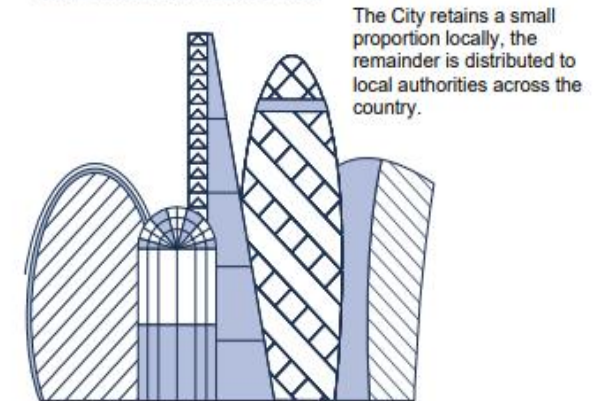
The City Corporation manages two funds, City Fund and City's Cash, and is the sole trustee of Bridge House Estates, a long-standing charity which maintains Tower, London, Southwark, Millennium and Blackfriars Bridges. The funding arm of Bridge House Estates, City Bridge Trust, distributes funds surplus to bridge requirements and is London's largest independent charitable funder. City's Cash 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. More information about the City Fund 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 7,500 residents living in the Square Mile. However, we have a high daytime population in the Square Mile, which is up to 550,000 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

The City of London Corporation's Corporate Plan provides the strategic framework for the delivery of our services. A five-year Corporate Plan 2024-29 is in the process of being developed, to start in April 2024.

Corporate Plan 2018-23 has three aims which will continue through 2024 to contribute to a flourishing society, support a thriving economy and shape outstanding environments - which in turn are broken down into 12 outcomes (shown below).



### Contribute to a flourishing society

1. People are safe and feel safe.
2. People enjoy good health and wellbeing.
3. People have equal opportunities to enrich their lives and reach their full potential.
4. Communities are cohesive and have the facilities they need.



### Support a thriving economy

5. Businesses are trusted and socially and environmentally responsible.
6. We have the world's best legal and regulatory framework and access to global markets.
7. We are a global hub for innovation in finance and professional services, commerce and culture.
8. We have access to the skills and talent we need.



### Shape outstanding environments

9. We are digitally and physically well-connected and responsive.
10. We inspire enterprise, excellence, creativity and collaboration.
11. We have clean air, land and water and a thriving and sustainable natural environment.
12. Our spaces are secure, resilient and well-maintained.

Our Corporate Plan provides the 'golden thread' enabling us to align everything we do to one or more elements of the Plan. Our corporate strategies, service level business plans, team plans and staff appraisal forms link to the aims and outcomes we have identified.

We aim to nurture a thriving, sustainable and connected city for all people who live, work, study and visit here. Some of our priorities and strategies that help deliver this ambition are:

- As a signatory to the **UN Global Compact**, the City of London Corporation supports the UN Sustainable Development Goals (SDGs). An **Ethical Policy Statement** sets out our commitment to treating people fairly, being transparent and honest, respecting human rights and the environment and complying with the law and regulation.
- The City of London Corporation aspires to be one of the most inclusive employers in the UK and an employer of choice. Its dedicated **Equality Diversity and Inclusion (EDI)** function covers workforce, service delivery, elected Member diversity, social mobility and other strategic EDI priorities. The **Social Mobility Strategy 2018-28**: aims to bridge and reduce social and economic divides that may be experienced by people during their lifetime, by maximising and promoting social mobility within businesses, organisations, central and local government and educational and cultural institutions.
- The new local plan, called **City Plan 2040**, and an **Infrastructure Strategy**, in development, will set out the City of London Corporation's vision, developed with stakeholder input, for how the Square Mile will develop and change up to 2040, and the utilities infrastructure it needs.
- **Transport Strategy 2019-2044**: provides a 25-year framework for future investment in and management of the City's streets, as well as measure to reduce the social, economic and environmental impact of motor traffic and congestion.
- **Destination City**: drives the Square Mile's recovery from the pandemic, enhancing its vibrancy, revitalising its streets, reinvigorating its businesses, and boosting its attractiveness to talent.
- **Climate Action Strategy 2020-2027**: commits the City of London Corporation to net zero emissions in its operations by 2027 and encourages others across the Square Mile to follow its lead by 2040.
- **Competitiveness Strategy 2021-2025**: aims to strengthen the UK's competitiveness as the world's leading global hub for Finance and Professional Services (FPS) to support a thriving economy.
- **Helping start-up businesses and SMEs** in the City through our Small Business Research & Enterprise Centre. A SME Strategy, in development, will aim to further strengthen the SME ecosystem and connect small businesses and institutions working with SMEs across the City.
- **Engagement with Residents and stakeholders**: a concerted campaign to ensure that we can reach more of our residents more easily, irrespective of where they live, with 8 resident meetings held each year, and wider activities to promote resident engagement.
- A new **People Strategy** for the City of London Corporation, will ensure that it can attract, develop and retain dedicated, capable and dynamic people, who work to deliver its Corporate Plan outcomes.



## 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 2022-23 is shown below in the financial summary for the year (page 12).

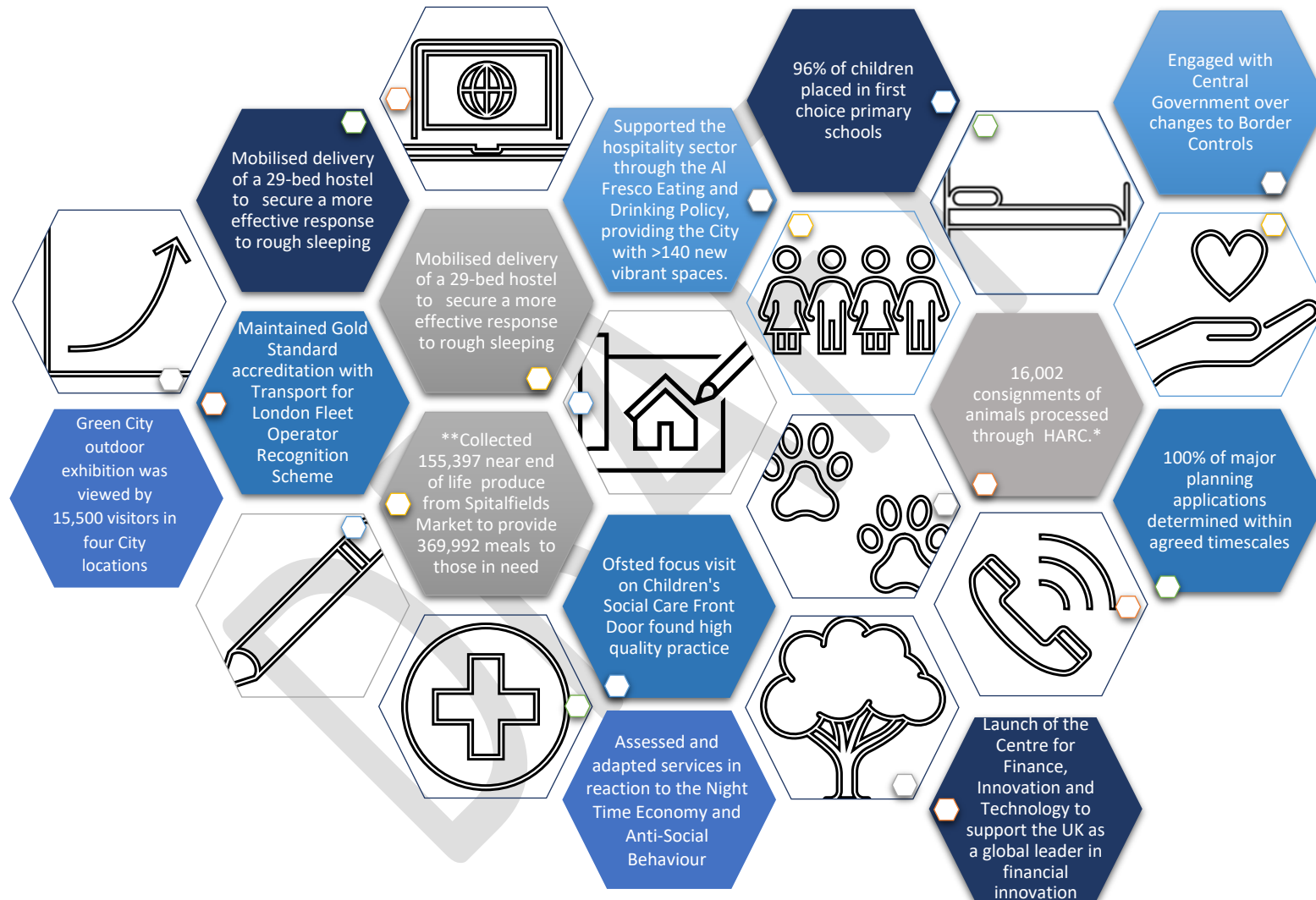
Whilst collecting £1.3bn in business rate income, the City Fund retains only a small proportion of the amounts collected from its area, in accordance with the national arrangements. The remainder is paid over to central government and is redistributed to local authorities throughout the country. Due 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 2022-23 this was set at 1.2p in the £. These funds are used to support security objectives within the City with the majority being passed to the City of London Police. More information on the role and ongoing work of the City Corporation, can be found on the City's website at [www.cityoflondon.gov.uk](http://www.cityoflondon.gov.uk)<sup>1</sup>

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<sup>1</sup> 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 achievement during this year.



\*Heathrow Animal Reception Centre

\*\*City Harvest



## Risk Management and Priorities for the Coming Year

Our risk management processes help us identify and manage the most significant risks to the organisation, by significant we mean those that could stop us achieving our strategic objectives or have a significant detrimental impact on the City of London Corporation. 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 there is a satisfactory risk assurance framework in place. At an officer level, the Chief Officer Risk Management Group, a sub-committee of the Executive Leadership Board, meets every two months to review the City of London Corporation corporate and red departmental risk registers and ensure that the right risks and mitigations are being recorded and appropriately addressed.

## 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 where union activity is carried out during working hours.

Trade Union representatives and full-time equivalents	
Number of trade union representatives (people)	30
FTE trade union representative	30

Total pay bill and facility time costs 2022-23	£m
Total City of London pay bill	237.0
Total cost of facility time	0.1
Percentage of pay spend on facility time	0.04%

Percentage of working hours spend on facility time by union representative	No. of People
0% of working hours	13
1% to 50% of working hours	14
51% to 99% of working hours	3
100% of working hours	0
<b>Total</b>	<b>30</b>

## 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 and enjoy. City Fund is supporting the Combined Courts project (funded by City's Cash), which will relocate the Magistrates court to a new world class facility and build a new headquarters for the City of London Police. It is also jointly supporting the relocation of the Museum of London with the GLA in our capacity as joint funders of the organisation. These programmes require significant financial investment at a time where the City Fund is facing a number of threats to its funding and pressures on its services. These include:

- **Economic Outlook** – there is significant uncertainty in the economic outlook linked to the current high levels of inflation, the impact of the war in Ukraine and the ongoing recovery from the pandemic. These factors pose a risk to key revenue streams funding activity, and the demand and costs of providing public services.
- **Spending Review** – With the Government providing significant financial support to the UK economy during the pandemic, it is likely that a level of public spending restrictions will be in place to manage the fiscal deficit, limiting any additional funding for Local Authorities.
- The **Fair Funding Review** of local government funding could shift resources away from London. Its implementation has been delayed due to COVID-19 and we are awaiting confirmation from Government on their implementation plans.
- **Business Rates** – the expected changes to the Business Rate Retention System have been delayed due to COVID-19, but still present a significant risk to the City Corporation as this is a major source of funding for City Fund activity.

The below table sets out the current financial projections for City Fund across the medium-term planning horizon. City Fund is already committed to making savings due to cost pressures and its commitments to financing its major projects. Delivery of these savings will be essential 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 (£262.2m) to support its functions across the short to medium term. The projected deficits in 2025-26 and 2026-27 will require addressing as part of the financial planning process carried out in the autumn.

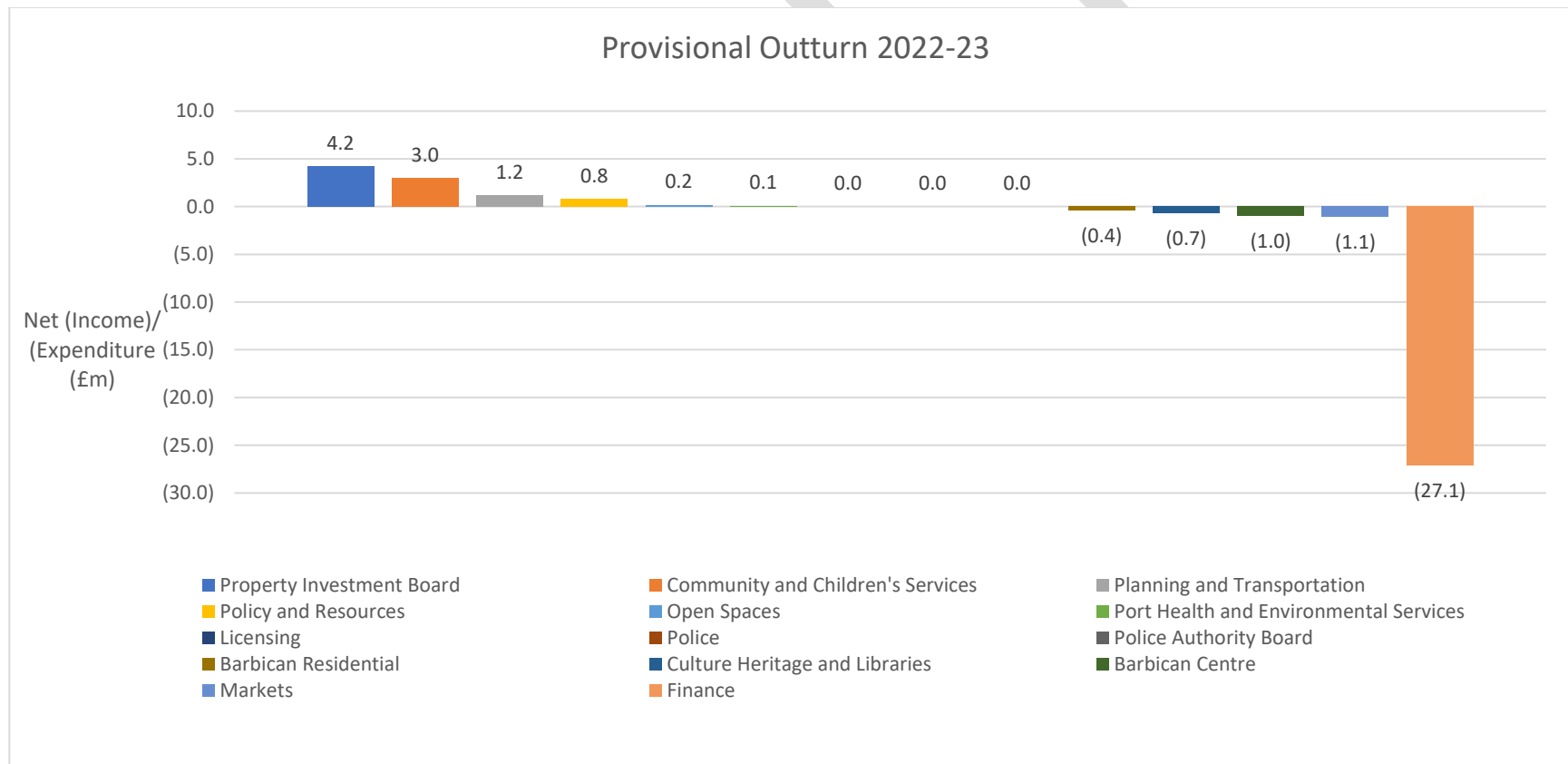
City Fund Medium Term Forecast	23/24	24/25	25/26	26/27
	£m	£m	£m	£m
<b>City Fund Surplus/(Deficit) before savings</b>	<b>10.2</b>	<b>(4.3)</b>	<b>(31.0)</b>	<b>(31.9)</b>
Forecast Savings	11.9	14.8	14.8	14.8
Funding changes	4.6	4.6	4.6	4.6
<b>City Fund Surplus/(Deficit) after saving and contributions</b>	<b>26.8</b>	<b>15.1</b>	<b>(11.6)</b>	<b>(12.5)</b>
Saving/Income opportunities to be identified	0.0	0.0	(11.6)	(12.5)



## 2022-23 FINANCIAL SUMMARY

### Revenue Budget

Our budget for 2022-23 was agreed by the Court of Common Council (the City Corporation’s primary decision-making body) in March 2022 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 2022-23 was set at 1.2p 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. Within the year the City Corporation instigated a new Target Operating Model (TOM) to achieve savings required in ensure financial sustainability and better align its resources to organisational priorities. This has brought the overall cost of services down by £9m before accounting for any in-year variances. The charts below provide an overview of the 22-23 revenue outturn.



## Budget Outturn

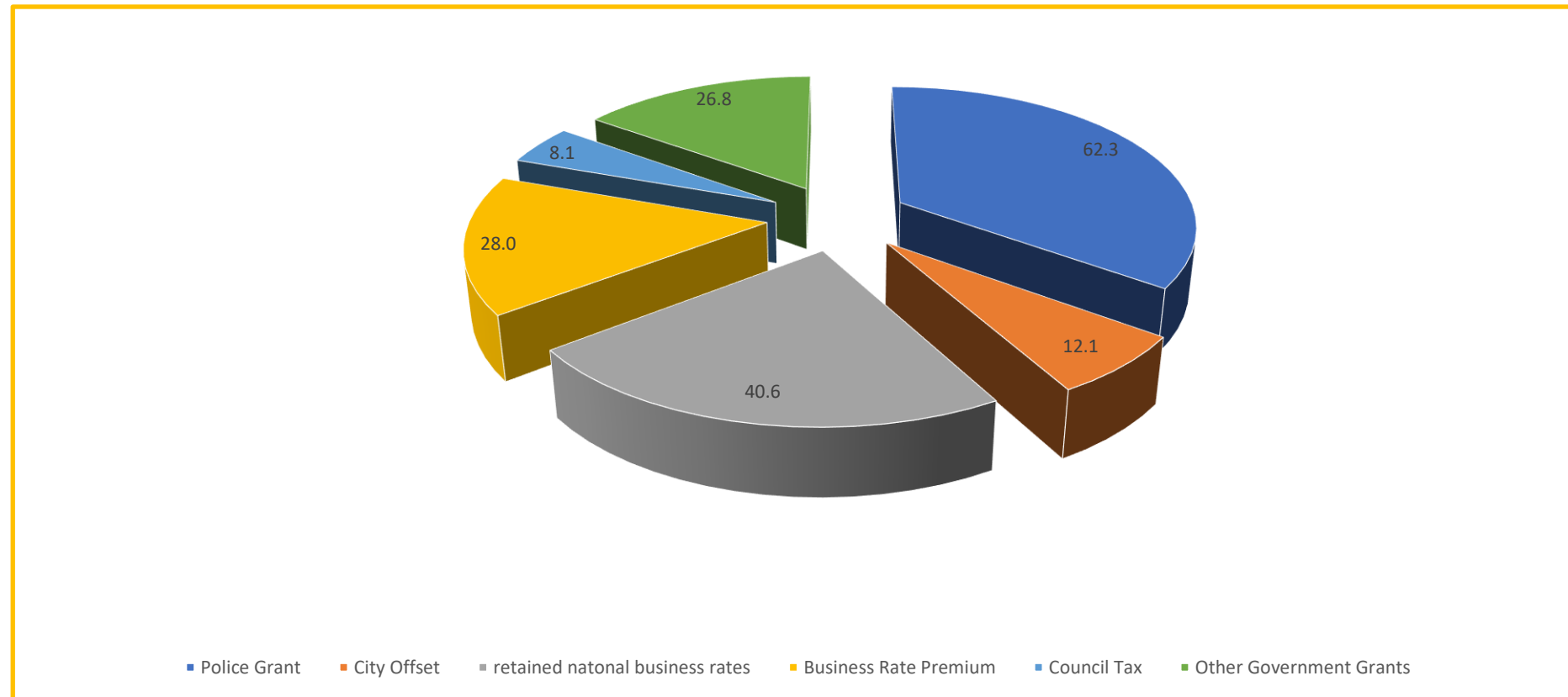
The adjacent table compares each committee outturn to its final budget for 2022-23. Taking into account service expenditure and funding from taxation and grants, the City Fund recorded a £26.1m underspend for the year. The most material variances and the reason for these are:

- Finance (£27.1m) – Delays in drawing down central contingencies contributed to an underspend along with slippage on supplementary revenue projects
- Property Investment Board (£4.2m) – Shortfall in rental income due to empty rates in respect of Fleet Street Estate and 15/17 Eldon Street/6 Board St Place developments
- Community and Children's Services (£3.0m) – ongoing pressures in relation to child social care and unaccompanied asylum seekers

2021-22		2022-23 Budget v Outturn - City Fund Summary by Committee		
Outturn		Budget	Provisional Outturn	Variation (Better)/Worse
£m		£m	£m	£m
	<b>Net Expenditure (Income)</b>			
29.9	Barbican Centre	31.8	30.8	(1.0)
2.2	Barbican Residential	2.3	1.9	(0.4)
16.3	Community and Children's Services	15.2	18.2	3.0
20.7	Culture Heritage and Libraries	22.9	22.3	(0.7)
(18.5)	Finance	(1.5)	(28.6)	(27.1)
0.2	Licensing	0.3	0.3	0.0
0.3	Markets	(0.3)	(1.4)	(1.1)
1.9	Open Spaces	1.8	2.0	0.2
14.5	Planning and Transportation	14.7	15.9	1.2
88.8	Police	95.7	95.7	0.0
0.0	Police Authority Board	1.0	1.0	0.0
4.9	Policy and Resources	5.8	6.6	0.8
13.4	Port Health and Environmental Services	16.2	16.3	0.1
(37.6)	Property Investment Board	(33.4)	(29.1)	4.2
<b>137.0</b>	<b>City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves</b>	<b>172.5</b>	<b>151.8</b>	<b>(20.7)</b>

### Funding from taxation and grants

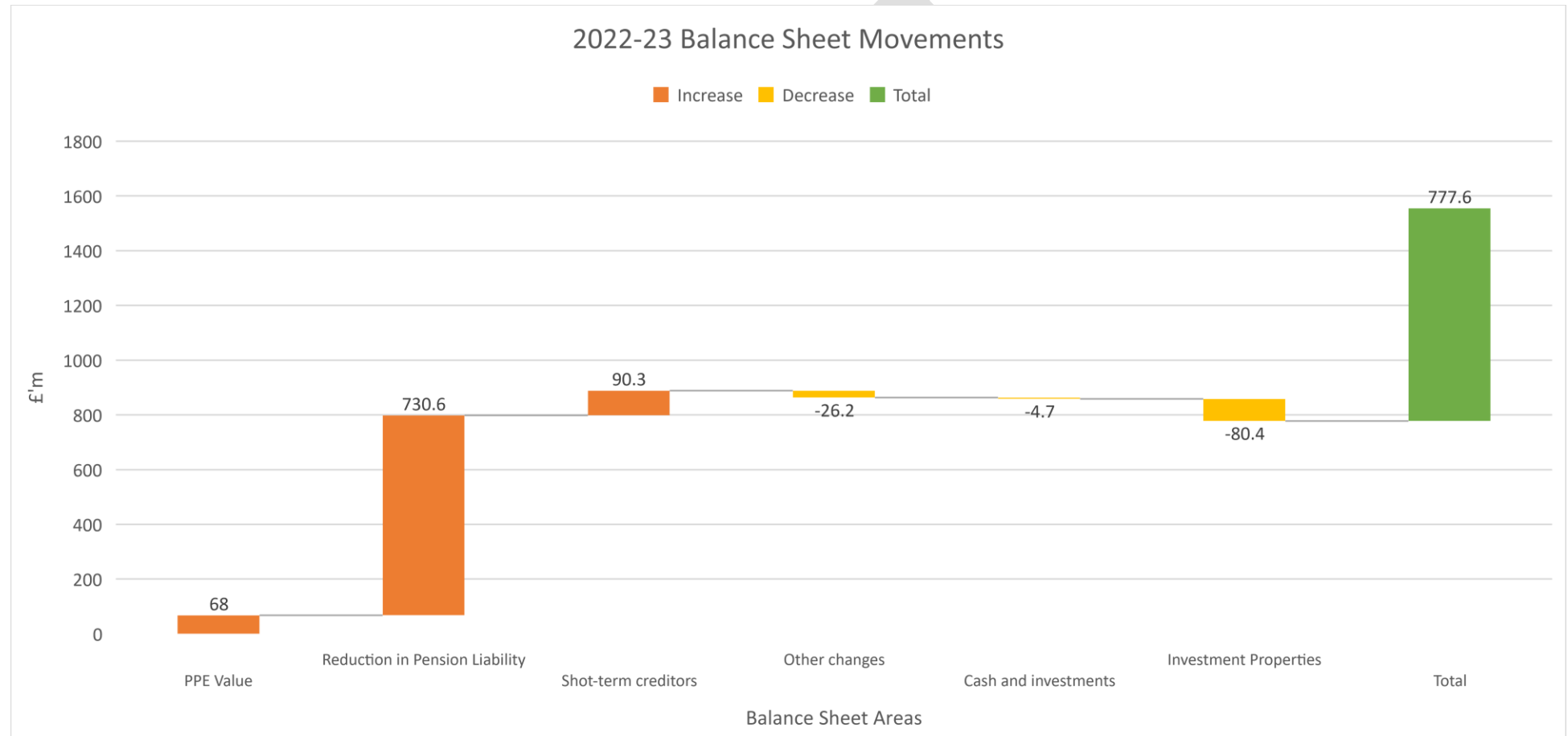
A breakdown of the City Fund taxation and grants income for 2022-23 can be seen in the chart below:



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 £1,869.4m at year end. The key movements which have contributed to an overall balance sheet increase of £777.6m 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 Investments – Notes 32-34, Property, Plant and Equipment (PPE) – Note 13, Investment Properties – Note 17, Pension Liabilities – Notes 23-26 and Short Term Creditors – note 21.





