THE CITY OF LONDON CORPORATION

Statement of Accounts for the City Fund Year Ended 31 March 2026

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Preface

AN INTRODUCTION TO THE CITY OF LONDON CORPORATION

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

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

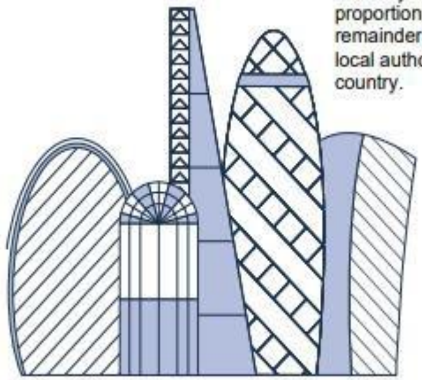
As the governing body of the Square Mile, we deliver the functions of a local authority and a police authority for our residents, workers, learners and visitors, as well as being the port health and animal health authorities for London. There are approximately 8,600 residents living in the Square Mile. However, we have a high daytime population in the Square Mile, which is up to 676,400 workers daily.

The City contributes to the rest of the economy, generating

£1.6bn

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

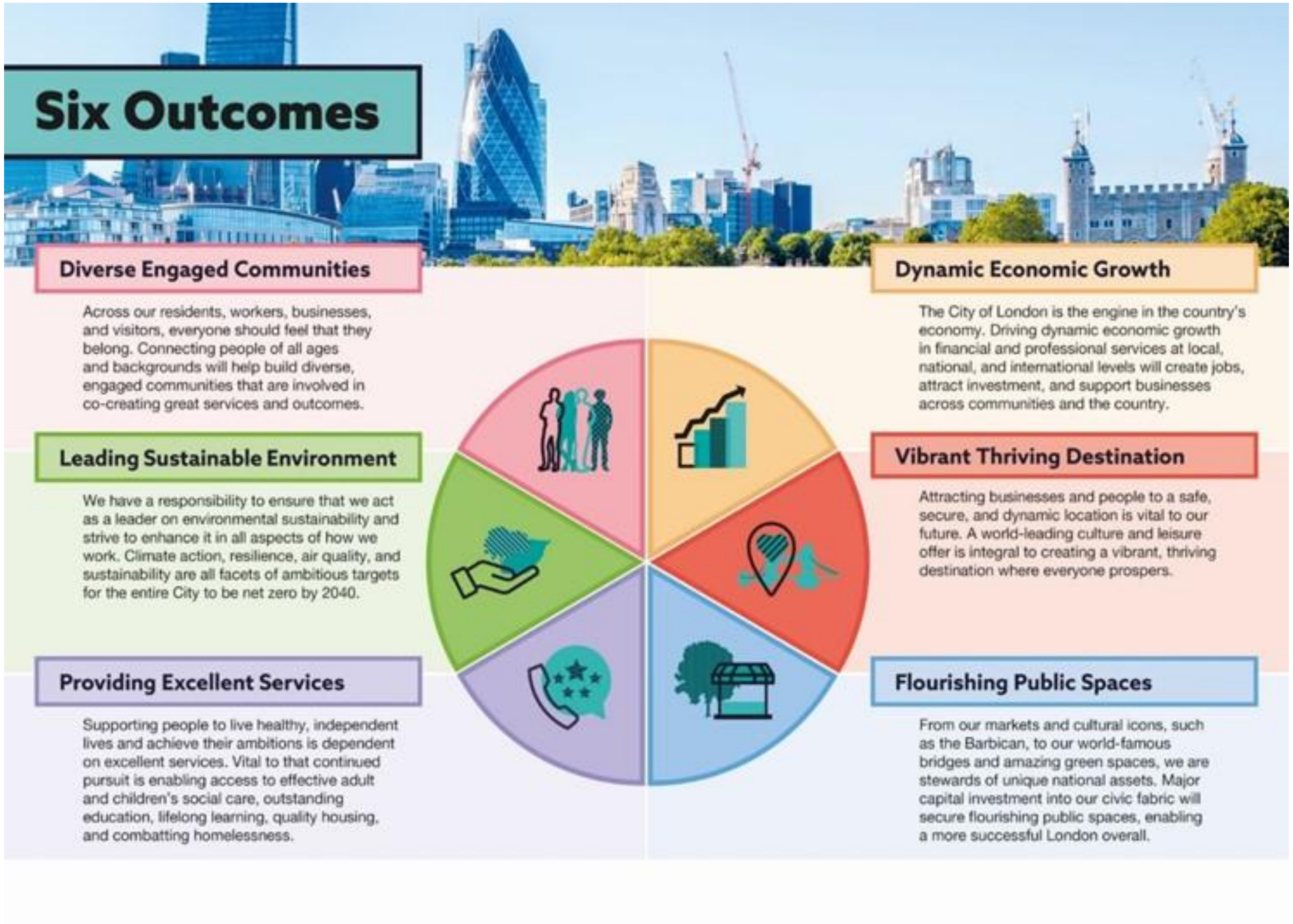
The City retains a small proportion locally, the remainder is distributed to local authorities across the country.



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

CORPORATE STRATEGY

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



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

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

- Air Quality Strategy 2025-2030
- City of London Joint Health and Wellbeing Strategy 2024-2027
- City Plan 2040
- Climate Action Strategy 2020-2027
- Digital, Data and Technology Strategy 2024-2029
- Education Strategy 2024-2029
- Equality Objectives 2024-2029
- Policing Plan 2025-2028
- Social Mobility Strategy 2018-2028
- Transport Strategy 2024-2044

OUR FUNDING STRUCTURE

In common with other local authorities, City Fund receives funding via grants from central government, a share of business rates income and the proceeds of the local council tax. City Fund also generates rental and interest income to help finance its activities. A breakdown of these amounts for 2025-26 is shown in the financial summary for the year (page 11).

Whilst collecting £1.4bn 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 2025-26 this was set at 2.2p in the £ for the standard multiplier and 2.0p in the £ for the small business multiplier. These funds are used to support security objectives within the City with the majority being passed to the City of London Police. More information on the role and ongoing work of the City Corporation, can be found on the City's website at www.cityoflondon.gov.uk[1]

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

PERFORMANCE

The City of London Corporation has further sought to strengthen how we measure and report performance against our six strategic outcomes from the Corporate Plan. This is done through a developing performance framework. Performance information is reported annually and supports decision making, resource allocation and continuous improvement across the organisation. 2025-26 represents Year Two of the Corporate Plan, building on baseline data and learning established in 2024-25.

Surpassed the **2030 target** of a **50%** increase in cycling (on 2017 numbers) within the Square Mile: This reporting period saw a **+70%** increase in cyclists

The **total number of businesses** in the city increased by **7%** to **24,060**, while overall footfall growth rose by **9%,** with the weekend average increasing by **10%**

The offer to **care leavers** has remained strong, with **96%** living in suitable accommodation and in permanent accommodation by the age of 21 – **the highest in London**

Surpassed the **2030 target** to reduce motor vehicle traffic six years ahead of schedule: This reporting period saw a **-22%** reduction

City of London Police achieved a **14.7%** positive outcome rate for all crime reported over the past 12 months, outperforming the national average (**10.7%**) and the Metropolitan Police Service (**8%**). For victim-based crimes, the positive outcome rate was **12.1%**, also above the national average of **7%**

The City of London is a driver of the UK economy: generating **£109bn** in economic output annually, or **4% of all UK GVA.**

City Corporation remains on course to meet City Plan 2040 targets for office floorspace: for the financial year 2025/26 an additional **85,000 sqm** of office floor space was created and a further **550,000 sqm** of additional office floorspace entered the pipeline, bringing the total pipeline of just over 1 million sqm of net additional floorspace

The City of London Corporation funded or supported **168** education initiatives benefiting over **46,000** disadvantaged young people and engaging **300+** education professionals. Of these, **130** enhanced learning across the City Family of Schools, while **13** delivered cultural and creative programmes in the Square Mile for **2,500** participants from disadvantaged areas of London

Risk Management and Priorities for the Coming Year

Our risk management processes help us identify and manage the risks to the organisation. The Audit and Risk Management Committee monitors and oversees the City of London Corporation's risk management strategy and that its risk assurance framework is robust and effective. At an officer level, the Chief Officer Risk Management Group, a sub-committee of the Executive Leadership Board, meets at least once every two months to review the management of corporate and top red departmental risks, discuss developing risk areas and consider wider aspects of risk management within the City Corporation such as its overarching risk management culture.

A new Risk Management Policy was agreed by Members and a new Risk Appetite Statement was agreed by the Court of Common Council in May 2025. The focus for FY2025/26 has been on socialising and embedding this new approach within the City Corporation, to assist us in the delivery of our strategic outcomes.

OTHER DISCLOSURES

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

Trade Union representatives and full-time equivalents	
Number of trade union representatives (people)	24
FTE trade union representative	24

Total pay bill and facility time costs 2024-25	
Total City of London pay bill	£230.1m
Total cost of facility time	£146k
Percentage of pay spend on facility time	0.05%

Percentage of working hours spend on facility time by union representative	No. of People
0% of working hours	18
1% to 50% of working hours	3
51% to 99% of working hours	0
100% of working hours	3
Total	**24**

FINANCIAL OUTLOOK

The City Fund supports the City of London Corporation in delivering its statutory responsibilities as a local authority, police authority and port health authority, ensuring high-quality services for residents, businesses, commuters and visitors. The City Fund remains in a stable financial position, with prudent planning and strong governance enabling us to respond to a challenging economic environment.

The City Fund, like all local authorities, continues to face inflationary pressures, rising costs and uncertainty in elements of its funding. These challenges are being actively managed through robust budget planning, careful control of expenditure and ongoing monitoring of risks. Alongside these pressures the City Fund recognises the challenges presented by the reforms of the local government finance system through the Government's Fair Funding Review. The Corporation supports the principle of a funding system that is transparent, evidence-based and better aligned with need, and will continue to engage constructively with Government as these reforms progress.

The Corporation welcomes the Government's commitment to a bespoke settlement for the City Corporation and the transitional arrangements to manage change and protect financial stability as the new funding system is introduced. We will continue to highlight the importance of ensuring that core funding fully reflects the unique characteristics of the Square Mile, including its relatively small residential population, very large daytime workforce, visitor numbers, and the nationally significant services that we provide.

Overall, the City Fund is well placed to navigate both ongoing financial pressures and funding reforms. Through careful planning, and proactive engagement with national policy changes such as the Fair Funding Review, we remain committed to delivering sustainable service and supporting the long-term success of the Square Mile for the benefit of all who live, work and visit here.

The table on the right sets out the current financial projections for the City Fund across the medium-term planning horizon. Over the last decade City Fund has made substantial savings and further mitigations are proposed across the medium-term financial plan to address cost pressures, and its commitments to financing its major projects. City Fund maintains adequate levels of both general and earmarked reserves to support its functions across the short to medium term.

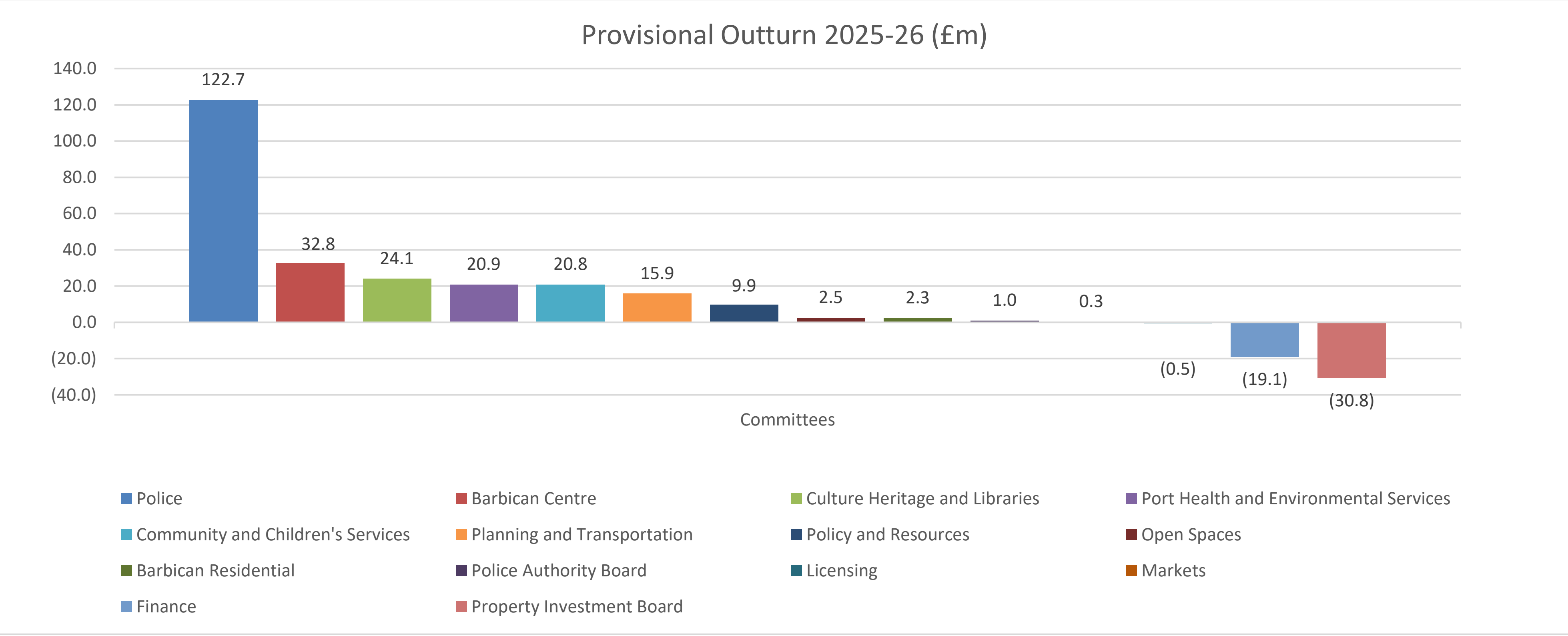
(Surplus)/Deficit	2026/27 £'m	2027/28 £'m	2028/29 £'m	2029/30 £'m
City Fund (surplus)/deficit	**(16.4)**	**20.6**	**24.9**	**70.2**
City of London Police (surplus)/deficit	0.0	0.0	0.0	0.0
Proposed funding changes	(22.3)	(22.3)	(22.3)	(22.3)
City Fund (surplus)/deficit	**(38.7)**	**(1.7)**	**2.6**	**47.9**
Transfer to police reserves	1.1	1.1	1.1	1.1
Use of BRP to fund FPEP	13.6	13.6	14.3	12.6
City Fund incl. Police (surplus)/deficit (exc. Drawdown on reserves)	**(24.0)**	**13.0**	**18.0**	**61.6**
Drawdown from Reserves		(13.0)	(18.0)	(61.6)
City Fund Inc. Police (surplus)/deficit (inc. Drawdown from reserves)	**(24.0)**	**0**	**0**	**0**
General Fund Reserve – working capital	(20.0)	(20.0)	(20.0)	(20.0)
Business Rates Risk Reserve	(1.9)	(1.9)	(1.9)	(1.9)
Major Project Financing Reserve	(74.0)	(53.4)	(16.3)	(6.2)
Cyclical Works Programme Reserve	(39.8)	(27.7)	(10.3)	(2.8)
Climate Action Reserve	0.0	0.0	0.0	0.0
Transitional Reserve	(77.7)	(101.1)	(120.6)	(66.1)
Operational Property Reserve	0.0	(7.7)	(38.1)	(77.2)
I&E Reserve	(44.3)	(32.3)	(15.5)	0.0

2025-26 FINANCIAL SUMMARY

Revenue Budget

Our budget for 2025-26 was agreed by the Court of Common Council (the City Corporation's primary decision-making body) in March 2025 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 2025-26 was set at 2.2p 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.

The charts below provide an overview of the 25-26 revenue outturn.



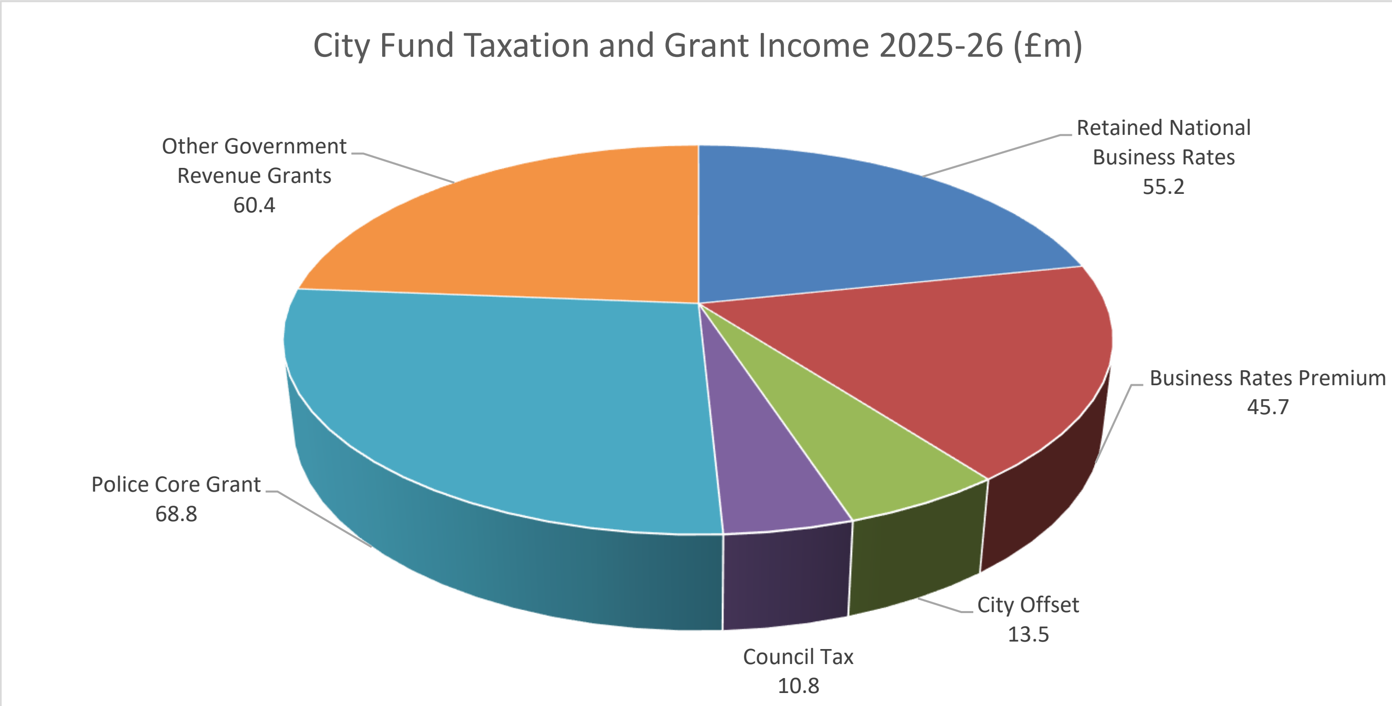
Budget Outturn

The adjacent table compares each committee outturn to its final budget for 2025-26 Taking into account service expenditure and funding from taxation and grants, the City Fund recorded a £39.5m underspend for the year. The most material variance is the Finance underspend of £29.1m. Interest received on cash balances exceeded the budget by £24.3m largely due to the rephasing of capital and major project expenditure.

