

Committee(s): Audit and Risk Management Committee – For information Finance Committee – For information	Dated: 08 July 2024 23 July 2024
Subject: City Fund and Pension Fund Statement of Accounts Update 2023/24	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: The Chamberlain	For information
Report author: Iain Jenkins, Chief Accountant	

Summary

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

Recommendation(s)

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

- **Note** the progress made on the 2023/24 Statement of Accounts
- **Note** the progress made on the external audit of the 2023/24 Statement of accounts

The **Finance Committee** is asked to:

- **Note** the progress made on the 2023/24 Statement of Accounts
- **Note** the progress made on the external audit of the 2023/24 Statement of accounts

Main Report

Background

1. The Audit and Risk Management Committee oversees the City of London Corporation’s systems of internal control and makes recommendations to the Finance Committee relating to the approval of the City Fund Annual Statement of Accounts – this includes the Pension Fund accounts.
2. The draft, unaudited 2023/24 Statement of Accounts for the City Fund, which includes the accounts for the Pension Fund, was published on the City of London Corporation’s website on 31st May 2024. The document can be access here ([link](#)), and is also presented as Appendix 1 to this report. Publishing these accounts by

31 May 2024 met the statutory requirements set out in the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2022.

3. Following the publication of the City Fund Statement of Accounts a period of public inspection commenced, as required by the Local Audit and Accountability Act 2014. The inspection period commenced on Monday 3rd June and runs for 30 working days, concluding on 12th July 2024. During the inspection period, members of the public may inspect the accounts, and may also question the auditor or raise objections. Further details of the inspection period are set out in the public notice which is available to view on the City Corporation's website at the following link - [Notice of inspection \(cityoflondon.gov.uk\)](https://www.cityoflondon.gov.uk) To date, no inspection requests or objections have been received.
4. Grant Thornton (GT) are undertaking the external audit of the City Fund and Pension Fund accounts for 2023/24. This will be the third year of City Fund accounts audited by GT following their work on 2021/22 and 22/23 over the last twelve months. The audit is due to commence on 24 June 2024 and is scheduled to run through to September 2024. It is considered good practice and part of the assurance framework for the External Auditor to report to the Audit and Risk Management Committee at regular intervals.
5. Grant Thornton will report the findings arising from their work on the 2023-24 audit to this Committee following the conclusion of the audit. Appendix 2 sets out the progress made to date in relation to the audit of the 2023/24 City Fund accounts.
6. The statutory deadline for the conclusion of the audit is 30 September 2024, by which time the audited accounts are required to be published on the City of London Corporation website. It should be noted that the Government has recently consulted on "backstop" dates for outstanding local government audits, owing to a large number of outstanding audits across the country in the sector. The proposed backstop date for 2023-24 accounts is 31 May 2025, so in the event that the audit was not concluded by this date then a disclaimer opinion would apply. As the City of London Corporation has cleared all of its prior year audits and is up to date with its accounts it is anticipated that the audit opinion will be in place by 30 September, so the backstop will not be required. It should also be noted that the legislation bringing the backstop dates into statute has been delayed as it was not enacted before the calling of the General Election.
7. As the Pension Fund accounts form part of the City Fund accounts as a whole, the Audit and Risk Management Committee retain ultimate responsibility for receiving and considering any reports arising from the audit. Any reports arising from the audit will also be reported to the Pension Fund Committee.

Current position

8. The draft 2023/24 Statement of Accounts for the City Fund are presented at Appendix 1 to this report. The Committee should note the following key points.
9. The Accounts are prepared using the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (referred to as The Code) which is

published annually by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is based upon International Financial Reporting Standards (IFRS), adapted for public sector use. There have been minimal changes to the Code compared to the previous financial year. Consequently, the format, content and layout of the Accounts are unchanged.

10. The City Corporation's Accounting Policies are also unchanged, except for updating references to the current financial year. A summary of the Accounting Policies is included within the document at page 141 onwards.
11. It should be noted that there will be a significant change to the Code in 2024/25 in respect of IFRS16, accounting for leases. The expected effect of this change is set out in the disclosure on page 158 of the Accounts. As this Code change will be adopted on 1 April 2024 it does not affect the balances within the 2023/24 Accounts.
12. The provisional outturn position for the City Fund for 2023/24 is a surplus of £45.7m, as set out in the table on page 12 of the Accounts. As at 31 March 2024 there were unallocated revenue funds of £121.6m. £20m of this will be retained within the General Fund balance, and the remainder will be transferred to earmarked reserves in 2024/25.
13. The overall movement on the City Fund balance sheet is an increase in net assets of £33.3m. This movement is comprised of the following items:
 - Increase in Property, Plant & Equipment (PPE) of +£34.8m
 - Decrease in Investment Properties of -£53.4m
 - Decrease in Short Term Investments of -£89.7m
 - Increase in Cash and Cash Equivalents of £15.1m
 - Movement in Pensions Liability of +£37.6m
 - Movement in Creditors of +£31m
 - Movement in Grant of Contributions receipts in advance of £46.5m
 - Other movements of +£11.4m

Corporate & Strategic Implications

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

Conclusion

15. The City Fund and Pension Fund Accounts for 2023-24 were published in line with statutory deadlines on 31st May 2024. The public inspection period commenced on 3 June 2024 and runs for 30 working days. The audit of the accounts commenced on 24 June 2024. It is anticipated that Grant Thornton will provide their audit opinion by the end of September 2024, subject to the conclusion of the audit. Further updates will be provided to the Committee at future meetings.

Appendices

- Appendix 1 - City Corporation City Fund draft Statement of Accounts 2023-24
- Appendix 2 – Grant Thornton Audit Progress Report June 2024

Background Papers

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

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