## 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 2023. 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 2022-23, 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 Council'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, 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 the 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 2022-23 ("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

The audit of the 2020-21 & 2021-22 statement of accounts are yet to be completed owing to a national issue regarding the accounting for infrastructure assets and the historic accounting treatment applied to lease premiums by the Corporation. These remain the only outstanding issues from the 2020-21 & 2021-22 audits. I can therefore 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 2023 except for those amounts recorded under infrastructure assets and investment properties, which are subject to final review for 2020-21 & 2021-22.

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# Core Financial Statements



## Comprehensive Income and Expenditure Statement

2021-22				Notes	2022-23		
Gross Expenditure	Gross Income	Net Expenditure/ (Income)			Gross Expenditure	Gross Income	Net Expenditure/ (Income)
£m	£m	£m			£m	£m	£m
			<b>Services</b>				
167.8	(76.9)	90.9	Police		197.8	(94.7)	103.1
0.0	0.0	0.0	Police Authority Board		1.0	0.0	1.0
51.8	(18.4)	33.4	Barbican Centre		62.6	(28.7)	33.9
38.6	(20.1)	18.5	Community & Children's Services		39.3	(19.4)	19.9
17.4	(14.1)	3.3	Housing Revenue Account (HRA)		23.4	(16.5)	6.9
39.7	(28.7)	11.0	Planning & Transportation		47.4	(35.9)	11.5
34.2	(21.9)	12.3	Port Health & Environmental Services		33.3	(19.1)	14.2
24.6	(2.1)	22.5	Culture, Heritage and Libraries		25.0	(1.9)	23.1
67.6	(35.8)	31.8	Finance		29.0	(16.6)	12.4
16.1	(16.8)	(0.7)	Barbican Residential		19.8	(20.8)	(1.0)
27.1	(16.3)	10.8	Policy & Resources		26.9	(13.9)	13.0
3.1	(0.6)	2.5	Open Spaces and City Gardens		2.7	(0.5)	2.2
2.2	(1.2)	1.0	Property Investment Board		0.0	(0.1)	(0.1)
1.1	(0.8)	0.3	Licensing		1.2	(0.7)	0.5
0.2	0.0	0.2	London NNDR Pool Strategic Investment Pot		4.6	0.0	4.6
4.8	0.0	4.8	Pension Past Service Cost		1.8	0.0	1.8
16.6	0.0	16.6	Major Project Cost		20.1	0.0	20.1
<b>512.9</b>	<b>(253.7)</b>	<b>259.2</b>	<b>Cost of Services</b>		<b>535.9</b>	<b>(268.8)</b>	<b>267.1</b>
		5.8	Other Operating Income	7			(20.7)
		(122.6)	Financing & Investment Income & Expenditure	7			75.1
		(215.4)	Taxation & Non-Specific Grant Income	7			(278.2)
		<b>(73.0)</b>	<b>(Surplus)/Deficit on the Provision of Services</b>				<b>43.3</b>
		(27.8)	Surplus on the Revaluation of Property, Plant & Equipment	13			(37.6)
		(36.3)	Remeasurements of the Pensions Liability	26			(786.5)
		<b>(64.1)</b>	<b>Other Comprehensive (Income) &amp; Expenditure<sup>2</sup></b>				<b>(824.1)</b>
		<b>(137.1)</b>	<b>TOTAL COMPREHENSIVE (INCOME) &amp; EXPENDITURE</b>				<b>(780.8)</b>

<sup>2</sup> Majority of the increase in Other Comprehensive Income and Expenditure in 22-23 compared to 21-22 is a result of a reduction in the Pension Liability in 22-23, further details are available in Note 26.

## 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 2022 carried forward*		(300.1)	(0.2)	(30.5)	(46.2)	(1.4)	(378.4)	(937.3)	(1,315.7)
Movement in reserves during 2022-23									
Total Comprehensive Income & Expenditure		37.0	6.3	0.0	0.0	0.0	43.3	(824.1)	(780.8)
Adjustments between accounting basis & funding basis under regulations	11	(34.2)	(6.3)	(20.2)	4.0	1.7	(55.0)	55.0	0.0
Net (increase)/decrease before Transfers to Earmarked Reserves		2.8	0.0	(20.2)	4.0	1.7	(11.7)	(769.1)	(780.8)
Transfer to/(from) - earmarked reserves		30.5	0.0	0.0	(30.5)	0.0	0.0	0.0	0.0
(Increase) or decrease in 2022-23		33.3	0.0	(20.2)	(26.5)	1.7	(11.7)	(769.1)	(780.8)
Balance at 31 March 2023 carried forward*		(266.8)	(0.2)	(50.7)	(72.7)	0.3	(390.1)	(1,706.4)	(2,096.5)

\*The City Fund balance of £262.2m comprises unallocated revenue funds of £46.1m and earmarked revenue reserves of £216.1m (see note 12, page 46).

	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 2021 carried forward*		(254.3)	(0.2)	(56.4)	(39.5)	(2.0)	(352.4)	(826.2)	(1,178.6)
Movement in reserves during 2021-22									
Total Comprehensive Income & Expenditure		(75.7)	2.7	0.0	0.0	0.0	(73.0)	(64.1)	(137.1)
Adjustments between accounting basis & funding basis under regulations	11	16.7	(2.7)	25.9	6.5	0.6	47.0	(47.0)	0.0
Net (increase)/decrease before Transfers to Earmarked Reserves		(59.0)	0.0	25.9	6.5	0.6	(26.0)	(111.1)	(137.1)
Transfer to/(from) - earmarked reserves		13.2	0.0	0.0	(13.2)	0.0	0.0	0.0	0.0
(Increase) or decrease in 2021-22		(45.8)	0.0	25.9	(6.7)	0.6	(26.0)	(111.1)	(137.1)
Balance at 31 March 2022 carried forward*		(300.1)	(0.2)	(30.5)	(46.2)	(1.4)	(378.4)	(937.3)	(1,315.7)

\*The City Fund balance of £300.1m comprises unallocated revenue funds of £68.1m and earmarked revenue reserves of £232.0m (see note 12, page 46).

## Balance Sheet

31 March 2022		Notes	31 March 2023
£m			£m
1,048.5	Property, Plant and Equipment	13	1,116.5
9.0	Heritage Assets	14	9.0
1,642.1	Investment Property	17	1,560.3
0.4	Intangible Assets		2.9
12.3	Long-Term Debtors	16	11.5
<b>2,712.3</b>	<b>Long-Term Assets</b>		<b>2,700.2</b>
992.1	Short-Term Investments		964.8
2.7	Assets Held for Sale		8.6
0.5	Inventories		0.6
154.9	Short-Term Debtors	20	147.6
33.3	Cash and Cash Equivalents		29.5
<b>1,183.5</b>	<b>Current Assets</b>		<b>1,151.1</b>
(395.5)	Short-Term Creditors	21	(382.1)
(131.9)	Grants and Contributions Received in Advance - Revenue	27	(57.0)
(40.2)	Provisions	22	(21.4)
<b>(567.6)</b>	<b>Current Liabilities</b>		<b>(460.5)</b>
(1,634.8)	Pensions Liability	26	(913.2)
(94.8)	Grants and Contributions Received in Advance - Capital	27	(103.7)
(225.9)	Rents Received in Advance	28	(224.5)
(57.0)	Other Long-Term Liabilities	29	(52.9)
<b>(2,012.5)</b>	<b>Long-Term Liabilities</b>		<b>(1,294.3)</b>
<b>1,315.7</b>	<b>NET ASSETS</b>		<b>2,096.5</b>
(378.4)	Usable Reserves		(390.1)
(937.3)	Unusable Reserves	31	(1,706.4)
<b>(1,315.7)</b>	<b>TOTAL RESERVES</b>		<b>(2,096.5)</b>

The Statement of Accounts was authorised for issue by the Chamberlain on 12<sup>th</sup> July 2023. Events after the balance sheet date and up to 12<sup>th</sup> July 2023 have been considered in respect of material impact on the financial statements. No adjustments have been made.



## Cash Flow Statement

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

2021-22		Notes	2022-23
£m			£m
(73.0)	Net (surplus)/deficit on the provision of services		43.3
(33.6)	Adjustments for non-cash movements	32	(86.2)
70.9	Adjustments for items that are investing and financing activities	32	94.9
<b>(35.7)</b>	<b>Net cash (inflows)/outflows from operating activities</b>		<b>52.0</b>
180.5	Investing activities	33	(43.4)
(151.2)	Financing activities	34	(4.8)
<b>(6.4)</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>3.8</b>
(26.9)	Cash and cash equivalents at the beginning of the reporting period		(33.3)
<b>(33.3)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>(29.5)</b>



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# 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 p134, the City Corporation has had to make certain judgements about complex transactions or those involving uncertainty about future events. These are as follows:

### Related Parties

The City Corporation makes an assessment of the relationships it has with other entities, establishing where control and influence lay and adopting the appropriate accounting practice to reflect the relationship. After a thorough evaluation, we have determined that the Museum of London (MoL) should not be classified as a subsidiary, associate, or joint venture for accounting purposes. We therefore disclose this relationship as a related party in the relevant disclosure (note 35, page 89). 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 £64.1m, Total Liabilities of £67.6m, Total Income of £49.4m, and Total Expenditure of £46.9m, into the City of London Corporation's financial 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 2023 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 2023 is £1,634.8m (consisting of City Fund £72.7m, Police Pension Scheme £838.1m and Judges Pension Scheme £2.3m). The estimation of the net liability to pay pensions depends on a number of complex assumptions used in the calculation of the liabilities. These include the discount rate used, the rate at which salaries are projected to increase, changes to retirement ages, mortality rates and expected returns on pension fund assets. Where the outcome is different to the assumptions this will impact on the pension liability. Variations in the key assumptions will have the following impact on the net liability:</p> <table border="1" style="margin-left: 20px;"> <thead> <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> </thead> <tbody> <tr> <td>0.1% adjustment to discount rate</td> <td style="text-align: right;">- 24.8</td> <td style="text-align: right;">25.5</td> </tr> <tr> <td>0.1% adjustment to salary increase rate</td> <td style="text-align: right;">2.4</td> <td style="text-align: right;">- 2.4</td> </tr> <tr> <td>0.1% adjustment to Pension increase rate</td> <td style="text-align: right;">23.5</td> <td style="text-align: right;">- 22.9</td> </tr> <tr> <td>1 year adjustment to life expectancy</td> <td style="text-align: right;">58.9</td> <td style="text-align: right;">- 56.5</td> </tr> </tbody> </table>	Assumptions	Movement in liability		Increase in assumption	Decrease in assumption	£m	£m	0.1% adjustment to discount rate	- 24.8	25.5	0.1% adjustment to salary increase rate	2.4	- 2.4	0.1% adjustment to Pension increase rate	23.5	- 22.9	1 year adjustment to life expectancy	58.9	- 56.5
Assumptions	Movement in liability																				
	Increase in assumption	Decrease in assumption																			
	£m	£m																			
0.1% adjustment to discount rate	- 24.8	25.5																			
0.1% adjustment to salary increase rate	2.4	- 2.4																			
0.1% adjustment to Pension increase rate	23.5	- 22.9																			
1 year adjustment to life expectancy	58.9	- 56.5																			
Property, plant and equipment	The carrying values of property, plant and equipment and investment properties are primarily dependent on judgements of such variables 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 2023 is £880m (£848m as at the end of March 2022). 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£88m.																			



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 sufficiently regularly 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 2022 are available on p55 of the accounts.</p> <p>The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Corporation's external valuers.</p>	<p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.</p> <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for assets subject to depreciation would increase by £3m for every year that useful lives had to be reduced.</p>
Valuation of Investment property	The Corporation's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.	A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the CI&ES. The net book value of investment properties as at the end of March 2023 is £1,560m (£1,642m as at the end of March 2022). If the value of the Corporation's investment properties were to reduce by 1%, this would result in a £16m debit to "Financing and Investment Income and Expenditure" in the CI&ES. Conversely, an increase in operational property values would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the CI&ES and/or gains being recorded as appropriate in the CI&ES.





# Notes to the Comprehensive Income and Expenditure Statement



### 3. Expenditure and Funding Analysis

2021-22			2022-23			
Net Expenditure Chargeable to City Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CI&ES		Net Expenditure Chargeable to City Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CI&ES
£'m	£'m	£'m		£'m	£'m	£'m
			<b>Committees</b>			
88.8	2.1	90.9	Police	92.1	11.0	103.1
0.0	0.0	0.0	Police Authority Board	1.0	0.0	1.0
29.9	3.5	33.4	Barbican Centre	30.6	3.3	33.9
16.3	2.2	18.5	Community and Children's Services	18.8	1.1	19.9
0.0	3.3	3.3	HRA	(0.1)	7.0	6.9
14.5	3.5	11.0	Planning and Transport	9.0	2.6	11.5
13.4	1.1	12.3	Port Health and Environmental Services	14.8	(0.6)	14.2
20.7	1.8	22.5	Culture, Heritage and Libraries	16.9	6.2	23.1
(18.5)	50.4	31.9	Finance	(36.2)	48.6	12.4
2.2	(2.9)	(0.7)	Barbican Residential	1.9	(2.9)	(1.0)
4.9	5.9	10.8	Policy and Resources	9.7	3.3	13.0
1.9	0.6	2.5	Open Spaces and City Gardens	2.0	0.1	2.2
(37.6)	38.4	1.0	Property Investment	(29.1)	29.1	(0.1)
0.2	0.1	0.3	Licensing	0.3	0.2	0.5
0.3	(0.3)	0.0	Markets	(1.6)	1.6	0.0
0.0	0.2	0.2	London NNDR Pool Strategic Investment Pot	3.3	1.3	4.6
0.0	4.8	4.8	Pension Past Service Cost	0.0	1.8	1.8
0.0	16.6	16.6	Major Project Cost	20.1	0.0	20.1
<b>137.0</b>	<b>122.3</b>	<b>259.3</b>	<b>Net Cost of Services</b>	<b>153.5</b>	<b>113.5</b>	<b>267.1</b>
(182.8)	(149.4)	(332.2)	Other Income and Expenditure	(120.2)	(103.5)	(223.8)
<b>(45.8)</b>	<b>(27.1)</b>	<b>(72.9)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>33.3</b>	<b>10.0</b>	<b>43.3</b>
<b>(254.5)</b>			<b>Opening City Fund and HRA Balances</b>	<b>(300.3)</b>		
<b>(45.8)</b>			Add (Surplus) or Deficit on City Fund and HRA Balance in Year	<b>33.3</b>		
<b>(300.3)</b>			<b>Closing City Fund and HRA Balances at 31 March*</b>	<b>(267.0)</b>		

\* For a split of this balance between the City Fund and the HRA – see the Movement in Reserves Statement

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.

2021-22					2022-23					
Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustments	Other Adjustments	Total Adjustments	Committees	Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustments	Other Adjustments	Total Adjustments
£'m	£'m	£'m	£'m	£'m		£'m	£'m	£'m	£'m	£'m
5.6	4.4	0.0	(7.9)	2.1	Police	4.3	7.3	0.0	(0.6)	11.0
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	3.5	0.0	0.0	3.5	Barbican Centre	0.0	2.9	0.0	0.4	3.3
0.0	1.5	0.0	0.7	2.2	Community and Children's Services	0.0	1.1	0.0	0.0	1.1
0.7	1.1	0.0	1.5	3.3	HRA	5.0	0.7	0.0	1.3	7.0
0.4	2.6	0.0	(6.5)	(3.5)	Planning and Transport	0.1	1.8	0.0	0.6	2.5
0.0	2.9	0.0	(4.0)	(1.1)	Port Health and Environmental Services	0.0	2.1	0.0	(2.7)	(0.6)
0.0	1.7	0.0	0.1	1.8	Culture, Heritage and Libraries	5.4	1.2	0.0	(0.4)	6.2
51.3	1.3	0.0	(2.2)	50.4	Finance	22.1	1.0	0.0	25.5	48.6
0.0	1.0	0.0	(3.9)	(2.9)	Barbican Residential	0.0	0.7	0.0	(3.6)	(2.9)
1.8	1.7	0.0	2.4	5.9	Policy and Resources	2.3	1.1	0.0	(0.1)	3.3
0.2	0.4	0.0	0.0	0.6	Open Spaces and City Gardens	0.0	0.2	0.0	0.0	0.2
0.0	0.1	0.0	38.5	38.6	Property Investment	0.0	0.0	0.0	29.0	29.0
0.0	0.1	0.0	0.0	0.1	Licensing	0.0	0.2	0.0	0.0	0.2
0.0	0.3	0.0	(0.6)	(0.3)	Markets	0.0	0.2	0.0	1.4	1.6
0.0	0.0	0.0	0.2	0.2	London NNDR Pool Strategic Investment Pot	0.0	0.0	0.0	1.3	1.3
0.0	4.8	0.0	0.0	4.8	Pension Past Service Cost	0.0	1.8	0.0	0.0	1.8
0.0	0.0	0.0	16.6	16.6	Major Project Cost	0.0	0.0	0.0	0.0	0.0
<b>60.0</b>	<b>27.4</b>	<b>0.0</b>	<b>34.9</b>	<b>122.3</b>	<b>Net Cost of Services</b>	<b>39.2</b>	<b>22.3</b>	<b>0.0</b>	<b>52.1</b>	<b>113.6</b>
(140.8)	32.6	(12.2)	(29.0)	(149.4)	Other Income and Expenditure	(37.0)	42.6	(66.6)	(42.6)	(103.6)
<b>(80.8)</b>	<b>60.0</b>	<b>(12.2)</b>	<b>5.9</b>	<b>27.1</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>2.2</b>	<b>64.9</b>	<b>(66.6)</b>	<b>9.5</b>	<b>10.0</b>

### Adjustments for Capital Purposes

This column adjusts for capital items which need to be included in the CI&ES 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 CI&ES. 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 CI&ES.

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.

2021-22		2022-23
£'m		£'m
	<b>Expenditure</b>	
231.8	Employee expenses	240.1
208.1	Other service expenses	251.9
36.4	Support service recharges	39.5
66.8	Depreciation, amortisation and impairments	38.5
32.0	Interest payments	41.9
0.5	Precepts and levies	0.5
304.7	Business rates tariff and levy payments to Government	320.5
0.4	Payments to Government's housing capital receipts pool	0.0
4.4	Gain on the disposal of assets	0.0
0.0	Unrealised loss on revaluation of investment properties	76.3
<b>885.1</b>	<b>Total expenditure</b>	<b>1,009.2</b>
	<b>Income</b>	
(185.9)	Fees, charges and other service income	(182.5)
(5.6)	Interest and investment income	(23.3)
(365.5)	Business rates and council tax income	(479.1)
(282.0)	Government grants and other grants, contributions and reimbursements	(259.3)
(119.0)	Unrealised (gains)/loss on revaluation of investment properties	0.0
0.0	Gain on the disposal of assets	(21.7)
<b>(958.0)</b>	<b>Total Income</b>	<b>(965.9)</b>
<b>(72.9)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>43.3</b>



## 6. Grant Income

2021-22 Credited to Services		2022-23
£m	Revenue Grants (Government)	£m
	Home Office	
(18.9)	Police Pensions	(18.4)
(7.1)	Counter Terrorism	(8.7)
(8.4)	National Cyber Security Programme	(17.3)
(4.3)	National Fraud Intelligence Bureau	(4.3)
(2.3)	National Lead Force for Fraud	(9.1)
0.0	Police Uplift Programme	(2.5)
0.0	Asset Recovery Incentivation Scheme	(0.3)
(6.8)	Action Fraud Managed Services	(8.9)
(2.5)	Economic Crime Capability	0.0
0.0	Emergency Services Mobile Communications Programme	(0.1)
0.0	Mutual Aid	(1.0)
0.0	National Law Enforcement Data Service	(0.1)
(4.4)	Other	(1.7)
	Cabinet Office	
0.0	Ministry of Justice	0.0
0.0	Other	(1.3)
	Department for Work and Pensions	
(3.9)	Housing and Council Tax Benefit	(3.7)
(8.5)	Other	(0.1)
(6.5)	HM Courts and Tribunals Service	(7.2)
	Department for Education	
(3.4)	Dedicated Schools Grant	(3.7)
(1.8)	Other	(1.9)
	Ministry of Housing, Communities and Local Government	
(5.2)	Other	(5.4)

2021-22 Credited to Services		2022-23
£m	Revenue Grants (Government) Continued	£m
	Department for Health	
(1.7)	Public Health	(1.7)
0.0	Other	(0.2)
(2.6)	Transport for London	(1.8)
0.0	Intellectual Property Office	(2.5)
(0.9)	Greater London Authority	(1.3)
0.0	Department for Energy Security and Net Zero (formerly Department for Business, Energy and Industrial Strategy)	(1.1)
(5.7)	Discretionary grants to Businesses	0.1
(0.3)	Other	0.0
(1.7)	Department for Environment, Food & Rural Affairs	(1.7)
(0.4)	Her Majesty's Revenue and Customs	0.0
(0.4)	Arts Council England	(0.8)
(2.8)	Other revenue grants (Government)	(4.3)
	Non Government revenue grants and contributions	
(1.8)	S106/S278 and other developer contributions	(4.6)
(3.6)	UK Payments Administration Ltd	0.0
0.0	Association of British Insurers	0.0
(16.8)	Other	(20.8)
	Capital Grants and contributions (funding revenue expenditure under statute)	
0.0	Section 106 contributions	(0.3)
(4.6)	Other	0.0
<b>(127.3)</b>	<b>Total</b>	<b>(136.7)</b>

## 7. Income and Expenditure below Cost of Services

2021-22		2022-23	
Net Expenditure/ (Income)		Net Expenditure/ (Income)	
£m		£m	
4.4	Net Gain on Disposal of Fixed Assets	(21.7)	
0.4	Inner and Middle Temple Precepts	0.3	
0.1	Local levies	0.2	
0.4	Payment to Government Housing Capital Receipts Pool	0.0	
0.5	Pension Fund Administration Expenses	0.5	
<b>5.8</b>	<b>Total Other Operating Income and Expenditure</b>	<b>(20.7)</b>	
	Investment Properties		
(36.8)	Operational	(29.0)	
(119.0)	(Gain)/loss on revaluation	76.3	
(5.7)	Interest receivable and similar income	(23.0)	
32.1	Pension Interest Cost	41.9	
0.0	Contribution from Trading Services	(1.4)	
(0.7)	Impairment gains/losses	0.2	
7.5	Financial instrument (gain)/loss	10.1	
<b>(122.6)</b>	<b>Total Financing and Investment Income and Expenditure</b>	<b>75.1</b>	

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 £50.6m and operating expenses of £21.6m.

Contribution from Trading Services comprises a turnover of £10.8m and expenditure of £9.4m.

2021-22		2022-23	
Income		Income	
£m		£m	
(23.0)	Retained National Business Rates	(40.6)	
(17.5)	City Fund Non-Domestic Rates Premium	(28.0)	
(12.1)	City Fund Offset	(12.1)	
(8.4)	Council Tax Income	(8.1)	
	Non Ringfenced Government Revenue Grants		
(6.3)	Revenue Support Grant	(6.5)	
(70.2)	Police Core Grant	(62.3)	
0.0	discretionary grants to businesses	0.0	
(28.1)	NNDR grants	(44.2)	
(3.2)	Sales, fees and charges compensation	0.0	
(0.3)	Tax compensation	0.0	
(0.7)	Other	(0.2)	
0.0	London NNDR Pool Strategic Investment Pot	0.0	
	Capital Grants & Contributions		
(4.0)	Home Office	(15.1)	
(1.1)	Greater London Authority	(25.9)	
(1.9)	Transport for London	(0.3)	
(1.4)	Ministry of Justice	(1.4)	
(22.4)	Section 106/278 Contributions	(19.3)	
(10.6)	Community Infrastructure Levy	0.0	
(4.2)	Other Capital Grants and Contributions	(14.2)	
<b>(215.4)</b>	<b>Total Taxation and Non-Specific Grant Income</b>	<b>(278.2)</b>	

## 8. Dedicated Schools Grants

In 2022-23, the City Fund received a specific grant from the Department for Education, the Dedicated Schools Grant (DSG), of £3.4m (2021-22: £3.6m). 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 2022-23 are as follows:

2021-22	Schools Budget Funded by DSG			2022-23	Schools Budget Funded by DSG		
	Central Expenditure	Individual School Budget	Total		Central Expenditure	Individual School Budget	Total
	£m	£m	£m		£m	£m	£m
Final DSG for 2021-22 before Academy recoupment	1.5	2.1	3.6	Final DSG for 2022-23 before Academy recoupment	1.3	2.1	3.4
Academy Figure recouped for 2021-22	0.0	0.0	0.0	Academy Figure recouped for 2022-23	0.0	0.0	0.0
<b>Total DSG after Academy recoupment for 2021-22</b>	<b>1.5</b>	<b>2.1</b>	<b>3.3</b>	<b>Total DSG after Academy recoupment for 2022-23</b>	<b>1.3</b>	<b>2.1</b>	<b>3.4</b>
Plus: Brought forward from 2020-21	1.0	0.0	0.9	Plus: Brought forward from 2021-22	1.3	0.0	1.3
Less: Carry forward to 2021-22 agreed in advance	0.0	0.0	0.0	Less: Carry forward to 2022-23 agreed in advance	0.0	0.0	0.0
<b>Agreed initial budgeted distribution in 2021-22</b>	<b>2.5</b>	<b>2.1</b>	<b>4.2</b>	<b>Agreed initial budgeted distribution in 2022-23</b>	<b>2.6</b>	<b>2.1</b>	<b>4.7</b>
In year adjustments	0.0	0.0	0.0	In year adjustments	0.0	0.0	0.0
<b>Final budgeted distribution for 2021-22</b>	<b>0.0</b>	<b>0.0</b>	<b>4.2</b>	<b>Final budgeted distribution for 2022-23</b>	<b>0.0</b>	<b>0.0</b>	<b>4.7</b>
Less: Actual central expenditure	(1.2)	0.0	(1.2)	Less: Actual central expenditure	(1.5)	0.0	(1.5)
Less: Actual ISB deployed to schools	0.0	(2.1)	(2.1)	Less: Actual ISB deployed to schools	0.0	(2.1)	(2.1)
Plus: Local authority contribution for 2021-22				Plus: Local authority contribution for 2022-23	0.0	0.0	0.0
<b>Carry forward to 2022-23</b>	<b>1.3</b>	<b>0.0</b>	<b>1.3</b>	<b>Carry forward to 2023-24</b>	<b>1.1</b>	<b>0.0</b>	<b>1.1</b>

## 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 2022-23 and 2021-22 respectively.

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

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

Table 3 relates to the Exit packages of employees.