2024-25	2025-26 Budget v Outturn - City Fund Summary by Committee			
Outturn		Budget	Provisional Outturn	Variance (Better)/Worse
	Net Expenditure (Income)			
£m		£m	£m	£m
34.0	Barbican Centre	32.5	32.8	0.3
1.5	Barbican Residential	3.4	2.3	(1.1)
19.6	Community and Children's Services	20.5	20.8	0.3
22.6	Culture Heritage and Libraries	23.8	24.1	0.3
(34.1)	Finance	9.9	(19.1)	(29.1)
0.3	Licensing	0.4	0.3	(0.1)
(0.6)	Markets	(0.4)	(0.5)	(0.1)
2.6	Open Spaces	2.2	2.5	0.3
16.7	Planning and Transportation	18.5	15.9	(2.6)
116.2	Police	122.7	122.7	0.0
0.8	Police Authority Board	1.0	1.0	0.0
9.0	Policy and Resources	11.4	9.9	(1.5)
20.3	Port Health and Environmental Services	20.2	20.9	0.7
(33.9)	Property Investment Board	(23.8)	(30.8)	(7.0)
175.0	**City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves**	**242.3**	**202.7**	**(39.5)**

Funding from taxation and grants

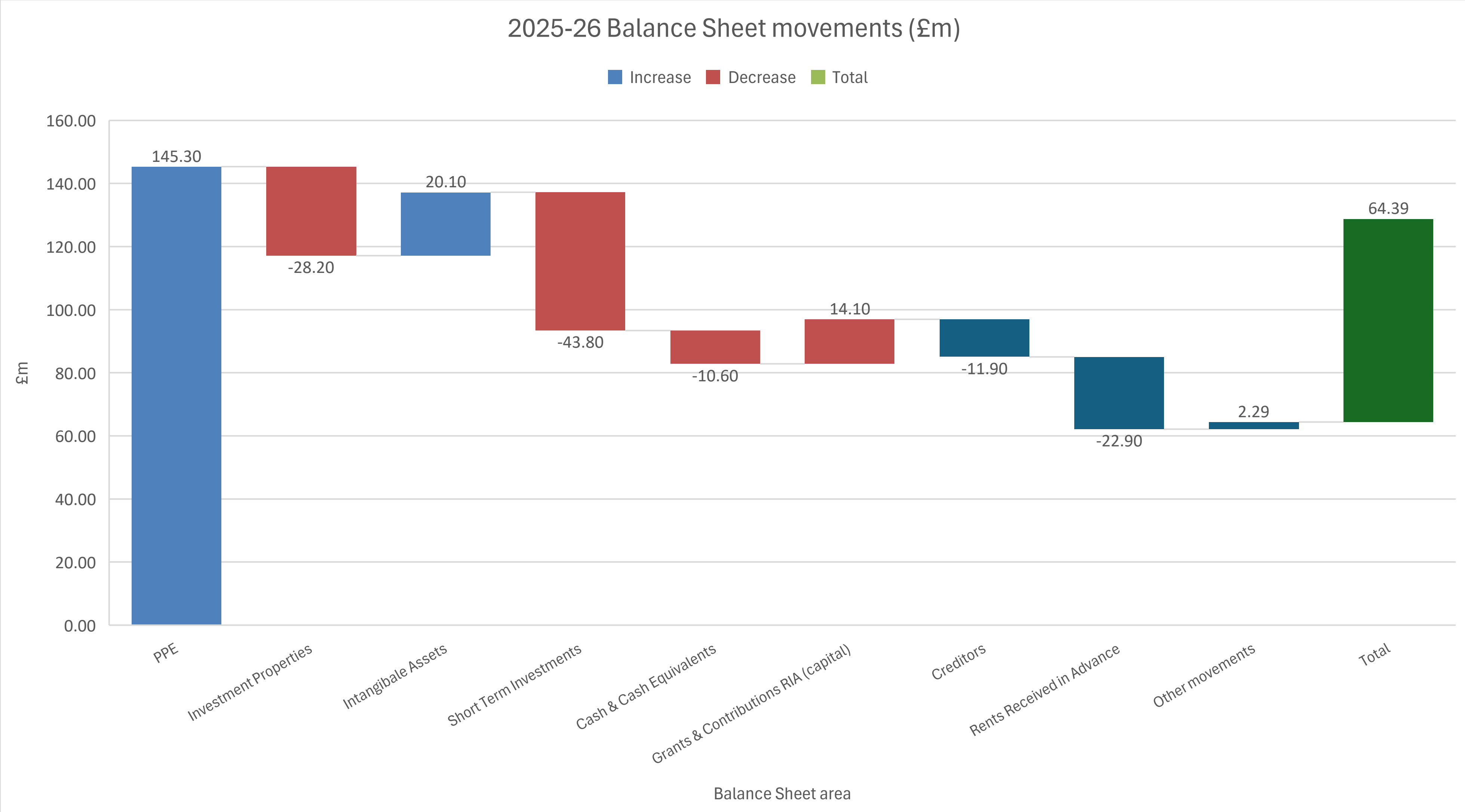
A breakdown of the City Fund taxation and grants income for 2025-26 can be seen in the chart below:



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 totaling £2,423.5m at year end. The key movements which have contributed to an overall balance sheet increase of £64.4m compared to the previous year are shown below. For more detail on these movements please refer to the following notes to the accounts: Property, Plant and Equipment (PPE) – Note 13, Investment Properties – Note 17, Financial Instruments – Note 18, Cash and Cash Equivalents – Notes 33-36, Intangibles – Note 31, Short Term Creditors – note 21, and Grants and Contributions receipts in advance – Note 27.



EXPLANATION OF THE FINANCIAL STATEMENTS

The Statement of Accounts sets out the Corporation's income and expenditure for the year, and its financial position at 31 March 2026. 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 2025-26, which in turn is underpinned by International Financial Reporting Standards.

The **Statement of Responsibilities** sets out the respective responsibilities of City of London Corporation and Chamberlain & Chief Financial Officer.

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

The **Core Statements** are:

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

The Supplementary Statements are:

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

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

STATEMENT OF RESPONSIBILITIES

The City of London Corporation's Responsibilities

The City of London Corporation is required to:

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

The Chamberlain's Responsibilities

The Chamberlain is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025-26 ("the Code").

In preparing this Statement of Accounts, the Chamberlain has:

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

The Chamberlain has also:

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

Chamberlain's Certificate

I certify that the Statement of Accounts give a true and fair view of the financial position of the City Fund and the Pension Funds of the City of London Corporation at the reporting date and of its expenditure and income for the year ended 31 March 2026.

Caroline Al-Beyerty - Chamberlain and Chief Financial Officer Date:

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

Henry Nicholas Almroth Colthurst, Deputy

Chairman of the Finance Committee

Andrien Meyers, Deputy

Deputy Chairman of the Finance Committee

Independent auditor's report to the Members of City of London Corporation

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Core Financial Statements

Comprehensive Income and Expenditure Statement

2024-25				Notes	2025-26		
Gross Expenditure	Gross Income	Net Expenditure/ (Income)			Gross Expenditure	Gross Income	Net Expenditure/ (Income)
£m	£m	£m			£m	£m	£m
			Services				
186.5	(94.9)	91.6	Police		197.3	(102.2)	95.1
1.6	(0.8)	0.8	Police Authority Board		1.1	(0.1)	1.0
68.7	(34.7)	34.0	Barbican Centre		67.5	(34.4)	33.1
42.5	(24.5)	18.0	Community & Children's Services		47.8	(24.6)	23.2
23.1	(18.5)	4.6	Housing Revenue Account (HRA)		86.3	(19.2)	67.1
57.6	(43.9)	13.7	Planning & Transportation		47.7	(38.0)	9.7
36.7	(19.5)	17.2	Port Health & Environmental Services		39.2	(22.4)	16.8
24.6	(2.7)	21.9	Culture, Heritage and Libraries		25.5	(2.7)	22.8
34.2	(10.4)	23.8	Finance		43.7	(11.6)	32.1
20.2	(21.9)	(1.7)	Barbican Residential		19.6	(20.8)	(1.2)
17.8	(8.0)	9.8	Policy & Resources		19.6	(7.9)	11.7
3.4	(0.7)	2.7	Open Spaces and City Gardens		3.0	(0.8)	2.2
1.2	(0.9)	0.3	Licensing		1.2	(0.9)	0.3
0.1	0.0	0.1	Pension Past Service Cost		0.2	0.0	0.2
102.3	0.0	102.3	Major Project Cost		105.0	0.0	105.0
620.5	**(281.4)**	**339.1**	**Cost of Services**		**704.7**	**(285.6)**	**419.2**
		(7.1)	Other Operating Income	7			(2.6)
		(47.1)	Financing & Investment Income & Expenditure	7			(11.4)
		(438.9)	Taxation & Non-Specific Grant Income	7			(433.2)
		(154.0)	**(Surplus)/Deficit on the Provision of Services**				**(28.0)**
		(10.6)	(Surplus)/Deficit on the Revaluation of Property, Plant & Equipment	32			(13.0)
		(127.5)	Remeasurements of the Pensions Liability	26			(2.8)
		(138.1)	**Other Comprehensive (Income) & Expenditure**				**(15.8)**
		(292.1)	**TOTAL COMPREHENSIVE (INCOME) & EXPENDITURE**				**(43.8)**

Movement in Reserves Statement

	Notes	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2025 carried forward		**(387.3)**	**0.0**	**(56.3)**	**(74.5)**	**(0.6)**	**(518.7)**	**(1,840.8)**	**(2,359.4)**
Movement in reserves during 2024-25									
Total Comprehensive Income & Expenditure		**(94.8)**	**67.0**	**0.0**	**0.0**	**0.0**	**(27.8)**	**(15.8)**	**(43.6)**
Adjustments between accounting basis & funding basis under regulations	11	54.8	(67.1)	1.0	0.0	0.0	(11.3)	11.3	0.0
Net (increase)/decrease before Transfers to Earmarked Reserves		**(40.0)**	**(0.2)**	**1.0**	**0.0**	**0.0**	**(39.2)**	**(4.5)**	**(43.6)**
Transfer to/(from) - earmarked reserves		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Increase) or decrease in 2024-25		**(40.0)**	**(0.2)**	**1.0**	**0.0**	**0.0**	**(39.2)**	**(4.5)**	**(43.6)**
Balance at 31st March 2026 carried forward*		**(427.3)**	**(0.2)**	**(55.3)**	**(74.5)**	**(0.6)**	**(557.9)**	**(1,845.3)**	**(2,403.0)**

* The City Fund balance of £427.3m comprises General Fund balance of £20m and earmarked revenue reserves of £407.3m (see note 12, page 51).

	Notes	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2024 carried forward		**(334.1)**	**(0.3)**	**(42.1)**	**(46.2)**	**0.0**	**(422.9)**	**(1,644.5)**	**(2,067.3)**
Movement in reserves during 2024-25									
Total Comprehensive Income & Expenditure		**(158.6)**	**4.5**	**0.0**	**0.0**	**0.0**	**(154.1)**	**(138.0)**	**(292.1)**
Adjustments between accounting basis & funding basis under regulations	11	105.5	(4.2)	(14.1)	(28.3)	(0.6)	58.3	(58.3)	0.0
Net (increase)/decrease before Transfers to Earmarked Reserves		**(53.1)**	**0.3**	**(14.1)**	**(28.3)**	**(0.6)**	**(95.8)**	**(196.3)**	**(292.1)**
Transfer to/(from) - earmarked reserves		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Increase) or decrease in 2024-25		**(53.1)**	**0.3**	**(14.1)**	**(28.3)**	**(0.6)**	**(95.8)**	**(196.3)**	**(292.1)**
Balance at 31 March 2025 carried forward*		**(387.3)**	**0.0**	**(56.3)**	**(74.5)**	**(0.5)**	**(518.7)**	**(1,840.8)**	**(2,359.4)**

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

Balance Sheet

31 March 2025		Notes	31 March 2026
£m			£m
1,217.2	Property, Plant and Equipment	13	1,362.5
9.0	Heritage Assets	14	9.0
1,504.8	Investment Property	17	1,476.6
29.5	Intangible Assets	31	49.6
11.0	Long-Term Debtors	16	10.8
46.3	Long-Term Investments	18	0
2,817.8	**Long-Term Assets**		**2,908.4**
859.1	Short-Term Investments	18	861.0
4.0	Assets Held for Sale		3.8
0.5	Inventories		0.5
180.7	Short-Term Debtors	20	191.2
40.9	Cash and Cash Equivalents	36	30.3
1,085.2	**Current Assets**		**1,086.6**
(404.1)	Short-Term Creditors	21	(416.0)
(10.5)	Grants and Contributions Received in Advance – Revenue	27	(11.2)
(26.8)	Provisions	22	(31.4)
(3.2)	Current Lease Liability		(3.4)
(444.6)	**Current Liabilities**		**(462.1)**
(762.2)	Pensions Liability	26	(767.2)
(73.1)	Grants and Contributions Received in Advance – Capital	27	(59.0)
(223.8)	Rents Received in Advance	28	(270.7)
(40.0)	Other Long-Term Liabilities	29	(33.2)
(1,099.1)	**Long-Term Liabilities**		**(1,130.1)**
2,359.3	**NET ASSETS**		**2,402.9**
(518.7)	Usable Reserves*		(557.8)
(1,840.6)	Unusable Reserves	32	(1,845.1)
(2,359.3)	**TOTAL RESERVES**		**(2,402.9)**

The Statement of Accounts was authorised for issue by the Chamberlain on XX September 2026. Events after the balance sheet date and up to XX September 2026 have been considered in respect of material impact on the financial statements. No adjustments have been made.

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

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of City Fund during the reporting period. The statement shows how City Fund 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 33-36 of the accounts. The cash and cash equivalent balance is held in bank current accounts held by the City Corporation.

2024-25		Notes	2025-26
£m			**£m**
(154.0)	Net (surplus)/deficit on the provision of services		(28.0)
(80.6)	Adjustments for non-cash movements	33	(166.4)
201.0	Adjustments for items that are investing and financing activities	33	220.7
(33.5)	**Net cash (inflows)/outflows from operating activities**		**26.3**
38.5	Investing activities	34	12.8
1.3	Financing activities	35	(28.4)
6.3	**Net (increase)/decrease in cash and cash equivalents**		**10.6**
(47.2)	Cash and cash equivalents at the beginning of the reporting period		(40.9)
(40.9)	**Cash and cash equivalents at the end of the reporting period**		**(30.3)**

Notes to the Core Financial Statements

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

In applying the accounting policies set out on page 110, 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 37, page 96). This judgment is based on the following key considerations:

1. **Absence of Significant Control (IFRS 10):** CoLC does not exercise significant control over MoL's operations. While CoLC appoints board members, these members are legally obligated to act in MoL's best interests without being bound by CoLC's directives.
2. **Independent Legal Entity (Museum of London Act 1965):** MoL operates as a distinct legal entity under the Museum of London Act 1965, with its own statutory obligations, governance structure, and objectives.

<u>Alternative Judgment:</u>

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

1. **Significance of Financial Support (IPSAS 36)**: CoLC provides annual funding to MoL, which plays a critical role in supporting MoL's operations. However, it is important to clarify that this financial support is not indicative of significant influence or control over MoL's activities. The financial support provided by CoLC is aligned with the cultural and historical preservation objectives of MoL, and it does not lead to decision-making authority over MoL's operations. The absence of specific directives or obligations in the Museum of London Act 1965, which established MoL, regarding the funding amount further emphasises that this financial support is not tied to conditions that would imply control. Instead, it serves the broader mission and independence of MoL in fulfilling its cultural and historical preservation responsibilities.
2. **Board Appointments:** CoLC appoints members to MoL's Board of Governors, contributing to the governance structure. While these members are legally bound to act in MoL's best interests, their appointment by CoLC could suggest a level of influence. However, it is crucial to note that their primary responsibility is to act in MoL's best interests, and they are not obligated to follow directives from CoLC. This legal framework ensures MoL's operational autonomy and independence in decision-making.

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

If the alternative judgment were adopted, it would imply the consolidation of an appropriate share of MoL's financial figures, including Total Assets of £219.8m, Total Liabilities of £31.2m, Total Income of £128.2m, and Total Expenditure of £26.4m, into the City of London Corporation's financial statements. These figures are from 2024/25 MoL Accounts as the MoL are not required by the Charity Commission to publish their 2025/26 accounts until January 2027.

Cash and Cash Equivalents

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

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

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

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

The items in City Fund's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<table>
<tr><th>Item</th><th>Uncertainties</th><th>Effect if actual results differ from assumptions</th></tr>
<tr><td>Pensions Liability</td><td>Estimation of the net liability to pay pensions depends on a number of complex adjustments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. The actuarial firm Barnett Waddingham LLP have been appointed as the City Corporation's actuary to provide the City Fund with expert advice about the assumptions to be applied.</td><td>The total value of the Pensions Liability as at the end of March 2026 is £767.2m (consisting of City Fund £29.3m, Police Pension Scheme £735.4m and Judges Pension Scheme £2.6m). The estimation of the net liability to pay pensions depends on a number of complex assumptions used in the calculation of the liabilities. These include the discount rate used, the rate at which salaries are projected to increase, changes to retirement ages, mortality rates and expected returns on pension fund assets. Where the outcome is different to the assumptions this will impact on the pension liability. Variations in the key assumptions will have the following impact on the net liability:
<table>
<tr><th rowspan="3">Assumptions</th><th colspan="2">Movement in liability</th></tr>
<tr><th>Increase in Assumption</th><th>Decrease in Assumption</th></tr>
<tr><th>£m</th><th>£m</th></tr>
<tr><td>0.1% adjustment to discount rate</td><td>-20.7</td><td>21.2</td></tr>
<tr><td>0.1% adjustment to salary increase rate</td><td>1.8</td><td>-1.8</td></tr>
<tr><td>0.1% adjustment to Pension increase rate</td><td>20.3</td><td>-17.7</td></tr>
<tr><td>1 year adjustment to life expectancy</td><td>47.6</td><td>-45.9</td></tr>
</table></td></tr>
<tr><td>Property, Plant and Equipment</td><td>The carrying values of property, plant and equipment and investment properties are primarily dependent on judgements of variables such as the state of the property market, location, 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 additions being</td><td>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. The net book value of non-current operational assets subject to potential revaluation as at the end of March 2026 is £1,316.4m (£1,172.0m as at the end of March 2025). If the value of the Corporation's operational properties were to change by +/-10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately +/- c£131.6m.</td></tr>
</table>

Item	Uncertainties	Effect if actual results differ from assumptions
	included in the accounts at their cost of acquisition until the asset is next revalued. A list of assets that were valued as at the end of March 2026 is available on page 57 of the accounts.	
Valuation of Investment property	The Corporation's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.	A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the CIES. The net book value of investment properties as at the end of March 2026 is £1,476.6m (£1,504.8m as at the end of March 2025). If the value of the Corporation's investment properties were to reduce by 1%, this would result in a £14.77m debit to "Financing and Investment Income and Expenditure" in the CIES. Conversely, an increase in operational property values would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the CIES and/or gains being recorded as appropriate in the CIES.

Notes to the Comprehensive Income and Expenditure Statement

3. Expenditure and Funding Analysis

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

2025-26					
	As Reported to Management	Adjustments to Arrive at Net Charge to General Fund and HRA Balances	Net Expenditure Chargeable to City Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£'m	£'m	£'m	£'m	£'m
Committees					
Police	122.7	(3.6)	119.1	(23.9)	95.2
Police Authority Board	1.0	0.0	1.0	0.0	1.0
Barbican Centre	32.8	1.4	34.2	(1.1)	33.1
Community and Children's Services	20.8	2.8	23.6	(0.4)	23.2
HRA	0.0	(0.2)	(0.2)	67.1	66.9
Planning and Transport	15.9	(6.9)	9.0	0.7	9.7
Port Health and Environmental Services	20.9	0.3	21.2	(4.4)	16.8
Culture, Heritage and Libraries	24.1	(0.1)	24.0	(1.2)	22.8
Finance	(19.1)	(23.6)	(66.4)	98.5	32.1
Barbican Residential	2.3	0.0	2.3	(3.5)	(1.2)
Policy and Resources	9.9	1.6	10.3	1.4	11.7
Open Spaces and City Gardens	2.5	0.3	2.8	(0.5)	2.3
Property Investment	(30.8)	0.0	(30.8)	30.8	0.0
Licensing	0.3	0.0	0.3	0.0	0.3
Markets	(0.5)	(0.1)	(0.6)	0.6	0.0
London NNDR Pool Strategic Investment Pot	0.0	(1.4)	(1.4)	1.4	0.0
Major Project Cost	0.0	0.0	1.2	103.8	105.0
Net Cost of Services	**202.8**	**(29.5)**	**149.9**	**269.3**	**419.2**
Other Income and Expenditure	(202.8)	(5.2)	(190.2)	(257.1)	(447.3)
(Surplus) or Deficit on the Provision of Services	**0.0**	**(34.7)**	**(40.3)**	**12.2**	**(28.1)**
Opening City Fund and HRA Balances			**(387.6)**		
Add (Surplus) or Deficit on City Fund and HRA Balance in Year			(40.3)		
Closing City Fund and HRA Balances at 31 March*			**(428.0)**		

*The balance of £422.2m comprises City Fund £422.0m and HRA £0.2m

2024-25					
	As Reported to Management	**Adjustments to Arrive at Net Charge to General Fund and HRA Balances**	**Net Expenditure Chargeable to City Fund and HRA Balances**	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the CIES**
	£'m	**£'m**	**£'m**	**£'m**	**£'m**
Committees					
Police	116.2	0.9	117.1	(25.5)	91.6
Police Authority Board	0.8	0.0	0.8	0.0	0.8
Barbican Centre	34.0	0.2	34.2	(0.3)	33.9
Community and Children's Services	19.6	(1.2)	18.4	(0.5)	17.9
HRA	0.0	0.3	0.3	4.2	4.5
Planning and Transport	16.7	(7.4)	9.3	4.4	13.7
Port Health and Environmental Services	20.3	1.1	21.4	(4.1)	17.3
Culture, Heritage and Libraries	22.6	0.0	22.6	(0.7)	21.9
Finance	(34.1)	(15.2)	(49.3)	73.2	23.9
Barbican Residential	1.5	0.0	1.5	(3.2)	(1.7)
Policy and Resources	9.0	(0.7)	8.3	1.6	9.9
Open Spaces and City Gardens	2.6	(0.3)	2.9	(0.2)	2.7
Property Investment	(33.9)	0.0	(33.9)	33.9	0.0
Licensing	0.3	0.0	0.3	0.1	0.4
Markets	(0.6)	0.0	(0.6)	0.6	0.0
London NNDR Pool Strategic Investment Pot	0.0	(1.8)	(1.8)	1.8	0.0
Major Project Cost	0.0	0.0	0.0	102.3	102.3
Net Cost of Services	**175.0**	**(23.5)**	**151.5**	**187.6**	**339.1**
Other Income and Expenditure	(175.0)	(29.2)	(204.2)	(289.0)	(493.2)
(Surplus) or Deficit on the Provision of Services	**0.0**	**(52.7)**	**(52.7)**	**(101.4)**	**(154.1)**
Opening City Fund and HRA Balances			**(334.5)**		
Add (Surplus) or Deficit on City Fund and HRA Balance in Year			(52.7)		
Closing City Fund and HRA Balances at 31 March*			**(387.3)**		

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

Further information on the City Corporation's Committees can be found on the website at : [Committee structure - Modern Council]

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.