Proportion to City Fund						
Wholly charged to CF		Partially charged to CF		Wholly charged to CF		Partially charged to CF
2021-22			Salary Range	2022-23		
Police Officers	Other		£	Police Officers	Other	
203	52	95	50 - 54,999	114	71	121
126	38	94	55 - 59,999	179	50	119
71	16	41	60 - 64,999	117	25	78
58	13	72	65 - 69,999	89	15	64
29	6	28	70 - 74,999	72	10	30
5	8	19	75 - 79,999	49	10	44
3	4	13	80 - 89,999	13	2	15
5	3	10	85-89,999	11	2	13
9	0	7	90-94,999	4	1	6
5	2	8	95-99,999	7	2	8
1	3	3	100-104,999	2	2	4
0	0	4	105-109,999	6	0	5
1	0	4	110-114,999	2	0	2
1	0	1	115-119,999	0	0	5
1	1	2	120-124,999	1	0	3
1	0	3	125-129,999	0	1	3
0	2	1	130-134,999	0	0	4
0	0	0	135-139,999	0	0	2
0	0	1	140-144,999	0	0	0
0	0	0	145-149,999	1	1	0
<b>519</b>	<b>148</b>	<b>406</b>	<b>Total</b>	<b>666</b>	<b>191</b>	<b>526</b>



Table 2 - Senior Officer Remuneration

2022-23	Proportion charged to Local or Police Authority Activities	Total Salary	Salary (including fees & allowances)	Bonus	Compensation for Loss of Office	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Salary is £150,000 or more a year</b>									
Town Clerk & Chief Executive - J. Barradell - Left December 2022	55%	226.0	124.0	0.0	0.0	0.0	124.0	43.0	167.0
Managing Director I&G - Brussels Office - N. Collier	100%	230.0	230.0	0.0	0.0	0.0	230.0	48.0	278.0
Police Commissioner - A. McLaren	100%	206.0	206.0	11.0	0.0	23.0	240.0	62.0	302.0
Comptroller & City Solicitor - M.Cogher	65%	201.0	131.0	0.0	0.0	0.0	131.0	27.0	158.0
City Surveyor - P Wilkinson	40%	201.0	80.0	0.0	0.0	0.0	80.0	17.0	97.0
Chief Operating officer	65%	198.0	129.0	0.0	0.0	0.0	129.0	27.0	156.0
Managing Director Barbican Centre - C. Spencer - Started May 2022	100%	189.0	189.0	0.0	0.0	0.0	189.0	39.0	228.0
Chamberlain - C. Al-Beyerty	60%	178.0	107.0	0.0	0.0	0.0	107.0	22.0	129.0
Executive Director of Environment	100%	175.0	175.0	0.0	0.0	0.0	175.0	0.0	175.0
Director of Innovation and Growth	67%	162.0	109.0	0.0	0.0	0.0	109.0	23.0	132.0
<b>Salary is between £50,000 and £150,000</b>									
Director of Markets & Consumer Protection	55%	108.0	59.0	0.0	0.0	0.0	59.0	24.0	83.0
Director of Community & Children's Services - left October 2022	100%	92.0	92.0	0.0	0.0	0.0	92.0	18.0	110.0
Town Clerk & Chief Executive - I. Thomas - Started February 2023	55%	40.0	22.0	0.0	0.0	0.0	22.0	0.0	22.0

2021-22	Proportion charged to Local or Police Authority Activities	Total Salary	Salary (including fees & allowances)	Bonus	Compensation for Loss of Office	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Salary is £150,000 or more a year</b>									
Town Clerk & Chief Executive - J. Barradell	55%	266.0	146.0	0.0	0.0	0.0	146.0	31.0	177.0
Managing Director I&G - Brussels Office - N. Collier	100%	230.0	230.0	0.0	0.0	0.0	230.0	48.0	278.0
Chamberlain – C. Al-Beyerty (started May 2021)	60%	173.0	104.0	0.0	0.0	0.0	104.0	22.0	126.0
Police Commissioner - I. Dyson (left December 2021)	100%	155.0	155.0	61.0	0.0	5.0	221.0	0.0	221.0
Comptroller & City Solicitor - M.Cogher	65%	180.0	117.0	0.0	0.0	0.0	117.0	25.0	142.0
City Surveyor - P Wilkinson	40%	159.0	64.0	8.0	0.0	0.0	72.0	15.0	87.0
<b>Salary is between £50,000 and £150,000</b>									
Managing Director Barbican Centre (left September 2021)	100%	103.0	103.0	0.0	0.0	0.0	103.0	22.0	125.0
Managing Director Barbican Centre (acting up from September 2021)	100%	102.0	102.0	0.0	0.0	0.0	102.0	21.0	123.0
Managing Director Barbican Centre (acting up from September 2021)	100%	99.0	99.0	0.0	0.0	0.0	99.0	21.0	120.0
Police Commissioner (started January 2022)	100%	47.0	47.0	3.0	0.0	5.0	55.0	14.0	69.0
Executive Director of Environment (started August 2021)	100%	112.0	112.0	0.0	0.0	0.0	112.0	18.0	130.0
Director of Innovation & Growth	67%	146.0	98.0	0.0	0.0	0.0	98.0	20.0	118.0
Chief Operating Officer (started July 2021)	65%	133.0	87.0	0.0	0.0	0.0	87.0	18.0	105.0
Director of Community & Children's Services	100%	146.0	146.0	0.0	0.0	0.0	146.0	31.0	177.0
Chamberlain (left April 2021)	60%	37.0	22.0	0.0	36.0	0.0	58.0	1.0	59.0
Director of Markets & Consumer Protection (left December 2021)	55%	72.0	40.0	4.0	0.0	0.0	44.0	8.0	52.0
Director of Markets & Consumer Protection (started August 2021)	55%	74.0	41.0	0.0	0.0	0.0	41.0	8.0	49.0

Table 3 - Exit Packages charged to City Fund

2021-22				2022-23				
Number of Compulsory Redundancies (FTE No.)	Number of Other Departures Agreed (FTE No.)	Total Number of Exit Packages by Cost Band (FTE No.)	Total Cost of exit Packages in Each Band (£'000)		Number of Compulsory Redundancies (FTE No.)	Number of Other Departures Agreed (FTE No.)	Total Number of Exit Packages by Cost Band (FTE No.)	Total Cost of exit Packages in Each Band (£'000)
18.0	1.0	19.0	57.4	£0 - £20,000	18.0	2.0	20.0	189.2
2.0	2.0	4.0	123.6	£20,001 - £40,000	16.0	0.0	16.0	432.7
0.0	0.0	0.0	0.0	£40,001 - £60,000	4.0	1.0	5.0	234.9
0.0	0.0	0.0	0.0	£60,001 - £80,000	2.0	1.0	3.0	204.2
0.0	0.0	0.0	0.0	£80,001 - £100,000	1.0	0.0	1.0	94.3
0.0	0.0	0.0	0.0	£100,001 - £150,000	1.0	0.0	1.0	125.9
<b>20.0</b>	<b>3.0</b>	<b>23.0</b>	<b>181.0</b>	<b>Total</b>	<b>42.0</b>	<b>4.0</b>	<b>46.0</b>	<b>1,281.2</b>

The rise in exit packages in 22-23 compared to 21-22 is a result of implementing a new target operating model during 22-23.

## 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 2022-23 audit will be carried out by Grant Thornton. Audit Fees of £35,000 (2021-22: £25,000) in respect of the City of London Pension Fund are met by the Pension Fund and are not included in the table.

2021-22		2022-23
£'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.	340.0
25.0	Certification of grant claims and returns by the appointed auditor	25.0
0.0	Non-audit fees - other grant and certification fees	0.0
<b>365.0</b>		<b>365.0</b>





# 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.

2022-23	Usable Reserves					Movement in Unusable Reserves
	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
	£m	£m	£m	£m	£m	£m
<b>Adjustments to the Revenue Resources</b>						
<b>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</b>						
Pensions costs (transfers to or from the Pensions Reserve)	(64.2)	(0.7)				64.9
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	66.6					(66.6)
Holiday pay (transfers to or from the Accumulated Absences Reserve)	0.8					(0.8)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (transfers to or from the Capital Adjustment Account)	(105.3)	(8.4)				113.7
Transfer of deferred non-current assets sale proceeds from revenue to the Deferred Capital Receipts Reserve	(0.4)					0.4
Transfer to the Pooled Investment Reserve	(10.0)					10.0
<b>Total Adjustments to Revenue Resources</b>	<b>(112.5)</b>	<b>(9.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>120.2</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	27.1	1.1	(28.2)			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0.0					0.0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1.4					1.4
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	53.4					(53.4)
Posting of HRA resources from revenue to the Major Repairs Reserve		1.7			(1.7)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(3.6)			3.6		0.0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>78.3</b>	<b>2.8</b>	<b>(28.2)</b>	<b>3.5</b>	<b>(1.8)</b>	<b>(54.8)</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure			8.0			(8.0)
Use of the Major Repairs Reserve to finance capital expenditure					3.4	(3.4)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				0.4		(0.4)
Cash payments in relation to deferred capital receipts						0.0
<b>Total Adjustments to Capital Resources</b>	<b>0.0</b>	<b>0.0</b>	<b>8.0</b>	<b>0.4</b>	<b>3.4</b>	<b>(11.8)</b>
<b>Total Adjustments</b>	<b>(34.2)</b>	<b>(6.3)</b>	<b>(20.2)</b>	<b>4.0</b>	<b>1.7</b>	<b>55.0</b>

2021-22	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
<b>Adjustments to the Revenue Resources</b>						
<b>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</b>						
Pensions costs (transfers to or from the Pensions Reserve)	(59.0)	(1.1)				60.1
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	12.2					(12.2)
Holiday pay (transfers to or from the Accumulated Absences Reserve)	1.5					(1.5)
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)	48.0	(5.5)				(42.5)
Transfer of deferred non-current assets sale proceeds from revenue to the Deferred Capital Receipts Reserve	(2.7)					2.7
Transfer to the Pooled Investment Reserve	(7.6)					7.6
<b>Total Adjustments to Revenue Resources</b>	<b>(7.6)</b>	<b>(6.6)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>14.2</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	20.1	0.9	(21.0)			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(0.4)		0.4			0.0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1.1					(1.1)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	6.8					(6.8)
Posting of HRA resources from revenue to the Major Repairs Reserve		3.0			(3.0)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(3.3)			3.3		0.0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>24.3</b>	<b>3.9</b>	<b>(20.6)</b>	<b>3.3</b>	<b>(3.0)</b>	<b>(7.9)</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure			46.8			(46.8)
Use of the Major Repairs Reserve to finance capital expenditure					3.6	(3.6)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				3.2		(3.2)
Cash payments in relation to deferred capital receipts			(0.3)			0.3
<b>Total Adjustments to Capital Resources</b>	<b>0.0</b>	<b>0.0</b>	<b>46.5</b>	<b>3.2</b>	<b>3.6</b>	<b>(53.3)</b>
<b>Total Adjustments</b>	<b>16.7</b>	<b>(2.7)</b>	<b>25.9</b>	<b>6.5</b>	<b>0.6</b>	<b>(47.0)</b>

## 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 2022-23.

	Notes	Balance at 31 March 2021	Transfers Out 2021-22	Transfers In 2021-22	Balance at 31 March 2022	Transfers Out 2022-23	Transfers In 2022-23	Balance at 31 March 2023
		£m	£m	£m	£m	£m	£m	£m
Highway Improvements	i	(47.1)	6.2	(10.7)	(51.6)	5.6	(10.2)	(56.2)
Major Projects Reserve	ii	(69.0)	51.6	(36.2)	(53.6)	43.2	(57.1)	(67.5)
Business Rate Equalisation	iii	(47.9)	37.7	(24.6)	(34.8)	37.7	(6.7)	(3.8)
City Fund Risk Reserve	iv	0.0	0.0	(30.0)	(30.0)	0.0	0.0	(30.0)
Build Back Better Reserve	v	0.0	1.1	(18.1)	(17.0)	2.2	0.0	(14.8)
London NNDR Pool SIP	vi	(8.7)	0.0	(0.5)	(9.2)	4.6	(1.2)	(5.8)
Crime Reduction Initiatives	vii	(2.2)	0.0	(6.8)	(9.0)	1.9	(0.3)	(7.4)
Police Future Expenditure	viii	(4.3)	2.6	(3.5)	(5.2)	2.7	(8.2)	(10.7)
Other Earmarked Reserves	ix	(18.8)	2.0	(4.8)	(21.6)	0.7	(3.6)	(24.5)
<b>Total</b>		<b>(198.0)</b>	<b>101.2</b>	<b>(135.2)</b>	<b>(232.0)</b>	<b>98.6</b>	<b>(87.3)</b>	<b>(220.7)</b>

- (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) City Fund Risk Reserve – This reserve is held to mitigate the additional financial risks brought about COVID-19 and the current economic climate including factors like inflation.
- (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 generated through the London NNDR Pool. The City Corporation acts as 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 2022-23	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Cost or valuation</b>								
<b>at 1 April 2022</b>	<b>251.0</b>	<b>601.7</b>	<b>7.8</b>	<b>121.1</b>	<b>1.5</b>	<b>95.4</b>	<b>0.4</b>	<b>1,078.9</b>
Additions	4.1	8.3	0.0	2.0	0.0	52.5	0.0	66.9
Transfers	3.4	3.4	0.0	0.0	0.0	(9.2)	0.0	(2.4)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1.5	25.8	0.0	0.0	0.0	0.0	0.0	27.3
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4.6)	(1.1)	0.0	0.0	0.0	0.0	0.0	(5.7)
Derecognition - disposals	(6.2)	(0.1)	0.0	3.0	0.0	0.0	0.0	(3.3)
<b>at 31 March 2023</b>	<b>249.2</b>	<b>638.0</b>	<b>7.8</b>	<b>126.1</b>	<b>1.5</b>	<b>138.7</b>	<b>0.4</b>	<b>1,161.7</b>
<b>Accumulated Depreciation and Impairment</b>								-
<b>at 1 April 2022</b>	<b>0.0</b>	<b>(5.1)</b>	<b>(1.4)</b>	<b>(71.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(78.0)</b>
Depreciation Charge	(2.7)	(11.1)	(0.8)	(7.7)	0.0	0.0	0.0	(22.3)
Depreciation written out to the Revaluation Reserve	1.7	8.6	0.0	0.0	0.0	0.0	0.0	10.3
Depreciation written out to the Surplus/Deficit on the Provision of Services	0.9	0.1	0.0	0.0	0.0	0.0	0.0	1.0
Derecognition - disposals	0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	(1.0)
<b>at 31 March 2023</b>	<b>(0.1)</b>	<b>(7.5)</b>	<b>(2.2)</b>	<b>(80.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(90.0)</b>
<b>Net Book Value</b>								-
<b>at 31 March 2022</b>	<b>251.0</b>	<b>596.6</b>	<b>6.4</b>	<b>49.6</b>	<b>1.5</b>	<b>95.4</b>	<b>0.4</b>	<b>1,000.9</b>
<b>at 31 March 2023</b>	<b>249.1</b>	<b>630.5</b>	<b>5.6</b>	<b>45.9</b>	<b>1.5</b>	<b>138.7</b>	<b>0.4</b>	<b>1,071.7</b>

## Property, Plant and Equipment (Continued)

Movements on Balances 2021-22	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
<b>Cost or valuation</b>								
<b>at 1 April 2021</b>	<b>263.0</b>	<b>509.2</b>	<b>7.3</b>	<b>115.9</b>	<b>1.5</b>	<b>48.0</b>	<b>3.0</b>	<b>947.9</b>
Additions	1.9	3.3	0.6	5.4	0.0	52.0	0.0	<b>63.2</b>
Transfers	0.3	104.1	0.0	0.8	0.0	(4.5)	(1.8)	<b>98.9</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(5.7)	21.6	0.0	0.0	0.0	0.0	0.0	<b>15.9</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1.6)	(36.7)	0.0	0.0	0.0	0.0	0.0	<b>(38.3)</b>
Derecognition - disposals	(6.8)	0.0	0.0	(0.2)	0.0	0.0	(0.2)	<b>(7.2)</b>
<b>at 31 March 2022</b>	<b>251.1</b>	<b>601.5</b>	<b>7.9</b>	<b>121.9</b>	<b>1.5</b>	<b>95.5</b>	<b>1.0</b>	<b>1,080.4</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>at 1 April 2021</b>	<b>(0.1)</b>	<b>(4.5)</b>	<b>(0.7)</b>	<b>(65.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.7)</b>	<b>(71.1)</b>
Depreciation Charge	(2.6)	(10.8)	(0.7)	(7.3)	0.0	0.0	0.0	(21.4)
Depreciation written out to the Revaluation Reserve	1.7	9.9	0.0	0.0	0.0	0.0	0.0	11.6
Depreciation written out to the Surplus/Deficit on the Provision of Services	0.9	0.2	0.0	0.0	0.0	0.0	0.0	1.1
Derecognition - disposals	0	0.0	0.0	0.2	0.0	0.0	0.0	0.2
<b>at 31 March 2022</b>	<b>(0.1)</b>	<b>(5.2)</b>	<b>(1.4)</b>	<b>(72.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.7)</b>	<b>(79.6)</b>
<b>Net Book Value</b>								
<b>at 31 March 2021</b>	<b>262.9</b>	<b>504.7</b>	<b>6.6</b>	<b>50.8</b>	<b>1.5</b>	<b>48.0</b>	<b>2.3</b>	<b>876.8</b>
<b>at 31 March 2022</b>	<b>251.0</b>	<b>596.3</b>	<b>6.5</b>	<b>49.7</b>	<b>1.5</b>	<b>95.5</b>	<b>0.3</b>	<b>1,000.8</b>

## 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.

2021-22	Infrastructure Assets Movement on Balances	2022-23
£m		£m
48.8	Opening Net Book Value at 1 April	47.7
6.9	Additions	5.3
(8.0)	Depreciation	(8.2)
47.7	Closing Net Book Value at 31 March	44.8

## Reconciliation of Property, Plant and Equipment

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

2021-22	Reconciliation of Property, Plant and Equipment	2022-23
£m		£m
1,000.8	Other PPE Assets	1,071.7
47.7	Infrastructure Assets	44.8
<b>1,048.5</b>	<b>Total PPE Assets Net Book Value</b>	<b>1,116.5</b>

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	125 years
• Certain listed <sup>3</sup> operational buildings years	75 – 125
• Leasehold Improvements years	10 – 30
• Infrastructure years	10 – 25
• 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 MHCLG 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 2023 is £727.6m (£712.4m 31st March 22) which has been reduced by 75% to £183.6m (£179.7m at 31st March 22) 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.

<sup>3</sup> A building which is included on the statutory list of 'buildings of special architectural or historic interest'.

## Commitments

Significant capital commitments above £1m totalling £21.2m at 31 March 2023, detailed as:

- £2.4m relating to the Barbican Estate Redecoration programme
- £4.4m relating to Salisbury Square demolition and development scheme
- £1.0m relating to Assessment Centre for Rough Sleepers
- £2.8m relating to the Poultry Market (Museum of London Relocation)
- £1.0m relating to the replacement of the roof at Walbrook Wharf Depot
- £2.5m relating in respect of Fire Door replacement on the Avondale Square Housing estate
- £1.3m in respect of heating and hot water replacement schemes at Middlesex Street estate
- £2.6m relating to Holloway Estate Windows Replacement Programme
- £3.2m relating to Southwark Estate Windows Replacement Programme

## Revaluations

The following have been revalued at 31 March 2023 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
- Bishopsgate Police Station

## 14. Heritage Assets

The carrying value of heritage assets currently held in the Balance Sheet at historic cost is £9.0m (2021-22 £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 15<sup>th</sup> 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.

- Central Criminal Court
- City of London Cemetery and Crematorium properties
- Cleansing Depot and Offices at Walbrook Wharf
- Housing Commercial Properties (shop units, garages and parking spaces)
- Housing Dwellings (including guest flats)
- Public Car Parks
- Public Conveniences
- Spitalfields Market
- Woodredon and Warlies Park Estate
- Surplus Properties
- Investment Properties
- Assets Held for Sale - HRA non-dwelling properties at Holloway

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, Woodredon and Warlies Park, Cemetery and Crematorium, Police Station, Animal Reception Centre 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 Cushman and Wakefield LLP, Gerald Eve 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.

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

## 15. Capital Expenditure and Finance

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

A nil or negative Capital Financing Requirement (CFR) indicates that the City Fund's provision for debt is equal to or greater than the debt incurred. Where capital expenditure is to be financed in future years by charges to revenue the expenditure results in a positive CFR, a measure of the capital expenditure incurred historically that has yet to be financed. The net increase in the capital financing requirement of £3.7m reflects the recognition of £5.1m of additional borrowing requirement to fund capital schemes, partially offset by a £1.4m minimum revenue provision made in the year.

2021-22		2022-23	
£m		£m	
<b>53.4</b>	<b>Opening Capital Financing Requirement</b>	<b>86.7</b>	
	<b>Capital Investment</b>		
70.1	Property, Plant and Equipment	72.1	
40.1	Investment Properties	5.6	
0.2	Intangible Assets	0.4	
20.9	Revenue Expenditure Funded for Capital Under Statute	23.9	
	<b>Sources of Finance</b>		
(1.1)	Minimum Revenue Provision	(1.4)	
(46.9)	Capital Receipts	(8.0)	
(39.6)	Capital grants, contributions and donations	(36.7)	
(3.6)	Major Repairs Reserve	(3.4)	
(6.8)	Direct revenue contributions	(48.8)	
<b>86.7</b>	<b>Closing Capital Financing Requirement</b>	<b>90.4</b>	

2021-22		2022-23	
£m		£m	
	Explanation of movement in year		
(1.1)	Minimum Revenue Provision	(1.4)	
0.0	Assets acquired under finance leases	0.0	
34.4	Increase in underlying need to borrow	5.1	
<b>33.3</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>3.7</b>	

## 16. Long Term Debtors

31 March 2022		31 March 2023
£m		£m
9.1	Net Investment in Finance Leases	8.8
1.2	Loans to Museum of London (repayable by 2032)	1.0
1.8	Rent	1.6
0.1	Museum in Docklands Loan	0.0
0.1	Service Charge Loans	0.0
<b>12.3</b>	<b>Total</b>	<b>11.5</b>

## 17. Investment Properties

2021-22		2022-23
£m		£m
1,601.0	Balance at start of the year	1,642.1
(100.8)	Transfers	(11.1)
	Additions:	
40.1	Purchases	0.0
0.0	Construction	0.0
0.0	Subsequent expenditure	5.6
(17.2)	Disposals	0.0
	Revaluations:	
119.0	Net gains from fair value adjustments	(76.3)
<b>1,642.1</b>	<b>Balance at end of the year</b>	<b>1,560.3</b>



## 18. Financial Instruments

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

### Categories of Financial Instruments

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

Long Term	Current		Long Term	Current
31 March 22	31 March 22		31 March 23	31 March 23
£m	£m		£m	£m
		<b>Investments</b>		
0.0	324.6	Fair value through profit and loss	0.0	351.2
0.0	667.5	Amortised Cost	0.0	613.6
<b>0.0</b>	<b>992.1</b>	<b>Total Investments</b>	<b>0.0</b>	<b>964.8</b>
		<b>Debtors</b>		
12.3	89.5	Amortised Cost	11.5	56.6
<b>12.3</b>	<b>89.5</b>	<b>Total Debtors</b>	<b>11.5</b>	<b>56.6</b>
		<b>Creditors</b>		
0.0	(76.1)	Amortised Cost	0.0	(81.4)
<b>0.0</b>	<b>(76.1)</b>	<b>Total Creditors</b>	<b>0.0</b>	<b>(81.4)</b>
		<b>Long Term Liabilities</b>		
(4.9)	0.0	Amortised Cost	(4.3)	0.0
<b>(4.9)</b>	<b>0.0</b>	<b>Total Long Term Liabilities</b>	<b>(4.3)</b>	<b>0.0</b>

## 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 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 CI&ES in relation to financial instruments are made up as follows:

2021-22		2022-23
£m		£m
7.5	Net(gain)/loss on financial assets at fair value through profit and loss	10.1
<b>7.5</b>	<b>Total net (gains)/losses in Surplus or Deficit on the Provision of Services</b>	<b>10.1</b>
(5.7)	Interest (income)/expenses from financial assets	(25.0)
<b>(5.7)</b>	<b>Total interest revenue in Surplus or Deficit on the Provision of Services</b>	<b>(25.0)</b>

31 March 2022			31 March 2023	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
		<b>Financial assets</b>		
4.3	4.3	Long Term Debtors - investment properties	4.3	4.3
8.0	8.0	Long Term Debtors – other	7.2	7.2
992.1	992.1	Short Term Investments	964.8	964.0
89.5	89.5	Short Term Debtors	56.6	56.6
<b>1,093.9</b>	<b>1,093.9</b>	<b>Total financial assets</b>	<b>1,032.9</b>	<b>1,032.9</b>
		<b>Financial liabilities</b>		
(76.1)	(76.1)	Short Term Creditors	(81.4)	(81.4)
(4.9)	(4.9)	Long Term Liabilities	(4.3)	(4.3)
<b>(81.0)</b>	<b>(81.0)</b>	<b>Total financial liabilities</b>	<b>(85.7)</b>	<b>(85.7)</b>

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 2022-23, 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 maintained at £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-Thuringen 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 Short-Term Sterling Prime Fund, and Invesco Sterling Liquidity Portfolio); three highly rated Ultra-Short Dated Bond Funds (Federated 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 2023, the City Fund had £994.1m 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 2023	<3 months	3-6 months	6-12 months	>1 year	Total
Expected loss rate	1%	10%	17%	25%	10%
Gross carrying amount (£m)	17.1	2.1	2.6	9.4	31.1
Loss provision (£m)	0.2	0.2	0.4	2.4	3.2

### 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 CI&ES 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:

2021-22		2022-23	
£m		£m	
	Increase in interest receivable on investments held at variable rates		
4.6	City Fund	4.3	
0.0	HRA	0.0	
<b>4.6</b>	<b>Total</b>	<b>4.3</b>	

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. All of the City Fund's financial investments held at amortised cost are due to mature within twelve months as at 31 March 2023 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 2023, 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 2022		31 March 2023
£m		£m
35.2	Central Government Bodies	54.6
3.4	Greater London Authority	0.4
41.1	London Business Rates Pool	0.0
	All Other Bodies	
20.4	Rents	18.5
6.9	Sundry	11.0
37.7	Trade Debtors	45.4
10.7	City Fund's Share of National Business Rates Arrears	16.9
10.0	Other	11.0
(10.5)	Less: Impairment allowances for expected credit losses and doubtful debts	(10.3)
<b>154.9</b>	<b>Total</b>	<b>147.6</b>

The table provides a breakdown of the short term debtor balance including the allowance made for expecting credit losses and bad debts. Many of the amounts due to the City Corporation relate to transactions with other public bodies where grant and reimbursements are due to fund our activities. The remaining amounts relate to outstanding business rate arrears, rental income, fees and charges and Penalty Charge Notice income.

## 21. Short-term creditors

The adjacent table provides a breakdown of the outstanding creditor and receipt in advance balances for the year. The majority of these balances are held with other public entities and are predominantly due to movements linked to business rate income.

The remaining balances with Central Govt bodies and the GLA have been impacted by the share of the collection fund surplus owed to these entities. Further details can be found in the collection fund accounts section of the statement.

The London Business Rates Pool position relates to our 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 2022		31 March 2023
£m		£m
(83.7)	Central Government Bodies	(94.8)
(49.0)	Greater London Authority and Transport for London	(105.2)
(105.9)	London Business Rates Pool	(10.3)
(40.0)	City Fund's share of national business rates creditors and receipts in advance	(42.2)
(8.3)	Deposits	(7.9)
(77.8)	Sundry	(84.3)
(30.8)	Receipts in advance	(37.5)
<b>(395.5)</b>	<b>Total</b>	<b>(382.2)</b>

## 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 2023 and an analysis of successful appeals and trends in 2022-23.

	National Business Rates	City Fund Premium on Business Rates	Total
	£m	£m	
<b>Balance at 1 April 2022</b>	<b>(38.6)</b>	<b>(1.6)</b>	<b>(40.2)</b>
Appeals settled in 2022-23	22.8	1.8	24.6
Provisions made in 2022-23	(4.6)	(1.2)	(5.8)
<b>Balance at 31 March 2023</b>	<b>(20.4)</b>	<b>(1.0)</b>	<b>(21.4)</b>

## 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 2020 to 31 March 2023, 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 2022	31 March 2022		31 March 2023	31 March 2023
£m	£m		£m	£m
(2,108.5)	(1,075.5)	1 April	(2,033.3)	(1,037.1)
(85.2)	(43.4)	Current Service Cost	(69.3)	(35.3)
(41.5)	(21.2)	Interest Cost	(52.4)	(26.7)
	0.0	Remeasurement gains/losses:		0.0
50.9	25.9	Actuarial Gains/losses arising from demographic assumptions	0.0	0.0
121.8	62.1	Actuarial gains/losses arising from changes in financial assumptions	880.7	449.2
1.3	0.7	Other Actuarial Gains/Losses	(166.5)	(84.9)
(9.4)	(4.8)	Past Service Cost, including curtailments	(3.6)	(1.8)
0.0	0.0	Liabilities extinguished on settlements	0.0	0.0
48.2	24.6	Benefits paid	49.3	25.2
(11.2)	(5.7)	Contributions from scheme participants	(11.6)	(5.9)
0.4	0.2	Unfunded Pension Payments	0.4	0.2
<b>(2,033.3)</b>	<b>(1,037.1)</b>	31 March	<b>(1,406.2)</b>	<b>(717.2)</b>

Liabilities are discounted to their value at current prices, using a discount rate of 4.60% (based on the annualised Merrill Lynch AA rated corporate bond yield curve where the spot curve is assumed to be flat beyond the 30 year point).

## b. Reconciliation of fair value of the scheme assets

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2022	31 March 2022		31 March 2023	31 March 2023
£m	£m		£m	£m
1,188.8	606.4	1 April	1,274.7	650.2
22.8	11.6	Interest on Assets	33.1	16.9
		Remeasurement gains/losses:		
57.3	29.2	Return on Assets less interest	(40.0)	(20.4)
6.8	3.5	Other actuarial gains/losses	0.0	0.0
0.0	0.0	Change in proportion allocated to City Fund	0.0	0.0
(1.0)	(0.5)	Administration expenses	(1.0)	(0.5)
37.4	19.1	Contributions by Employer	34.9	17.8
11.2	5.7	Contributions by Scheme Participants	11.6	5.9
(48.6)	(24.8)	Benefits Paid	(49.7)	(25.4)
0.0	0.0	Settlement Prices Received/(Paid)	0.0	0.0
<b>1,274.7</b>	<b>650.2</b>	<b>31 March</b>	<b>1,263.7</b>	<b>644.5</b>

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

31 March 2022		31 March 2023	
%		%	
59	Equity Investments	59	
1	Cash	1	
12	Infrastructure	13	
27	Absolute return portfolio	27	
<b>100</b>		<b>100</b>	

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

## c. Overall net deficit

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2022	31 March 2022		31 March 2023	31 March 2023
£m	£m		£m	£m
(919.7)	(469.0)	1 April	(758.6)	(386.8)
75.2	38.4	change in liabilities	627.0	319.8
85.9	43.8	change in assets	(11.0)	(5.6)
<b>(758.6)</b>	<b>(386.8)</b>	<b>31 March</b>	<b>(142.6)</b>	<b>(72.7)</b>

*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:

2021-22		2022-23
	Mortality assumptions:	
	Life expectancy in years from age 65	
	Retiring today	
21.6	Men	21.1
24.3	Women	23.5
	Retiring in 20 years	
23.0	Men	22.3
25.8	Women	25.0
3.40%	Rate of Inflation – RPI	3.25%
3.25%	Rate of Inflation – CPI	2.90%
4.25%	Salary Increases	3.90%
3.25%	Pension Increases	2.90%
2.60%	Discount Rate	4.80%

*Impact on defined benefit obligation from changes to actuarial assumptions*

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on the 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 2023				
	CITY OF LONDON CORPORATION		CITY FUND SHARE 51%	
	Increase	Decrease	Increase	Decrease
	£m	£m	£m	£m
0.1% change in rate for discounting scheme liabilities	(22.5)	23.1	(11.5)	11.8
0.1% change in rate of increase in salaries	1.6	(1.6)	0.8	(0.8)
0.1% change in rate of increase in pensions	21.9	(21.3)	11.1	(10.9)
One year change in rate of mortality assumption	55.3	(53.0)	28.2	(27.0)

*Impact on the City Fund's Cash Flows*

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

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £72.7m 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 2023 are £34.9m (estimated City Fund Share £17.8m).

The scheme actuary has estimated that the weighted average duration of the defined benefit obligation for scheme members is 21 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 2023 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 2016 by the Government Actuary's Department and set contributions for the period 1 April 2019 to 31 March 2023.

### *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 2022		31 March 2023
£m		£m
(1,139.3)	1 April	(1,245.1)
(28.8)	Current Service Cost	(31.4)
(22.5)	Interest Cost	(32.0)
	Remeasurement gains/losses:	
(6.1)	Actuarial Gains/losses arising from demographic assumptions	0.0
44.1	Actuarial gains/losses arising from changes in financial assumptions	518.3
(123.1)	Other Actuarial Gains/Losses	(76.4)
34.9	Benefits paid	33.2
0.0	Past Service Costs	0.0
(4.9)	Contributions from scheme participants	(5.4)
0.5	Injury Benefits Paid	0.6
<b>(1,245.1)</b>	<b>31 March</b>	<b>(838.3)</b>

### *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

2021-22	Mortality assumptions:	2022-23
	Life expectancy in years from age 65	
	Retiring today	
21.1	Men	21.2
23.4	Women	23.5
	Retiring in 20 years	
22.4	Men	22.5
24.9	Women	25.0
3.55%	Rate of Inflation – RPI	3.25%
3.25%	Rate of Inflation – CPI	2.90%
4.25%	Salary Increases	3.90%
3.25%	Pension Increases	2.90%
2.60%	Discount Rate	4.80%

**Change in Assumptions at 31 March 2023**

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	Decrease
	£m	£m
<b>0.1% change in rate for discounting scheme liabilities</b>	(13.3)	13.7
<b>0.1% change in rate of increase in salaries</b>	1.6	(1.6)
<b>0.1% change in rate of increase in pensions</b>	12.3	(12.0)
<b>One year change in rate of mortality assumption</b>	30.5	(29.4)

*Impact on the City Fund's Cash Flows*

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £838.3m 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 2023 are expected to be £12.4m and the expected top up grant from the Government is £15.5m.

The scheme actuary has estimated that the weighted average combined duration of the defined benefit obligation for the schemes is 21 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 2022		31 March 2023	
£m		£m	
(2.8)	1 April	(2.8)	
(0.2)	Current Service Cost	(0.2)	
(0.1)	Interest Cost	(0.1)	
	Remeasurement gains/losses:		
0.0	Actuarial Gains/losses arising from demographic assumptions	0.9	
0.1	Actuarial gains/losses arising from changes in financial assumptions	0.1	
0.0	Other Actuarial Gains/losses	(0.2)	
0.1	Benefits paid	0.1	
<b>(2.8)</b>	<b>31 March</b>	<b>(2.2)</b>	

### *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:

2021-22	Mortality assumptions:	2022-23
	Life expectancy in years from age 65	
	Retiring today	
21.6	Men	21.1
24.3	Women	23.5
	Retiring in 20 years	
23.0	Men	22.3
25.8	Women	25.0
3.55%	Rate of Inflation – RPI	3.25%
3.45%	Rate of Inflation – CPI	2.90%
4.45%	Salary Increases	3.90%
3.45%	Pension Increases	2.90%
2.65%	Discount Rate	4.80%

### *Impact on defined benefit obligation from changes to actuarial assumptions*

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

*Change in Assumptions at 31 March 2023*

<b>Impact on the Defined Benefit Obligation in the Scheme</b>		
	<b>Increase</b>	<b>Decrease</b>
	<b>£m</b>	<b>£m</b>
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	(0.10)

*Impact on the City Fund's Cash Flows*

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £2.2m 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 11 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 CI&ES 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 2023 a gain of £786.5m (at 31 March 2022 it was a gain of £36.3m). 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 2022		31 March 2023
£m		£m
	Present Value of the defined benefit obligation	
(1,035.0)	City of London Pension Scheme - City Fund	(715.4)
(1,234.4)	Police Pension Schemes	(829.7)
(2.8)	Judges Pension Scheme	(2.2)
	Fair Value of plan assets	
650.2	City of London Pension Scheme - City Fund	644.5
	Present value of unfunded obligation	
(2.1)	City of London Pension Scheme - City Fund	(1.8)
(10.7)	Police Pension Schemes	(8.4)
<b>(1,634.8)</b>	<b>Net liability on balance sheet</b>	<b>(913.2)</b>

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:

2021-22					2022-23			
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:				
28.8	0.2	43.4	72.4	Current service cost	31.4	0.2	35.3	66.9
0.0	0.0	4.8	4.8	Past service costs	0.0	0.0	1.8	1.8
0.0	0.0	0.0	0.0	(gain)/loss from settlements	0.0	0.0	0.0	0.0
			0.0	Other Operating Income				
0.0	0.0	0.5	0.5	Administration expenses	0.0	0.0	0.5	0.5
			0.0	Financing & Investment Income & Expenditure				
0.0	0.0	0.0	0.0	Current service cost	0.0	0.0	0.0	0.0
28.8	0.1	9.6	38.5	Interest cost	32.0	0.1	9.9	41.9
<b>57.6</b>	<b>0.3</b>	<b>58.3</b>	<b>116.2</b>	<b>Total Retirement Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>63.4</b>	<b>0.3</b>	<b>47.5</b>	<b>111.2</b>
				Other Comprehensive Income & Expenditure				
				Remeasurement of the net defined benefit liability:				
0.0	0.0	(29.2)	(29.2)	Return on plan assets	0.0	0.0	20.4	20.4
6.1	0.0	(25.9)	(19.8)	Actuarial (gains) & losses - changes in demographic assumptions	0.0	(0.9)	0.0	(0.9)
(44.1)	(0.1)	(62.1)	(106.3)	Actuarial (gains) & losses - changes in financial assumptions	(518.3)	(0.1)	(449.2)	(967.6)
123.1	0.0	(4.1)	119.0	Actuarial (gains) & losses – Other	76.4	0.2	84.9	161.6
<b>85.1</b>	<b>(0.1)</b>	<b>(121.3)</b>	<b>(36.3)</b>	<b>Total Other Comprehensive Income &amp; Expenditure</b>	<b>(441.9)</b>	<b>(0.8)</b>	<b>(343.9)</b>	<b>(786.5)</b>
142.7	0.1	(63.1)	79.8	Total Retirement Benefit Charged/(Credited) to the CIES	(378.5)	(0.5)	(296.4)	(675.3)
				Movement in Reserves Statement				
(142.7)	(0.1)	63.1	(79.8)	Reversal of net charges/credits for retirement benefits in accordance with the Code	378.5	0.5	296.4	675.3
<b>30.5</b>	<b>0.1</b>	<b>19.1</b>	<b>49.7</b>	<b>Actual amount charged against the City Fund and HRA Balances</b>	<b>28.4</b>	<b>0.1</b>	<b>17.8</b>	<b>46.3</b>



## 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 2022		31 March 2023
£m		£m
	<b>Grants and Contributions Received in Advance - Capital (Long-term)</b>	
(94.8)	S106 / S278 Contributions	(103.7)
	<b>Grants and Contributions Received in Advance - Revenue (Short-term)</b>	
(67.5)	S31 Grant for NNDR Reliefs due to Central Government	10.9
(64.4)	COVID Additional Relief Fund Receipt in Advance from Central Government	46.1
<b>(131.9)</b>	<b>Total</b>	<b>(57.0)</b>

## 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 £224.5m.

## 29. Other Long-term Liabilities

At the 31 March 2023 the City Fund has long term liabilities of £52.9m, which consists of £48.6m (2021-22: £52.1m) of outstanding London NNDR Pool Strategic Investment Pot (SIP) project funding due to be released over the life span of agreed projects and £4.3m (2021-22: £4.9m) of financial lease liabilities.

## 30. Leases

### Finance Leases

#### City Fund as Lessee

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

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

31 March 2022		31 March 2023
£m		£m
	Property, Plant and Equipment	
13.6	Other Land and Buildings	14.0
1.7	Vehicles, Plant and Equipment	1.1
43.6	Investment Properties	30.2
<b>58.9</b>		<b>45.3</b>

Upon review of Cleansing Vehicle leases, the Useful Economic Life of 5 years has been deemed more appropriate than the 8 years previously used. This has changed the balance of minimum lease payments.

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 2022		31 March 2023	
£m		£m	
3.2	Investment Property	3.2	
1.7	Cleansing Vehicles	1.1	
<b>4.9</b>	<b>Long Term Liabilities</b>	<b>4.3</b>	

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 2022	31 March 2022			31 March 2023	31 March 2023		
£m	£m			£m	£m		
0.7	0.6		Not later than one year	0.7	0.5		
1.6	1.1		Later than one year and not later than five years	1.0	0.6		
13.0	3.2		Later than five years	12.8	3.2		
<b>15.3</b>	<b>4.9</b>		<b>Total</b>	<b>14.5</b>	<b>4.3</b>		

#### City Fund as Lessor<sup>4</sup>

The gross investment is made up of the following amounts:

31 March 2022		31 March 2023	
£m		£m	
	Finance lease debtor (net present value of minimum lease payments)		
0.3	Current	0.3	
8.8	Non-current	8.5	
17.3	Unearned finance income	17.2	
<b>26.4</b>	<b>Gross investment in the lease</b>	<b>26.0</b>	

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 2022	31 March 2022			31 March 2023	31 March 2023		
£m	£m			£m	£m		
0.6	0.3		Not later than one year	0.6	0.2		
2.0	1.1		Later than one year and not later than five years	2.2	1.1		
23.8	7.7		Later than five years	23.4	7.3		
<b>26.4</b>	<b>9.1</b>		<b>Total</b>	<b>26.2</b>	<b>8.6</b>		

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.

<sup>4</sup> The accounting treatment for lease premiums is currently being reviewed as part of the 2020-21 and 2021-22 audit.

## Operating Leases

### City Fund as Lessee

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

31 March 2022		31 March 2023
£m		£m
2.7	Not later than one year	2.7
6.9	Later than one year and not later than five years	4.8
16.2	Later than five years	15.5
<b>25.8</b>	<b>Total</b>	<b>23.0</b>

### City Fund as Lessor<sup>5</sup>

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 2022		31 March 2023
£m		£m
45.7	Not later than one year	47.0
163.4	Later than one year and not later than five years	156.7
3,228.0	Later than five years	3,244.3
<b>3,437.1</b>	<b>Total</b>	<b>3,448.3</b>

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.

<sup>5</sup> The accounting treatment for lease premiums is currently being reviewed as part of the 2020-21 and 2021-22 audit.

## 31. Unusable Reserves

31 March 2022	Note	31 March 2023
£m		£m
(346.4)	Revaluation Reserve	(378.6)
(2,267.2)	Capital Adjustment Account	(2,225.6)
1,634.8	Pensions Reserve	913.2
41.8	Collection Fund Adjustment Account	(24.7)
3.8	Accumulated Absences Account	2.9
(9.1)	Deferred Capital Receipts Reserve	(8.8)
0.2	Financial Instrument Revaluation Reserve	0.2
4.9	Pooled Investment Adjustment Account	15.0
<b>(937.2)</b>	<b>Total Unusable Reserves</b>	<b>(1,706.4)</b>

### 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).

2021-22		2022-23
£m		£m
(330.6)	Balance at 1 April	(346.4)
(36.1)	Upward revaluation of assets	(55.3)
8.3	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	17.7
<b>(27.8)</b>	<b>Surplus on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>(37.6)</b>
5.5	Difference between fair value depreciation and historical cost depreciation	5.4
0.0	Assets reclassified as investments	0.0
6.5	Accumulated gains on assets sold or scrapped	0.0
<b>12.0</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>5.4</b>
<b>(346.4)</b>	<b>Balance at 31 March</b>	<b>(378.6)</b>



## 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.

2021-22		2022-23
£m		£m
<b>(2,151.2)</b>	Balance at 1 April	<b>(2,267.2)</b>
	Reversal of items relating to capital expenditure debited or credited to the CI&ES:	
66.5	Charges for depreciation, impairment and revaluation losses of non-current assets	38.3
0.2	Amortisation of intangible assets	0.3
21.0	Revenue expenditure funded from capital under statute	23.9
25.2	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	6.4
<b>112.9</b>	<b>Total reversal of items relating to capital expenditure debited or credited to the CI&amp;ES:</b>	<b>68.9</b>
(12.1)	Adjusting amounts written out of the Revaluation Reserve	(5.5)
<b>100.8</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>63.4</b>
	Capital financing applied in the year:	
(46.9)	Use of the Capital Receipts Reserve to finance new capital expenditure	(8.0)
(3.6)	Use of the Major Repairs Reserve to finance new capital expenditure	(3.4)
(36.4)	Capital grants, contributions & donations credited to the CI&ES that have been applied to capital financing	(36.3)
(3.2)	Application of grants to capital financing from the Capital Grants Unapplied Account	(0.4)
(1.1)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1.4)
(6.8)	Capital expenditure charged against the City Fund & HRA balances	(48.8)
<b>(98.0)</b>	<b>Total Capital financing applied in the year:</b>	<b>(98.3)</b>
(119.0)	Movements in the market value of Investment Properties debited or credited to the CI&ES	76.3
0.2	Museum of London loan principle	0.2
<b>(2,267.2)</b>	<b>Balance at 31 March</b>	<b>(2,225.6)</b>

## c. Pension Reserve

2021-22		2022-23
£m		£m
1,611.0	Balance at 1 April	1,634.8
(36.3)	Remeasurements of the net defined benefit liability	(786.5)
109.8	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	111.2
(49.7)	Employer's pension contributions less direct payments to pensioners payable in the year	(46.3)
<b>1,634.8</b>	<b>Balance at 31 March</b>	<b>913.2</b>

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 CI&ES 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 CI&ES 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 £24.7m has arisen in the account. This surplus is largely due to timing differences between our submission of estimated business rate income for the year, submitted in January for the preceding financial year.

**g. Financial Instrument Revaluation Reserve**

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

**e. Accumulated Absences Account**

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

**h. Pooled Investment Reserve**

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

**f. Deferred Capital Receipts Reserve**

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



# Notes to the Cash Flow Statement

## 32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following item:

2021-22		2022-23
£m		£m
(66.9)	Depreciation, impairments and impairment reversal	(38.3)
5.2	Increase/(Decrease) in creditors	107.7
24.7	Increase/(Decrease) in debtors	(14.8)
(0.1)	Increase/(Decrease) in inventories	0.0
(60.1)	Movement in pension liability	(64.9)
(25.2)	Carrying amount of non-current assets sold	(6.4)
119.0	Movement in investment property values	(76.3)
(28.5)	Deferred credits	(1.4)
5.6	(Increase)/Decrease in contributions to provisions	18.8
(7.4)	Other non-cash items charged to the net surplus or deficit on the provision of services	(10.6)
<b>(33.7)</b>	<b>Total</b>	<b>(86.2)</b>

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

2021-22		2022-23
£m		£m
(5.7)	Interest received	(23.3)

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

2021-22		2022-23
£m		£m
21.3	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	28.1
49.6	Capital grants credited to the net surplus or deficit on the provision of services	66.8
<b>70.9</b>		<b>94.9</b>



### 33. Cash Flow Statement – Investing Activities

2021-22		2022-23
£m		£m
108.1	Purchase of property, plant and equipment, investment property and intangible assets	70.0
(1,918.3)	Proceeds from short-term and long-term investments	(1,616.6)
2,044.5	Purchase of short-term and long-term investments	1,599.3
(24.5)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(28.1)
(36.0)	Capital grants received	(68.8)
6.7	Other receipts from investing activities	0.8
<b>180.5</b>	<b>Net cash outflows/(inflows) from investing activities</b>	<b>(43.4)</b>

### 34. Cash Flow Statement – Financing Activities

2021-22		2022-23
£m		£m
(151.7)	Billing Authorities - Council Tax and NNDR Adjustments	(5.4)
0.5	Reduction in finance lease liability	0.6
<b>(151.2)</b>	<b>Net cash inflows from financing activities</b>	<b>(4.8)</b>





# Other Notes to the Accounts



## 35. Related Party Transactions

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

### Disclosure

Members are required to disclose their interests, and these can be viewed online at <http://democracy.cityoflondon.gov.uk/mgMemberIndex.aspx?bcr=1>. Members and Chief Officers have been requested to disclose related party transactions of £10,000 or more in 2022-23, including instances where their close family has made transactions with the City of London.

During 2022-23 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	2022-23 £000	2021-22 £000	Detail of transaction
<b>Askonsas Holt Ltd</b>	A member is the board chairman of Askonsas Holt		30	Fees and expenses received and paid by City Fund
<b>Association of British Insurers</b>	A Member is a Board Member of the Association of British Insurers.	(4,096)	(4,873)	Provision of service costs received by City Fund
<b>City of London Reserve Forces and Cadets Association</b>	One member is nominated to the City of London Reserve Forces and Cadets Association	49	-	Reception contribution and Grant payment
<b>CORAM (Thomas Coram Foundation for Children)</b>	A member is appointed as a trustee*		20/(44)	Provision of service costs received by City Fund
<b>DLA Piper UK LLP</b>	One member is a equity partner and one member is a consultant to DL A Piper UK LLP	(50)	(35)	Provision of service costs received by City Fund
<b>Dr Johnson’s House Trust</b>	A member is nominated to Dr Johnson’s House Trust by the City Corporation	-	8	Local Restrictions grant paid by City Fund
<b>East London NHS Foundation Trust</b>	The City Corporation nominates a Member to the East London NHS Foundation Trust	-	56	Service costs paid by City Fund and catering and hire fees received by City Fund
<b>Hiscox Group</b>	A Member is the Chief Executive of Hiscox Group	(10)	(10)	Contribution received by City Fund
<b>London Councils</b>	A member is a Director in London Councils Ltd	(38)	-	Refund for services and contribution payment
<b>New London Architecture</b>	A member is Chairman of New London Architecture	42/(115)	-	Payment of Fees by City Fund and provision of service costs received by City Fund

<b>Partnership for Young London</b>	The City Corporation nominates a Member to the Partnership for Young London.	26/(7)	15/(14)	Consultant fees paid by City Fund; central support charges received by City Fund
<b>Phoenix Group Holdings PLC</b>	A Member is Chairman for Phoenix Group Holdings PLC	(140)	(50)	Rent and Insurance costs paid to City of London

\*has now left the organisation

The following transactions have been disclosed where Members have declared an interest in parties that have transactions with the City Fund during 2022-23.