2024-25						2025-26				
Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustment Account	Other Adjustments	Total Adjustments	Committees	Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustment Account	Other Adjustments	Total Adjustments
£'m	£'m	£'m	£'m	£'m		£'m	£'m	£'m	£'m	£'m
0.3	(24.4)	0.0	(1.4)	(25.5)	Police	3.4	(28.5)	0.0	1.2	(23.9)
0.0	0.0	0.0	0.0	0.0	Police Authority Board	0.0	0.0	0.0	0.0	0.0
0.0	(0.9)	0.0	0.6	(0.3)	Barbican Centre	0.0	(1.8)	0.0	0.7	(1.1)
(0.5)	(0.3)	0.0	0.3	(0.5)	Community and Children's Services	0.8	(0.6)	0.0	(0.6)	(0.4)
4.2	(0.2)	0.0	0.2	4.2	HRA	67.1	(0.4)	0.0	0.4	67.1
0.0	(0.5)	0.0	4.9	4.4	Planning and Transport	0.4	(1.1)	0.0	1.4	0.7
0.0	(0.5)	0.0	(3.6)	(4.1)	Port Health and Environmental Services	0.0	(1.1)	0.0	(3.3)	(4.4)
0.0	(0.3)	0.0	(0.4)	(0.7)	Culture, Heritage and Libraries	0.0	(0.6)	0.0	(0.6)	(1.2)
19.6	(0.1)	0.0	53.7	73.2	Finance	23.1	0.1	0.0	75.3	98.5
0.0	(0.2)	0.0	(3.0)	(3.2)	Barbican Residential	0.0	(0.4)	0.0	(3.1)	(3.5)
1.9	(0.3)	0.0	0.0	1.6	Policy and Resources	2.1	(0.7)	0.0	0.0	1.4
0.0	(0.1)	0.0	(0.1)	(0.2)	Open Spaces and City Gardens	0.0	(0.1)	0.0	(0.4)	(0.5)
0.0	0.0	0.0	33.9	33.9	Property Investment	0.0	0.0	0.0	30.8	30.8
0.0	0.1	0.0	0.0	0.1	Licensing	0.0	0.0	0.0	0.0	0.0
0.0	(0.1)	0.0	0.7	0.6	Markets	0.0	0.0	0.0	0.6	0.6
0.0	0.0	0.0	1.8	1.8	London NNDR Pool Strategic Investment Pot	0.0	0.0	0.0	1.4	1.4
102.3	0.0	0.0	0.0	102.3	Major Project Cost	103.8	0.0	0.0	0.0	103.8
127.8	**(27.8)**	**0.0**	**87.6**	**187.6**	**Net Cost of Services**	**200.7**	**(35.2)**	**0.0**	**103.8**	**269.3**
(94.3)	42.0	(3.0)	(233.7)	(289.0)	Other Income and Expenditure	(69.9)	43.1	12.8	(243.1)	(257.1)
33.5	**14.2**	**(3.0)**	**(146.1)**	**(101.4)**	**Surplus or Deficit on Provision of Services**	**130.8**	**7.9**	**12.8**	**(139.3)**	**(12.2)**

Adjustments for Capital Purposes

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

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

Net Changes for Pensions Adjustments

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

Collection Fund Adjustment Account

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

Other Adjustments

This column includes:

- the re-mapping of items reported to service committees to financing and investment income and expenditure in the CIES.

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

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

In addition to the above other adjustments include an adjustment in respect of the £140.9m capital grants and contributions transferred to Capital Grants Unapplied Account.

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.

2024-25		2025-26
£'m		£'m
	Expenditure	
230.1	Employee expenses	249.0
329.7	Other service expenses	326.7
43.1	Support service recharges	49.4
36.9	Depreciation, amortisation and impairments	107.2
41.5	Interest payments	42.6
0.5	Precepts and levies	0.6
339.6	Business rates tariff and levy payments to Government	333.6
1.5	Unrealised (gains)/loss on revaluation of investment properties	24.3
1,023.0	**Total expenditure**	**1,133.4**
	Income	
(194.9)	Fees, charges and other service income	(203.9)
(50.3)	Interest and investment income	(47.9)
(458.7)	Business rates and council tax income	(458.8)
(465.0)	Government grants and other grants, contributions and reimbursements	(447.1)
0.0	Unrealised (gains)/loss on revaluation of investment properties	0.0
(8.2)	Gain/loss on the disposal of assets	(3.8)
(1,177.1)	**Total Income**	**(1,161.5)**
(154.1)	**(Surplus) on the Provision of Services**	**(28.1)**

6. Grant Income

2024-25	Credited to Services	2025-26
£m	**Revenue Grants (Government)**	**£m**
	Home Office	
(18.1)	Police Pensions	(16.9)
(8.0)	Counter Terrorism	(8.2)
(3.0)	National Cyber Security Programme	(13.4)
(4.6)	National Fraud Intelligence Bureau	0.0
(4.4)	National Lead Force for Fraud	(5.2)
(0.2)	Police Uplift Programme	(0.8)
(1.7)	Asset Recovery Incentivisation Scheme	(5.1)
(0.6)	Action Fraud Managed Services	0.0
(0.2)	Mutual Aid	0.0
(0.1)	National Law Enforcement Data Service	(0.2)
(4.3)	Fraud Reform	(5.0)
(28.4)	Fraud and Cyber Crime Reporting Analysis System	(33.9)
(7.1)	Other	(6.7)
	Department for Work and Pensions	
(4.2)	Housing and Council Tax Benefit	(3.6)
(0.1)	Other	(0.1)
(7.5)	HM Courts and Tribunals Service	(5.8)
	Department for Education	
(3.6)	Dedicated Schools Grant	(4.2)
(0.8)	Other	(0.2)
	Ministry of Levelling up, Housing, Communities	
(3.8)	Other	(4.6)

2024-25	Credited to Services	2025-26
£m	**Revenue Grants (Government) Continued**	**£m**
	Department for Health	
(0.8)	Public Health	(1.9)
(1.8)	Other	(1.0)
(1.9)	Transport for London	(0.6)
(2.2)	Intellectual Property Office	(2.3)
(2.5)	Greater London Authority	(3.2)
(2.5)	Other revenue grants (Government)	(1.5)
	Non-Government revenue grants and contributions	
(3.6)	S106/S278 and other developer contributions	(3.7)
(4.4)	Association of British Insurers	(4.5)
(3.1)	UK Finance	(3.3)
(21.9)	Other*	(12.5)
(145.4)	**Total**	**(148.2)**

*Other Non-Government Revenue Grants and Contributions include contributions, allowances and reimbursements.

7. Income and Expenditure below Cost of Services

2024-25		2025-26
Net Expenditure/ (Income)		**Net Expenditure/ (Income)**
£m		**£m**
(8.2)	Net Gain on Disposal of Fixed Assets	(3.8)
0.4	Inner and Middle Temple Precepts	0.4
0.2	Local levies	0.2
0.5	Pension Fund Administration Expenses	0.6
(7.1)	**Total Other Operating Income and Expenditure**	**(2.6)**
	Investment Properties	
(33.4)	Operational	(29.6)
1.5	(Gain)/loss on revaluation	24.3
(50.3)	Interest receivable and similar income	(47.9)
41.5	Pension Interest Cost	42.6
(0.7)	Contribution from Trading Services	(0.8)
(3.8)	Impairment gains/losses	(0.3)
(1.9)	Financial instrument (gain)/loss	0.3
(47.1)	**Total Financing and Investment Income and Expenditure**	**(11.4)**

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

Operational Investment Properties is comprised of income of £52.7m and operating expenses of £23.1m.

Contribution from Trading Services comprises a turnover of £9.5m and expenditure of £8.8m

2024-25		2025-26
Income		**Income**
£m		**£m**
(56.1)	Retained National Business Rates	(55.2)
(41.1)	City Fund Non Domestic Rates Premium	(45.7)
(13.3)	City Fund Offset	(13.5)
(8.6)	Council Tax Income	(10.8)
	Non Ringfenced Government Revenue Grants	
(7.7)	Revenue Support Grant	(7.1)
(66.3)	Police Core Grant	(68.8)
(19.1)	Police Other Grants	(22.4)
(38.1)	NNDR Grants	(36.4)
(1.3)	Other	(0.8)
	Capital Grants & Contributions	
(4.5)	Home Office	(4.9)
(55.1)	Greater London Authority	(40.6)
(35.4)	City's Estate	(83.9)
(2.7)	Ministry of Justice	0.0
(18.6)	Department of Education	0.0
(64.4)	Section 106 and CIL	(30.7)
(6.6)	Other Capital Grants and Contributions	(0.5)
(438.9)	**Total Taxation and Non-Specific Grant Income**	**(433.2)**

8. Dedicated Schools Grants

In 2025-26, the City Fund received a specific grant from the Department for Education, the Dedicated Schools Grant (DSG), of £3.7m (2024-25: £3.3m). 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. At the year end, the DSG is in a cumulative deficit position (2024/25: cumulative surplus). In accordance with statutory guidance, this balance is carried forward and held separately from the City Fund's General Fund. The position is subject to ongoing monitoring and management in line with Department for Education requirements.

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

2025-26	Schools Budget Funded by DSG		
	Central Expenditure	Individual School Budget	Total
	£m	£m	£m
Final DSG for 2025-26 before Academy recoupment	1.6	2.1	3.7
Academy Figure recouped for 2025-26	0.0	0.0	0.0
Total DSG after Academy recoupment for 2024-25	**1.6**	**2.1**	**3.7**
Plus: Brought forward from 2024-25	0.2	0.0	0.2
Less: Carry forward to 2025-26 agreed in advance	0.0	0.0	0.0
Agreed initial budgeted distribution in 2025-26	**1.8**	**2.1**	**3.9**
In year adjustments	0.0	0.0	0.0
Final budgeted distribution for 2025-26	**1.8**	**2.1**	**3.9**
Less: Actual central expenditure	(2.1)	0.0	(2.1)
Less: Actual ISB deployed to schools	0.0	(2.1)	(2.1)
Plus: Local authority contribution for 2025-26	0.0	0.0	0.0
Carry forward to 2026-27	**(0.3)**	**0.0**	**(0.3)**

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 2025-26 and 2024-25 respectively. The number of officers whose remuneration, excluding employer's pension contributions, were £50,000 or more grouped in rising bands of £5,000 is set out in Table 1 (only bands which include officers are shown in the table). Officers have been classified between those employees charged wholly to the City Fund, including Police officers, and those employees charged partly to the City Fund and partly to other funds of the City Corporation.

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

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

Table 3 relates to the Exit packages of employees.

Table 1 – Remuneration in Bands

Proportion to City Fund				Proportion to City Fund		
Wholly charged		Partially Charged		Wholly charged		Partially Charged
2024-25			Salary Range	2025-26		
Police Officers	Other		£	Police Officers	Other	
137	82	175	50 - 54,999	167	194	122
239	27	137	55 - 59,999	196	99	76
172	41	125	60 - 64,999	195	70	72
104	19	80	65 - 69,999	152	73	97
76	10	67	70 - 74,999	96	43	46
69	7	69	75 - 79,999	65	31	51
34	5	40	80 - 84,999	53	23	28
16	6	21	85 - 89,999	27	18	22
15	3	27	90 - 94,999	14	3	15
5	1	5	95 - 99,999	6	9	11
3	3	6	100 - 104,999	9	3	5
4	3	7	105 - 109,999	6	3	5
2	3	5	110 - 114,999	2	3	3
1	1	7	115 - 119,999	3	5	0
0	0	4	120 - 124,999	1	0	5
0	0	0	125 - 129,999	1	4	2
0	0	4	130 - 134,999	0	0	3
0	1	3	135 - 139,999	0	1	4
0	0	3	140 - 144,999	0	0	3
0	0	2	145 - 149,999	0	1	2
877	**212**	**787**	**Total**	**993**	**583**	**572**

Table 2 - Senior Officer Remuneration

2025-26	Proportion charged to Local or Police Authority Activities	Total Remuneration (inc pension)	Salary (including fees & allowances)	Accomodation	Backpay	Bonus	Benefits in Kind	Compensa-tion for Loss of Office	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£'000	£'000	£000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salary is £150,000 or more a year												
Town Clerk & Chief Executive – I. Thomas	55%	361	198	0	0	0	39	0	0	237	0	237
Comptroller – M. Cogher	65%	318	171	0	0	0	0	0	0	171	36	207
Commissioner – P. O'Doherty	100%	306	230	0	0	0	0	0	0	230	75	305
Chamberlain – C. Al-Beyerty	60%	304	151	0	0	0	0	0	0	151	31	182
Interim Managing Director Barbican Centre - D.Farnsworth	100%	281	205	33	0	0	0	0	0	238	43	281
City Surveyor - P. Wilkinson	40%	273	90	0	0	0	0	0	0	90	19	109
Director of Environment - K. Stewart	100%	262	217	0	0	0	0	0	0	217	45	262
Deputy Commissioner National - N. Adams	100%	271	205	0	0	0	0	0	0	205	66	271
Deputy Commissioner Local - P. Betts	100%	271	205	0	0	0	0	0	0	205	66	271
Managing Director Innovation & Growth - N. Collier	10%	254	21	0	0	0	0	0	0	21	4	25
Chief Strategy Officer - D. Corradine	40%	246	82	0	0	0	0	0	0	82	17	99
Executive Director of Community & Children's Services - J. Finlay	100%	224	185	0	0	0	0	0	0	185	39	224
Director Innovation and Growth - D. Nussbaum	10%	223	18	0	0	0	0	0	0	18	4	22
Commander - U. Khan	100%	210	159	0	0	0	0	0	0	159	51	210
Deputy Town Clerk - G.Moore	55%	192	87	0	0	0	0	0	0	87	18	105
Temporary Commander - O. Shaw	100%	174	130	0	0	0	0	0	0	130	44	174
Temporary Commander - A. Gould	100%	173	130	0	0	0	0	0	0	130	43	173
Joint Chief Finance Officer - A. Cook	100%	167	138	0	0	0	0	0	0	138	29	167
Service Delivery Director - C. Bell	100%	166	137	0	0	0	0	0	0	137	29	166
Detective Chief Superintendent - M. Bradford	100%	165	124	0	0	0	0	0	0	124	41	165
Director of Markets - B. Milligan	33%	162	44	0	0	0	0	0	0	44	9	53
Salary is between £50,000 and £150,000												
Interim Director of Strategic Communications & External Affairs	100%	142	117	0	0	0	0	0	0	117	25	142
Chief People Officer	45%	131	50	0	0	0	0	14	0	64	9	73
Chief Executive Officer Barbican Centre	100%	113	94	0	0	0	2	0	0	96	19	115

2024-25	Proportion charged to Local or Police Authority Activities	Total Remuneration (inc pension)	Salary (including fees & allowances)	23-24 Backpay	Bonus	Benefits in Kind	Compensation for Loss of Office	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salary is £150,000 or more a year											
Managing Director Barbican Centre – C. Spencer	100%	373	257	0	0	0	80	0	337	35	373
Town Clerk & Chief Executive – I. Thomas*	55%	362	168	0	0	31	0	0	199	0	199
Comptroller – M. Cogher	65%	330	173	7	0	0	0	0	180	35	215
Chamberlain – C. Al-Beyerty	60%	300	139	10	0	0	0	0	149	31	180
Commissioner – P. O'Doherty	100%	295	230	0	0	0	0	0	230	65	295
Deputy Commissioner National – N. Adams	100%	277	201	0	0	22	0	0	222	55	277
Deputy Commissioner Local – P. Betts	100%	273	206	0	0	0	0	0	206	67	273
City Surveyor - P Wilkinson	40%	271	87	3	0	0	0	0	90	19	108
Managing Director Barbican Centre – D. Farnsworth	100%	255	190	0	0	25	0	0	215	40	255
Director of Community & Children's Services –J. Finlay	100%	207	169	0	0	0	0	0	169	38	207
Chief Strategy Officer – D. Corradine	40%	229	73	3	0	0	0	0	76	16	92
Chief People Officer – A. Littlewood	45%	220	80	2	0	0	0	0	82	17	99
Executive Director Corporate Communications & External Affairs – E. Tofield	100%	207	150	0	0	0	30	0	180	27	207
Commander – U. Khan	100%	199	151	0	0	0	0	0	151	48	199
Director Innovation & Growth – D. Nussbaum	10%	198	17	0	0	0	0	0	17	3	20
Deputy Town Clerk – G. Moore	55%	181	82	0	0	0	0	0	82	17	100
Director of Environment – K. Stewart	100%	175	145	0	0	0	0	0	145	30	175
Service Delivery Director – C. Bell	100%	164	135	0	0	0	0	0	135	28	164
Joint Chief Finance Officer – A. Cook	100%	164	135	0	0	0	0	0	135	28	164
Temporary Commander – A. Gould	100%	159	119	0	0	0	0	0	119	40	159
Temporary Commander – O. Shaw	100%	158	118	0	0	0	0	0	118	39	158
Detective Chief Superintendent – M. Bradford	100%	156	117	0	0	0	0	0	117	39	156
Director of Markets - B. Milligan	33%	155	42	0	0	0	0	0	42	9	51
Salary is between £50,000 and £150,000											
Chief Operating Officer	100%	118	98	0	0	0	0	0	98	21	118
Police Commissioner	100%	103	80	0	0	0	0	0	85	18	103
Interim Executive Director of Environment	100%	56	56	0	0	0	0	0	56	10	66

*Town Clerk & Chief Executive – I Thomas, 50% of BIK relates to 2023-24

Note: During the year 2023-24 Chief Officers received additional pay in relation to additional responsibilities which were assumed by their roles, of this additional pay, the amounts paid in 2024-25 in respect of the prior year are captured in the "Backpay" column.

Table 3 - Exit Packages charged to City Fund

2024-25					2025-26			
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)
1.0	7.0	8.0	75.0	£0 - £20,000	1.0	7.0	8.0	62.9
2.0	1.0	3.0	88.6	£20,001 - £40,000	1.0	1.0	2.0	56.2
0.0	1.0	1.0	60.0	£40,001 - £60,000	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	£60,001 - £80,000	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	£80,001 - £100,000	0.0	1.0	1.0	97.4
0.0	0.0	0.0	0.0	£100,001 - £150,000	0.0	0.0	0.0	0.0
3.0	**9.0**	**12.0**	**223.6**	**Total**	**2.0**	**9.0**	**11.0**	**216.50**

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 2025-26 audit will be carried out by Grant Thornton. Audit Fees of £99,750 (2024-25: £95,000) in respect of the City of London Pension Fund are met by the Pension Fund and are not included in the table.

*Note: An estimated figure is shown for grant certifications which includes claims and returns in relation to prior financial years.

2024-25		2025-26
£'000		£'000
491.6	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.	511.2
205.0	Certification of grant claims and returns by the appointed auditor*	205.0
696.6		**716.2**

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.

2025-26	Usable Reserves					Movement in Unusable Reserves
	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transfers to or from the Pensions Reserve)	(7.8)					7.8
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	(12.8)					12.8
Holiday pay (transfers to or from the Accumulated Absences Reserve)	(1.3)					1.3
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)	(67.7)	(69.2)				137.0
Transfer of deferred non-current assets sale proceeds from revenue to the Deferred Capital Receipts Reserve	0.0					0.0
Transfer to the Pooled Investment Reserve	(0.3)					0.3
Total Adjustments to Revenue Resources	**(89.8)**	**(69.2)**	**0.0**	**0.0**	**0.0**	**159.1**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	76.9		(76.9)			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0.0					0.0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	4.4					(4.4)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	30.7					(30.7)
Capital resources to meet revenue expenditure funded from capital under statute (expenditure)	(104.7)					104.7
Posting of HRA resources from revenue to the Major Repairs Reserve		2.1			(2.1)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(3.3)			3.3		0.0
Transfer of capital grants and contributions to Capital Grants Unapplied	140.9			(140.9)		0.0
Total Adjustments between Revenue and Capital Resources	**144.9**	**2.1**	**(76.9)**	**(137.6)**	**(2.1)**	**69.6**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			77.9			(77.9)
Use of the Major Repairs Reserve to finance capital expenditure					2.1	(2.1)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				137.6		(137.6)
Cash payments in relation to deferred capital receipts	(0.3)					0.3
Total Adjustments to Capital Resources	**(0.3)**	**0.0**	**77.9**	**137.6**	**2.1**	**(217.4)**
Total Adjustments	**54.8**	**(67.1)**	**1.0**	**0.0**	**0.0**	**11.3**

2024-25	Usable Reserves					Movement in Unusable Reserves
	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transfers to or from the Pensions Reserve)	(14.1)					14.1
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	3.0					(3.0)
Holiday pay (transfers to or from the Accumulated Absences Reserve)	0.2					(0.2)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (transfers to or from the Capital Adjustment Account)	13.8	(6.3)				(7.5)
Transfer of deferred non-current assets sale proceeds from revenue to the Deferred Capital Receipts Reserve	0					0
Transfer to the Pooled Investment Reserve	1.9					(1.9)
Total Adjustments to Revenue Resources	**4.8**	**(6.3)**	**0**	**0**	**0**	**1.5**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	13.8		(13.8)			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0.0					0.0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	4.2					(4.2)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	43.1					(43.1)
Capital resources to meet revenue expenditure funded from capital under statute (expenditure)	(101.8)					101.8
Posting of HRA resources from revenue to the Major Repairs Reserve		2.1			(2.1)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(2.7)			2.7		0.0
Transfer of capital grants and contributions to Capital Grants Unapplied	144.1			(144.1)		0.0
Total Adjustments between Revenue and Capital Resources	**100.7**	**2.1**	**(13.8)**	**(141.4)**	**(2.1)**	**54.6**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			0.0			0.0
Use of the Major Repairs Reserve to finance capital expenditure					1.5	(1.5)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				113.2		(113.2)
Cash payments in relation to deferred capital receipts			(0.3)			0.3
Total Adjustments to Capital Resources	**0.0**	**0.0**	**(0.3)**	**113.2**	**1.5**	**(114.4)**
Total Adjustments	**105.5**	**(4.2)**	**(14.1)**	**(28.2)**	**(0.6)**	**(58.3)**

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 2025-26.