Related party	Connected party	2022-23	2021-22	Detail of transaction
		£000	£000	
<b>Aon Reinsurance Solutions</b>	A member is a member of council	(20)		Contribution towards Sculpture in City
<b>Bakers' Company</b>	A member is a court assistant to Bakers' Company	-	12	Payment of Restart Grant by City Fund
<b>Barbican Association</b>	Two members are members of the Barbican Association	10		Payment of expenses by City Fund
<b>The Bank of England</b>	A member is an employee	(20)		Provision of service costs received by City Fund
<b>CBRE</b>	A member is employed by CBRE	-	160	Payment of rent and service charges by City Fund
<b>City University London</b>	A member is an Alumni of City University London	(106)		Provision of service costs received by City Fund
<b>Crossrail Ltd</b>	A member is a consultant to Crossrail Ltd	-	(13)	Provision of service costs received by City Fund
<b>Eight Members Club</b>	A member is member to Eight members club	-	-	Government grants paid by City Fund
<b>Keltbray Ltd</b>	A Member is a Consultant in Keltbray Ltd	12/(27)	-	Provision of service cost received by City Fund and a refund to Keltbray for services provided
<b>Lloyds</b>	A Member is an underwriter and a member is an owner of an LLP at Lloyds of London	(50)	(219)	Sponsorship fees for Net Zero Delivery summit
<b>London Borough of Sutton</b>	A Member is the Head of Pensions Investments	(2521)/1093	29/(68)	Provision of service costs received by City Fund
<b>Royal Borough of Kingston</b>	A Member is the Head of Pensions Investments	(1,140)	(10)	Contribution, administration charges, subscriptions to London Council Grants

<b>London Symphony Orchestra</b>	A member is a member of the Advisory Council for London Symphony Orchestra	-	3,539/(2,201)	Provision of service costs received by City Fund
<b>Ministry of Defence</b>	Member is a TA officer	(63)		Provision of service costs received by City Fund
<b>Moore Kingston Smith LLP</b>	A Member is a consultant to Kingston Smith LLP	-	-	Fundraising services paid by City Fund
<b>Named Members</b>	One Members paid the City Fund	-	(12)	Rent received by City Fund
<b>PWC LLP</b>	A Member is an Advisor of PWC LLP	-	58	Consultancy services paid and room fees received by City Fund
<b>Trinity House</b>	A Member is a Member of Trinity House	-	32	Payment of Local Restrictions Support Grant and Restart Grant by City Fund
<b>UBS</b>	A Member has declared an interest in UBS.	-	-	Membership and licensing received by City Fund
<b>Walbrook Club</b>	A Member is a Member of Walbrook Club	-	12	Business rate relief
<b>Worshipful Company of Butchers</b>	Three members are Liverymen	-	18	Payment of Restart Grant by City Fund
<b>WSP Group PLC</b>	A member is a consultant for WSP Group PLC	-	89	Services purchased by City Fund
<b>Museum of London</b>	A Member is a Member of the Board of Governors for the Museum of London and a Member is a Friend of the Museum of London	5,419/(527)	5,451/(574)	Payment of grants and rental income paid 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 2022-23 was £30.0m (2021-22: £22.1m) and the City Fund received £0.6m for rent, loan repayments and other services. At 31<sup>st</sup> March 2023 there was an outstanding receivable of £0.5m relating to rent and loan repayments. For 2023-24, City Fund is committed to provide £5.3m 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 Cash and Bridge House Estates*

During 2022-23, City's Cash provided a grant of £11.2m to City Fund for the Salisbury Square Development.

During the year, Bridge House Estates contributed £0.126m towards Corporate IT projects and £0.129m towards the "Secure City" project, relating to CCTV and telecommunications (2021-22: nil). The balance owed to BHE at year end was nil (2021-22: 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 2023 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 £16m (2022: £14.1m).

A Member of the City of London has declared that they are the Lead Non-Executive Director for the Home Office. Further details of the City Fund's Transactions with the Home Office can be found in Note 6 (page 36) and Note 20 (page 61).

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

## 36. Members Allowances

In 2021, the Court of Common Council introduced an annual, flat rate, allowance for Members, based on the City Corporation's rate for inner-London Weighting. The allowance is optional and is intended to recompense Members for the duties they undertake on behalf of the City Corporation, while also enabling those who chose not to claim from the scheme to maintain their status as volunteers. During the year, £0.325m in remuneration from the City Fund was claimed for Members undertaking their duties (2021-22: £0.08m).

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 totalling £2,334.36 (2021-22: £8,663.85) across all of the City's activities. These costs were met from the endowment funds of the City Corporation and not charged to City Fund.

## 37. Contingent Liabilities

There are no contingent liabilities to disclose as at 31 March 2023.

## 38. Agency Transactions

The City Fund carries out certain work on an agency basis for this it is fully reimbursed. The City Fund has acted as a Lead Authority for the London Business Rate Pool, which operated from 2018-19 through to 2020-21. This role includes acting as finance lead for the pool, which involves aggregating business rate income from participating authorities and distributing funds on behalf of the pool. Whilst the London Business Rates Pool did not operate during 2022-23, residual balances relating to prior year pool activity remain on the City Fund balance sheet pending completion of external audits of all members and finalisation/settlement of outstanding fund.

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.

These outstanding debtors 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 CI&ES and Balance Sheet.

Business Rate Pool Balances	Balance as at 31 March 2023 £m
Short-Term Debtors	0.0
Cash & Cash Equivalents	10.3
Short-Term Creditors	(10.3)





**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.

Income and Expenditure Statement				
2021-22		Notes	2022-23	
£m			£m	£m
	<b>Expenditure</b>			
5.0	Repairs and maintenance		5.1	
8.3	Supervision and management		11.5	
2.9	Depreciation of non-current assets		3.0	
0.7	Revaluation (gain)/loss on HRA dwellings		3.7	
0.5	Movement in the allowance for bad debts	1	0.1	
<b>17.4</b>	<b>Total Expenditure</b>			<b>23.4</b>
	<b>Income</b>			
(10.4)	Dwelling rents		(10.7)	
(2.4)	Non-dwelling rents		(2.8)	
(1.1)	Charges for services and facilities		(2.8)	
(0.2)	Contributions towards expenditure		(0.2)	
<b>(14.1)</b>	<b>Total Income</b>			<b>(16.5)</b>
3.3	<b>Net Expenditure/(Income) of HRA Services as included in the City Fund CI&amp;ES cost of services</b>			<b>6.9</b>
	<b>HRA share of other income and expenditure included in the City Fund CI&amp;ES</b>			
<b>(0.6)</b>	Net (gain)/loss on Disposal of Fixed Assets			<b>(0.7)</b>
0.0	Interest and investment income			0.1
0.0	Investment property (gain)/loss on revaluation			0.0
<b>2.7</b>	<b>(Surplus)/deficit for the year on HRA Services</b>			<b>6.3</b>

Movement on the HRA Statement				
2021-22		Notes	2022-23	
£m			£m	£m
(0.2)	Balance on the HRA at the end of the previous year			(0.2)
2.7	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement		6.3	
(2.7)	Adjustments between accounting basis and funding basis under statute	2	(6.3)	
0.0	(Increase)/decrease in year on the HRA			(0.0)
<b>(0.2)</b>	<b>Balance on the HRA at the end of the current year</b>			<b>(0.2)</b>



## 1. Impairment Allowance for Bad and Doubtful Debts

2021-22		2022-23	
£m		£m	
0.33	Provision at 1 April	0.71	
(0.08)	Bad Debts written off	0.00	
0.45	Decrease in Provision	0.14	
<b>0.71</b>	<b>Provision at 31 March</b>	<b>0.85</b>	

## 2. Adjustments between Accounting Basis and Funding Basis under Statute

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

### 3. Housing Stock

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

31 March 2022		31 March 2023	
No.		No.	
27	Houses and Bungalows	27	
1,837	Flats	1,833	
<b>1,864</b>	<b>Total</b>	<b>1,860</b>	

31 March 2022		31 March 2023	
No.		No.	
1,867	Stock at 1 April	1,864	
(5)	Sales	(5)	
2	New Build	1	
<b>1,864</b>	<b>Stock at 31 March</b>	<b>1,860</b>	

### 4. Arrears of Rent, Service and Other Charges

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

31 March 2022		31 March 2023	
£m		£m	
0.1	Former residential tenants	0.1	
0.3	Current residential tenants	0.3	
1.6	Commercial tenants	1.8	
4.7	Service charges	5.3	
0.1	Other charges	0.1	
<b>6.9</b>	<b>Total arrears</b>	<b>7.7</b>	

## 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.

2021-22				Movements on Balances					2022-23			
Council Dwellings	Other Land & Buildings	Assets under construction	Total					Council Dwellings	Other Land & Buildings	Assets under construction	Total	
£m	£m	£m	£m					£m	£m	£m	£m	
				<b>Cost or valuation</b>								
<b>184.1</b>	<b>40.0</b>	<b>21.3</b>	<b>245.4</b>	<b>1 April</b>				<b>179.7</b>	<b>38.2</b>	<b>42.5</b>	<b>260.4</b>	
1.9	(0.0)	21.5	23.4	Additions				4.1	0.0	11.7	15.8	
0.3	(1.8)	(0.3)	(1.8)	Transfers				3.4	1.6	(5.3)	(0.3)	
(4.6)	0.0	0.0	(4.6)	Revaluation increase/(decrease) recognised in the Revaluation Reserve				(1.9)	(3.2)	0.0	(5.1)	
(1.7)	0.0	0.0	(1.7)	Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services				(4.6)	0.0	0.0	(4.6)	
(0.3)	0.0	0.0	(0.3)	Derecognition – disposals				(0.4)	0.0	0.0	(0.4)	
0.0	0.0	0.0	0.0	Assets reclassified (to)/from Held for Sale				0.0	0.0	0.0	0.0	
<b>179.7</b>	<b>38.2</b>	<b>42.5</b>	<b>260.4</b>	<b>31 March</b>				<b>180.3</b>	<b>36.6</b>	<b>48.9</b>	<b>265.8</b>	
				<b>Accumulated Depreciation and Impairment</b>								
<b>0.0</b>	<b>(0.2)</b>	<b>0.0</b>	<b>(0.2)</b>	<b>1 April</b>				<b>0.0</b>	<b>(0.2)</b>	<b>0.0</b>	<b>(0.2)</b>	
(2.6)	(0.3)	0.0	(2.9)	Depreciation Charge				(2.7)	(0.3)	0.0	(3.0)	
1.7	0.3	0.0	2.0	Depreciation written out to the Revaluation Reserve				1.7	0.3	0.0	2.0	
0.9	0.0	0.0	0.9	Depreciation written out to the Surplus/Deficit on the Provision of Services				0.9	0.0	0.0	0.9	
0.0	0.0	0.0	0.0	Derecognition – disposals				0.0	0.0	0.0	0.0	
<b>0.0</b>	<b>(0.2)</b>	<b>0.0</b>	<b>(0.2)</b>	<b>31 March</b>				<b>(0.1)</b>	<b>(0.2)</b>	<b>0.0</b>	<b>(0.3)</b>	
				<b>Net Book Value</b>								
<b>184.1</b>	<b>39.8</b>	<b>21.3</b>	<b>245.2</b>	<b>1 April</b>				<b>179.7</b>	<b>38.0</b>	<b>42.5</b>	<b>260.2</b>	
<b>179.7</b>	<b>38.0</b>	<b>42.5</b>	<b>260.2</b>	<b>31 March</b>				<b>180.2</b>	<b>36.4</b>	<b>48.9</b>	<b>265.5</b>	

## 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 MHCLG 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 2023 is £727.6m (£712.4m 31st March 22) which has been reduced by 75% to £183.6m (£179.7m at 31st March 22) to reflect social housing.

## 7. Major Repairs Reserve

2021-22		2022-23
£m		£m
(2.0)	Balance 1 April	(1.3)
	Transfer from HRA equal to depreciation	
(2.9)	dwellings	(1.7)
0.0	non dwellings	0.0
0.0	Additional contribution to/(from) HRA	0.0
3.6	Capital expenditure (dwellings)	3.4
<b>(1.3)</b>	Balance 31 March	<b>0.3</b>

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.

2021-22		2022-23
£m		£m
	<b>Expenditure in year</b>	
	Fixed assets	
21.5	Assets under construction	11.7
1.9	Dwellings	4.1
0.0	Other	
1.4	Revenue expenditure funded from capital under statute	1.3
<b>24.8</b>	<b>Total Expenditure</b>	<b>17.1</b>
	<b>Methods of financing</b>	
0.1	Capital Receipts	0.6
3.6	Major Repairs Reserve	3.4
21.1	Grants and contributions	13.1
<b>24.8</b>	<b>Total Financing</b>	<b>17.1</b>





2021-22			Notes	2022-23		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
			<b>EXPENDITURE CONTINUED</b>			
			Impairment of debts for Business Rates			
	(8.4)	(8.4)	National		6.9	6.9
	(0.3)	(0.3)	GLA		0.3	0.3
	(0.1)	(0.1)	Premium		0.4	0.4
			Impairment of appeals for Business Rates			
	39.8	39.8	National		15.3	15.3
	0.5	0.5	Premium		1.2	1.2
			Cost of Collection Allowance			
	2.0	2.0	National Business Rates		2.0	2.0
	0.0	0.0	GLA Business Rate Supplement		0.0	0.0
			Contributions towards previous year's estimated Collection Fund Surplus/(Deficit) - National Business Rates			
	(37.7)	(37.7)	City		(37.7)	(37.7)
	(51.6)	(51.6)	GLA		(46.5)	(46.5)
	(45.8)	(45.8)	Central Government		(41.5)	(41.5)
			Contributions towards previous year's estimated Collection Fund Surplus - Council Tax			
0.6	0.0	0.6	City	0.3	0.0	0.3
0.1	0.0	0.1	GLA	0.0	0.0	0.0
<b>9.2</b>	<b>1,143.8</b>	<b>1,153.0</b>	<b>TOTAL EXPENDITURE</b>	<b>9.5</b>	<b>1,052.9</b>	<b>1,062.4</b>
0.0	(50.1)	(50.1)	(Surplus)/Deficit for Year	(0.3)	(222.0)	(222.3)
(0.6)	191.3	190.7	Balance 1 April	(0.6)	141.2	140.6
<b>(0.6)</b>	<b>141.2</b>	<b>140.6</b>	<b>Balance 31 March</b>	<b>(0.9)</b>	<b>(80.8)</b>	<b>(81.7)</b>

## 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 2022-23 the City of London set a non-domestic rating multiplier of 0.524 (52.4p in the £) and a small business non-domestic rating multiplier of 0.511 (51.1p in the £). This comprises the NNDR and SBNDR multipliers of 0.512 and 0.499 respectively, plus a premium of 1.2p 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 £70,000, the Greater London Authority (GLA) is levying a business rate supplement (BRS) multiplier of 2p in the £ for the 2022-23 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 2023 was £2.553bn.

2021-22		2022-23
£m		£m
(1,324.7)	National Business Rates	(1,374.5)
86.5	Less: Voids	83.4
21.0	Mandatory and discretionary relief	17.0
77.9	Expanded retail, leisure, and hospitality relief	69.5
2.0	Partly occupied allowance	0.2
<b>(1,137.3)</b>	<b>Net income from national business rates</b>	<b>(1,204.4)</b>

## 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 £956.11 for a Band D property, inclusive of a 1% adult social care precept. There was no increase in council tax.

To this £956.11 is added £118.46 in respect of the precept from the Greater London Authority to arrive at the total Council Tax of £1,074.57 for a Band D property in 2022-23. 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	716.38
B	7/9	835.78
C	8/9	955.18
D	9/9	1,074.57
E	11/9	1,313.36
F	13/9	1,552.16
G	15/9	1,790.95
H	18/9	2,149.14

### 3. Tax Bases 2022-23

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

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

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

### 4. City Fund Offset

To reflect the unique characteristics of the square mile, the Government allows the City Fund to retain an amount from the NNDR paid by City businesses. This totalled £12.1m in 2022-23 (2021-22: £12.1m).

### 5. (Surplus)/Deficit for the year

A business rates surplus of £222m was achieved for the year, but this was in large part due to the recovery of large a deficit created in the previous year of £125.7m. After adjusting for the recovery, the in year position was a £96.3m surplus.

Breakdown of Business Rate Collection Fund Deficit	Total	City	GLA	Central Govt
Percentage allocation		30%	37%	33%
<b>Opening collection fund surplus/(deficit)</b>	<b>(141.2)</b>	<b>(42.4)</b>	<b>(43.2)</b>	<b>(55.7)</b>
Prior year surplus/(deficit)	(125.7)	(37.7)	(46.5)	(41.5)
In-year surplus/(deficit)	96.3	28.9	35.6	31.8
<b>Closing Surplus/(deficit)</b>	<b>80.8</b>	<b>24.2</b>	<b>38.9</b>	<b>17.6</b>

## Police Pension Fund

Police Pension Fund Account for the year ended 31 March 2023

2021-22		2022-23	
£m		£m	£m
	Contributions receivable		
	- from employer		
(11.2)	normal	(12.3)	
0.0	early retirements	0	
(4.9)	- from members	(5.3)	
(16.1)			<b>(17.6)</b>
(0.3)	Transfers in from other Police Authorities		<b>(0.1)</b>
	Benefits payable		
27.0	- pensions	28.7	
7.8	- commutations and lump sums	7.4	
34.8			<b>36.1</b>
	Payments to and on account of leavers		
0.0	- Transfers out to other Police Authorities	0.0	
18.9	Sub-total: Net amount payable for the year before transfer from Police Authority		<b>18.4</b>
(18.9)	Additional contribution from Police Authority		(18.4)
<b>0.0</b>	<b>Net amount payable/receivable for the year</b>		<b>0.0</b>

- 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 130 to 146. 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 64-74).
- 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.

Hold for Independent Auditors report to the Members of City of London Pension Fund

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## City of London Pension Fund Account

Fund Account for the year ended 31 March 2023

2021-22		Notes	2022-23
£m			£m
	<b>Dealings with members, employers and others directly involved in the Fund</b>		
(51.4)	Contributions	7	(49.8)
(3.4)	Transfers in from other pension funds		(3.3)
<b>(54.8)</b>			<b>(53.1)</b>
52.8	Benefits	8	53.2
1.9	Payments to and on account of leavers	9	3.2
<b>54.7</b>			<b>56.4</b>
<b>(0.1)</b>	<b>Net (additions)/withdrawals from dealings with members</b>		<b>3.3</b>
10.9	Management expenses	10	8.3
<b>10.8</b>	<b>Net withdrawals including fund management expenses</b>		<b>11.6</b>
	<b>Returns on investments</b>		
(4.0)	Investment income	11	(2.6)
(93.8)	Profit and losses on disposal of investments and changes in the value of investments	12	3.7
<b>(97.8)</b>	<b>Net return on investments</b>		<b>1.1</b>
<b>(87.0)</b>	<b>Net (increase)/decrease in the net assets available for benefits during the year</b>		<b>12.7</b>
(1,301.1)	Opening net assets of the scheme		(1,388.1)
<b>(1,388.1)</b>	<b>Closing net assets of the scheme</b>		<b>(1,375.4)</b>

Net Asset Statement as at 31 March 2023

2021-22		Notes	2022-23
£m			£m
0.2	Long-term investments		0.2
1,368.9	Investment assets	12	1,366.0
<b>1,369.1</b>	<b>Total net investments</b>		<b>1,366.2</b>
20.4	Current assets	19	10.9
(1.4)	Current liabilities	20	(1.7)
<b>1,388.1</b>	<b>Net assets of the Fund available to fund benefits at the end of the reporting period</b>		<b>1,375.4</b>

## 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 2023			31 March 2022	
	Current contributors	Beneficiaries in receipt of pension	Deferred members	Total	Total
	No.	No.	No.	No.	No.
<b>ADMINISTERING AUTHORITY</b>					
City of London Corporation	4,233	4,400	4,606	13,239	12,846
	<b>4,233</b>	<b>4,400</b>	<b>4,606</b>	<b>13,239</b>	<b>12,846</b>
<b>SCHEDULED BODIES:</b>					
Museum of London	263	285	678	1,226	1,162
Magistrates Court	0	19	9	28	31
Multi Academy Trust	10	0	2	12	13
	<b>273</b>	<b>304</b>	<b>689</b>	<b>1,266</b>	<b>1,206</b>
<b>ADMITTED BODIES:</b>					
Irish Society	4	9	2	15	16
Parking Committee for London	0	7	5	12	12
Guildhall Club	0	4	4	8	8
City Academy - Southwark	80	12	143	235	240
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	11	2	16	29	30
Turning Point	1	0	0	1	2
Agilysis	2	5	15	22	24
Agilysis (police)	0	1	2	3	3
Bouygues (EDTE)	0	0	1	1	1
Cook & Butler	1	0	1	2	2
1SC Guarding Limited	0	0	1	1	1
Skanska	4	1	0	5	5
Veolia	3	1	1	5	5
	<b>106</b>	<b>49</b>	<b>195</b>	<b>350</b>	<b>360</b>
<b>TOTAL</b>	<b>4,612</b>	<b>4,753</b>	<b>5,490</b>	<b>14,855</b>	<b>14,412</b>

### 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 2023. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. For 2022-23, 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 uprated 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 2022-23 financial year and its financial position at 31 March 2023. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2022-23* (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2023. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than

12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the Pension Fund because it does not hold any assets as a lessee.

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

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

## 3. Accounting policies

- i. The pension fund accounts are accounted for on an accruals basis for income and expenditure, with the exception of transfer values in and out, which are accounted for on a cash basis.
- ii. The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.
- iii. Investment assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.
- iv. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 13). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

- v. Acquisition costs are included in the purchase costs of investments.
- vi. Assets and liabilities in overseas currencies are translated into sterling at the exchange rates ruling at the net asset statement date. Transactions during the year are translated at rates applying at the transaction dates. Surpluses and deficits arising on conversion are dealt with as part of the change in market values of the investments.
- vii. The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

<b>Administration expenses</b>	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.
<b>Oversight and governance</b>	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.
<b>Investment management expenses</b>	Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments.

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

- ix. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profit and losses realised on sales of investments and unrealised changes in market value.
- x. Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such agreement, when received.
- xi. Under the rules of the Scheme, members may receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised.
- xii. Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations 2013. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.
- xiii. Where an investment manager’s fee note has not been received by the balance sheet date, an estimate based upon the most recent available equivalent trailing reporting period is used for inclusion in the fund account.



## 4. Critical judgements in applying accounting policies

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

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

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

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

The items in the net assets statement at 31 March 2023 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
<b>Actuarial present value of promised retirement benefits (Note 18)</b>	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"> <li>a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £25m</li> <li>a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £2m</li> <li>a one-year increase in assumed life expectancy would increase the liability by approximately £59m.</li> </ul>
<b>Private equity investments (Note 13)</b>	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018) and use valuation techniques that rely on unobservable inputs.	Private equity investments are valued at £29m in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change.
<b>Infrastructure and pooled property investments (Note 13)</b>	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 £76m and £108m, respectively in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change.

## 6. Events after the reporting date

In April 2023, £15.0m was redeemed from Multi-Asset Manager Pyrford and invested in Property Manager Aviva Lime.

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

## 7. Contributions receivable

### By Category

2021-22		2022-23
£m		£m
(12.1)	Employees' contributions	(12.6)
	Employers' contributions	
(24.3)	Normal contributions	(25.6)
(9.0)	Deficit recovery contributions	(9.3)
(6.0)	Pensions strain contributions	(2.3)
<b>(39.3)</b>	<b>Total employers' contributions</b>	<b>(37.2)</b>
<b>(51.4)</b>		<b>(49.8)</b>

### By type of employer

2021-22		2022-23
£m		£m
(48.2)	Administering authority	(46.4)
(2.2)	Scheduled bodies	(2.4)
(1.0)	Admitted bodies	(1.0)
<b>(51.4)</b>		<b>(49.8)</b>

## 8. Benefits payable

### By Category

2021-22		2022-23
£m		£m
43.1	Pensions	45.5
8.8	Lump sum retirement benefits	7.3
0.9	Lump sum death benefits	0.4
<b>52.8</b>		<b>53.2</b>

### By type of employer

2021-22		2022-23
£m		£m
49.9	Administering authority	50.0
2.5	Scheduled bodies	2.7
0.4	Admitted bodies	0.5
<b>52.8</b>		<b>53.2</b>

## 9. Payments to and on account of leavers

2021-22		2022-23
£m		£m
1.8	Individual transfers out	3.0
0.1	Refunds to members leaving service	0.2
<b>1.9</b>		<b>3.2</b>

## 10. Management expenses

2021-22		2022-23
£m		£m
0.7	Administration expenses	0.8
9.8	Investment management expenses	7.2
0.4	Oversight and governance*	0.3
<b>10.9</b>		<b>8.3</b>

\*Includes audit fees of £35,000 that have been charged to the Pension Fund (2021-22: £21,500). The fee payable for the 2022-23 audit is estimated to be £35,000.

### a. Investment management expenses

2021-22				2022-23				
Management Fees	Performance Related Fees	Transaction Costs	Total		Management Fees	Performance Related Fees	Transaction Costs	Total
£m	£m	£m	£m		£m	£m	£m	£m
<b>0.6</b>	2.1	0.0	2.7	Infrastructure funds	0.6	0.7	0.0	1.3
<b>4.7</b>	0.3	0.0	5.0	Pooled investments**	4.4	0	0.0	4.4
<b>0.5</b>	0.0	0.0	0.5	Pooled property investments	0.6	0	0.0	0.6
<b>0.4</b>	1.2	0.0	1.6	Private equity	0.4	0.5	0.0	0.9
<b>6.2</b>	<b>3.6</b>	<b>0.0</b>	<b>9.8</b>	<b>Total</b>	<b>6.0</b>	<b>1.2</b>	<b>0.0</b>	<b>7.2</b>

\*\*Included £1.0m charged to the Pension Fund by the London CIV regional asset pool (£1.1m in 2021-22).

## 11. Income from investments

2021-22		2022-23
£m		£m
(0.5)	Infrastructure funds	(0.0)
(0.0)	Interest	(0.2)
(2.3)	Pooled property investments	(2.4)
(1.2)	Private equity	(0.0)
<b>(4.0)</b>	<b>Total</b>	<b>(2.6)</b>

The Pension Fund's investment policies are focussed 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 31-03-2022		Market Value 31-03-2023
£m		£m
	<b>Investment assets</b>	
	<b>Pooled funds</b>	
257.3	Diversified growth funds	261.4
590.3	Global equity	575.0
120.2	Multi asset credit	113.9
197.2	UK equities	202.7
<b>1,165.0</b>		<b>1,153.0</b>
	<b>Other investments</b>	
68.7	Infrastructure funds	75.6
101.1	Pooled property investments	108.2
34.1	Private equity funds	29.2
<b>203.9</b>		<b>213.0</b>
0.0	Investment income due	0.0
<b>1,368.9</b>	<b>Total investment assets</b>	<b>1,366.0</b>
	<b>Long-term investments</b>	
0.2	Equities	0.2
<b>1,369.1</b>	<b>Net investment assets</b>	<b>1,366.2</b>

**a. Reconciliation of movements in investments**

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

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

	Market Value 31-03-2021	Purchases During the Year	Sales During the Year	Change in Value	Market Value 31-03-2022
	£m	£m	£m	£m	£m
Infrastructure funds	62.8	0.3	(7.9)	13.5	68.7
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	1,105.2	121.6	(126.5)	64.7	1,165.0
Pooled property investments	88.2	6.6	(0.6)	6.9	101.1
Private equity funds	38.0	0.2	(12.8)	8.7	34.1
	<b>1,294.4</b>	<b>128.7</b>	<b>(147.8)</b>	<b>93.8</b>	<b>1,369.1</b>
Investment income due	0.2				0.0
<b>Net investment assets</b>	<b>1,294.6</b>				<b>1,369.1</b>



**b. Investments analysed by fund manager**

Market value 31-03-2022		Market value 31-03-2023
£m		£m
	<b>Investments managed by the London CIV</b>	
171.7	LCIV Global Alpha Growth Fund*	163.9
120.2	LCIV Alternative Credit Fund*	113.9
0.2	London CIV	0.2
<b>292.1</b>		<b>278.0</b>
	<b>Investments managed outside the London CIV</b>	
51.7	Alternative assets	45.5
104.3	Artemis Institutional Equity Income Fund*	105.1
32.6	Aviva Lime Property Fund	27.4
156.6	C Worldwide Global Equities*	155.4
113.4	Harris Associates Global Equity Fund*	117.2
51.1	IFM Global Infrastructure (UK)	59.2
50.9	Lindsell Train UK Equity Fund	54.3
36.3	M&G UK Residential Property Fund	44.0
32.2	M&G Secured Property Income Fund	36.8
42.0	Liontrust UK Equity Fund	43.3
142.8	Pyrford Global Total Return Fund*	145.1
114.5	Ruffer Absolute Return Fund*	116.3
148.6	Veritas Global Focus Fund*	138.6
<b>1,077.0</b>		<b>1088.2</b>
<b>1,369.1</b>	<b>Total</b>	<b>1,366.2</b>
0.0	Investment income due	0.0
<b>1,369.1</b>	<b>Net investment assets</b>	<b>1,366.2</b>

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

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

### 13. Fair value - basis for valuation

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

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

### Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023.

	Assessed valuation range	Market value 31-03-2023	Value on increase	Value on decrease
	(+/-)	£m	£m	£m
Private equity funds	10%	29.2	32.1	26.3
Pooled property investments	10%	108.2	119.0	97.4
Infrastructure funds	10%	75.6	83.2	68.0
		<b>213.0</b>	<b>234.3</b>	<b>191.7</b>

#### a. Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

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

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

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



**b. Reconciliation of fair value measurements within level 3**

The table below shows the movements in level 3 disclosures for 2022-23

Disclosures for level 3	Market value at 31-03-2022	Transfers into level 3	Transfers out of level 3	Purchases at cost	Sales	Unrealised gains / (losses)	Realised gains / (losses)	Market value at 31-03-2023
	£m	£m	£m	£m	£m	£m	£m	£m
Private equity	34.1	0	0	0.3	(8.1)	5.4	(2.5)	29.2
Pooled property investments	101.1	0	0	23.6	(1.4)	(15.1)	0.0	108.2
Infrastructure	68.7	0	0	0.6	(4.5)	11.8	(1.0)	75.6
Long term investment	0.2	0	0	0	0.0	0.0	0.0	0.2
<b>Total level 3</b>	<b>204.1</b>	<b>0</b>	<b>0</b>	<b>24.5</b>	<b>(14.0)</b>	<b>2.1</b>	<b>(3.5)</b>	<b>213.2</b>



## 14. Financial Instruments

### a. Classification of financial instruments

at 31 March 2022				at 31 March 2023				
Fair Value through profit and loss	Assets held at amortised cost	Financial liabilities at amortised cost	Total		Fair Value through profit and loss	Assets held at amortised cost	Financial liabilities at amortised cost	Total
£m	£m	£m	£m		£m	£m	£m	£m
				<b>Financial assets</b>				
68.7	0.0	0.0	<b>68.7</b>	Infrastructure funds	75.6	0.0	0.0	<b>75.6</b>
0.0	0.2	0.0	<b>0.2</b>	Long-term investments	0.0	0.2	0.0	<b>0.2</b>
1,165.0	0.0	0.0	<b>1,165.0</b>	Pooled investments	1,153.0	0.0	0.0	<b>1,153.0</b>
101.1	0.0	0.0	<b>101.1</b>	Pooled property investments	108.2	0.0	0.0	<b>108.2</b>
34.1	0.0	0.0	<b>34.1</b>	Private equity funds	29.2	0.0	0.0	<b>29.2</b>
0.0	19.9	0.0	<b>19.9</b>	Cash	0.0	10.5	0.0	<b>10.5</b>
0.0	0.0	0.0	<b>0.0</b>	Investment income due	0.0	0.0	0.0	<b>0.0</b>
0.0	0.0	0.0	<b>0.0</b>	Other debtors*	0.0	0.0	0.0	<b>0.0</b>
<b>1,368.9</b>	<b>20.1</b>	<b>0.0</b>	<b>1,389.0</b>		<b>1,366.0</b>	<b>10.7</b>	<b>0.0</b>	<b>1,376.7</b>
				<b>Financial liabilities</b>				
0.0	0.0	(0.1)	<b>(0.1)</b>	Creditors*	0.0	0.0	0.0	<b>0.0</b>
<b>1,368.9</b>	<b>20.1</b>	<b>(0.1)</b>	<b>1,388.9</b>	<b>Total</b>	<b>1,366.0</b>	<b>10.7</b>	<b>0.0</b>	<b>1,376.7</b>

\*The table above *excludes* debtors valued at £0.6m (31 March 2022: £0.5m) and creditors valued at £1.6m (31 March 2022: £1.3m) which are non-contract based transactions and balances and therefore do not meet the criteria of financial instruments. Further information on current assets and current liabilities outstanding at the reporting date is detailed in notes 19 and 20 below.

### b. Net (Gains) and Losses on Financial Instruments

2021-22		2022-23
£m		£m
	<u>Financial Assets</u>	
93.8	Fair value through profit and loss	(3.7)
<b>93.8</b>		<b>(3.7)</b>

## 15. Risk and risk management

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

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

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

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

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

## 16. Market risks

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

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

## Price risk

In consultation with its investment consultant, Mercer Ltd, the Fund has determined that the following movements in market price risk are reasonably possible for 2022-23, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

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

Asset type	Value as at 31 March 2022	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Developed market global equities	745.6	18.9%	886.5	604.7
Emerging market global equities	42.1	28.6%	54.1	30.1
Diversified growth funds	257.3	11.8%	287.7	226.9
Multi asset credit	120.2	10.8%	133.2	107.2
UK property (proxy for residential property)	36.3	9.9%	39.9	32.7
Long lease UK property	64.8	16.5%	75.5	54.1
Private equity	34.1	24.8%	42.6	25.6
Unlisted infrastructure	68.7	16.2%	79.8	57.6
<b>Total</b>	<b>1,369.1</b>		<b>1,599.3</b>	<b>1,138.9</b>

## Interest rate risk

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

The Fund's indirect exposure to interest rate movements as at 31 March 2023 and 31 March 2022 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value. Bonds and cash balances are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

Value as at 31 March 2022	Change	Value on increase	Value on decrease	Assets exposed to interest rate risk	Value as at 31 March 2023	Change	Value on increase	Value on decrease
£m	%	£m	£m		£m	%	£m	£m
19.9		19.9	19.9	Cash and cash equivalents	10.5		10.5	10.5
245.9	1.00%	241.2	250.7	Bonds	250.5	1.00%	243.8	257.1
<b>265.8</b>		<b>261.1</b>	<b>270.6</b>	<b>Total</b>	<b>261.0</b>		<b>254.3</b>	<b>267.6</b>

## 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).

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

The table above summarises the position as at 31 March 2023, and the comparable position as at 31 March 2022 is shown below. The analysis uses historical currency volatility data sourced from the fund custodian, BNY Mellon.

Currency	As at 31 March 2022			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	417.7	2.41%	427.8	407.6
Euro	123.2	1.54%	125.1	121.3
Japanese Yen	37.7	2.67%	38.7	36.7
Australian Dollar	31.1	2.32%	31.8	30.4
Swiss Franc	17.1	2.00%	17.4	16.8
Hong Kong Dollar	14.9	2.37%	15.3	14.5
Taiwanese Dollar	11.4	2.08%	11.6	11.2
Indian Rupee	10.7	3.11%	11.0	10.4
Swedish Krona	10.3	1.97%	10.5	10.1
Indonesian Rupiah	10.1	2.18%	10.3	9.9
Other overseas	57.1	1.85%	58.2	56.0
<b>Overseas total</b>	<b>741.3</b>		<b>757.7</b>	<b>724.9</b>
Sterling	627.8			
<b>Net investment assets</b>	<b>1,369.1</b>			



## 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 2023, liquid investment assets were £1,153.1m representing 84% of total fund assets (£1,165.0m at 31 March 2022 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.

## 17. Funding arrangements

In accordance with statutory regulations a triennial valuation of the Pension Fund was completed by the City's independent consulting actuaries, Barnett Waddingham LLP, as at 31 March 2019 using the projected unit method and the resulting employers' contribution were implemented for the three financial years commencing 1 April 2020. A more recent valuation was undertaken as at 31 March 2022, and employer contribution rates resulting from this exercise will apply from 1 April 2023.

The main funding assumptions which follow were incorporated into the funding model used in the 31 March 2019 and the 31 March 2022 valuations (Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms):

	March 2019		March 2022	
	% p.a.	Real % p.a.	% p.a.	Real % p.a.
<b>Financial assumptions</b>				
Discount rate	5.1	2.5	4.6	2.9
Retail Price Inflation	3.6	1.0	3.2	1.0
Consumer Price Inflation	2.6	-	2.9	-
Pension increases	2.6	-	2.9	-
Pay increases	3.6	1.0	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 2019 and 31 March 2022.

Future assumed returns at 31 March 2019	Percentage of Fund	Return Assumption	Real (relative to CPI)
	%	%	%
Equities	55.0	6.7	4.1
Property and infrastructure	15.0	6.1	3.5
Absolute return fund - inflation plus 3.7%	30.0	6.3	3.7
Expenses (deduction)		(0.2)	(0.2)
<b>Neutral estimate of discount rate based on long-term investment strategy</b>		<b>6.3</b>	<b>3.7</b>
Prudence allowance		(1.2)	(1.2)
<b>Discount rate</b>		<b>5.1</b>	<b>2.5</b>

Future assumed returns at 31 March 2022	Percentage of Fund	Return Assumption	Real (relative to CPI)
	%	%	%
Equities	50	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)
<b>Neutral estimate of discount rate based on long-term investment strategy</b>		<b>6.0</b>	<b>4.3</b>
Prudence allowance		(1.4)	(1.4)
<b>Discount rate</b>		<b>4.6</b>	<b>2.9</b>

### Demographic assumptions

The assumed life expectancy from age 65 is shown below for both the 31 March 2019 and 31 March 2022 valuations.

Life expectancy from age 65		31 March 2019
<b>Retiring today</b>	Males	21.7
	Females	24.3
<b>Retiring in 20 years</b>	Males	23.1
	Females	25.8

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

### Commutation assumption

As part of the 31 March 2019 and 31 March 2022 valuations 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 2019 and 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 2019	
<b>Past service liabilities</b>	<b>£m</b>
Active members	(383.7)
Deferred pensioners	(236.7)
Pensioners	(555.3)
<b>Total</b>	<b>(1,175.7)</b>
Assets	1,062.9
<b>Deficit</b>	<b>(112.8)</b>
<b>Funding level</b>	<b>90%</b>

March 2022	
<b>Past service liabilities</b>	<b>£m</b>
Active members	(448.0)
Deferred pensioners	(286.0)
Pensioners	(670.0)
<b>Total</b>	<b>(1,404.0)</b>
Assets	1,371.0
<b>Deficit</b>	<b>(35.0)</b>
<b>Funding level</b>	<b>98%</b>

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

	March 2019	March 2022
	Contribution rate %	Contribution rate %
Future service funding rate	15.0	18.5
Past service adjustment	5.5	2.5
<b>Total contribution rate</b>	<b>20.5</b>	<b>21.0</b>

The secondary rate contributions agreed with individual employers were set at the 31 March 2019 valuation to restore the Fund to a funding position of 100% over a recovery period of no longer than 14 years. This deficit recovery plan was maintained at the 31 March 2022 valuation (i.e. the secondary rates established in 2022 aim to restore 100% funding over 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 2020-21 to 2022-23. Exceptions are City Academy and the Multi Academy Trust who both pay 17.1% p.a., the London CIV (15.0%), Veolia (17.6%) and the Museum of London (16.1%).

Following the 31 March 2022 valuation, most employers will continue to pay contribution rates of 21.0% for the three years commencing 1 April 2023 apart from the City Academy and the Multi Academy Trust (17.1%); the Museum of London (16.1%) and the London CIV (15.0%).

## 18. Funded Obligation of the Overall Pension Fund

31 March 2022		31 March 2023
£m		£m
(2,201.0)	Present Value of the defined benefit obligation*	(1,517.7)
1,388.1	Fair Value of Fund Assets (bid value)	1,375.4
<b>(812.0)</b>	Net Liability	<b>(142.3)</b>

\*The present value of the funded obligation consists of £1,501.5m in respect of vested obligations and £16.2m in respect of non-vested obligations (2021/22: £2,171.4m and £29.6m respectively).

The above figures show the total net liability of the Fund as at 31 March 2023 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 2022		Assumptions	at 31 March 2023	
% p.a.	Real % p.a.*		% p.a.	Real % p.a.*
3.20	-	CPI increase	2.90	-
4.20	1.00	Salary increase	3.90	1.00
3.20	-	Pension increase	2.90	-
2.60	-	Discount Rate	4.80	-

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

Life expectancy from age 65		31 March 2022	31 March 2023
Retiring today	Males	21.0	21.1
	Females	23.5	23.5
Retiring in 20 years	Males	22.3	22.3
	Females	24.9	25.0

### McCloud and Sargeant judgments

The Government reformed public service pension schemes in 2014 and 2015 and introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. A consultation has been run in relation to the changes proposed for the LGPS and legislation is now being drafted to bring forward these changes. The updated Regulations are to be consulted on over the course of 2022 with the earliest effective date expected to be October 2023.

### Guaranteed Minimum Pension (GMP) Equalisation

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

## 19. Current assets

Current assets include cash balances of £10.5m at 31 March 2023 (£19.9m at 31 March 2022) and accruals for contributions of £0.4m (£0.5m at 31 March 2022).

## 20. Current liabilities

Current liabilities represent accruals for investment management expenses, custodian fees and benefits payable.

## 21. Additional voluntary contributions

Market Value at 31 March 2022		Market Value at 31 March 2023
£m		£m
2.1	Prudential	2.0
0.6	Standard Life Investments	0.6
0.1	Utmost Life and Pensions	0.1
<b>2.8</b>		<b>2.7</b>

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 £0.40m were paid in 2022-23 (2021-22: £0.40m).

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

## 22. Related party transactions

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

During the reporting period, the administering authority incurred salary expenses amounts to £0.6m (2021-22: £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 £32.5m in 2022-23 (2021-22: £31.2m).

## 23. Key management personnel

The key management personnel of the Fund as at 31 March 2023 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.

2021-22		2022-23	
£m		£m	
0.2	Short-term benefits	0.2	
<b>0.2</b>		<b>0.2</b>	

## 24. Contingent liabilities and contractual commitments

On 15 March 2023, an external outstanding commitment of £15.0m for property was cancelled. The Fund had no external outstanding capital commitments as at 31 March 2023 (31 March 2022: £38.6m). In April 2023, £15.0m was redeemed from Multi-Asset Manager Pырford. Further outstanding capital commitments at 31 March 2023 totalled £7.2m (31 March 2022: £6.9m). 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.

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# 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 2021-22 financial year and its position at the year end of 31 March 2022. 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 2021-22 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

#### 1.2. Accruals of Expenditure and Income

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

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

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

### 1.3. Cash and Cash Equivalents

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

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

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

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

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

### 1.5. Charges to Revenue for Non-current Assets

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

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

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

## 1.6. Employee Benefits

### **(a) Short-term employee benefits**

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

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

### **(b) Termination benefits**

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service in the CI&ES 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 Cash and Bridge House Estates). 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 CI&ES 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 CI&ES 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 CI&ES. 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 CI&ES 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 CI&ES 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 CI&ES 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 CI&ES 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 CI&ES.

**(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 CI&ES.

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

### 1.9. Interest Income

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

### 1.10. Government Grants and Other Contributions

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

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

**(a) Revenue**

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

**(b) Capital**

Where a capital grant or contribution has been recognised as income in the CI&ES, 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 CI&ES, 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). 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 CI&ES.

**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 CI&ES 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 52, 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 CI&ES. 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 CI&ES in the year that the City Fund becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the City Fund settles the obligation.

### 1.18. Leases

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

#### **(a) Finance Leases**

##### (i) City Fund as Lessee

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

##### (ii) City Fund as Lessor

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

***Operating Leases*****(i) City Fund as Lessee**

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

**(ii) City Fund as Lessor**

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

**1.19. Overheads**

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

**1.20. Property, Plant and Equipment**

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

***(a) Recognition***

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

***(b) Valuation***

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

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

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

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

**(c) Revaluations**

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

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

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

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

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

**(d) Impairments**

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

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

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

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

**(e) De-recognition**

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

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

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

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

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

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

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

**(f) Depreciation**

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

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

**(g) Components**

Assets other than Housing Revenue Account (HRA) Dwellings

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

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

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

HRA Dwellings

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



### 1.21. Fair value measurement

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

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

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

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

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

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

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

### 1.22. Reserves

Specific amounts have been set aside as reserves for future policy purposes or to cover contingencies. Details of the City Fund's earmarked reserves are set out in note 12 (page 47). 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 76-79).

### 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 CI&ES 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 CI&ES 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 2022-23, 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 CI&ES. Any outstanding transaction to or from the pool are shown as a debtor or creditor balances on the City Corporation balance sheet.

## 2. Accounting Standard issued but not yet adopted

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

- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors will be amended to define accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 will be amended to give more guidance on the disclosure of accounting policies in financial statements. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.
- IAS 12 Income Taxes will be amended in relation to deferred tax but no relevant transactions in group accounts have been identified.
- IFRS 3 Business Combinations will be amended in terms of references to conceptual framework. As no acquisitions have happened or are planned in the relevant time period, this has no impact on the Council's financial statements.



CITY OF  
LONDON

# Annual Governance Statement

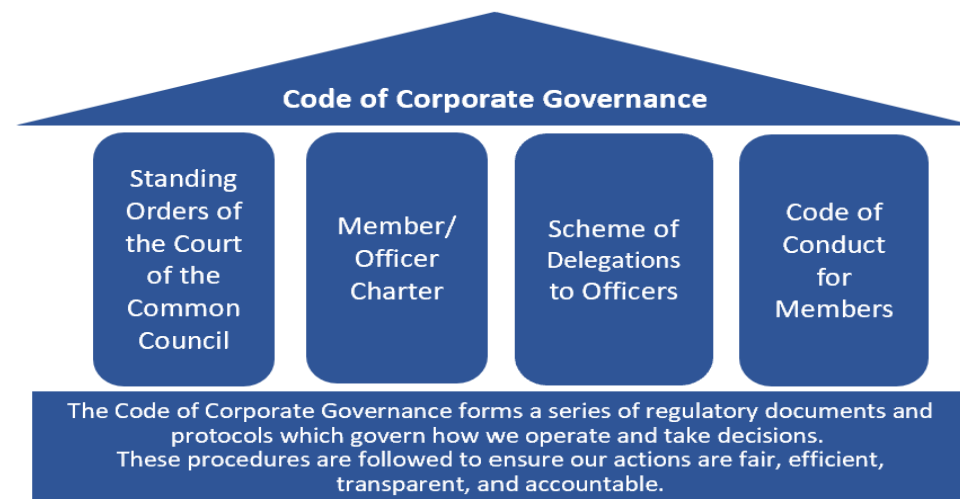


## Executive Summary

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

## Code of Corporate Governance

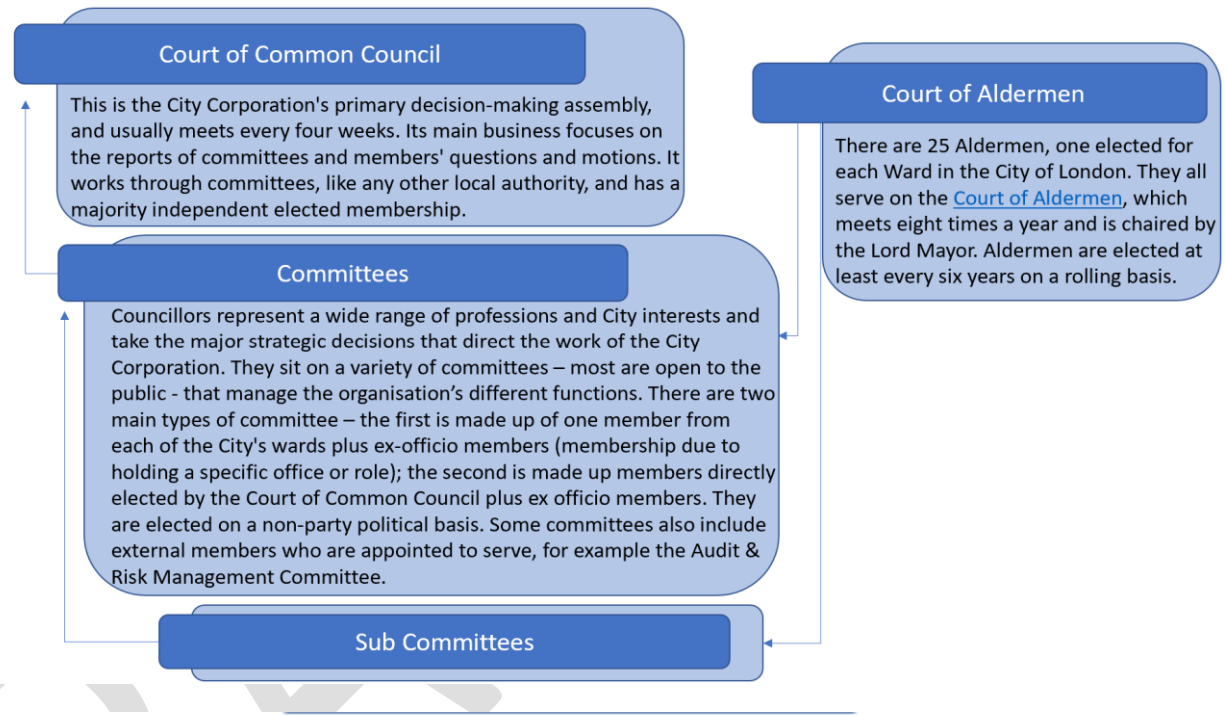
5. The principles of good governance are embedded within a comprehensive published Code of Corporate Governance. This code covers both the Local authority and Police Authority roles, and links together a framework of policies and procedures, all of which are published on the City of London Corporations web pages at the following location: [Corporate Governance - City of London](#)



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

6. Our decision-making arrangements operate on a committee-based system whereby elected Members (Councillors) are appointed annually to serve on our many committees and sub committees. These committees, the principal governing body being the [Court of Common Council](#), meet regularly throughout the year.