	Notes	Balance at 31 March 2024	Transfers Out 2024-25	Transfers In 2024-25	Balance at 31 March 2025	Transfers Out 2025-26	Transfers In 2025-26	Balance at 31 March 2026
		£m	£m	£m	£m	£m	£m	£m
Highway Improvements	I	(58.6)	12.45	(15.39)	(61.54)	18.79	(17.80)	(60.58)
Major Projects Reserve	Ii	(54.7)	42.35	(142.39)	(154.74)	91.35	(65.11)	(128.50)
Business Rate Equalisation	Iii	(5.3)	1.00	0.00	(4.30)	16.15	(20.64)	(8.78)
Cyclical Works Programme Reserve	Iv	(30.0)	0.82	(38.00)	(67.18)	5.14	(2.57)	(64.60)
Build Back Better Reserve	V	(14.8)	1.61	0.00	(13.19)	10.24	(6.09)	(9.05)
London NNDR Pool SIP	Vi	(8.0)	0.00	(1.77)	(9.77)	0.00	(1.51)	(11.28)
Crime Reduction Initiatives	Vii	(6.0)	2.33	(0.29)	(3.86)	1.86	(1.98)	(3.98)
Police Future Expenditure	Viii	(9.2)	0.00	(1.00)	(10.10)	0.00	(1.00)	(11.10)
Other Earmarked Reserves	Ix	(26.0)	4.34	(21.04)	(42.70)	15.95	(10.22)	(36.97)
2025/26 surplus to be allocated							(66.72)	(66.72)
Total		**(212.5)**	**64.90**	**(219.88)**	**(367.38)**	**159.45**	**(193.64)**	**(401.56)**

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

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

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

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

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

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

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

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

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

Notes to the Balance Sheet

13. Property, Plant and Equipment

Movements on Balances 2025-26	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Right of Use Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation									
at 1 April 2025	**242.5**	**585.7**	**7.6**	**130.4**	**1.6**	**282.6**	**0.4**	**23.2**	**1,274.0**
Additions	4.3	7.8	0.0	3.1	0.0	237.1	0.0	5.1	257.4
Transfers	83.7	5.1	0.0	1.8	5.0	(96.7)	0.0	0.0	(1.1)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0.8	1.9	0.0	0.0	0.0	0.0	0.0	(0.4)	2.3
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(74.1)	(6.5)	0.0	0.0	0.0	0.0	0.0	0.0	(80.6)
Derecognition – disposals	(2.3)	(23.5)	0.0	0.0	0.0	0.0	(0.2)	0.0	(26.0)
at 31 March 2026	**254.9**	**570.5**	**7.6**	**135.3**	**6.6**	**423**	**0.2**	**27.9**	**1,426.0**
Accumulated Depreciation and Impairment									
at 1 April 2025	**(0.1)**	**(4.5)**	**(3.8)**	**(90.9)**	**0.0**	**0.0**	**0.0**	**(3.2)**	**(102.5)**
Depreciation Charge	(1.8)	(11.5)	(0.7)	(4.7)	0.0	0.0	0.0	(3.2)	(21.9)
Depreciation written out to the Revaluation Reserve	0.5	10.1	0.0	0.0	0.0	0.0	0.0	0.1	10.7
Depreciation written out to the Surplus/Deficit on the Provision of Services	1.3	2.1	0.0	0.0	0.0	0.0	0.0	0.0	3.4
Derecognition – disposals	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.7
at 31 March 2026	**(0.1)**	**(3.1)**	**(4.5)**	**(95.6)**	**0.0**	**0.0**	**0.0**	**(6.3)**	**(109.6)**
Net Book Value									
at 31 March 2025	**242.4**	**581.2**	**3.8**	**39.5**	**1.6**	**282.6**	**0.4**	**20.0**	**1,171.5**
at 31 March 2026	**254.8**	**567.4**	**3.1**	**39.7**	**6.6**	**423**	**0.2**	**21.6**	**1,316.4**

Property, Plant and Equipment (Continued)

Movements on Balances 2024-25	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Right of Use Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation									
at 1 April 2024	**240.1**	**589.9**	**7.6**	**126.5**	**1.6**	**153.8**	**0.4**	**0.0**	**1,119.9**
Additions	6.9	12.2	0.0	3.9	0.0	129.2	0.0	12.6	164.8
Transfers	0.1	(10.3)	0.0	0.0	0.0	(0.4)	0.0	10.6	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5.3	(4.0)	0.0	0.0	0.0	0.0	0.0	0.0	1.3
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5.5)	(2.1)	0.0	0.0	0.0	0.0	0.0	0.0	(7.6)
Derecognition – disposals	(4.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(4.4)
at 31 March 2025	**242.5**	**585.7**	**7.6**	**130.4**	**1.6**	**282.6**	**0.4**	**23.2**	**1,274.0**
Accumulated Depreciation and Impairment									
at 1 April 2024	**(0.1)**	**(3.5)**	**(3.0)**	**(85.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**(91.9)**
Depreciation Charge	(1.8)	(11.1)	(0.7)	(5.9)	0.0	0.0	0.0	(3.2)	(22.7)
Depreciation written out to the Revaluation Reserve	0.5	8.6	0.0	0.0	0.0	0.0	0.0	0.1	9.2
Depreciation written out to the Surplus/Deficit on the Provision of Services	1.3	1.7	0.0	0.0	0.0	0.0	0.0	0.0	3.0
Derecognition – disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
at 31 March 2025	**0.0**	**(5.3)**	**(3.7)**	**(90.9)**	**0.0**	**0.0**	**0.0**	**(3.1)**	**(102.0)**
Net Book Value									
at 31 March 2024	**240.0**	**586.1**	**4.6**	**41.5**	**1.6**	**153.8**	**0.4**	**0.0**	**1,028.0**
at 31 March 2025	**242.4**	**581.4**	**3.9**	**39.5**	**1.6**	**282.6**	**0.4**	**20.1**	**1,172.0**

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.

2024-25	Infrastructure Assets Movement on Balances	2025-26
£m		£m
45.7	**Opening Net Book Value at 1 April**	**45.5**
8.4	Additions	9.1
(8.6)	Depreciation	(8.5)
45.5	**Closing Net Book Value at 31 March**	**46.1**

Reconciliation of Property, Plant and Equipment

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

2024-25	Reconciliation of Property, Plant and Equipment	2025-26
£m		£m
1,172.0	Other PPE Assets	1,316.4
45.5	Infrastructure Assets	46.1
1,217.5	**Total PPE Assets Net Book Value**	**1,362.5**

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

Depreciation

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

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

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

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

HRA Dwelling Valuations

Dwellings are valued at their 'existing use with vacant possession' and then reduced to reflect 'existing use for social housing'. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current 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 2026 is £807.7m (£710.4m at 31st March 25) which has been reduced by 75% to £201.9m (£177.7m at 31st March 25) to reflect social housing.

The HRA has been valued using the beacon approach.

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

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

Commitments

Total capital commitments of £136.4m were outstanding at 31 March 2026 (£361.8m at 31 March 2025), significant commitments above £1m are detailed as:

- £83.9m relating to Salisbury Square demolition and development scheme
- £8.2m for Middlesex Street Car Park
- £6.6m for York Way Estate Provision of Social Housing
- £1.7m Calcutta House & 133-137 Whitechapel High Street
- £1.5m Pedestrian Priority Programme
- £5.5m for St Pauls Gyratory Transformation
- £1m for Pedestrian Priority Programme- King William Street
- £3.6m for Barbican Centre Renewal
- £2m Fire Door Replacement lot

Revaluations

The following have been revalued at 31 March 2026 in accordance with the Rolling Five Year Programme of Revaluation or to reflect material changes in value:

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

The current asset values used in the accounts for the Barbican Centre, Central Criminal Court, Public Car Parks, Public Conveniences, Walbrook Wharf (depot and offices), Golden Lane Recreation Centre, Cemetery and Crematorium, Police Station, and the investment properties are based on assessments by external valuers. The firms of chartered surveyors who have prepared valuations for the City Fund are Knight Frank LLP, Newmark LLP, JLL LLP and Savills (UK) Ltd.

14. Heritage Assets

The carrying value of heritage assets currently held in the Balance Sheet at historic cost is £9.0m (2024-25 £9.0m) which relates almost exclusively to one asset – the capital's only Roman Amphitheatre. The amphitheatre was discovered in Guildhall Yard during an archaeological dig taking place in preparation for a building project. In 2002, the doors to the amphitheatre opened for the first time in nearly 2,000 years.

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

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

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

15. Capital Expenditure and Finance

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

A nil or negative Capital Financing Requirement (CFR) indicates that the City Fund's provision for debt is equal to or greater than the debt incurred. Where capital expenditure is to be financed in future years by charges to revenue the expenditure results in a positive CFR, a measure of the capital expenditure incurred historically that has yet to be financed. The net increase in the capital financing requirement of £112.5m reflects the recognition of £116.9m of additional borrowing requirement to fund capital schemes, partially offset by a £4.4m minimum revenue provision made in the year.

2024-25		2025-26
£m		**£m**
99.8	**Opening Capital Financing Requirement**	**186.1**
	Capital Investment	
165.4	Property, Plant and Equipment	260.7
13.7	Investment Properties	44.0
6.3	Intangible Assets	20.2
101.8	Revenue Expenditure Funded for Capital Under Statute	104.7
12.6	Right of Use Assets	5.1
	Sources of Finance	
(4.2)	Minimum Revenue Provision	(4.4)
(0.0)	Capital Receipts	(77.9)
(156.3)	Capital grants, contributions and donations	(168.3)
(1.5)	Major Repairs Reserve	(2.1)
(51.5)	Direct revenue contributions	(69.5)
186.1	**Closing Capital Financing Requirement**	**298.6**

2024-25		2025-26
£m		£m
	Explanation of movement in year	
(4.2)	Minimum Revenue Provision	(4.4)
90.5	Increase in underlying need to borrow	116.9
86.3	**Increase/(decrease) in Capital Financing Requirement**	**112.5**

16. Long Term Debtors

31 March 2025		31 March 2026
£m		**£m**
8.3	Net Investment in Finance Leases	8.0
2.0	Rent	2.1
0.8	Loans to Museum of London	0.6
0.0	Other Loans	0.1
11.0	**Total**	**10.8**

17. Investment Properties

2024-25		2025-26
£m		**£m**
1,489.3	Balance at start of the year	1,504.8
0.0	Transfers	0.0
	Additions:	
0.0	Purchases	0.0
17.8	Construction	41.9
0.7	Subsequent expenditure	2.1
(1.5)	Disposals	(47.8)
	Revaluations:	
(1.5)	Net gains/(losses) from fair value adjustments	(24.3)
1,504.8	**Balance at end of the year**	**1,476.7**

The Investment Property balance of £1,476.7 at 31/03/26 includes £22.0m of Right of Use Assets.

Investment Property valued using Level 3 inputs as at 1 April 2025 was £1,260.5m and Investment Property valued using Level 3 inputs as at 31 March 2026 was £1,219.4m. Investment Property valued using Level 1 inputs (lease premium adjustments) as at 1 April 2024 was £225.1m and Investment Property valued using Level 1 inputs as at 31 March 2026 was £246.1m.

18. Financial Instruments

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

Categories of Financial Instruments

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

Long Term	Current		Long Term	Current
31 March 25	31 March 25 (restated)		31 March 26	31 March 26
£m	£m		£m	£m
		Investments		
0.0	452.2	Fair value through profit and loss	0.0	501.7
46.3	447.7	Amortised Cost	0.0	389.4
46.3	**899.9**	**Total Investments**	**0.0**	**891.1**
		Debtors		
11.0	70.2	Amortised Cost	10.8	40.9
11.0	**70.2**	**Total Debtors**	**10.8**	**40.9**
		Creditors		
0.0	(122.5)	Amortised Cost	0.0	(115.3)
0.0	**(122.5)**	**Total Creditors**	**0.0**	**(115.3)**
		Long Term Liabilities		
(9.8)	0.0	Amortised Cost	(11.7)	(3.4)
(9.8)	**0.0**	**Total Long-Term Liabilities**	**(11.7)**	**(3.4)**

* Current investments held as at 31st March 2025 has been restated to include cash equivalents in accordance with IFRS 9

Investments

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

Fair Value of Assets and Liabilities

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

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

Income, Expense, Gains and Losses

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

2024-25		2025-26
£m		£m
(1.9)	Net(gain)/loss on financial assets at fair value through profit and loss	0.3
(1.9)	**Total net (gains)/losses in Surplus or Deficit on the Provision of Services**	**0.3**
(54.2)	Interest (income)/expenses from financial assets	(47.9)
(54.2)	**Total interest revenue in Surplus or Deficit on the Provision of Services**	**(47.9)**

31 March 2025			31 March 2026	
Carrying Amount (restated)	Fair Value (restated)		Carrying Amount	Fair Value
£m	£m		£m	£m
		Financial assets		
4.3	4.3	Long Term Debtors - investment properties	4.3	4.3
6.7	6.7	Long Term Debtors – other	6.7	6.7
46.3	46.3	Long Term Investments	0	0
859.0	859.0	Short Term Investments	860.8	860.8
40.9	40.9	Cash Equivalents	30.3	30.3
70.2	70.2	Short Term Debtors	40.9	40.9
1027.4	**1027.4**	**Total financial assets**	**943.0**	**943.0**
		Financial liabilities		
(122.5)	(122.5)	Short Term Creditors	(118.7)	(118.7)
(9.8)	(9.8)	Long Term Liabilities	(11.7)	(11.7)
(132.3)	**(132.3)**	**Total financial liabilities**	**(130.4)**	**(130.4)**

* Total financial assets as at 31st March 2025 has been restated to include cash equivalents of £40.9m in accordance with IFRS 9

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

19. Nature and Extent of Risks arising from Financial Instruments

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

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

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

Credit Risk

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

The creditworthiness of the counterparties on the City Fund's lending list is carefully monitored. The lending list is reviewed on a regular basis using advice from credit rating agencies and in-house judgements based partially on credit default swap rates. Security of the investments is the prime criteria when selecting investments with liquidity and yield being secondary and tertiary considerations. The lending limits attributable to HSBC, Barclays, Goldman Sachs International Bank, NatWest, Santander UK and Standard Chartered were maintained at maximum lending limits of £100m each during 2025-26, and Lloyds Bank was fixed at £150m (Lloyds being the City of London Corporation's banker). The lending limit for the Nationwide Building Society was £100m. The maximum duration for such loans is fixed at three years. The lending limits for the Yorkshire, Coventry, Skipton and Leeds Building Societies were maintained at £20m each and the duration for such loans is fixed at 1 year. The list also contains twelve foreign banks with individual limits of £100m with a maximum loan duration of three years. The included foreign banks are Australia and New Zealand Banking Group, National Australia Bank, Bank of Montreal, Royal Bank of Canada, Toronto-Dominion Bank, Landesbank Hessen-Thueringen Girozentrale, Cooperatieve Rabobank, DBS Bank, United Overseas Bank, Skandinaviska Enskilda Banken, Swedbank, and Svenska Handelsbanken. The lending list also includes five highly rated money market funds (Aberdeen Sterling Liquidity Fund, CCLA Public Sector Deposit Fund, Deutsche Managed Sterling Fund, Federated Hermes Short-Term Sterling Prime Fund, and Invesco Sterling Liquidity Portfolio); three highly rated Ultra-

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

The City Fund's maximum exposure to credit risk in relation to its investments in banks, building societies, local authorities and money market funds cannot be assessed generally, as the risk of any institution failing to make interest payments or failing to repay the principal amount borrowed would be specific to each individual institution. No credit limits were exceeded during the reporting period and the City Fund does not expect any losses from non-performance by any counterparty in relation to outstanding deposits. As at 31 March 2026, the City Fund had £891.2m 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 2026	<3 months	3-6 months	6-12 months	>1 year	Total
Expected loss rate	1%	4%	10%	19%	7%
Gross carrying amount (£m)	21.4	4.3	2.5	10.6	38.8
Loss provision (£m)	0.2	0.2	0.2	2.0	2.6

Liquidity risk

City Fund 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. City Fund 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)

City Fund 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 City Fund. For instance, a rise in interest rates would have the following effects:

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

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

2024-25		2025-26
£m		**£m**
	Increase in interest receivable on investments held at variable rates	
4.3	City Fund	4.5
4.3	**Total**	**4.5**

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. The majority of the City Fund's financial investments held at amortised cost are due to mature within twelve months as at 31 March 2026, except for two investments of £45.6m, and therefore the impact of a 1% movement in interest rates on the fair value of fixed rate investment assets would not be material. Within its financial investments held at fair value through profit or loss, the City Fund holds two short dated bond fund investments whose value is sensitive to fluctuations in interest rates. Based on the combined modified duration of these investments as at 31 March 2026, the Corporation estimates that a 1% increase (decrease) in interest rates will decrease (increase) their carrying value by £4.5m.

Foreign exchange risk

City Fund 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 2025	Short-term Debtors by Nature	31 March 2026
£m		£m
	Trade and Rental Debtors	
13.8	Trade Debtors	12.8
21.9	Rents	19.9
(5.7)	Less: Allowances for expected credit losses and doubtful debts	(5.3)
30.0	**Sub-Total Trade and Rental Debtors**	**27.3**
	Collection Fund Debtors	
25.5	Collection Fund Debtors	24.8
(9.0)	Less: Impairment allowances for collection fund debtors	(8.2)
16.4	**Sub-Total Collection Fund Debtors**	**16.6**
	Sundry Debtors	
94.9	Accruals	117.4
28.2	Payments in Advance	18.6
9.0	VAT Debtors	8.9
0.3	London Business Rates Pool	0.6
1.9	Other	1.8
134.3	**Sub-Total Sundry Debtors**	**147.3**
180.7	**Total**	**191.2**

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

31 March 2025	Short-term Debtors by Counterparty	31 March 2026
£m		£m
40.1	Central Government	89.0
3.7	Greater London Authority and Transport for London	1.0
137.0	All Other Parties	101.1
180.7	**Total**	**191.1**

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

21. Short-term creditors

31 March 2025	Short-term Creditors by Nature	31 March 2026
£m		£m
	System Creditors	
(13.5)	Trade Creditors	(15.1)
(22.8)	Goods Received Not Invoiced	(25.9)
(36.3)	**Sub-Total System Creditors**	**(40.9)**
	Service Area Specific Creditors	
(7.6)	Deposits	(7.8)
(11.6)	Barbican Control Accounts	(9.5)
(5.6)	Police Control Accounts	(6.8)
(24.1)	Project Accounting Accruals	(38.8)
(48.9)	**Sub-Total Service Area Specific Creditors**	**(63.0)**
	Sundry Creditors	
(39.5)	Sundry Accruals	(40.4)
(7.3)	Mayoral CIL	(0.6)
(27.0)	Receipts in Advance	(25.5)
(12.3)	London Business Rates Pool	(21.8)
(223.2)	Collection Fund Creditors	(212.6)
(9.7)	Other	(11.0)
(317.7)	**Sub-Total Sundry Creditors**	**(312.1)**
(404.1)	**Total**	**(416.0)**

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

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

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

31 March 2025	Short-term Creditors by Counterparty	31 March 2026
£m		£m
(74.8)	Central Government	(74.5)
(114.7)	Greater London Authority and Transport for London	(103.2)
(214.7)	All Other Parties	(238.3)
(404.1)	**Total**	**(416.0)**

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

22. Provisions

With the introduction of the Business Rates Retention Scheme from 1 April 2013, Local Authorities are liable for successful appeals against business rates in their proportionate share. A provision is recognised for the best estimate of the City Fund's liability at the year-end for appeals. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals outstanding as at 31 March 2026 and an analysis of successful appeals and trends in 2025-26.