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



Key Elements of the Governance Framework		
<p><b>Members, Committees and Policy Chair</b></p> <p>Provide leadership and set policy to maintain the City’s global standing as a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK</p>	<p><b>Scrutiny and Review</b></p> <p><a href="#">Committees</a> scrutinize and review policy, plans and performance:</p> <ul style="list-style-type: none"> <li>• Audit and Risk Management Committee</li> <li>• Nominations and Effectiveness Sub Committee of the Audit and Risk Management Committee</li> <li>• Finance Committee</li> <li>• Policy and Resources Committee</li> <li>• Corporate Services Committee</li> <li>• Police Authority Board</li> <li>• Bridge House Estates Board</li> </ul>	<p><b>Risk Management</b></p> <p>Corporate risks are considered by the Chief Officer Risk Management Group (chaired by the Chief Strategy Officer), and Executive Leadership Board, and reported to the Audit and Risk Management</p>
<p><b>Decision making</b></p> <p>Committee meetings are held in public and recordings are available on <a href="#">City of London Corporation – YouTube channel</a> for up to one year Decisions <a href="#">are recorded</a> on the City Corporation website</p>	<p><b>Town Clerk and Chief Executive and other Chief Officers</b></p> <p>The <a href="#">Town Clerk and Chief Executive</a> is the Head of Paid Service and responsible for City Corporation staff and for leading the Chief Officer executive leadership team. The Comptroller and City Solicitor and Deputy Chief Executive is the Monitoring Officer who, with the Town Clerk and Chief Executive, is responsible for ensuring legality and promoting high standards of public conduct. The Deputy Town Clerk is responsible for servicing meetings of the Court of Common Council and Court of Aldermen, their committees, sub-committees and working parties, and being responsible for the City of London Corporation’s Communications. The Chamberlain and Chief Finance Officer is the City Corporation’s s.151 Officer responsible for ensuring the City Corporation’s financial position.</p>	





### The Corporate Plan 2018-23

8. The City of London Corporation [Corporate Plan 2018-23](#) provides the framework for the delivery of our services. We aim to contribute to a flourishing society, support a thriving economy and shape outstanding environments. Our annual Business Planning process is aligned to the Corporate Plan outcomes, with the objective of focusing the City Corporation's ambition, resources and performance on the achievement of twelve strategic outcomes. A narrative covering the 2024 year is to be attached to Corporate Plan 2018-23 as an annex, under the direction of the Chief Strategy Officer, with development of a full five-year 2025-30 Corporate strategy and plan to follow<sup>6</sup>.

### Progress on Issues identified in the 2021-22 Annual Governance Statement

9. The City of London Corporation has taken action to progress the issues that were identified in the Annual Governance Statement 2021-22, listed below.

Issue identified	Action Taken	Outcome
Refining the Corporation's annual Business Planning Process, to ensure the development of the City of London Corporation Corporate Plan 2025-30	An approach to strengthen and align 2023-24 Business Planning was implemented through a regular, collaborative Officer Forum and through the scrutiny of drafts by the Executive Leadership Board, identifying synergies, opportunities and dependencies. Changes included greater focus on providing insight on medium term plans and workforce planning alongside the finance and strategy development aspects to help inform the ongoing development of future CoLC priorities. Further improvement is to be implemented in the 2024-25 year cycle, linking more clearly in plans the funding and people resources to the priority workstreams, bringing increased assurance of the alignment of cross-cutting activities with resources.	Ongoing
A redesign of the Corporate Performance Framework so it aligns to the development of the City of London Corporation Corporate Plan 2025-30	Activity continues providing support across the organisation to enable teams to identify relevant performance data which they are able to baseline and so monitor activity. The complex challenges of identifying and quality assuring data so that it can be collated and used to monitor activity and performance are being worked through area by area. Uplifting capability on data at team level and identifying relevant management information is critical for an effective performance framework. In parallel, cross cutting performance data has been identified and dashboards and tools are being developed to monitor distinct themes, including monitoring implementation of audit recommendations and completion of mandatory training. See also paragraphs 20-21.	Ongoing
Further work on developing the City of London Corporation's Corporate Risk management approach and culture	Oversight of City Corporation risk management moved on 1 April 2022 from the Internal Audit Team to the Corporate Strategy and Performance Team (CSPT). See also paragraph 29.	
Strengthening Equality, Diversity & Inclusion governance	A new <a href="#">EDI Sub-Committee</a> was set up in September 2022, as per a Lisvane recommendation. This group's responsibilities include the creation and implementation of an Equality Diversity and Inclusion governance structure across the City of London Corporation, including its services and its institutions. An Executive Director of EDI was	

<sup>6</sup> Elected members have directed that a five-year Corporate Plan 2024-29 is developed to start in April 2024. This decision was after the Annual Governance Statement was signed.

	appointed to lead the newly formed EDI directorate. As part of the EDI governance structure a number of new Boards have been established, the EDI Board comprising the staff network leads and sponsors, the Equality representatives network, the EDI Steering Group (CoLC), and EDI Strategic Leaders (Institutions). See also paragraph 37-40.	
Establishing the agreed new Committee Structure and governance arrangements to conclude the implementation of the Lisvane Review	The update on the Committee Structure has been implemented as agreed by the Court of Common Council in December 2021. Given the quantum of changes, Members requested an opportunity for a 'light touch' review of how the new structure was bedding in, with a view of rectifying any matters that were not working as hoped. This light touch review is underway and a <a href="#">summary of further changes to be explored was reported to the Policy &amp; Resources Committee in February 2023</a> . <a href="#">Progress against the original Lisvane recommendations can be found here</a> . It is intended that this light touch review be concluded by May 2023. See also paragraph 10.	Ongoing
Ensuring continuing compliance with the CIPFA Financial Management Code	During 2022-23 several actions were taken to address the areas for improvement identified in the 2021-22 review including the development of a 60 year financial model to assess the financial sustainability of City Fund linked to the significant financial commitments under its major projects programme, continued reporting of financial risk within the organisation, and the Chamberlain's function beginning its own transformation journey to better support the organisation through these challenges. Some areas remain subject to further improvement including creating VFM training to support existing VFM controls and creating better metrics to measure the outcomes of service activity, which we will seek to address in the following financial year. See also paragraphs 22-25.	Ongoing
Ensuring new Operating Model transition to business as usual and providing an assessment of its effectiveness via a Continuous Improvement and Review process.	Implementing the Target Operating Model (TOM) continues with the majority of departments completing or progressing TOM implementation activity into the final stages during the past year. For the majority of the organisation the TOM is now embedding and starting to become business as usual, so it is too soon to provide an assessment of the effectiveness of the model. However, during the past year individual departments redesigning structures have successfully complied with the predetermined organisational design principles for the new operating model. The TOM is likely to be completed by the end of 2023, with all areas of the organisation expected to have implemented the organisational design principles. See also paragraph 50.	Ongoing

## Review of Effectiveness

Governance Key Performance Indicators	Outcome												
Internal Audit Work: as at 31/03/2023, 20 Internal Audit reviews were completed (final reports issued), 70% of which resulted in a Moderate Assurance opinion, a small number of Limited and Substantial Assurance opinions were given. A total of 73 recommendations were raised by Internal Audit, 70% of which were given a Medium priority rating, requiring prompt attention from Management. almost 10% of recommendations raised were High (critical) priority, all of which have resulted in prompt response from management.	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Assurance Ratings Provided</p> <table border="1"> <tr><td>Moderate</td><td>14</td></tr> <tr><td>Substantial</td><td>3</td></tr> <tr><td>Limited</td><td>3</td></tr> </table> </div> <div style="text-align: center;"> <p>Recommendations Raised: 73</p> <table border="1"> <tr><td>Moderate</td><td>52</td></tr> <tr><td>High</td><td>15</td></tr> <tr><td>Critical</td><td>6</td></tr> </table> </div> </div>	Moderate	14	Substantial	3	Limited	3	Moderate	52	High	15	Critical	6
Moderate	14												
Substantial	3												
Limited	3												
Moderate	52												
High	15												
Critical	6												
Fraud identification: proven fraudulent activities carried out by members or staff	One case in 2022-23. CoLC has a robust strategy for tackling and preventing fraud and instances of fraud involving staff are rare. One case in the period involving an agency worker was detected quickly as a result of the Corporation's established local counter fraud networks and acted upon immediately by management in consultation with Internal Audit's Counter Fraud Team, leading to the cessation of the agency worker's contract. This case generated further improvements in oversight for working patterns and the City's Counter Fraud Team is taking a leading role for London Boroughs to identify and tackle this fraud risk through data matching and its investment in the London NFI Fraud Hub.												
Outcomes of investigations carried out by Monitoring Officer or Independent Panel	In the period 7 complaints were considered by the Independent Panel under the Code of Conduct.												
s151 formal issues raised	None in 2022-23												
Local Government & Social Care Ombudsman referrals (where upheld)	<a href="#">Compliance with recommendations</a> – 100%												
Meeting statutory deadlines/targets as per Electoral Commission Performance Standards	2022: The Electoral Services team carried out 13 elections across 32 wards (some wards had multiple elections), the most in a single London area, to the national standard. See also paragraph 15.												
Freedom of Information and Environmental Information Regulations	2022: 93.93% of FOI and EIR requests (1154 requests received) were responded to within the statutory compliance deadline. Information Commissioners Office target: 90% of FOIs responded to in time. 2022: 10 Complaints were received concerning request responses of these 50% (5 complaints) were upheld, 20% (2 complaints) were partially upheld, 30% (3 complaints) were not upheld.												

### Member governance

10. Robert Rodgers, The Lord Lisvane, was commissioned to undertake [an independent review of the City Corporation's governance arrangements](#) in 2019. His findings were received in September 2020. The review was scrutinised by the Court of Common Council through regular Member Engagement Sessions; each

aspect of the review and the Court’s decision-making arrangements was explored in detail and views were sought on revising the committee structure and governance arrangements to be a more effective, efficient and relevant decision-making structure. Initially, up until 31 March 2021, consideration had been given to the organisation’s constitutional arrangements and support given to the abolition of the Standards Committee and the Standards Appeal Committee, the introduction of Independent Panels to receive allegations of misconduct, determine whether to investigate, present findings to the Court, and hear any appeal; the creation of the now-named Competitiveness Advisory Board as well an Emergency Committee to provide Member oversight in emergency situations in future. In December 2021, further changes were agreed upon by Court and full implementation of a revised structure was implemented after the 2022 Ward elections. A ‘light touch’ review is currently underway, which seeks to address areas which are identified as problematic, and an urgent focused assessment will be conducted to recommend changes to the appropriate body. This anticipates a more comprehensive review which is currently due to be undertaken in 2024.

11. Business as usual (annual) reviews into the various thresholds and responsibilities captured within the [Scheme of Delegations](#) and [Standing Orders](#) is also underway. In October 2022, new Planning governance arrangements were agreed and implemented by the Court of Common Council with immediate effect. Work on the current housing governance structure is still underway and it is hoped that it will be delivered for April 2023. Separately, a review led by the Chief Operating Officer has been undertaken into Project Governance.

12. In February 2023 members agreed a proposal to introduce an electronic voting system, capable of recording individual votes, that would replace the current voting procedure as laid out in paragraph 4 of Standing Order No.14. The use of e-voting at Court of Common Council is to be operational from its May 2023 meeting.

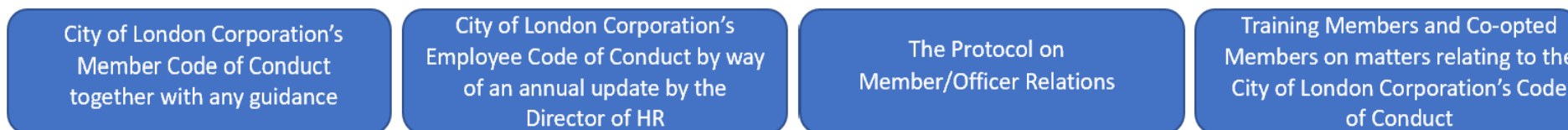
13. 2022 also saw the appointment of a new [Chairman of Policy & Resources Committee](#) who, for the City Corporation, acts as lead Member & the de factor political leader. [Policy & Resources Committee](#) elected a Deputy Chair and two Vice-Chairs in line with changes undertaken following the Lisvane review (previously 3 Deputy Chairs). Following a recommendation in the Fraser Review, an expanded Office of the Policy Chairman was developed to provide central diary, briefing and policy support to the Chairman, in recognition of the substantial burden of the office and the importance of the role of Policy Chairman to the Corporation’s wider objectives and relationship and political management.

Policy Leads Overall Responsibilities	
	<ul style="list-style-type: none"> <li>• To act as a senior spokesperson for, and represent the views of, the Committee in respect of the relevant policy area for which they have been appointed Lead.</li> <li>• To support the Chairman in the formation and delivery of the Committee and Corporation’s policy goals (within the relevant policy area).</li> <li>• To deputise for the Chairman at relevant engagements or hospitality events (in the absence of the Deputy / Vice Chairmen).</li> <li>• To act as spokesman on behalf of the Chairman in their absence (and the absence of the Deputy / Vice Chairmen).</li> <li>• To act as a point of contact or “sounding board” for relevant officers, providing political steers in relaying the Committee’s views, so as to inform implementation and prioritisation at the operational level.</li> <li>• To act as the Member point of contact for colleagues interested in the policy area, assisting with information sharing and triaging of questions to relevant technical officers.</li> <li>• To support and co-ordinate political decision making between and for relevant Committee Chairs.</li> <li>• To lead on the collation of insight and expertise from Members across the wider Court with relevant knowledge or experience of the policy area.</li> <li>• To work with colleagues outside of the formal meeting setting to share information / understanding, enabling Members to coalesce around the agreed policy decisions and implementation plans</li> </ul>

14. A Lisvane recommendation endorsed by the Court of Common Council was the use of Members in a “rapporteur” role. Proposed in the context of the considerable workload that would continue to fall upon Chairs of Committees, it was suggested general Committee Members be asked to take the lead on particular subjects within a Committee area of responsibility. This happened to some extent already but, in the context of smaller Committees, might benefit from being used more extensively. For Policy and Resources Committee it was observed that this provided a constructive mechanism to not only help share the workload (particularly given the move to one Deputy Chairman, away from the three previously utilised), but also afford the opportunity to utilise the diverse talents and expertise of different Members in a more effective way. Policy Leads are appointed annually by the Policy and Resource Committee from amongst the membership of a full Court. Appointments are considered on the basis of recommendations from a selection panel, which reviews expressions of interest from the Court against specified criteria. Four of the policy leads (on Emerging Markets, Advanced Markets, Innovation & Tech and Sustainability) provide expert advice and guidance to officers operating across existing work streams. Two others (Sports, SMEs) provide member oversight to officers’ developing areas of work. The Policy and Resources Committee receive a Policy Leads Quarterly update. The first update in January 2023 set out what guidance and governance has been put in place, what early activities the Policy Leads have engaged in and the future priorities that have been identified in each area.

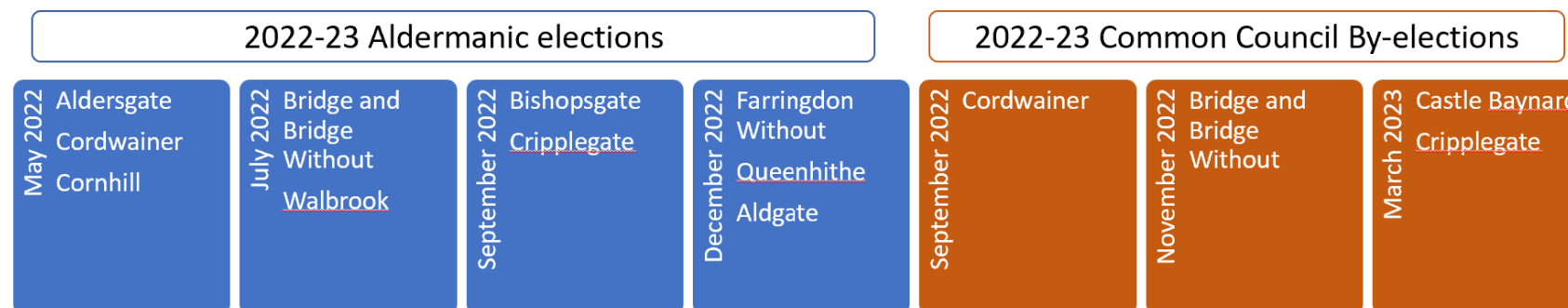
**Code of Conduct (Independent Panel)**

15. The [Independent Panel](#) comprises a diverse group of independent persons appointed by the Court of Common Council following a transparent advertising and recruitment process. Its membership is currently in the process of being expanded from nine to twelve independent persons. Its purpose is to receive allegations of misconduct under the Members’ Code of Conduct, facilitate informal resolution where appropriate, determine whether to investigate allegations, consider the outcome of investigations and if necessary, hold a hearing and any appeal and present recommendations to the Court regarding breaches of the Code and any sanctions. The regime involves a three-stage process: an assessment stage, a hearing stage and an appeal stage which are considered by separate Sub-Panels. The Panel is also responsible for considering requests for dispensations. Other elements of the former Standards Committee’s work are currently retained under the auspices of the Civic Affairs Sub-Committee of the Policy and Resources Committee e.g. promoting and maintaining high standards of conduct by Members and Co-opted Members and keeping under review and monitoring the following:



**Electoral Arrangements**

16. The City Corporation administers electoral registration and elections in the City of London and maintains a database of organisations and individuals in the City of London who are eligible to register to vote. Three separate registers are maintained: the Common Hall Register of Liverymen, the Ward Lists and the Electoral Register. Information on [the electoral process and how to vote](#) is published on the City Corporation website, as are the details of forthcoming elections and [election results](#). The electoral process remains robust, despite the multiple legislative locations and legislative divergence with the national position. Aldermanic elections and Common Council by-elections were held in a number of wards in the 2022-23 year. We saw an increase in diversity of candidates and maintained a legitimate turnout at elections despite the challenges faced with an annual register. The Ward List increased again for the second year in a row and is at its highest since 2016. Preparations are in hand for the introduction of the Elections Act in 2023, to ensure that the City of London Corporation fully complies with





the new legislation, and for the next UK Parliamentary General and GLA elections in 2024 and the next City of London all-out elections in 2025.

17. [Common Hall](#) is one of the assemblies through which the City Corporation operates and is a meeting of the Liverymen of the City of London Livery Companies, held at Guildhall twice a year, to elect officers of the City including the Sheriffs and the Lord Mayor. The annual [Aldermanic Appraisal Process](#), including job descriptions and person specifications for the role of Alderman, Aldermanic Sheriff and Lord Mayor, forms part of the City Corporation's corporative governance information. The Lord Mayor is elected annually at Michaelmas, on 29 September, and the City's Sheriffs are elected after Midsummer day on 24 June. Sheriffs support the Lord Mayor in their official duties undertaken on behalf of the City Corporation. Aldermanic terms of office are again regularised, following earlier disruption due to the pandemic.

#### **Officer governance**

18. In December 2022 the Town Clerk and Chief Executive retired after ten years in role leading the City Corporation as Head of the Paid Service. The Deputy Chief Executive provided interim cover until the appointment of a new [Town Clerk and Chief Executive](#) took effect in February 2023.

#### **The second proclamation of King Charles III**

19. The City of London Corporation, as a unique and ancient institution with more than a thousand years of history and as the governing body of the City of London, has an important role in the UK's constitution. The second [proclamation](#) of King Charles III as sovereign (after the first proclamation at St James's Palace) took place outside the Royal Exchange in the City of London on 10 September 2022. Given the ceremonial, security and logistical complexities of the operation involving a wide range of Corporation departments tasked with delivering such a nationally significant occasion at short notice, it was much appreciated that a large number of highly positive comments were received from Members and external stakeholders.

#### **Performance Management**

20. Work to improve management information and develop a framework for corporate performance further developed over the past year. Activity has taken place under three themes (recognising there are different levels of maturity within the organisation in relation to monitoring and use of data and management):
- delivering capability at team/departmental level,
  - developing data resource at organisational level, and
  - identifying ways of developing a top-down performance approach for the organisation that can be integrated into the business planning process.
- ELB discussions agreed to focussing on these areas and that datasets would be made available by departments to progress performance work.
21. Support continues to be provided for teams ready to build up their capability on data, through workshops that support the identification of management data relevant to measuring localised activity and performance and set up processes for collecting, collating, using and visualising this. This data will provide the baseline for localised performance management, regular reporting and future modelling activity once the datasets are rich enough, and be closely tied in to business planning. A corporate dashboard, the City Intelligence Dashboard (CID) has been developed and is accessible to all staff via the City of London Corporation's intranet. Version 1 is designed to show footfall and activity levels within the square mile, and will gather data over time to build a rich dataset to help understand and model activity in the city. Work has taken place to identify existing cross-cutting datasets that can form part of an overall framework to understand top-down corporate performance, with the intention of developing useable dashboards once data quality issues have been resolved, and which may also provide the method for performance measurement in Corporate Plan 2025-30.

## Financial Management Arrangements

22. The Chamberlain is the Chief Finance Officer in accordance with section 151 of the Local Government Act 1972 and has overall responsibility for the proper administration of the City's financial affairs. CIPFA's 2010 Statement on the Role of the Chief Financial Officer in Local Government defines the key responsibilities of this role and sets out how the requirements of legislation and professional standards should be met. The City's financial management arrangements were reviewed and found to conform to the governance requirements of the Statement. The Chamberlain also fulfils the role of Treasurer of the Police Authority. Compliance with [CIPFA's Financial Management Code](#) was reviewed and areas for action in relation to this were determined.
23. 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 Operational Property and Projects 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 Major Programme Assurance Board.
24. In light of the economic climate, the City Corporation conducted a review of its capital programme to assess the financial sustainability of the current portfolio in light of inflationary pressures. The review resulted in pauses to previously agreed projects and a reprioritisation of funds to projects deemed as higher priority. Future capital bids will be limited to only essential projects, recognising that inflationary pressure may persist, and that a focus should be on delivery of existing schemes rather than adding new ones. Careful monitoring has also been undertaken on revenue spend to ensure department operate within their cash limits whilst continuing to deliver services to residents and businesses. Assumptions within our medium term financial forecasts have been updated to reflect the economic environment to ensure a realistic picture is drawn when assessing financial sustainability.
25. The City of London Corporation has also established a Resources and Priorities Refresh (RPR) Programme which builds on themes from previous reviews through four workstreams - Operational Property; Commercial, including Income Generation; Productivity; and Corporate Plan Annex 2024<sup>7</sup> - that will enable it to be better equipped for current and future challenges.

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<sup>7</sup> now being delivered as a five-year Corporate Plan for 2024-29 under the direction of the Chief Strategy Officer and outside the RPR Programme.

## Procurement

26. The Procurement Code sets out the requirements of the Corporation's standing orders in regard to procurement and contract management. The Procurement Code was updated following the implementation of the TOM and the new arrangements went live in January 2023. The changes to the Procurement Code have been supported by the development of a business partnering approach within the Commercial Service, relaunch and strengthening of arrangements for Category Boards and comprehensive communications and engagement to ensure the changes are understood and an effective assurance framework is in place. New and comprehensive guidance that enables officers to access guidance and learning opportunities through bite-sized focussed sessions as part of our new Commercial Academy has also been developed.

### Key updates included

- Rule 15 procurement thresholds and procedures: The Operational Purchasing threshold has been raised from £50,000 to £100,000 which devolves responsibility for purchases under £100,000 to departmental Officers.
- Rules 46 – 55 Responsible Procurement: Rules updated to ensure departments consider the commitments of the Responsible Procurement policy and weighting when awarding contracts from external frameworks, waivers and exemptions. The minimum Responsible Procurement weighting for evaluation has increased from 10% of the technical envelope to 15% of the overall score in line with the new Responsible Procurement Policy approved by the Policy & Resources Committee in July 2022.
- Terminology throughout the Procurement Code has also been updated to reflect internal changes as a result of the TOM; reference to EU & OJEU has been replaced with the UK Find a Tender Service portal (FTS); and Project Sub Committee has been replaced with Operational Property and Projects Sub Committee.

27. Further changes to the Procurement Code are anticipated in 2023 in response to the Procurement Bill that is currently being debated in Parliament. Progress of the Bill is being closely monitored at the Commercial Service is engaging with the Government Commercial Function to access preparatory development sessions.

## Increasing transparency and consultation in the planning process

28. The City of London Corporation recently consulted on a new [Statement of Community Involvement](#), which sets out the processes for how the Corporation will publicise planning applications and engage people as we develop new strategies and policy documents. The Corporation also published [draft Developer Engagement Guidance](#), setting out how we expect developers to undertake meaningful public consultation at the early stages as they develop proposals for new development. The Corporation has procured [Commonplace](#), a well-established online engagement software platform, and is setting it up to use on future planning consultations, particularly new planning guidance, the City Plan, and other projects run by the Planning Service. This will give stakeholders a single 'shop window' for planning consultations, with a user-friendly interface, and much more functionality to share ideas and give feedback online compared to traditional consultations.

**Risk Management**

29. As part of the Target Operating Model (TOM), oversight of City Corporation risk management moved on 1 April 2022 from the Internal Audit Team to the Corporate Strategy and Performance Team (CSPT). This was to support City Corporation efforts to tackle and exploit current and future challenges through an integrated, professional and insight led approach to corporate strategy, planning, risk management and performance. Risk management officer governance structures were also reviewed and updated terms of reference issued for the Chief Officer Risk Management Group (CORMG) clarifying their role as senior officers accountable for oversight of risk management on behalf of the Executive Leadership Board (ELB). CORMG met regularly during this period, with risk reports issued to ELB on the management of corporate and top red departmental risks and developing risk areas. A key focus was work on risk management culture to ensure we had an agile and responsive approach to risk management, and that risk ‘themes’ were identified and managed across City Corporation. Training was arranged for officers in support of this, with more sessions due later in 2023. Risk appetite has separately been identified as a key deliverable for FY2023-24.

**Audit and Risk Management Committee**

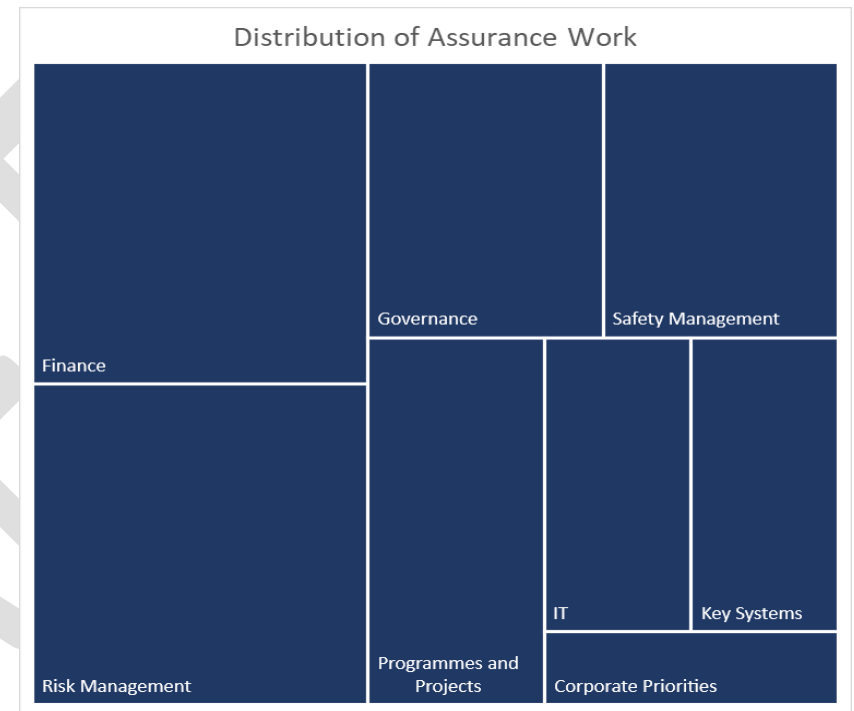
30. Risk management arrangements are reviewed annually by the [Audit and Risk Management Committee](#) which has a wide-ranging but focused brief that underpins the City of London Corporation’s governance processes. The Committee continued to play an important and integral part in ensuring key risks were reviewed through regular risk updates and deep dives of corporate risks on a rolling basis. These corporate risk deep dives are now carried out by the Internal Audit Team to provide an additional level of assurance.