	National Business Rates	City Fund Premium on Business Rates	Total
	£m	£m	£m
Balance at 1 April 2024	**(20.4)**	**(0.7)**	**(21.1)**
Appeals settled in 2024-25	28.7	3.2	31.9
Provisions made in 2024-25	(32.6)	(5.0)	(37.6)
Balance at 31 March 2025	**(24.3)**	**(2.5)**	**(26.7)**
Balance at 1 April 2025	**(24.3)**	**(2.5)**	**(26.7)**
Appeals settled in 2025-26	31.4	4.1	35.5
Provisions made in 2025-26	(28.1)	(12.1)	(40.2)
Balance at 31 March 2026	**(20.9)**	**(10.5)**	**(31.4)**

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 City Fund 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 2025 and found that the Pension Fund's funding position had improved to 110% (from 98% as at 31 March 2022). The valuation informed consideration of the level of employer's pension contribution to be charged from 1 April 2025 to 31 March 2028, is 20% (2024-25 21%) 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 2025	**31 March 2025**		**31 March 2026**	**31 March 2026**
£m	**£m**		**£m**	**£m**
(1,426.3)	(727.4)	1 April	(1,268.2)	(646.8)
(32.6)	(16.6)	Current Service Cost	(26.4)	(13.5)
(68.9)	(35.1)	Interest Cost	(72.9)	(37.2)
		Remeasurement gains/losses:		0.0
3.7	1.9	Actuarial Gains/losses arising from demographic assumptions	(37.0)	(18.9)
211.1	107.6	Actuarial gains/losses arising from changes in financial assumptions	48.9	24.9
3.4	1.7	Other Actuarial Gains/Losses	(47.4)	(24.2)
(0.3)	(0.1)	Past Service Cost, including curtailments	(0.3)	(0.2)
(0.1)	(0.1)	Liabilities extinguished on settlements	3.4	1.7
56.0	28.5	Benefits paid	54.1	27.6
(14.6)	(7.4)	Contributions from scheme participants	(16.1)	(8.2)
0.4	0.2	Unfunded Pension Payments	0.4	0.2
(1,268.2)	**(646.8)**	**31 March**	(1,361.6)	(694.4)

Liabilities are discounted to their value at current prices, using a discount rate of 6.10% (based on the annualised Merrill Lynch AA rated corporate bond yield curve where the spot curve is assumed to be flat beyond the 30 year point). [Discounted rate 5.85% in 2024-25]

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 2025	**31 March 2025**		**31 March 2026**	**31 March 2026**
£m	**£m**		**£m**	**£m**
1,376.4	702.0	1 April	1,403.8	715.9
67.5	34.4	Interest on Assets	82.1	41.9
		Remeasurement gains/losses:		
(39.9)	(20.4)	Return on Assets less interest	0.9	0.5
		Other actuarial gains/losses	(0.6)	(0.3)
(1.0)	(0.5)	Administration expenses	(1.2)	(0.6)
42.3	21.6	Contributions by Employer	46.4	23.7
14.6	7.4	Contributions by Scheme Participants	16.1	8.2
(56.4)	(28.7)	Benefits Paid	(54.5)	(27.8)
0.3	0.1	Settlement Prices Received/(Paid)	(4.0)	(2.0)
1,403.8	**715.9**	**31 March**	**1,489.1**	**759.4**

c. Reconciliation of change in impact of asset ceiling

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2025	**31 March 2025**		**31 March 2026**	**31 March 2026**
£m	**£m**		**£m**	**£m**
0	0	Opening impact of asset ceiling	177.3	90.4
0	0	Interest on impact of asset ceiling	10.4	5.3
177.3	90.4	Actuarial losses / (gains)	(2.7)	(1.4)
177.3	**90.4**	**Closing impact of asset ceiling**	**184.9**	**94.3**

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

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

31 March 2025		31 March 2026
%		**%**
51	Equity Investments	50
2	Cash	2
18	Infrastructure	18
16	Absolute return portfolio	16
13	Bonds	14
100		**100**

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

d. Overall net deficit

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2025	**31 March 2025**		**31 March 2026**	**31 March 2026**
£m	**£m**		**£m**	**£m**
(49.9)	(25.4)	1 April	(41.7)	(21.2)
158.1	80.7	change in liabilities	(93.4)	(47.6)
27.4	14.0	change in assets	85.3	43.5
(177.3)	(90.4)	Impact of asset ceiling	(7.6)	(3.9)
(41.7)	**(21.1)**	**31 March**	**(57.4)**	**(29.3)**

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:

2024-25		2025-26
	Mortality assumptions:	
	Life expectancy in years from age 65	
	Retiring today	
20.7	Men	22.0
23.3	Women	24.2
	Retiring in 20 years	
22.0	Men	23.5
24.7	Women	25.9
3.20%	Rate of Inflation – RPI	3.30%
2.90%	Rate of Inflation – CPI	2.90%
3.90%	Salary Increases	3.90%
2.90%	Pension Increases	2.90%
5.85%	Discount Rate	6.10%

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 2026				
	CITY OF LONDON CORPORATION		CITY FUND SHARE 51%	
	Increase	Decrease	Increase	Decrease
	£m	£m	£m	£m
0.1% change in rate for discounting scheme liabilities	(18.8)	19.2	(9.6)	9.8
0.1% change in rate of increase in salaries	0.9	(0.9)	0.5	(0.5)
0.1% change in rate of increase in pensions	19.5	(14.9)	9.9	(7.6)
One year change in rate of mortality assumption	49.4	(47.4)	25.2	(24.1)

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 £29.3m 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 2026 are £46.4m (estimated City Fund Share £23.7m).

The scheme actuary has estimated that the weighted average duration of the defined benefit obligation for scheme members is 15 years.

24. The Police Pension Scheme

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

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

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

The Police Pension liability represents the pension benefits Officers have accrued as at 31 March 2026 as assessed via actuarial calculation. These benefits, however, will not be payable until Officers have retired. As an unfunded scheme, the liabilities will be met through employee and employer contributions with any deficit being met by the Home Office.

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

Liabilities in Relation to Retirement Benefits

As the scheme is unfunded, it has no assets.

Reconciliation of present value of the scheme liabilities

31 March 2025		31 March 2026
£m		£m
(847.6)	1 April	(738.5)
(13.0)	Current Service Cost	(9.2)
(40.7)	Interest Cost	(41.8)
	Remeasurement gains/losses:	
2.3	Actuarial Gains/losses arising from demographic assumptions	(14.1)
122.5	Actuarial gains/losses arising from changes in financial assumptions	35.4
1.9	Other Actuarial Gains/Losses	(2.0)
41.7	Benefits paid	40.9
(6.3)	Contributions from scheme participants	(6.7)
0.7	Injury Benefits Paid	0.7
(738.5)	**31 March**	**(735.4)**

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

2024-25	Mortality assumptions:	2025-26
	Life expectancy in years from age 65	
	Retiring today	
21.2	Men	21.9
23.4	Women	23.8
	Retiring in 20 years	
22.5	Men	23.4
24.8	Women	25.4
3.20%	Rate of Inflation – RPI	3.30%
2.90%	Rate of Inflation – CPI	2.90%
3.90%	Salary Increases	3.90%
2.90%	Pension Increases	2.90%
5.80%	Discount Rate	6.10%

Change in Assumptions at 31 March 2026

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	Decrease
	£m	£m
0.1% change in rate for discounting scheme liabilities	(11.1)	11.4
0.1% change in rate of increase in salaries	1.4	(1.4)
0.1% change in rate of increase in pensions	10.3	(10.1)
One year change in rate of mortality assumption	22.4	(21.7)

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 £735.4m has a substantial impact on the net worth of the City Fund as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the City Fund remains sound. Future contributions are expected to be met by an annually assessed grant from the Home Office.

The total employer contributions for the combined position of the Police Pension Schemes 1987, 2006 and 2015 for the year to 31 March 2026 are expected to be £17.2m and the expected top up grant from the Government is £17.0m.

The scheme actuary has estimated that the weighted average combined duration of the defined benefit obligation for the schemes is 15 years.

25. Judges' Pension Scheme

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

Liabilities in Relation to Retirement Benefits

As the scheme is unfunded, it has no assets.

Reconciliation of present value of the scheme liabilities

31 March 2025		31 March 2026
£m		**£m**
(2.5)	1 April	(2.4)
(0.2)	Current Service Cost	(0.1)
(0.1)	Interest Cost	(0.1)
	Remeasurement gains/losses:	
0.0	Actuarial Gains/losses arising from demographic assumptions	(0.1)
0.2	Actuarial gains/losses arising from changes in financial assumptions	0.1
0.0	Other Actuarial Gains/losses	0.0
0.1	Benefits paid	0.1
(2.4)	**31 March**	**(2.5)**

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:

2024-25	Mortality assumptions:	2025-26
	Life expectancy in years from age 65	
	Retiring today	
20.7	Men	22.0
23.3	Women	24.2
	Retiring in 20 years	
22.0	Men	23.5
24.7	Women	25.9
3.35%	Rate of Inflation – RPI	3.30%
2.90%	Rate of Inflation – CPI	2.85%
3.90%	Salary Increases	3.85%
2.90%	Pension Increases	2.85%
5.60%	Discount Rate	6.00%

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 2026

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	**Decrease**
	£m	**£m**
0.1% change in rate for discounting scheme liabilities	(0.02)	0.02
0.1% change in rate of increase in salaries	0.00	0.00
0.1% change in rate of increase in pensions	0.02	(0.02)
One year change in rate of mortality assumption	0.09	(0.09)

Impact on the City Fund's Cash Flows

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

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

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

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

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

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in the actuarial gains or losses on pensions assets and liabilities line was at 31 March 2026 a loss of £2.2m (at 31 March 2025 it was a gain of £217.9m). 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 2025		31 March 2026
£m		£m
	Present Value of the defined benefit obligation	
(645.4)	City of London Pension Scheme - City Fund	(693.2)
(731.5)	Police Pension Schemes	(728.7)
(2.4)	Judges Pension Scheme	(2.6)
	Fair Value of plan assets	
715.9	City of London Pension Scheme - City Fund	759.4
	Present value of unfunded obligation	
(1.4)	City of London Pension Scheme - City Fund	(1.2)
(7.1)	Police Pension Schemes	(6.7)
	Impact of asset ceiling	
(90.4)	City of London Pension Scheme - City Fund	(94.3)
(762.2)	**Net liability on balance sheet**	**(767.2)**

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

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

2024-25					2025-26			
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:				
13.0	0.2	16.6	29.8	Current service cost	9.2	0.1	13.5	22.8
0.0	0.0	0.1	0.1	Past service costs	0.0	0.0	0.2	0.2
0.0	0.0	(0.1)	(0.1)	(gain)/loss from settlements	0.0	0.0	0.3	0.3
				Other Operating Income				
0.0	0.0	0.5	0.5	Administration expenses	0.0	0.0	0.6	0.6
				Financing & Investment Income & Expenditure				
0.0	0.0	0.0	0.0	Current service cost	0.0	0.0	0.0	0.0
40.7	0.1	0.7	41.5	Interest cost	41.8	0.1	0.6	42.6
53.6	**0.3**	**17.9**	**71.8**	**Total Retirement Benefit Charged to the Surplus or Deficit on the Provision of Services**	**51.0**	**0.3**	**15.1**	**66.4**
				Other Comprehensive Income & Expenditure				
				Remeasurement of the net defined benefit liability:				
0.0	0.0	20.4	20.4	Return on plan assets	0.0	0.0	(0.5)	(0.5)
(2.3)	(0.0)	(1.9)	(4.2)	Actuarial (gains) & losses - changes in demographic assumptions	14.1	0.1	18.9	33.0
(122.5)	(0.2)	(107.6)	(230.4)	Actuarial (gains) & losses - changes in financial assumptions	(35.4)	(0.1)	(24.9)	(60.5)
(1.9)	(0.0)	(1.7)	(3.6)	Actuarial (gains) & losses – Other	2.0	0.0	24.2	26.2
0.0	0.0	90.4	90.4	Impact of asset ceiling	0.0	0.0	(1.4)	(1.4)
(126.7)	**(0.2)**	**(0.5)**	**(127.4)**	**Total Other Comprehensive Income & Expenditure**	**(19.3)**	**(0.0)**	**16.2**	**(3.1)**
(73.1)	0.0	17.4	(55.7)	Total Retirement Benefit Charged/(Credited) to the CIES	31.8	0.3	31.4	63.4
				Movement in Reserves Statement				
(53.6)	(0.3)	(17.9)	(71.8)	Reversal of net charges/credits for retirement benefits in accordance with the Code	(51.0)	(0.3)	(15.1)	(66.4)
36.0	**0.1**	**21.7**	**57.9**	**Actual amount charged against the City Fund and HRA Balances**	**34.9**	**0.1**	**23.7**	**58.7**

27. Grants and Contributions Received in Advance

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

31 March 2025		31 March 2026
£m		£m
	Grants and Contributions Received in Advance - Capital (Long-term)	
(73.1)	S106 / S278 Contributions	**(59.0)**
	Grants and Contributions Received in Advance - Revenue (Short-term)	
(2.9)	S31 Grant for NNDR Reliefs due to Central Government	0.0
(0.1)	COVID Additional Relief Fund Receipt in Advance from Central Government	0.0
(7.5)	Other Revenue Grants and Contributions	(11.2)
(10.5)	**Total**	**(11.2)**

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 £246.7m (2024-25: £223.8m).

29. Other Long-term Liabilities

At the 31 March 2026 the City Fund has long term liabilities of £33.2m (2024-25: £40.0m), which consists of £19.9m (2024-25: £30.2m) of outstanding London Strategic Investment Pot (SIP) project funding due to be released over the life span of agreed projects and £13.3m (2024-25: £9.8m) of financial lease liabilities.

30. Leases

Right of Use Assets

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

The table below shows the breakdown of right of use assets along with subsequent movement on these assets.

Movements on Balances 2024/25	ROU Other Land and Buildings	ROU Plant and Vehicles	ROU Invest Props	Total
	£m	£m	£m	£m
Cost or valuation				
at 1 April 2024 (Adjusted on transition)				
Additions	11.6	1.0	-	12.6
Transfers	10.7	-	24.2	34.9
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	(5.8)	(5.8)
Derecognition - disposals	-	-	-	-
at 31 March 2025	**22.3**	**1.0**	**18.4**	**41.7**
Accumulated Depreciation and Impairment				
at 1 April 2024 (Adjusted on transition)	**-**	**-**	**-**	**-**
Depreciation Charge	(2.9)	(0.3)	-	(3.2)
Depreciation written out to the Revaluation Reserve	0.1	-	-	0.1
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-
Derecognition - disposals	-	-	-	-
at 31 March 2025	**(2.8)**	**(0.3)**	**-**	**(3.1)**
Net Book Value				
at 31 March 2024	**10.6**	**-**	**24.2**	**34.8**
at 31 March 2025	**19.5**	**0.7**	**18.4**	**38.6**

Movements on Balances 2025/26	ROU Other Land and Buildings	ROU Plant and Vehicles	ROU Invest Props	Total
	£m	£m	£m	£m
Cost or valuation				
at 1 April 2025	**22.3**	**1.0**	**18.4**	**41.7**
Additions	-	-	1.5	1.5
Transfers	4.5	0.7	-	5.2
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(0.4)	-	2.1	1.7
Derecognition - disposals	-	-	-	-
at 31 March 2026	**26.4**	**1.7**	**22.0**	**50.1**
Accumulated Depreciation and Impairment				
at 1 April 2025	**(3.0)**	**(0.3)**	**-**	**(3.3)**
Depreciation Charge	-	-	-	-
Depreciation written out to the Revaluation Reserve	0.1	-	-	0.1
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-
Derecognition - disposals	-	-	-	-
at 31 March 2026	**(2.9)**	**(0.3)**	**-**	**(3.2)**
Net Book Value				
at 31 March 2025	**19.3**	**0.7**	**18.4**	**38.4**
at 31 March 2026	**23.5**	**1.4**	**22.0**	**46.9**

31 March 2025	ROU Liabilities	31 March 2026
£m		£m
3.2	Current	3.4
9.8	Non Current	11.7
13.0	**Total**	**15.1**

2024/25	ROU Annual Costs to CIES	2025/26
£m		£m
0.5	Interest Expense	0.3
(1.9)	Inflows from ROU Assets	1.6
(1.4)	**Total**	**1.9**

2024/25 £m	ROU Minimum Lease Payment	2025/26 £m
3.6	Current year	3.5
6.7	Up to 5 years	8.8
27.0	5 years and above	26.4
37.3	**Total**	**38.7**

City Fund as Lessor

The gross investment is made up of the following amounts:

31 March 2025		31 March 2026
£m		£m
	Finance lease debtor (net present value of minimum lease payments)	
0.3	Current	0.3
8.0	Non-current	8.5
16.7	Unearned finance income	19.8
25.0	**Gross investment in the lease**	**28.6**

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

Gross Investment in Lease	Net Present Value of Minimum Lease Payments		Gross Investment in Lease	Net Present Value of Minimum Lease Payments
31 March 2025	31 March 2025		31 March 2026	31 March 2026
£m	£m		£m	£m
0.7	0.3	Not later than one year	0.7	0.3
2.4	1.1	Later than one year and not later than five years	2.6	1.2
22.8	6.8	Later than five years	26.0	7.7
25.9	**8.2**	**Total**	**29.3**	**9.2**

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.

City Fund as Lessor

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

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

31 March 2025		31 March 2026
£m		£m
44.6	Not later than one year	120.6
143.0	Later than one year and not later than five years	379.5
3,471.9	Later than five years	6,537.8
3,659.5	**Total**	**7,037.9**

31. Intangible Assets

2024-25		2025-26
£m		£m
23.7	**Opening Net Book Value 1 April**	**29.5**
1.9	**Intangibles Opening Balance**	**1.9**
0.1	Additions:	12.6
0.0	Transfers from intangibles AUC	28.0
0.0	Transfers from other	0.0
(0.5)	Amortisation	(0.5)
1.5	**Intangibles Closing Balance**	**41.5**
21.8	**Intangibles AUC Opening Balance**	**28.0**
6.2	Additions:	6.9
0.0	Transfers to intangibles	(28.0)
0.0	Transfers from other	1.2
28.0	**Intangibles AUC Closing Balance**	**8.1**
29.5	**Closing Net Book Value 31 March**	**49.6**

32. Unusable Reserves

31 March 2025		Note	31 March 2026
£m			£m
(309.4)	Revaluation Reserve	A	(309.6)
(2,269.5)	Capital Adjustment Account	B	(2,293.3)
762.2	Pensions Reserve	C	767.2
(29.6)	Collection Fund Adjustment Account	D	(16.8)
3.8	Accumulated Absences Account	E	5.1
(8.3)	Deferred Capital Receipts Reserve	F	(8.0)
0.2	Financial Instrument Revaluation Reserve	G	0.2
10.0	Pooled Investment Adjustment Account	H	10.2
(1,840.6)	**Total Unusable Reserves**		**(1,845.1)**

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).

2024-25		2025-26
£m		£m
(303.7)	Balance at 1 April	(309.4)
(15.2)	Upward revaluation of assets	(28.8)
4.7	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	15.8
(10.5)	**Surplus on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**(13.0)**
4.8	Difference between fair value depreciation and historical cost depreciation	4.8
0.0	Assets reclassified as investments	0.0
0.0	Accumulated gains on assets sold or scrapped	8.0
4.8	**Amount written off to the Capital Adjustment Account**	**12.8**
(309.4)	**Balance at 31 March**	**(309.6)**

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.

2024-25		2025-26
£m		**£m**
(2,197.1)	Balance at 1 April	(2,269.4)
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
31.3	Charges for depreciation, impairment and revaluation losses of non-current assets	22.7
4.6	Revaluation gains on Property, Plant and Equipment	77.8
0.5	Amortisation of intangible assets	0.5
101.8	Revenue expenditure funded from capital under statute	104.7
5.9	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	73.1
144.2	**Total reversal of items relating to capital expenditure debited or credited to the CIES:**	**278.8**
(4.8)	Adjusting amounts written out of the Revaluation Reserve	(4.8)
139.5	**Net written out amount of the cost of non-current assets consumed in the year**	**274.0**
	Capital financing applied in the year:	
0.0	Use of the Capital Receipts Reserve to finance new capital expenditure	(77.9)
(1.5)	Use of the Major Repairs Reserve to finance new capital expenditure	(2.1)
(43.1)	Capital grants, contributions & donations credited to the CIES that have been applied to capital financing	(30.7)
(113.2)	Application of grants to capital financing from the Capital Grants Unapplied Account	(137.5)
(4.2)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(4.4)
(47.3)	Capital expenditure charged against the City Fund & HRA balances	(69.5)
(213.4)	**Total Capital financing applied in the year:**	**(322.2)**
1.5	Movements in the market value of Investment Properties debited or credited to the CIES	24.3
(2,269.5)	**Balance at 31 March**	**(2,293.3)**

c. Pension Reserve

2024-25		2025-26
£m		£m
875.6	Balance at 1 April	762.2
(127.5)	Remeasurements of the net defined benefit liability	2.5
71.8	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	61.2
(57.7)	Employer's pension contributions less direct payments to pensioners payable in the year	(58.7)
762.2	**Balance at 31 March**	**767.2**

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

d. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of national business rates and council tax income in the CIES as it falls due from business rate and council tax payers compared with the statutory arrangements for paying across amounts to the City Fund from the Collection Fund. A surplus of £16.8m has arisen in the account. This surplus is largely due to timing differences between our submission of estimated business rate income for the year, submitted in January for the preceding financial year.

e. Accumulated Absences Account

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

f. Deferred Capital Receipts Reserve

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

g. Financial Instrument Revaluation Reserve

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

h. Pooled Investment Reserve

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

Notes to the Cash Flow Statement

33. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following item:

2024-25		2025-26
£m		**£m**
(31.3)	Depreciation, impairments and impairment reversal	(22.7)
(53.6)	(Increase)/Decrease in creditors	26.8
13.2	Increase/(Decrease) in debtors	7.7
0.0	Increase/(Decrease) in inventories	0.0
(14.1)	Movement in pension liability	(2.5)
(5.9)	Carrying amount of non-current assets sold	(73.1)
(1.5)	Movement in investment property values	(24.3)
0.7	Deferred credits	(22.9)
(5.7)	(Increase)/Decrease in contributions to provisions	(4.6)
17.6	Other non-cash items charged to the net surplus or deficit on the provision of services	(24.9)
(80.6)	**Total**	**(140.5)**

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

2024-25		2025-26
£m		**£m**
(50.3)	Interest received	(47.9)

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

2024-25		2025-26
£m		**£m**
13.8	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	76.9
187.2	Capital grants credited to the net surplus or deficit on the provision of services	143.8
201.0		**220.7**

34. Cash Flow Statement – Investing Activities

2024-25		2025-26
£m		£m
181.8	Purchase of property, plant and equipment, investment property and intangible assets	320.7
(2,061.4)	Proceeds from short-term and long-term investments	(1,905.0)
2,087.6	Purchase of short-term and long-term investments	1,861.5
(15.3)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(124.8)
(158.9)	Capital grants received	(139.8)
4.7	Other receipts from investing activities	0.2
38.5	**Net cash outflows/(inflows) from investing activities**	**(12.8)**

35. Cash Flow Statement – Financing Activities

2024-25		2025-26
£m		£m
10.6	Billing Authorities - Council Tax and NNDR Adjustments	(16.8)
(9.3)	Reduction/(increase) in finance lease liability	(11.8)
1.3	**Net cash inflows from financing activities**	**(28.6)**

36. Cash and Cash Equivalents

31 March 2025		31 March 2026
£m		£m
0.0	Cash	0.0
40.9	Cash Equivalents (cash readily available and held by City of London Corporation)	30.3
40.9	**Total**	**30.3**

Cash equivalents are represented by cash in hand readily available to the City Fund, held by the City of London Corporation, and deposits with financial institutions repayable without penalty on notice of not more than 24 hours less cheques and BACS payments issued but not presented.
The City Fund utilises the bank account of the City of London Corporation, who are the named entity on the bank account. The City Fund does not hold cash at bank.

Other Notes to the Accounts

37. Related Party Transactions

The City Fund is required to disclose details of material related party transactions with bodies or individuals that may control or significantly influence the City Fund, or be controlled or significantly influenced by the City Fund.

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 2025-26, including instances where their close family has made transactions with the City of London.

During 2025-26 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	2025-26	2024-25	Detail of transaction
		£000	£000	
Allen & Overy LLP	A Member's spouse is a Senior Associate	(12)	-	Income received for building managed by City Fund
Aviva	A Member is Head of HR	(67)	(44)	Sponsorship fee received by City Fund/ Contribution to Sculptures in the City project
Bloomberg LP	A Member is the Head of Corporate and Government Affairs	(180)	(246)	Payment to City Fund for Sponsorship Fees and Corporate Membership.
Blue Moon	A Member is the founder & chief executive	-	(30)	Credit note in relation to fees paid for services to City Fund
CBRE	A Member is an executive director and a Member is employed by CBRE	-	68	Payment of service costs and management fees to City Fund
Deloitte LLP	A Member is a Partner	-	(51)	Provision of service costs received by City Fund
EC Business Improvement District	A Member is a director	4997/(241)	4,427/(207)	Levy paid to BID/ income related to maintenance/ cleansing services provided by City Fund
London & Partners	A Member is a Director	-	8	Licence fee paid by City Fund
London Councils	A Member is a Director in London Councils Ltd	-	12/(37)	Council Grants to City Fund & contributions to London Councils
London Metropolitan University	A Member is the Chair of the Board of Governors	(136)	(148)	Income received by City Fund for provisions of services to the University

London Symphony Orchestra	A Member is a Board Member	(1086)/(25)	-	Income received by City Fund for the Provision of Services
Lord Mayors Appeal Ltd	One Member is a Trustee and Director. One Member is Director and one Member is a Committee Member	11	14	Donation of Beerfest profits
Lloyds of London	A Member is a member of council and Deputy Chair, a Member is an owner of an LLP at Lloyds of London	-	(14)	Funds to City Fund for Project Works
National CRC Group Limited	A Member is the Chair	833	813	Fees paid by City Fund for services provided
Partnership for Young London	A Member is a Director	(10)	(15)/(10)	Reversal of prior year creditor in relation to Pan London CiCC contract; central support charges received by City Fund
Rathbones Group Plc	A Member is a Nominee to the Business Council	(11)	-	Income received by City Fund for the Provision of Services
The Aldgate School	A Member is a Governor	26	-	Payment of expenses by City Fund

The following transactions have been disclosed where Members have declared an interest in parties that have transactions with the City Fund during 2025-26.

Related party	Connected party	2025-26	2024-25	Detail of transaction
		£000	£000	
Barbican Association	Three members are members of the Barbican Association	35	19	Payment of expenses by City Fund
City St George's University London	Two Members are Honorary Visiting Professors, One Member is a Visiting Lecturer, One Member is a Visiting Professor	(449)	(354)	Provision of service costs received by City Fund
Deutsche Bank	A Member is an employee	(210)	(135)	Provision of service costs received by City Fund
DLA Piper UK LLP	A Member is a Senior Adviser	(16)	(15)	Membership fees received by City Fund
Lloyds Banking Group	A Member is an Employee	(27)	(799)	Provision of Services costs received by City Fund
London Borough of Sutton	A Member is the Head of Pensions Investments	-	(227)	Provision of service costs received by City Fund
Merchant Taylors' Company	One Member is a Court Assistant, one Member is a Freeman	24	-	Provision of service costs received by City Fund
Ministry of Defence	A Member is an Army Reserve Officer	(60)	(56)	Provision of service costs received by City Fund
Museum of London	Two Members are on the Board of Governors	6,884/(547)	5,639/(395)	Grants' paid by City Fund to MOL and Rental Income received from MOL to City Fund
Royal Borough of Kingston	A Member is the Head of Pensions Investments	-	(225)	Income received by City Fund for the Provision of Services
St Bart's Hospital	A Member is a Patron	(39)	-	Provision of service costs received by 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 2025-26 was £101.6m (2024-25: £100.2m) and the City Fund received £1.67m for rent, loan repayments and other services. At 31st March 2026 there was an outstanding receivable of £1.26m relating to rent and loan repayments. For 2025-26, City Fund is committed to provide £6.88m (£5.64m in 2024-25) of grant funding for the running costs of the Museum.

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

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

During 2025-26, City's Estate provided a grant of £83.9m to City Fund for the Salisbury Square Development.

During the year, City Bridge Foundation contributed for its share of costs - £0.641m (2024-25: £0.313m) towards Corporate IT projects and £0.107m (2024-25: £0.075m credit) in respect of the "Secure City" project, relating to CCCTV and telecommunications. The balance owed to CBF at year end was £0.010m (2024-25: 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 2026 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 £24.92m (2025: £18.92m).

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 of £725,438, no consolidation has taken place.

38. 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, £0.479m in remuneration from the City Fund was claimed for Members undertaking their duties (2024-25: £0.436m).

Members may also claim travelling expenses in respect of activities outside the City and receive allowances in accordance with a scale when attending a conference or activity on behalf of the City Corporation. These costs totaling £728 (2025-26: £3,647.78) 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.

39. Contingent Liabilities

There are no contingent liabilities to disclose as at 31 March 2026.

40. Events after the reporting period

In preparing these accounts the City Fund is required to consider events that may have an impact on the financial statements since 31 March 2026. Events after this date have been considered in respect of material impact on the financial statements. There are no events occurring after the reporting date that necessitate adjustments (adjusting events) or disclosure (non-adjusting events).

41. Agency Transactions

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

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

Although the London-wide Business Rates Pool did not operate during 2025-26, the Eight Authority Pool continued in 2025-26. Residual balances relating to prior year pool activity remain on the City Fund balance sheet pending completion of external audits of all members and completion/settlement of outstanding funds.

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

Business Rate Pool Balances	Balance as at 31 March 2026 £m
Short-Term Debtors	0.0
Cash & Cash Equivalents	21.8
Short-Term Creditors	(21.8)

Supplementary Accounts and Notes

Housing Revenue Account

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

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

Income and Expenditure Statement

2024-25		Notes	2025-26	
£m			£m	£m
	Expenditure			
7.4	Repairs and maintenance		7.7	
8.8	Supervision and management		8.4	
2.1	Depreciation of non-current assets		2.1	
4.2	Revaluation (gain)/loss on HRA dwellings		67.1	
(0.2)	Movement in the allowance for bad debts	1	0.1	
22.3	**Total Expenditure**			85.4
	Income			
(12.4)	Dwelling rents		(12.8)	
(1.8)	Non-dwelling rents		(1.9)	
(3.9)	Charges for services and facilities		(3.4)	
(0.2)	Contributions towards expenditure		(0.3)	
(18.3)	**Total Income**			(18.4)
4.0	**Net Expenditure/(Income) of HRA Services as included in the City Fund CIES cost of services**			**66.9**
	HRA share of other income and expenditure included in the City Fund CIES			
0.0	Net (gain)/loss on Disposal of Fixed Assets			0.0
0.5	Interest and investment income			0.0
0.0	Investment property (gain)/loss on revaluation			0.0
4.5	**(Surplus)/deficit for the year on HRA Services**			**66.9**

Movement on the HRA Statement

2024-25		Notes	2025-26	
£m			£m	£m
(0.3)	Balance on the HRA at the end of the previous year			0.0
4.5	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement		66.9	
(4.2)	Adjustments between accounting basis and funding basis under statute	2	(67.1)	
(0.3)	(Increase)/decrease in year on the HRA			(0.2)
(0.0)	**Balance on the HRA at the end of the current year**			**(0.2)**

1. Impairment Allowance for Bad and Doubtful Debts

2024-25		2025-26
£m		£m
0.93	Provision at 1 April	0.62
(0.08)	Bad Debts written off	0.00
(0.23)	Decrease in Provision	0.06
0.62	**Provision at 31 March**	**0.68**

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 2026, the City Corporation's HRA rental stock was 1,874 dwellings. The HRA also includes costs and service charge income relating to properties sold on long leases of which there were 952 as at 31 March 2026

31 March 2025		31 March 2026
No.		No.
27	Houses and Bungalows	27
1,831	Flats	1,997
1,858	**Total**	**2,024**

31 March 2025		31 March 2026
No.		No.
1,860	Stock at 1 April	1,858
(3)	Sales	(10)
1	New Build	26
1,858	**Stock at 31 March**	**1,874**

4. Arrears of Rent, Service and Other Charges

As at 31 March 2026 the total arrears for rent, service charges and other charges were £7.0m (31 March 2025: £7.7m) as follows:

31 March 2025		31 March 2026
£m		£m
0.1	Former residential tenants	0.2
0.4	Current residential tenants	0.4
1.5	Commercial tenants	1.3
6.1	Service charges	5.3
(0.4)	Other charges	(0.3)
7.7	**Total arrears**	**7.0**

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.

2024-25					2025-26			
Council Dwellings	**Other Land & Buildings**	**Assets under construction**	**Total**	**Movements on Balances**	**Council Dwellings**	**Other Land & Buildings**	**Assets under construction**	**Total**
£m	**£m**	**£m**	**£m**		**£m**	**£m**	**£m**	**£m**
				Cost or valuation				
176.3	**32.0**	**61.0**	**269.3**	**1 April**	**177.7**	**31.0**	**100.7**	**309.4**
6.9	0.1	39.8	46.8	Additions	4.3	0.2	28.9	33.4
0.1	(3.5)	(0.1)	(3.5)	Transfers	83.7	0.0	(83.7)	0.0
0.2	2.7	0.0	2.9	Revaluation increase/(decrease) recognised in the Revaluation Reserve	6.9	(1.6)	0.0	5.3
(5.5)	0.0	0.0	(5.5)	Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	(74.1)	(0.5)	0.0	(74.6)
(0.3)	0.0	0.0	(0.3)	Derecognition – disposals	(0.8)	0.0	0.0	(0.8)
0.0	0.0	0.0	0.0	Assets reclassified (to)/from Held for Sale	0.0	0.0	0.0	0.0
177.7	**31.3**	**100.7**	**309.7**	**31 March**	**197.7**	**29.1**	**45.9**	**272.7**
				Accumulated Depreciation and Impairment				
0.0	**(0.2)**	**0.0**	**(0.2)**	**1 April**	0.0	(0.3)	0.0	(0.3)
(1.7)	(0.3)	0.0	(2.0)	Depreciation Charge	(1.8)	(0.3)	0.0	(2.1)
0.4	0.2	0.0	0.6	Depreciation written out to the Revaluation Reserve	0.5	0.6	0.0	1.1
1.3	0.0	0.0	1.3	Depreciation written out to the Surplus/Deficit on the Provision of Services	1.3	0.1	0.0	1.4
0.0	0.0	0.0	0.0	Derecognition – disposals	0.0	0.0	0.0	0.0
0.0	**(0.3)**	**0.0**	**(0.3)**	**31 March**	0.0	0.1	0.0	0.1
				Net Book Value				
176.3	**31.8**	**61.0**	**269.1**	**1 April**	**177.7**	**30.7**	**100.7**	**309.1**
177.7	**31.0**	**100.7**	**309.4**	**31 March**	**197.7**	**29.2**	**45.9**	**272.8**

6. Housing Asset Valuation

Dwellings are valued at their 'existing use with vacant possession' and then reduced to reflect 'existing use for social housing'. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current DLUHC guidance (guidance for valuers – 2016) identifies a vacant possession adjustment factor for London of 25%. This factor has been adopted in establishing the Existing Use Value-Social Housing. The estimated vacant possession value of HRA dwellings at 31st March 2026 is £807.7m (£710.4m at 31st March 25) which has been reduced by 75% to £201.9m (£177.7m at 31st March 25) to reflect social housing.

7. Major Repairs Reserve

2024-25		2025-26
£m		£m
0.0	Balance 1 April	(0.6)
	Transfer from HRA equal to depreciation	
(2.1)	Dwellings	(2.1)
0.0	non dwellings	0.0
0.0	Additional contribution to/(from) HRA	0.0
1.5	Capital expenditure (dwellings)	2.1
(0.6)	Balance 31 March	**(0.6)**

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

8. HRA Capital Expenditure

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

2024-25		2025-26
£m		£m
	Expenditure in year	
	Fixed assets	
39.8	Assets under construction	28.9
6.9	Dwellings	4.3
0.1	Other	0.2
0.0	Revenue expenditure funded from capital under statute	0.0
	Total Expenditure	
	Methods of financing	
3.5	GF Appropriation	0.0
0.0	Capital Receipts	0.5
1.5	Major Repairs Reserve	2.1
41.8	Grants and contributions	30.8
46.8	**Total Financing**	**33.4**

Collection Fund Statement

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

2024-25				Notes	2025-26		
Council Tax	Business Rates	Total			Council Tax	Business Rates	Total
£m	£m	£m			£m	£m	£m
			INCOME				
(10.7)	0.0	(10.7)	Council Tax Receivable		(13.8)		(13.8)
(0.2)	0.0	(0.2)	Transfer from City Fund (Reliefs)		(0.2)		(0.2)
	(1,292.8)	(1,292.8)	National Business Rates	1		(1,338.2)	(1,338.2)
	0.0	0.0	National Business Rates transitional protection payments				
	(43.9)	(43.9)	GLA Business Rate Supplement			(44.7)	(44.7)
	(43.2)	(43.2)	City Business Rate Premium			(53.8)	(53.8)
(10.9)	**(1,379.9)**	**(1,390.8)**	**TOTAL INCOME**		**(14.0)**	**(1,436.7)**	**(1,450.7)**
			EXPENDITURE				
			Council Tax Precepts and Demands				
9.0	0.0	9.0	City	2	10.6	0.0	10.6
1.4	0.0	1.4	GLA		1.6	0.0	1.6
(0.1)	0.0	(0.1)	Impairment of debt for Council Tax		0.1	0.0	0.1
			National Business Rates Precepts and Demands				
	359.5	359.5	City			389.3	389.6
	443.3	443.3	GLA			480.1	480.1
	395.4	395.4	Central Government			428.2	428.2
	(0.8)	(0.8)	National Business Rates transitional protection payments			1.1	1.1
	43.3	43.3	Business Rate Supplement collected on behalf of GLA			44.6	44.6
	41.3	41.3	City Business Rate Premium			45.7	45.7
	13.3	13.3	City Offset	4		13.5	13.5
	3.6	3.6	Interest paid on refunds			5.0	5.0

2024-25				Notes	2025-26		
Council Tax	**Business Rates**	**Total**			**Council Tax**	**Business Rates**	**Total**
			EXPENDITURE CONTINUED				
			Impairment of debts for Business Rates				
	(16.2)	(16.2)	National			8.4	8.4
	0.5	0.5	GLA			0.3	0.3
	0.1	0.1	Premium			0.1	0.1
			Impairment of appeals for Business Rates				
	12.9	12.9	National			(11.1)	(11.1)
	1.8	1.8	Premium			8.0	8.0
			Cost of Collection Allowance				
	2.0	2.0	National Business Rates			1.8	1.8
	0.1	0.1	GLA Business Rate Supplement			0.0	0.0
			Contributions towards previous year's estimated Collection Fund Surplus/(Deficit)				
0.0	20.6	20.6	City		0.3	19.2	19.5
0.0	25.4	25.4	GLA		0.0	23.7	23.7
	22.7	22.7	Central Government			21.1	21.1
10.3	**1,368.8**	**1,379.1**	**TOTAL EXPENDITURE**		**12.6**	**1,479**	**1,491.6**
(0.6)	(11.1)	(11.7)	(Surplus)/Deficit for Year		(1.4)	42.3	40.9
0.0	(87.4)	(87.4)	Balance 1 April		(0.6)	(99.5)	(100.1)
(0.6)	**(98.5)**	**(99.1)**	**Balance 31 March**		**(2.0)**	**(57.2)**	**(59.2)**

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 2025-26 the City of London set a non-domestic rating multiplier of 0.577 (57.7p in the £) and a small business non-domestic rating multiplier of 0.519 (51.9p in the £). This comprises the NNDR and SBNDR multipliers of 0.555 and 0.499 respectively, plus a premium of 0.022 and 0.020 respectively to provide additional funding to enable the City Corporation to continue to support Police, security, resilience and contingency planning at an enhanced level.

In addition, for those business premises which have a rateable value of more than £75,000, the Greater London Authority (GLA) is levying a business rate supplement (BRS) multiplier of 2p in the £ for the 2025-26 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 2026 was £2.669bn.

2024-25		2025-26
£m		**£m**
(1,422.7)	National Business Rates	(1,451.2)
86.8	Less: Voids	78.0
18.4	Mandatory and discretionary relief	20.8
24.4	Expanded retail, leisure, and hospitality relief	14.4
0.3	Partly occupied allowance	(0.2)
(1,292.8)	**Net income from national business rates**	**(1,338.2)**

2. Calculation of Council Tax

The Local Government Finance Act 1992 introduced the Council Tax from 1 April 1993, replacing the Community Charge. The Act prescribes the detailed calculations that the City of London Corporation, as a billing authority, has to make to determine the Council Tax amounts. The City of London set a basic amount of £1,102.82 for a Band D property, inclusive of a 2.99% general increase and a 2% increase for Adult Social Care.

To this £1,102.82 is added £171.25 in respect of the precept from the Greater London Authority to arrive at the total Council Tax of £1,274.07 for a Band D property in 2025-26. 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	849.38
B	7/9	990.94
C	8/9	1,132.51
D	9/9	1,274.07
E	11/9	1,557.20
F	13/9	1,840.32
G	15/9	2,123.45
H	18/9	2,548.14

3. Tax Bases 2025-26

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 TEMPLE	INNER TEMPLE	CITY AREA EXCLUDING TEMPLES	TOTAL CITY AREA
A	-	-	2.33	2.33
B	-	-	152.83	152.83
C	-	-	465.18	465.18
D	-	-	858.66	858.66
E	12.22	1.22	3,385.84	3,399.28
F	37.56	29.61	1,800.72	1,867.89
G	28.75	69.58	2,348.33	2,446.66
H	-	4.00	695.00	699.00
AGGREGATE RELEVANT AMOUNTS	**78.53**	**104.41**	**9,708.89**	**9,891.83**
COLLECTION RATE	97%	97%	97%	
TAX BASES	**76.17**	**101.28**	**9,417.62**	**9,595.07**

4. City Fund Offset

To reflect the unique characteristics of the square mile, the Government allows the City Fund to retain an amount from the NNDR paid by City businesses. This totalled £13.5m in 2025-26 (2024-25: £13.3m).

5. (Surplus)/Deficit for the year

Breakdown of Business Rate Collection Fund Deficit	Total	City	GLA	Central Govt
Percentage allocation		30%	37%	33%
Opening collection fund surplus/(deficit)	99.5	29.8	45.9	23.8
Less Prior year (surplus)/deficit	(64.0)	(19.2)	(23.7)	(21.1)
Plus In-year surplus/(deficit)	21.7	6.5	8.0	7.2
Closing Surplus/(deficit)	**57.2**	**17.1**	**30.2**	**9.9**

Police Pension Fund

Police Pension Fund Account for the year ended 31 March 2026

2024-25		2025-26	
£m		£m	£m
	Contributions receivable		
	- from employer		
(16.2)	normal	(17.2)	
(1.0)	early retirements	(0.1)	
(6.3)	- from members	(6.7)	
(23.5)			**(24.0)**
0	Transfers in from other Police Authorities		**0**
	Benefits payable		
34.4	- pensions	35.6	
7.1	- commutations and lump sums	5.3	
41.5			**40.9**
	Payments to and on account of leavers		
0	- Transfers out to other Police Authorities	0	
0.1	- Other	0	
0.1			**0**
18.1	Sub-total: Net amount payable for the year before transfer from Police Authority		16.9
(18.1)	Additional contribution from Police Authority		**(16.9)**

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 109 to 126. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. Information on the long-term pension obligations can be found in the City Fund financial statements (see notes 23 to 26, page 69-79).