**Role of Internal Audit**

31. Internal Audit has provided independent and objective assurance across a range of City Corporation activities and services.

32. The diagram opposite indicates the broad categorisation of assurance work within the Internal Audit programme of work.

33. For 2022-23 the Internal Audit work has been driven by an ongoing assessment of risk and priorities. In practice, this has resulted in a move away from a detailed 1 year audit plan, working instead to a rolling quarterly plan with a statement of intent for a further 6 months, this has proven to be a more agile and dynamic process and has enabled better prioritisation of resources. 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. Internal Audit implemented a new approach to provide assurance in relation to the management of Corporate Risk, providing objective scrutiny and clear escalation of concerns to Senior Leadership and the Audit and Risk Management Committee.



34. In accordance with the requirements of the Public Sector Internal Audit Standards, an annual self-assessment has been undertaken and confirmed that the City Corporation's Internal Audit function conforms with the requirements of the standards. An External Quality Assessment will be undertaken to validate this review by the end of July 2023.

## **Key Governance Issues**

### **Health & Safety Review**

35. The Corporate Health, Safety and Wellbeing Committee met quarterly in 2022-23. The revised Terms of Reference were reviewed approved by the Committee in December 2022 to ensure the Committee is well placed and effective in supporting the City of London Corporation in meeting its health and safety aims and objectives going forward. In December 2022 a Corporate Health and Safety Business Plan setting the overarching direction of travel for health and safety management, including the Governance arrangements, was approved by the Corporate Health and Safety Committee. In December Internal Audit carried out an audit: 2022-23: Corporate Wide Review: Health & Safety – Second Line of Defence. In January 2023 a draft report was submitted to the Chief Operating Officer (Chair of Corporate Health and Safety Committee and Chief Officer accountable for the health and safety business function) and the Corporate Head of Health and Safety. It identified a number of issues on the operational effectiveness of the Corporate Health and Safety Committee, the extent to which health and safety risk are escalated for corporate attention, and level of assurance to the City's Board and Members. The COO and Chair of Health and Safety Committee and the Corporate Head of Health and Safety put in place a plan to address the audit issues and the approved plan is monitored by the Corporate Health and Safety Committee. The audit action plan will contribute to the workstreams outlined in the Corporate Health and Safety Business Plan.

### **Project Governance Review**

36. Following the implementation of the TOM and the creation of a new Project Governance Division, a review of corporate project governance has been initiated. The aims of the review are to ensure effective governance and assurance frameworks are in place to enable successful delivery of projects and programmes delivering best value for the Corporation. The review includes both corporate and major projects which are currently subject to separate governance processes. The review also includes consideration of corporate change (revenue funded) projects which are out of scope of existing governance arrangements. The following intended outcomes were agreed by the Executive Leadership Board and Members (at Operational Property and Projects Sub-committee and Policy and Resources Committee) at the outset of the review:
- The City Corporation is confident project and programmes represent best value and deliver the intended benefits
  - Project governance is risk-based and enables Members to focus on strategic issues and areas of high risk and/or value
  - Members are assured that lower risk/value projects are well managed and that an effective assurance framework exists to identify any potential issues or risks
  - Officers are empowered to effectively manage the projects they are responsible for, to take prompt decisions to manage operational risks and, are enabled by corporate systems and financial processes
  - The Corporation is clear on the role of the PMO ecosystem and its capacity to fulfil this role effectively
  - The project delivery operating model represents value for money with a clearly articulated value proposition

An external consultancy was engaged to lead the initial review phase to ensure understanding of current issues, to identify areas of best practice and to recommend a future operating model. The initial review phase was completed in February 2023 recommending the move to an enterprise-wide portfolio management approach. The Corporation is now beginning detailed design work and the agreement of an implementation plan for delivery in FY2023-24.

### Equality Diversity & Inclusion

37. The City Corporation is driving forward Equality, Diversity and Inclusion (EDI) at all levels of the organisation. The new [EDI Sub-Committee](#), set up as per Lisvane recommendations, is led by elected Members and strengthens the EDI governance structure and sets the strategic direction for EDI.
38. From May 2021 to November 2022, City Corporation successfully led the Government-commissioned [Socio-Economic Diversity Taskforce](#) which delivered an industry consultation and roadmap to incentivise employer actions. The [Breaking the Class Barrier](#) report was published in November 2022. Taskforce output included the development of a membership body for financial services known as [Progress Together](#) and a productivity analysis to build the business case for socio-economic diversity at senior management levels.
39. The City Corporation ranked at 67 in the top 75 [Social Mobility Employer Index](#) in December 2022. Efforts to improve diversity and inclusion are also progressed through the City of London Corporation being signatories of charters and accreditations including Women in Finance, Stonewall Diversity Champions, Disability Confident, London Living Wage and the Social Mobility Employers Index. HM Treasury's [Women in Finance Charter](#) commits signatories to support the progression of women into senior roles in the financial services sector by focusing on the executive pipeline and mid-tier level. The City Corporation became a signatory in 2019 and committed to women comprising 45% senior management roles by March 2025. In March 2022, the figure stood at 43%. The Barbican Centre's draft Equality, Diversity and Inclusion proposal was approved by the [Barbican Board](#) in February 2023. It consolidates work delivered over the last two years and demonstrates the ongoing commitment to addressing discrimination of all protected groups in the workplace.
40. The City Corporation's Equality, Diversity, and Inclusion directorate leads on embedding EDI across the Corporation and its institutions. Work has taken place to increase employee engagement and enhance the employee voice, though hosting a [National Inclusion Week](#) Celebration event for the 7 staff networks, facilitating focus groups sessions and workshops with staff, attending and promoting Disability and Wellbeing Network (DAWN) and City of London Ethnicity and Race Network (CLEAR) events and initiatives, presenting at the launch of the Young Employees Network (YEN) in October 2022, and supporting City Pride's float in the [Lord Mayor's Show](#) in November 2022. A Staff Network Handbook and Terms of Reference was created to steer network co-chairs and leads on the purpose of staff networks, facility time, the role of sponsors and the importance of cross collaboration between networks. Implementation of a communications strategy including use of social media, broadcast events, flyers and event booking has increased staff engagement with staff networks. The 'Meet the Staff Network' February broadcast drew 117 attendees and 83% positive feedback. Departmental Equality Representatives meet regularly and departmental Dignity at Work Advisers provide support to staff and aid the organisation in being an employer of choice.

### Cost of living pressures and services

41. Recognising the growing cost-of-living pressures over the period, in response a multi-agency steering group was established to oversee immediate and long-term actions, in the areas of communications, targeting financial assistance, winter warmth, tackling food poverty, increasing income from employment and wellbeing, to support residents. Each month, following steering group meetings, an update on the action plan is shared with the Chairman of the Community



and Children's Services Committee. A dedicated [cost of living](#) internet page lists the range of support available, including a food pantry initiative, a Green Doctors Scheme to help reduce energy costs and the targeting of the Household Support Fund. There is also focus on improving the maintenance and management of the City Corporation's housing provision, which will be taken forward through a Housing Strategy which is in development.

42. In November 2022, the City Corporation received a focused visit from [Ofsted](#) in line with the [inspection of local authority children's services \(ILACS\) framework](#). Inspectors looked at the arrangements for the 'front door', the service that receives contacts and referrals, and at decision-making about child protection enquiries, decisions to step down or step up from early help and child in need assessments. The inspectors found high-quality practice and responsive front door services, with the right support being delivered at the right time by highly skilled and committed practitioners. The visit also found that external quality assurance activity and oversight by the Achieving Excellence Board (AEB) provide additional scrutiny and assurance, supporting effective practice and decision making for children at the front door.
43. The Afghanistan Resettlement Programme continued to provide support to Afghanistan Refugees in the two bridging hotels in the City of London. During the year, many of these households were moved to permanent accommodation by the Home Office. In September 2022 one the bridging hotels was closed and in February 2023 the second one closed. Any remaining guests were moved to hotels in other parts of the country whilst they waited for permanent accommodation.
44. The City Corporation has also put in place local systems to support families and individuals seeking asylum and refugees, including those who fled the conflict in Ukraine. Information about support for Ukraine can be found on the City of London Corporation website [here](#).

### Residents

45. [City-wide Residents Meetings](#) were held in the Guildhall in May 2022 and in the east of the City in the Artizan Street Library in January 2023. These meetings provide residents with the opportunity to ask questions or raise issues about living in the City to the [Policy Chairman](#) and senior officers from the City of London Police and the City Corporation. In response to feedback from residents, and reflecting the importance in which the City Corporation holds the relationships it has with them, more frequent opportunities for engagement with residents and other stakeholders are being arranged in different locations in the city. Increasing the number of residents and stakeholders meetings to four per year, and holding them in different areas to reach more people, is a key part of resetting the relationship, improving communications and enabling communities to hold the City Corporation to account for delivery.

### Responding as an employer of choice

46. The Corporation has a Corporate HR Function led by the Chief People Officer. Institutions also have their own HR functions who are professionally accountable to the Chief People Officer for all HR matters. The HR functions provide a range of services to the Corporation which are designed to ensure that leaders and the workforce are effectively supported and that the best talent can be hired, and the Corporation is an employer of choice. The work of the HR function is overseen by the Executive Leadership Board and Corporate Services Committee. The Corporation had an employee turnover rate of 18.69% at the end of 2022. This is a high and is affected by factors including labour market shortages and high levels. Recruitment and Retention is a Corporate risk and plans to mitigate

and address the risk is in place. To support this, additional funding has been provided to increase the capacity of HR function to support and enable Leaders and the Corporation to respond to these challenges through a range of measures which are set out below:

People Strategy Framework	Reward refresh	Listening and responding to the views of the workforce	Apprenticeships	Learning and Organisational Development
<p>Creation of a People Strategy Framework was approved by the Corporate Services Committee (CSC) in December 2022. Staff engagement with over 300 key staff using the framework during March/April 2023 will inform the development of a three-year People Strategy</p>	<p>Reviewing the Corporation's approach to reward and developing options for a new pay and grading structure and total reward package which will enable the Corporation to be attract and retain the best talent. Options for change will be considered in May 2023.</p>	<p>A staff survey was undertaken in May 2022 that has resulted in actions being taken across the City of London to address specific areas of concern. Pulse surveys on the topics of reward and recognition and working patterns will be undertaken in spring 2023 and a full staff survey will take place in autumn 2023. Action is also planned, in part to respond to feedback received, to engage with staff on the organisation's vision, values and culture.</p>	<p>Apprenticeships and other work-placed continuous learning programmes also continue to grow and is a key organisation priority, with the City of London working with 88 apprentices during the 2022/23 year, along with a host of traineeships and other workplace learning. Growing apprenticeships and increasing the level of graduate training scheme participants to inform succession planning for key areas of need will continue in 2023/24.</p>	<p>Serving the organisation across a range of activities, including an open enrolment management development programme, a host of skills programmes and targeted team and department development interventions. A review of new staff induction is underway, including a review of mandatory training. The 2023 City of London People Awards was the largest and most successful ever; 135 nominations in 20 Categories and 32 winners, runners up and highly commended awards acknowledging staff contributions to City Corporation work.</p>

## UN Sustainable Development Goals

47. The [UN Sustainable Development Goals \(SDGs\)](#) provide a comprehensive framework for organisations to assess, understand and make a positive impact on the major issues impacting society, the environment, and the economy. As an organisation with reach locally, nationally, and internationally, the City of London Corporation is committed to working towards achieving the SDGs and supporting the [UN Global Compact](#) in its ambition to drive business awareness and action to achieve the SDGs. The City of London Corporation became a signatory to the UN Global Compact in December 2020 and as such is required to report a Communication on Engagement stating how it is supporting the [ten principles](#) – in the areas of human rights, labour, environment and anti-corruption - within two years of becoming a signatory and bi-annually thereafter. The City of London Corporation works collaboratively with a wide range of partners to inspire, develop and act on responsible business. It is committed to creating positive impact across its activities and decisions to ensure a sustainable future where individuals and communities can flourish, and the planet is healthier. Progress in these areas is communicated through key policies, such as the [Modern Slavery Statement](#), commitment to the [London Living Wage](#), and initiatives such as the [Lord Mayor's Dragon Awards](#), which recognise and celebrate businesses that are achieving excellence in social impact and inspire others by sharing best practice. In December 2022 The City Corporation submitted its [first Communication on Engagement report](#) as a signatory to the UN Global Compact. An [Ethical Policy Statement](#), which sets in one document, the ethical and responsible principles

and aims encapsulated in the City Corporation's plans, activities and strategies, has been developed. It captures the City Corporation's commitment to treating people fairly, being transparent and honest, respecting human rights and the environment and complying with the law and regulation.

### Becoming a data driven organisation

48. The City of London Corporation is embarking on a journey to become a data driven organisation, working with a partner to assess the current situation and recommend steps forward to bring value from our data. It is a Microsoft first organisation, with skills in PowerBI & Azure, some of which sit inside the Digital and Information Technology Services (DITS) division, and other skills spread across the organisation. A Data Maturity Assessment will drive a business case to support change which will focus on key challenges that need to be solved, gap analysis of the current and desired position of the City Corporation while identifying good practises and ways to scale this across the organisation and institutions. DITS staff are being included in the future design of the service through regular communications and engagement.
49. Transfer of services from our managed service provider back in house or to alternative suppliers is continuing. Approximately 20 staff will be transferred through TUPE, which is to complete by August 2023. A new IT Service Management Tool has been provisioned and will continue to be enhanced to better exploit opportunities for automation and improved self service. Following on from the transition of IT services in house, DITS is relooking at what functions are required, if they should they be delivered in-house or by a partner and the optimal team structure to deliver these services. Corporation-wide engagement will enable users to co-design the future delivery model. There are IT Teams and functions and pockets of IT spend across the organisation. Work is in progress to examine functions that might be combined to and bring greater standardisation and sharing and provide a more effective and efficient IT service for the entire of the Corporation. There is a particular focus on Cyber Security where minimum security standards and a shared security operations centre are being investigated. DITS is deploying several new technologies across the organisation. The organisation will require support to adopt these new technologies, and to use them in an effective manner. DITS is investigating putting together a team that will focus on working across the organisation to assist with embedding these new technologies in the workplace.

### Target Operating Model

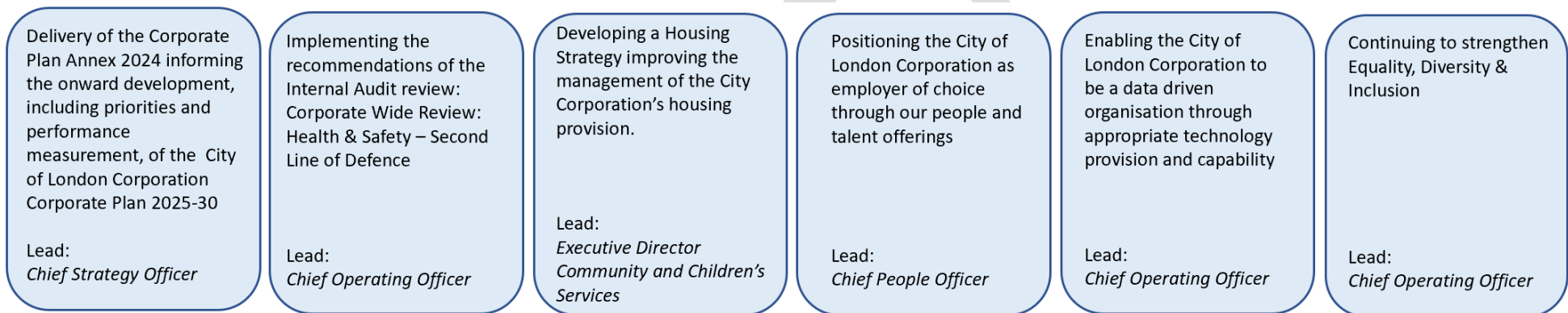
50. Implementation of the Target Operating Model (TOM) has continued, as have efforts to implement the budgetary reductions approved alongside the TOM. The programme was originally due to complete by the end of March 2022, when the TOM Programme Management team was stood down, however, due to its complexity and scale, this has taken longer, and is now anticipated to draw to a close by the end of 2023. Parts of the organisation are still due to develop their second phase of TOM plans (the first phase of plans referring to the completed Chief Officer level restructuring): City of London Police, Bridge House Estates and Barbican. A small number of departments are currently mid-way through implementing their second phase of TOM plans, including Environment, City Surveyors, Chamberlains



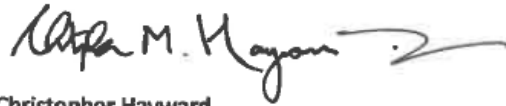
(for financial services), Chief Operating Officer (for Human Resources); Schools are mid-way through agreeing and signing off their phase two plans. Officer and Member governance continues to be provided through the Design Advisory Board, and relevant Committees. An [interim report on the status of the TOM](#), including detail on where savings have been made and what has been achieved to date went to Finance Committee (February 2023), Corporate Services Committee (March 2023) and Policy and Resources (March 2023). A final report will follow in summer 2023. The TOM programme, covering departmental restructures and associated savings requirements, are expected to finalise by the end of 2023.

## Accountability and Action Plans

51. The City Corporation proposes over the coming year to take the following actions to address these key governance issues:



52. This annual governance statement was approved by the City Corporation's Audit and Risk Management Committee on 12 May 2023.



**Christopher Hayward**  
Chair, Policy and Resources Committee  
Date: May 2023



**Ian Thomas CBE**  
Town Clerk and Chief Executive  
Date: May 2023

DRAFT





**Further Information**



<b>Accounting Standards</b>	Rules set by International Accounting Standards Board that set out how transactions are to be shown in an organisation's accounts
<b>Accrual</b>	The recording of income and expenditure when it becomes due rather than when the cash is paid out/received.
<b>Balance Sheet</b>	A statement showing the assets and liabilities of City Fund
<b>Billing authorities</b>	District, unitary, metropolitan and London Borough who collect council tax and non-domestic rates on behalf of all local councils
<b>Cash flow Statement</b>	This statement summarises the cash flows that have been made into and out of City Fund during the year.
<b>City's Cash</b>	The existence of 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 Cash 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.
<b>Creditors</b>	Individuals or organisations to which the City Fund owes money at the end of the financial year.
<b>Collection Fund</b>	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.
<b>Community assets</b>	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.
<b>Comprehensive income and expenditure statement</b>	This statement shows all the income and expenditure of City Fund
<b>Current asset</b>	An asset which will be consumed or cease to have value within the next accounting period; examples are stock and debtors.

<b>Current liability</b>	An amount which will become payable or could be called in within the next accounting period; examples are creditors and cash overdrawn.
<b>Current service cost (pensions)</b>	The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.
<b>Curtailement (pensions)</b>	<p>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:</p> <ul style="list-style-type: none"><li>• termination of employees' services earlier than expected, for example as a result of discontinuing an activity, and</li><li>• 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.</li></ul>
<b>Debtors</b>	Individuals or organisations that owe the City Fund money at the end of the financial year.
<b>Dedicated Schools Grant</b>	A grant from the Government used by City Fund to fund schools
<b>Deferred capital receipts</b>	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.
<b>Defined benefit scheme</b>	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.
<b>Defined contribution scheme</b>	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.
<b>Depreciation</b>	The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.
<b>Direct revenue financing</b>	Expenditure on the provision or improvement of capital assets met directly from revenue account.
<b>Donated assets</b>	Assets transferred at nil value or acquired at less than fair value.

<b>Expected rate of return on pensions assets</b>	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.
<b>Experience gains or losses</b>	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.
<b>Fair value</b>	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.
<b>Heritage assets</b>	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.
<b>Housing Revenue Account</b>	An account used to record the income and expenditure related to council housing
<b>Impairment</b>	A reduction in the value of an asset below its carrying amount on the balance sheet.
<b>Infrastructure assets</b>	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.
<b>Intangible assets</b>	A non-physical item where access to future economic benefits is controlled by the local authority. An example is computer software.
<b>Pensions interest cost</b>	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.
<b>Investment properties</b>	Interest in land or buildings that are held for investment potential.
<b>Levies</b>	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.
<b>Movement in reserves statement</b>	This statement shows the impact of the financial year on the City Fund's reserves
<b>National Non-Domestic Rate (NNDR)</b>	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).
<b>Net current replacement cost</b>	The cost of replacing a particular asset in its existing condition and in its existing use.

<b>Net realisable value</b>	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.
<b>Net expenditure</b>	The amount City Fund spends on providing services after capital financing costs and specific government grants are taken into account
<b>Non-operational assets</b>	Long-term assets held but not directly occupied, used or consumed in the delivery of service. Examples are investment properties.
<b>Past service cost (pensions)</b>	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.
<b>Projected unit method</b>	<p>An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:</p> <ul style="list-style-type: none"><li>• 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.</li></ul>
<b>Provision</b>	<p>An amount set aside in the accounts for liabilities of uncertain timing or amount that have been incurred. Provisions are made when:</p> <ul style="list-style-type: none"><li>• the City of London has a present obligation (legal or constructive) as a result of a past event;</li><li>• it is probable that a transfer of economic benefits will be required to settle the obligation; and</li><li>• a reliable estimate can be made of the amount of the obligation.</li></ul>
<b>Reserves</b>	<p>Reserves are reported in two categories in the Balance Sheet of local authorities:</p> <ul style="list-style-type: none"><li>• 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.</li></ul> <p>Unusable reserves - those that cannot be used to provide services. This category of reserves include adjustment accounts which deal with situations where statutory requirements result in income and expenditure being recognised against the City Fund or HRA balance on a different basis from that expected by accounting standards.</p>

<b>Revaluation Reserve</b>	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.
<b>Revenue expenditure</b>	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.
<b>Revenue expenditure funded from capital under statute</b>	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.
<b>Scheme liabilities</b>	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.
<b>Section 106 agreement</b>	A legal agreement between Local Authorities and developers; these are linked to planning permissions and can also be known as planning obligations.
<b>Section 278 agreement</b>	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.
<b>Treasury management</b>	The management of the cash balances and borrowing needs from City Fund's cash flows
<b>Triennial valuation</b>	Actuarial valuation of defined benefit pension schemes that is required every three years
<b>Valuation office agency (VOA)</b>	The government agency responsible for valuing domestic and non-domestic properties



AAAmmf.....	AAA Money Market Fund (Credit Rating)
AVC .....	Additional Voluntary Contributions
BACS.....	Bankers Automated Clearing System
BCMS .....	Business Continuity Management System
BID.....	Business Improvement District
BRS .....	Business Rate Supplement
CARF.....	COVID Additional Relief Fund
CFR.....	Capital Financing Requirement
CI&ES.....	Comprehensive Income and Expenditure Statement
CIL .....	Community Infrastructure Levy
CIPFA.....	Chartered Institute of Public Finance & Accounting
CPF.....	Corporate Performance Framework
CPI .....	Consumer Price Index
CRC.....	Cyber Resilience Centre
CSPT.....	Corporate Strategy and Performance Team
DfE .....	Department for Education
DLUHC.....	Department for Levelling Up, Housing and Communities (formerly MHCLG)
DSG .....	Dedicated Schools Grant
EBITDA.....	Earnings before Interest, Taxes, Depreciation and Amortization
EDI.....	Equality, Diversity & Inclusion
ELB.....	Executive Leadership Board
EIR.....	Environmental Information Regulations
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
GLA .....	Greater London Authority
GMP.....	Guaranteed Minimum Pension
HRA .....	Housing Revenue Account
IAS .....	International Accounting Standards

I&G.....	Innovation and Growth Services
IFRS .....	International Financial Reporting Standards
ISB.....	Individual Schools Budget
LASAAC .....	Local Authority (Scotland) Accounts Advisory Committee
LGPS.....	Local Government Pension Scheme
LIBOR .....	London Interbank Offered Rate
LLP.....	Limited Liability Partnership
LMA.....	London Metropolitan Archives
MHCLG.....	Ministry of Housing, Communities & Local Government (now DLUHC)
MRP .....	Minimum Revenue Provision
NAV.....	Net Asset Value
NNDR .....	National Non-Domestic Rate
OFSTED .....	Office for Standards in Education, Children's Services and Skills
PCN.....	Penalty Charge Notice
Power BI.....	Power Business Intelligence
PPE.....	Property, Plant and Equipment
PRAG.....	Pensions Research Accountants Group
RICS.....	Royal Institution of Chartered Surveyors
RPI.....	Retail Price Index
SBNDR .....	Small Business Non-Domestic Rate
SeRCOP .....	Service Reporting Code of Practice
SETS .....	Stock Exchange Electronic Trading Service
SI .....	Statutory Instruments
SIP.....	Strategic Investment Pot
SME.....	Small and Medium-Sized Enterprises
SOLACE .....	Society of Local Authority Chief Executives
SPA.....	State Pension Age
TOM.....	Target Operating Model
VAT .....	Value-Added Tax
VOA .....	Valuation Office Agency