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

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

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

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

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

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 2025-26 financial year and its position at the year end of 31 March 2026. 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 2025-26 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2. Accruals of Expenditure and Income

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount

is recorded in the Balance Sheet. Where it is subsequently identified that debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3. Cash and Cash Equivalents

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

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

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

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

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

1.5. Charges to Revenue for Non-current Assets

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

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

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

1.6. Employee Benefits

(a) Short-term employee benefits

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

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

(b) Termination benefits

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

(c) Retirement benefit costs

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

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

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

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

- Service cost comprising:

  - current service cost, the increase in liabilities as a result of years of service earned this year, allocated in the CIES to the services for which the employees worked
  - past service cost, the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the CIES as part of non-distributed costs
  - net interest on the net defined benefit liability is charged to the financing and investment income and expenditure line of the CIES. The interest is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments

- Remeasurements comprising:

  - the return on plan assets, excluding amounts included in the net interest on the net defined benefit liability, charged to the pensions reserve as other comprehensive income and expenditure
  - actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the pensions reserve as other comprehensive income and expenditure

- Contributions paid to the Pension Fund, cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

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

(ii) <u>Pension Costs – Police Officers and Judges'</u>
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 City Fund. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to City Fund. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Community and Children's Services line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year.

1.7. Events After the Reporting Period

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

(a) Adjusting Events

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

(b) Non-adjusting Events

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

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

1.8. Financial Instruments

(a) Financial Liabilities

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

(b) Financial Assets

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

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

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

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

(ii) Expected Credit Loss Model

City Fund 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 City Fund.

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 City Fund 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 City Fund 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)

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

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

1.9. Interest Income

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

1.10. Government Grants and Other Contributions

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

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

(a) Revenue

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

(b) Capital

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

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

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

Revenue Expenditure Funded from Capital under Statute (REFCUS) grants are accounted for in the financial year they are paid over to the external organisation

1.11. Business Improvement Districts

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

1.12. Community Infrastructure Levy

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

1.13. Heritage Assets

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

1.14. Investment Property

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

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

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

1.15. Contingent Assets

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

1.16. Contingent Liabilities

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

1.17. Provisions

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

1.18. Leases

(i) <u>The City Fund as lessee</u>

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

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

Initial measurement

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

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

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

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

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

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

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

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:
- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the City Fund changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

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

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

Lease expenditure
Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.
Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

(ii) <u>The City Fund as lessor</u>

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

Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating leases

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

1.19. Overheads

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

1.20. Property, Plant and Equipment

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

(a) Recognition

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

(b) Valuation

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

- Properties regarded as operational - current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), or where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost, based on modern equivalent assets, as an estimate of current value.
- Council dwellings – current value, determined using the basis of existing use value for social housing
- Non-operational assets under construction – historic cost
- Infrastructure, community and heritage assets - historic cost, net of depreciation, where appropriate
- Vehicles, plant and equipment - cost, net of depreciation, as a proxy for current value.
- Surplus assets – fair value, estimating highest and best use

All properties included on the balance sheet at current or fair value are revalued at least once within a five year period as part of a rolling programme with subsequent additions being included in the accounts at their cost of acquisition until the asset is next revalued.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where assets are property assets subject to indexation, these assets are revalued every five years, with annual indexation applied to assets during the four intervening years. Where no suitable indices can be obtained without undue cost or effort, those assets are revalued using a quinquennial revaluation, with a desktop revaluation in year three. City Fund has used indices in 2025/26 advised by professionally qualified valuers.

Housing Asset Valuation - Dwellings are valued at their ‘existing use with vacant possession’ and then reduced to reflect ‘existing use for social housing’. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current DLUHC guidance (guidance for valuers – 2016) identifies a vacant possession adjustment factor for London of 25%. This factor has been adopted in establishing the Existing Use Value-Social Housing.

(c) Revaluations

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

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

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

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

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

(d) Impairments

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

City Fund 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.

City Fund 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, City Fund 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.

City Fund 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 City Fund'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 City Fund can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

1.22. Reserves

Specific amounts have been set aside as reserves for future policy purposes or to cover contingencies. Details of the City Fund's earmarked reserves are set out in note 12 (page 51). Certain reserves are required by the Code to manage the accounting process for long-term assets and retirement benefits and do not represent usable resources. Details of these unusable reserves are set out in note 32 (page 84-88).

1.23. Revenue expenditure funded from capital under statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to revenue and impact on that year's council tax. These items are generally grants and expenditure on property not owned by City Fund 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 City Fund. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in City Fund's financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of City Fund as if they were the transactions, cash flows and balances of City Fund.

1.26. Accounting for Council Tax and National Non Domestic Rates

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

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

1.27. Accounting for the London Business Rates Pool Pilot

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

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

2. Accounting Standards issued but not yet adopted

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

- **Amendments to FRS102 The Financial Reporting Standard applicable in the Uk and Republic of Ireland (Amendments to Heritage assets).** Issued March 2024
- **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).** Issued May 2024
- **Annual improvements to IFRS accounting standard – volume 11.** Issued July 2024
- **Contracts referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).** Issued December 2024

These amendments are not expected to have a material impact on the financial statements.

Independent auditor's report to the members of City of London Corporation on the pension fund financial statements of City of London Corporation Pension Fund

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City of London Pension Fund Account

Fund Account for the year ended 31 March 2026

2024-25		Notes	2025-26
£m			**£m**
	Dealings with members, employers and others directly involved in the Fund		
(60.3)	Contributions	7	(66.4)
(7.3)	Transfers in from other pension funds		(12.0)
(67.6)			**(78.4)**
63.4	Benefits	8	66.5
4.3	Payments to and on account of leavers	9	5.0
67.7			**71.5**
0.1	**Net (additions)/withdrawals from dealings with members**		**(6.9)**
8.2	Management expenses	10	9.1
8.3	**Net withdrawals including fund management expenses**		**2.2**
	Returns on investments		
(26.9)	Investment income	11	(31.1)
(10.9)	Profit and losses on disposal of investments and changes in the value of investments	12	(73.3)
(37.8)	**Net return on investments**		**(104.4)**
(29.5)	**Net (increase)/decrease in the net assets available for benefits during the year**		**(102.2)**
(1,495.8)	Opening net assets of the scheme		(1,525.3)
(1,525.3)	**Closing net assets of the scheme**		**(1,627.5)**

Net Asset Statement as at 31 March 2026

2024-25		Notes	2025-26
£m			£m
0.2	Long-term investments		0.2
1,501.9	Investment assets		1,597.3
1,502.1	**Total net investments**	12	**1,597.5**
25.7	Current assets	18	32.3
(2.5)	Current liabilities	19	(2.3)
1,525.3	**Net assets of the Fund available to fund benefits at the end of the reporting period**		**1,627.5**

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 2026				31 March 2025
	Current contributors	Beneficiaries in receipt of pension	Deferred members	Total	Total
	No.	No.	No.	No.	No.
ADMINISTERING AUTHORITY					
City of London Corporation	5,168	4,796	4,765	14,729	14,342
	5,168	**4,796**	**4,765**	**14,729**	**14,342**
SCHEDULED BODIES:					
Museum of London	286	333	696	1,315	1,293
Magistrates Court	0	17	8	25	25
Multi Academy Trust	33	0	10	43	33
	319	**350**	**714**	**1,383**	**1,351**
ADMITTED BODIES:					
Irish Society	5	11	1	17	17
Parking Committee for London	0	7	4	11	11
Guildhall Club	0	4	4	8	9
City Academy - Southwark	112	18	163	293	279
Schools Plus Ltd	1	0	0	1	1
Sir John Cass (Brookwood)	0	1	0	1	1
AMEY (Enterprise)	0	5	3	8	9
Eville and Jones	0	0	1	1	1
London CIV	5	6	17	28	28
Turning Point	1	0	0	1	1
Agilysis	0	6	12	18	19
Agilysis (police)	0	1	1	2	2
Bouygues (EDTE)	0	0	1	1	1
Cook & Butler	0	1	1	2	2
1SC Guarding Limited	0	3	0	3	3
Skanska	0	1	0	1	5
Veolia	3	1	1	5	5
CBRE	4	0	0	4	0
OCS	22	0	0	22	0
Mitie	6	0	0	6	0
	159	**65**	**209**	**433**	**394**
TOTAL	**5,646**	**5,211**	**5,688**	**16,545**	**16,087**

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 2026. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2025. For 2025/26, employer contribution rates range from 15.0% to 21.0% of pensionable pay.

d) Benefits

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

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

2. Basis of preparation

The statement of accounts summarises the Fund's transactions for the 2025/26 financial year and its financial position at 31 March 2026. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2025/26* (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. At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom (the Code):

- Amendments to FRS102 The Financial Reporting Standard applicable in the Uk and Republic of Ireland (Amendments to Heritage assets). Issued March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). Issued May 2024
- Annual improvements to IFRS accounting standard – volume 11. Issued July 2024
- Contracts referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). Issued December 2024

These amendments are not expected to have a material impact on the Pension Fund accounts.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information in Note 17.

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

3. Accounting policies

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

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

Financial Assets

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

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

Acquisition costs are included in the purchase costs of investments.

Foreign Currency Transactions

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

Management Expenses

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

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

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

Investment Income

vii. Income from investments is accounted for on an accruals basis. Investment income arising from the underlying investments of the Pooled Investment Vehicles is typically reinvested within the Pooled Investment Vehicles and reflected in the unit price.
The change in market value of investments during the year are recognized as income and comprises all increases and decreases in the market value of investments held at any time during the year, including profit and losses realised on sales of investments and unrealised changes in market value.

Contribution Income

viii. Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate.

Additional Voluntary Contributions

ix. Additional contributions from employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such agreement, when received.

Benefits Payable – Retirement grants

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

Transfers to and from other schemes

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

Cash and Cash Equivalents

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

Actuarial present value of promised retirement benefits

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

Contingent Assets, Contingent Liabilities and Contractual Commitments

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

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

4. Critical judgements in applying accounting policies

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

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

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

The items in the net assets statement at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 17)	Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied. This uncertainty relates solely to the disclosures made in Note 18 and does not impact on the Net Asset Statement or Pension Fund Account.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: • a 0.1% increase in the discount rate assumption would result in a decrease ir the pension liability of £20m • a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £0.9m. • a one-year increase in assumed life expectancy would increase the liability by approximately £55m.
Private equity investments (Note 13)	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022) and use valuation techniques that rely on unobservable inputs.	Private equity investments are valued at £14 in the accounts. The valuation of this investm is sensitive to changes in the underlying valuation assumptions. Please refer to Note 13 for a sensitivity analysis demonstrating the impact of a change in assumptions.
Infrastructure and pooled property investments (Note 13)	Infrastructure and pooled property investments are valued at fair value using valuation techniques that rely on unobservable inputs.	Infrastructure and pooled property investme are valued at £178.7m and £117.3m, respectively in the accounts. There is a risk th this investment may be under or overstated significantly if the underlying valuation assumptions change. Please refer to Note 13 for a sensitivity analysis demonstrating the impact of a change in assumptions.

6. Events after the reporting date

There are no events occurring after the reporting date that necessitate adjustments (adjusting events). There are 3 non-adjusting events that require disclosure.

On 21 April 2026 and following the notification of the formal closure process of the LCIV Global Equity Quality Fund, the Pension Fund moved 99% of its investment (c.£142m) to the LCIV Passive Equity Progressive Paris Aligned (PEPPA) Fund. The remaining 1% of units remained in the fund until the LCIV received formal notification that the Financial Conduct Authority (FCA) had approved the closure of the fund. The termination of the fund commenced on the 22 May 2026 and the Pension Fund's remaining units were redeemed on the same date, with the monies invested in the LCIV PEPPA Fund.

On 29 April 2026, the Pensions Schemes Bill received Royal Assent requiring all LGPS Funds to transfer the management of its assets to the asset pool. As at 31 March 2026, the Pension Fund has 75% of its assets under pool management and is working with the London CIV to transfer the remaining investments which are currently held outside the pool.

In the same Pensions Schemes Act as above, legislation addressing the Virgin Media Case was enacted. More detail on the Virgin Media case can be found in Note 17. The Act allows the retrospective validation of "potentially remediable alterations" (PRAs) arising from the Virgin Media case, however, there remains uncertainty as to whether the case does apply to the LGPS. The expectation is that MHCLG will provide clarification on the next steps for the LGPS and the Fund will continue to monitor this, but it is not possible at present to estimate the potential impact, if any, on the scheme.

In April 2026, the Pensions Committee agreed the revised strategic asset allocation, as part of this the Committee decided to divest from the LCIV Buy and Maintain Fund (Short Duration), to fund a new allocation to Index-Linked Gilts.

7. Contributions receivable

By Category

2024-25		2025-26
£m		£m
(15.7)	Employees' contributions	(17.3)
	Employers' contributions	
(39.7)	Normal contributions	(43.4)
(4.5)	Deficit recovery contributions	(5.1)
(0.4)	Pensions strain contributions	(0.6)
(44.6)	**Total employers' contributions**	**(49.1)**
(60.3)		**(66.4)**

By type of employer

2024-25		2025-26
£m		£m
(56.5)	Administering authority	(62.2)
(2.9)	Scheduled bodies	(3.2)
(0.9)	Admitted bodies	(1.0)
(60.3)		**(66.4)**

8. Benefits payable

By Category

2024-25		2025-26
£m		£m
54.6	Pensions	56.8
7.2	Lump sum retirement benefits	8.1
1.6	Lump sum death benefits	1.6
63.4		**66.5**

By type of employer

2024-25		2025-26
£m		£m
59.2	Administering authority	61.6
3.4	Scheduled bodies	3.8
0.8	Admitted bodies	1.1
63.4		**66.5**

9.Payments to and on account of leavers

2024-25		2025-26
£m		£m
4.1	Individual transfers out	4.8
0.2	Refunds to members leaving service	0.2
4.3		**5.0**

10. Management expenses

2024-25		2025-26
£m		£m
0.6	Administration expenses	0.8
7.2	Investment management expenses	7.8
0.4	Oversight and governance*	0.5
8.2		**9.1**

*Includes audit fees of £95,000 that have been charged to the Pension Fund (2024/25: £39,500). The fee payable for the 2025/26 audit is estimated to be £99,750.

2024-25					2025-26			
Management Fees	**Performance Related Fees**	**Transaction Costs**	**Total**		**Management Fees**	**Performance Related Fees**	**Transaction Costs**	**Total**
£m	£m	£m	£m		£m	£m	£m	£m
0.8	0.8	0.0	1.6	Infrastructure funds	1.1	1.1	0.0	2.2
3.9	0.0	0.4	4.3	Pooled investments**	3.7	0.0	0.4	4.1
0.6	0.0	0.0	0.6	Pooled property investments	0.6	0.0	0.0	0.6
0.2	0.5	0.0	0.7	Private equity	0.4	0.5	0.0	0.9
5.5	**1.3**	**0.4**	**7.2**	**Total**	**5.8**	**1.6**	**0.4**	**7.8**

** Included £2.5m charged to the Pension Fund by the London CIV regional asset pool (£1.7m in 2024/25).

11. Income from investments

2024-25		2025-26
£m		£m
(0.4)	Infrastructure funds	(5.1)
(1.2)	Interest	(1.3)
(21.1)	Pooled Investments	(20.5)
(3.7)	Pooled property investments	(3.9)
(0.5)	Private equity	(0.3)
(26.9)	**Total**	**(31.1)**

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

12. Investments

Market Value 31-03-2025		Market Value 31-03-2026
£m		£m
	Investment assets	
	Pooled funds	
203.3	Corporate Bonds	232.6
113.4	Diversified growth funds	122.7
621.7	Global equity	654.7
130.2	Multi asset credit	127.4
132.4	UK equities	149.5
1,201.0		**1,286.9**
	Other investments	
161.7	Infrastructure funds	178.7
118.0	Pooled property investments	117.3
21.2	Private equity funds	14.4
300.9		**310.4**
0.0	Investment income due	0.0
1,501.9	**Total investment assets**	**1,597.3**
	Long-term investments	
0.2	Equities	0.2
1,502.1	**Net investment assets**	**1,597.5**

a. Reconciliation of movements in investments

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

	Market Value 31-03-25	Purchases During the Year*	Sales During the Year*	Change in Value	Market Value 31-03-2026
	£m	£m	£m	£m	£m
Infrastructure funds	161.7	7.9	(6.0)	15.1	178.7
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	1,201.0	341.4	(313.4)	57.9	1,286.9
Pooled property investments	118.0	0.0	(1.9)	1.2	117.3
Private equity funds	21.2	0.1	(5.9)	(1.0)	14.4
	1,502.1	**349.4**	**(327.2)**	**73.2**	**1,597.5**
Investment income due	0.0				0.0
Net investment assets	**1,502.1**				**1,597.5**

*During the year 2025/26, the Pension Fund completed an in-specie transfer from Ruffer's Absolute Return Fund to the LCIV's Absolute Return Fund (managed by Ruffer) (c.£123m) which has been included in the purchases and sales figures above. This transaction was a direct asset transfer and it did not generate cash inflows or outflows for the fund.

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

b. Investments analysed by fund manager

Market value 31-03-2025			Market value 31-03-2026	
£m	%		£m	%
		Investments managed by the London CIV		
187.5	12%	LCIV Global Alpha Growth Fund*	206.4	13%
114.8	8%	LCIV Global Equity Value Fund*	134.2	8%
154.4	10%	LCIV Global Equity Quality Fund*+	138.0	9%
0.0	0%	LCIV Passive Equity Progressive Paris Aligned Fund*#	176.1	11%
130.2	9%	LCIV Alternative Credit Fund*	127.4	8%
0.0	0%	LCIV Absolute Return Fund*#	122.7	8%
105.5	7%	LCIV Buy and Maintain Fund (Short Duration)*	105.3	7%
97.8	6%	LCIV Buy and Maintain Fund (Long Duration)*#	127.3	7%
12.6	1%	LCIV Renewable Infrastructure Fund	19.4	1%
42.3	3%	M&G UK Residential Property Fund	40.9	3%
0.2	0%	London CIV	0.2	0%
845.3	**56%**		**1,197.9**	**75%**
		Investments managed outside the London CIV		
33.4	2%	Alternative assets	24.1	1%
132.4	9%	Artemis Institutional Equity Income Fund*	149.5	9%
40.2	3%	Aviva Lime Property Fund	40.0	3%
165.0	11%	C Worldwide Global Equities#	0.0	0%
64.9	4%	IFM Global Infrastructure (UK)*	72.2	5%
72.0	5%	JP Morgan Infrastructure Investments Fund*	77.4	5%
35.5	2%	M&G Secured Property Income Fund	36.4	2%
113.4	8%	Ruffer Absolute Return Fund	0.0	0%
656.8	**44%**		**399.6**	**25%**
1,502.1	**100%**	**Total**	**1,597.5**	**100%**
0.0	0%	Investment income due	0.0	0%
1,502.1	**100%**	**Net investment assets**	**1,597.5**	**100%**

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

+The LCIV Global Equity Quality Fund was formally suspended on 19 January 2026 in order for all investors to make an orderly exit from the fund, more information on this can be found in Note 6.

As at 31 March 2026 alternative assets comprise of private equity and infrastructure investments managed through ten separate investment managers.

#During the year 2025/26 the Pension Fund invested in one new fund (LCIV Passive Equity Progressive Paris Aligned Fund) and transitioned an investment that was held outside the London CIV onto the pool (LCIV Absolute Return Fund).

<u>LCIV Passive Equity Progressive Paris Aligned Fund (PEPPA)</u>

The Pension Fund divested from Global Equities Manager C Worldwide during the year to fund an investment into the LCIV PEPPA Fund, increasing the Pension Fund's percentage of assets pooled with the London CIV. The investment was made in two tranches, the first tranche of £93.0m was made in February 2026 and the final tranche of £92.7m was completed on 2 March 2026. The Pension Fund fully divested from equity manager C Worldwide.

<u>LCIV Absolute Return Fund (ARF)</u>

The Pension Fund moved its investment from Ruffer's Absolute Return Fund to the LCIV ARF (managed by Ruffer), this is the same fund however is on the London CIV's platform and managed by the LCIV. The investment was completed as an in-specie transaction on 22 March 2026.

<u>LCIV Buy and Maintain Fund (Long Duration)</u>

During the year, the Pension Fund invested £33m of surplus cash in the bank account into the LCIV Buy and Maintain Fund (Long Duration). The investment was completed as one lump sum on the 27 February 2026.

13. Fair value - basis for valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques*.

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

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

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2026.

	Assessed valuation range	Market value 31-03-2026	Value on increase	Value on decrease
	(+/-)	£m	£m	£m
Private equity funds	10%	14.4	15.8	13.0
Pooled property investments	10%	117.3	129.0	105.6
Infrastructure funds	10%	178.7	196.6	160.8
		310.4	**341.4**	**279.4**

a. Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

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

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

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

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

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

Values as at 31 March 2025					Values as at 31 March 2026			
Quoted market price	**Using observable inputs**	**With significant unobservable inputs**			**Quoted market price**	**Using observable inputs**	**With significant unobservable inputs**	
Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Financial assets at fair value through profit and loss				
0.0	0.0	161.7	161.7	Infrastructure funds	0.0	0.0	178.7	178.7
0.0	0.0	0.2	0.2	Long-term investments	0.0	0.0	0.2	0.2
0.0	1,201.0	0.0	1,201.0	Pooled investments	0.0	1,286.9	0.0	1,286.9
0.0	0.0	118.0	118.0	Pooled property investments	0.0	0.0	117.3	117.3
0.0	0.0	21.2	21.2	Private equity funds	0.0	0.0	14.4	14.4
0.0	**1,201.0**	**301.1**	**1,502.1**	**Total investment assets**	**0.0**	**1,286.9**	**310.6**	**1,597.5**
0.0	0.0	0.0	0.0	Investment income due	0.0	0.0	0.0	0.0
0.0	**1,201.0**	**301.1**	**1,502.1**	**Net investment assets**	**0.0**	**1,286.9**	**310.6**	**1,597.5**

b. Reconciliation of fair value measurements within level 3

The table below shows the movements in level 3 disclosures for 2025-26

Disclosures for level 3	Market value at 31-03-2025	Transfers into level 3	Transfers out of level 3	Purchases at cost	Sales	Unrealised gains / (losses)	Realised gains / (losses)	Market value at 31-03-2026
	£m	£m	£m	£m	£m	£m	£m	£m
Private equity	21.2	0.0	0.0	0.1	(5.9)	(4.4)	3.4	14.4
Pooled property investments	118.0	0.0	0.0	0.0	(1.9)	1.2	0.0	117.3
Infrastructure	161.7	0.0	0.0	7.9	(6.0)	15.1	0.0	178.7
Long term investment	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Total level 3	**301.1**	**0.0**	**0.0**	**8.0**	**(13.8)**	**11.9**	**3.4**	**310.6**

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

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

14. Financial Instruments

a. Classification of financial instruments

at 31 March 2025				at 31 March 2026		
Fair Value through profit and loss	Assets held at amortised cost	Total		Fair Value through profit and loss	Assets held at amortised cost	Total
£m	£m	**£m**		£m	£m	**£m**
			Financial assets			
161.7	0.0	161.7	Infrastructure funds	178.7	0.0	178.7
0.0	0.2	0.2	Long-term investments	0.0	0.2	0.2
1,201.0	0.0	1,201.0	Pooled investments	1,286.9	0.0	1,286.9
118.0	0.0	118.0	Pooled property investments	117.3	0.0	117.3
21.2	0.0	21.2	Private equity funds	14.4	0.0	14.4
0.0	25.6	25.6	Cash	0.0	32.3	32.3
0.0	0.0	0.0	Investment income due	0.0	0.0	0.0
0.0	0.0	0.0	Other debtors*	0.0	0.0	0.0
1,501.9	**25.8**	**1,527.7**		**1,597.3**	**32.5**	**1,629.8**
			Financial liabilities			
0.0	0.0	0.0	Creditors*	0.0	0.0	0.0
1,501.9	**25.8**	**1,527.7**	**Total**	**1,597.3**	**32.5**	**1,629.8**

*The table above *excludes* debtors valued at £0.0m (31 March 2025: £0.1m) and creditors valued at £2.3m (31 March 2025: £2.5m) which are non-contract based transactions and balances and therefore do not meet the criteria of financial instruments. Further information on current assets and current liabilities outstanding at the reporting date is detailed in notes 18 and 19 below.

b. Net (Gains) and Losses on Financial Instruments

2024-25		2025-26
£m		£m
	Financial Assets	
10.9	Fair value through profit and loss	73.3
10.9		**73.3**

15. Risk and risk management

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

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

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

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

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

Market risks

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

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

Price risk

In consultation with its investment consultant, Mercer Ltd, the Fund has determined that the following movements in market price risk are reasonably possible for 2025-26, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset type	Value as at 31 March 2025	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Pooled and Long term investments				
Developed market global equities	721.6	20.9%	872.4	570.8
Emerging market global equities	32.7	25.3%	41.0	24.4
Fixed Income	203.3	11.6%	226.9	179.7
Diversified growth funds	113.4	14.1%	129.4	97.4
Multi asset credit	130.2	12.8%	146.9	113.5
	1,201.2		**1,416.6**	**985.8**
Pooled Property Investments				
UK property (proxy for residential property)	82.5	16.6%	96.2	68.8
Long lease UK property	35.5	11.2%	39.5	31.5
	118.0		**135.7**	**100.3**
Private Equity Funds				
Private equity	21.2	27.0%	26.9	15.5
	21.2		**26.9**	**15.5**
Infrastructure Funds				
Unlisted infrastructure	161.7	12.3%	181.6	141.8
	161.7		**181.6**	141.8
Total	**1,502.1**		**1,760.8**	**1,243.4**

Asset type	Value as at 31 March 2026	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Pooled and Long term investments				
Developed market global equities	766.4	8.3%	830.0	702.8
Emerging market global equities	38.0	21.0%	46.0	30.0
Fixed Income	232.6	3.0%	239.6	225.6
Diversified growth funds	122.7	8.4%	133.0	112.4
Multi asset credit	127.4	6.5%	135.7	119.1
	1,287.1		**1,384.3**	**1,189.9**
Pooled Property Investments				
UK property (proxy for residential property)	80.9	9.8%	88.8	73.0
Long lease UK property	36.4	8.3%	39.4	33.4
	117.3		**128.2**	**106.4**
Private Equity Funds				
Private equity	14.4	12.4%	16.2	12.6
	14.4		**16.2**	**12.6**
Infrastructure Funds				
Unlisted infrastructure	178.7	8.3%	193.5	163.9
	178.7		**193.5**	**163.9**
Total	**1,597.5**		**1,722.2**	**1,472.8**

Interest rate risk

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

The Fund's indirect exposure to interest rate movements as at 31 March 2026 and 31 March 2025 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 2025	Change	Value on increase	Value on decrease	Assets exposed to interest rate risk	Value as at 31 March 2026	Change	Value on increase	Value on decrease
£m	%	£m	£m		£m	%	£m	£m
25.6		25.6	25.6	Cash and cash equivalents	32.3		32.3	32.3
388.9	1.00%	373.4	404.4	Bonds	420.9	1.00%	402.1	439.7
414.5		**399.0**	**430.0**	**Total**	**453.2**		**434.4**	**472.0**

Currency risk

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

The table above summarises the position as at 31 March 2026, and the comparable position as at 31 March 2024 is shown below. The analysis uses historical currency volatility data sourced from the fund custodian, BNY.

Currency	As at 31 March 2025			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	612.2	2.42%	627.0	597.4
Euro	232.3	1.28%	235.3	229.3
Japanese Yen	48.4	2.58%	49.6	47.2
Swiss Franc	14.7	2.37%	15.0	14.4
Swedish Krona	13.0	2.14%	13.3	12.7
Danish Krone	11.6	1.80%	11.8	11.4
Taiwanese Dollar	10.5	0.00%	10.5	10.5
Mexican Peso	10.1	2.13%	10.3	9.9
Indian Rupee	8.5	1.70%	8.6	8.4
South Korean Won	8.3	1.30%	8.4	8.2
Other overseas	28.0	0.44%	28.1	27.9
Overseas total	**997.6**		**1,017.9**	**977.3**
Sterling	504.5			
Net investment assets	**1,502.1**			

Currency	As at 31 March 2026			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	600.2	2.04%	612.5	587.9
Euro	169.0	0.98%	170.7	167.3
Japanese Yen	39.0	2.19%	39.9	38.1
Taiwanese Dollar	22.1	2.11%	22.6	21.6
Mexican Peso	12.9	2.43%	13.2	12.6
Canadian Dollar	12.1	1.42%	12.3	11.9
Hong Kong Dollars	11.8	2.02%	12	11.6
Australian Dollar	10.6	1.88%	10.8	10.4
Swiss Franc	8.4	1.47%	8.5	8.3
Chinese Yuan	6.6	1.82%	6.7	6.5
Other overseas	23.2	1.73%	23.6	22.8
Overseas total	**915.9**		**932.8**	**899.0**
Sterling	681.6			
Net investment assets	**1,597.5**			

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 2026, liquid investment assets were £1,286.9m representing 81% of total fund assets (£1,201.0m at 31 March 2025 representing 80% of the Fund at that date). These investments can in fact be liquidated within a matter of days.

Credit Risk

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

16. Funding arrangements

In accordance with statutory regulations a triennial valuation of the Pension Fund was completed by the City's independent consulting actuaries, Barnett Waddingham LLP, as at 31 March 2022 using the projected unit method and the resulting employers' contribution were implemented for the three financial years commencing 1 April 2023. A more recent valuation was undertaken as at 31 March 2025, and employer contribution rates resulting from this exercise will apply from 1 April 2026.

The main funding assumptions which follow was incorporated into the funding model used in the 31 March 2022 and the 31 March 2025 valuation (Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms):

	March 2022		March 2025	
	% p.a.	Real % p.a.	% p.a.	Real % p.a.
Financial assumptions				
Discount rate	4.6	2.9	5.0	2.7
Retail Price Inflation	3.2	1.0	3.1	1.0
Consumer Price Inflation	2.9	-	2.7	-
Pension increases	2.9	-	2.7	-
Pay increases	3.9	1.0	3.7	1.0

The discount rate reflects the asset allocation embedded in Fund's long-term strategy; the below table outlines how these assumptions translate into an overall discount rate assumption as at 31 March 2022 and 31 March 2025.

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

Future assumed returns at 31 March 2025	Percentage of Fund	Return Assumption	Real (relative to CPI)
	%	%	%
Equities	47	7.1	4.8
Property and infrastructure	23	6.2	3.9
Multi-asset Credit	8	6.2	3.9
Absolute return fund - inflation plus 3.2%	7	6.0	
Corporate Bonds	15	5.8	
Expenses (deduction)		(0.2)	(0.2)
Neutral estimate of discount rate based on long-term investment strategy		**6.4**	**4.1**
Prudence allowance		(1.4)	(1.4)
Discount rate		**5.0**	**2.7**

Demographic assumptions

The assumed life expectancy from age 65 is shown below for the 31 March 2022 and 31 March 2025 valuation.

Life expectancy from age 65		31 March 2022	31 March 2025
Retiring today	Males	21.0	21.4
	Females	23.5	24.4
Retiring in 20 years	Males	22.3	23.0
	Females	24.9	26.2

Commutation assumption

As part of the 31 March 2022 and 31 March 2025 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 valuations at 31 March 2022 and 31 March 2025 revealed that the relationship between the values placed on the assets held by the Fund and the liabilities accrued in respect of pensionable service at that date were as follows:

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

	March 2025
Past service liabilities	**£m**
Active members	(500.0)
Deferred pensioners	(319.0)
Pensioners	(790.0)
Total	**(1,609.0)**
Assets	1,551.0
Deficit	**(58.0)**
Funding level	**96%**

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

	March 2022	March 2025
	Contribution rate %	**Contribution rate %**
Future service funding rate	18.5	15.5
Past service adjustment	2.5	4.5
Total contribution rate	**21.0**	**20.0**

The secondary rate contributions agreed with individual employers were set at the 31 March 2022 valuation to restore the Fund to a funding position of 100% over a recovery period of no longer than 11 years. At the 31 March 2025 valuation, this deficit recovery plan was set at 10 years (i.e. the secondary rates established in 2025 aim to restore 100% funding).

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

Following the 31 March 2025 valuation, the Fund level contribution rate is 20.0% per annum, with most employers paying contribution rates of 20.0% for the three years commencing 1 April 2026 apart from the City Academy and the Multi Academy Trust (14.6%); the Museum of London (14.7%) and the London CIV (15.6%).

17. Funded Obligation of the Overall Pension Fund

31 March 2025		31 March 2026
£m		£m
(1,365.2)	Present Value of the defined benefit obligation*	(1,480.1)
1,525.2	Fair Value of Fund Assets (bid value)	1,627.5
160.0	Net Liability	**147.4**

*The present value of the funded obligation consists of both vested and non-vested obligations. Non-vested obligations have been assumed to have a negligible value (2024/25: £1,352.3m and £12.9m respectively).

The above figures show the total net liability of the Fund as at 31 March 2026 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 2025 have been rolled forward, using financial assumptions that comply with IAS19.

at 31 March 2025		Assumptions	at 31 March 2026	
% p.a.	**Real % p.a.***		**% p.a.**	**Real % p.a.***
2.90	-	CPI increase	2.9	-
3.90	1.00	Salary increase	3.9	1.0
2.90	-	Pension increase	2.9	-
5.85	-	Discount Rate	6.1	-

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

Life expectancy from age 65		31 March 2025	31 March 2026
Retiring today	Males	20.7	22.0
	Females	23.3	24.2
Retiring in 20 years	Males	22.0	23.5
	Females	24.7	25.9

McCloud and Sargeant judgments

The Government reformed public service pension schemes in 2014 and 2015 and introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. An allowance for the McCloud remedy has been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

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.

Virgin Media Case

Historically, where the rules of a contracted-out defined benefit scheme were amended, the Scheme Actuary would provide a “section 37” confirmation that the scheme continues to meet the contracting-out requirements. In June 2023, the High Court decided that certain rule amendments were invalid in absence of the actuarial certification (potentially including cases where such a confirmation cannot now be located). On 18 September 2025, the Government published proposed amendments to the Pension Schemes Bill that would allow retrospective actuarial validation to confirm whether historic changes to contracted-out benefits complied with statutory requirements. For the LGPS, the Scheme Actuary is the Government Actuary’s Department (GAD). GAD are reviewing historic amendments to the LGPS in this context and the Scheme Advisory Board were liaising with GAD on whether the relevant certificates were available for past scheme changes.

18. Current assets

Current assets include cash balances of £32.3m at 31 March 2025 (£25.6m at 31 March 2025) and no accruals for contributions (£0.1m at 31 March 2025).

19. Current liabilities

Current liabilities represent accruals for investment management expenses, custodian fees and benefits payable of £2.3m (2024/25: £2.5m).

20. Additional voluntary contributions

Market Value at 31 March 2025		Market Value at 31 March 2026
£m		**£m**
2.4	Prudential	2.4
0.7	Standard Life Investments	0.7
0.1	Utmost Life and Pensions	0.1
3.2		**3.2**

Additional voluntary contributions (AVCs) are managed externally and independently from the rest of the Pension Fund. They are paid by members to the Corporation and transferred directly to the relevant fund managers – Prudential, Standard Life Investments and Utmost Life and Pensions (formerly Equitable Life). AVCs of £0.45m were paid in 2025/26 (2024/25: £0.37m).

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

21. Related party transactions

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

During the reporting period, the administering authority incurred salary expenses amounts to £0.7m (2024/25: £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 £45.7m in 2025/26 (2024/25: £41.5m).

The City of London Corporation Pension Fund is invested in the London CIV, the regional pool operator for London and Buckinghamshire. As at 31 March 2026, 75% of the Pension Fund's assets are managed by the London CIV (2024/25: 56%). The London CIV are also an admitted body to the Pension Fund and the employer contributions paid to the Pension Fund by it was £0.1m in 2025/26 (2024/25: £0.1m).

22. Key management personnel

The key management personnel of the Fund as at 31 March 2026 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.

2024-25		2025-26
£m		**£m**
0.2	Short-term benefits	0.2
0.2		**0.2**

23. Contingent liabilities and contractual commitments

As at 31 March 2026, the Fund had external outstanding capital commitments relating to Renewable Infrastructure of £54.7m (31 March 2025: £61.8m). Further outstanding capital commitments at 31 March 2026 totalled £5.8m (31 March 2025: £5.7m). 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.

Annual Governance Statement

Annual Governance Statement (City Fund) April 2025 - March 2026

Executive Summary

1. The City of London Corporation (City Corporation) has approved and adopted a code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016.* The City Corporation has complied with this code and has met the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

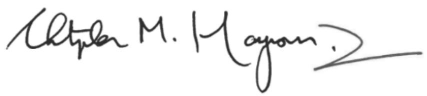
2. **This Annual Governance Statement (City Fund) statement sets out:**
    a. **our assessment of effectiveness for the period covering April 2025 – March 2026**
    b. **improvements and our commitment to do this during April 2026 – March 2027**
    c. **improved governance in the 2025-2026 financial year; and**
    d. **a governance forward look**

3. **The City Corporation is satisfied that appropriate governance arrangements are in place and are operating effectively**. Second line of Defence assurance is achieved via corporate functions, such as Corporate Health and Safety, Corporate Risk Management and the Central Finance Function. Committee annual plans and reports, minutes and action tracking also form our view of the effectiveness of City Corporation governance. Actions identified for 2026-2027 include implementation of the City Corporation's new ERP system Project SAPphire, the continued roll out of the City Corporation's Transformation Programme, and delivery and reporting of the City Corporation's Corporate Plan 2024-2029, People Strategy 2024-2029, City Plan 2040, and Digital, Data and Technology Strategy 2024-2029.

4. Internal Audit provide third line assurance through, amongst other things, the Group Chief Internal Auditor's annual opinion on the adequacy and effectiveness of the City Corporation's systems of internal control to achieve its objectives. This opinion is informed by Audits, discussion with key officers and observation of the governance process in operation.

5. Grant Thornton UK LLP provides the external audit of the City Fund and Pension Fund accounts, and as part of their work, review the Annual Governance Statement to be assured that it is consistent with our financial statements and in line with CIPFA requirements. Other external audit and inspections include Ofsted and the Care Quality Commission. In addition, City Corporation underwent a Local Government Association (LGA) Peer Challenge in late 2025, focused on governance, financial resilience and Housing. The review recommendations were accepted by the City Corporation in February 2026 with an associated action plan published in April 2026.

6. This annual governance statement was approved by the City Corporation's Audit and Risk Management Committee on 11 May 2026.



Chris Hayward
Policy Chairman

Ian Thomas CBE
Town Clerk and Chief Executive

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Our assessment of Effectiveness in 2025-2026

Governance

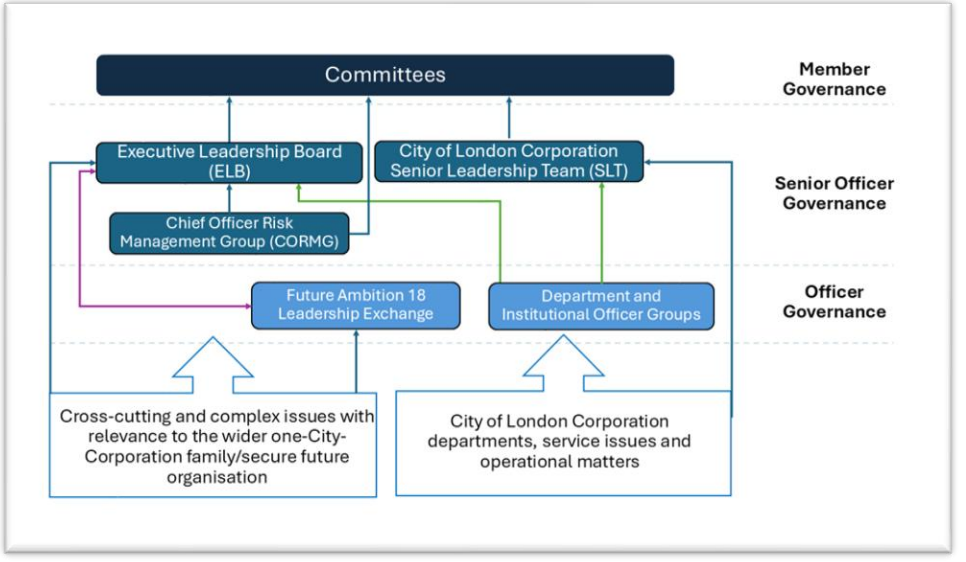
7. The Annual Governance Statement (City Fund) 2025-2026 is informed by inputs from Chief Officer portfolio areas, internal and external audit and inspection findings, performance measures and various legal and statutory duties. We recognise the importance of appropriate controls, effective processes, and good management in ensuring the successful delivery of services and have **a robust system of governance** in place.

8. Our Code of Corporate Governance is a series of regulatory documents and protocols that govern how the City Corporation operates and takes decisions. These procedures cover Local Authority and Police Authority roles, and are applied to our private and charitable functions, where appropriate, to ensure our actions are fair, efficient, transparent and accountable.

9. Key elements of the City Corporation's Governance Framework are explained (for example how the Court of Common Council, the City Corporation's primary decision making assembly, appoints Grand Committees each year to provide scrutiny and oversight on its behalf). Some of the ways in which the City Corporation is consistent with the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016's* seven principles are also listed. Our Corporate Plan 2024-2029 describes six key outcomes we aim to achieve over five years. Progress is communicated in an Annual Progress Report. In addition, the City Corporation's People Strategy has been incorporated into the 2026-2029 three year business plan for People and HR and progress will be reported quarterly to Corporate Services Committee.

10. **Member scrutiny and oversight** is vital in assuring the robustness of the City Corporation's governance. Newly elected Members receive a comprehensive induction over three months to enable them to understand and undertake their role. Induction prioritised to ensure effective governance and decision making are enabled from the start of each Member's term of office, with ad-hoc needs identified and addressed as and when required.

11. The City Corporation's **governance arrangements are under regular review**. Committee plans, Terms of Reference, and business as usual reviews are undertaken into the various thresholds and responsibilities captured within the Scheme of Delegations and Standing Orders. In 2025-2026, an audit on the Officer Scheme of Delegations was completed and identified a need for greater focus on developing a formal process for logging and managing requests for updates to the Scheme of Delegations.



12. The City Corporation Senior Leadership Team (SLT), the Executive Leadership Board (ELB) and the Chief Officer Risk Management Group (CORMG) are the most senior officer governance groups and have continued to provide strategic oversight, guidance, and decision-making for effective governance and management, discharging the aggregate set of accountabilities delegated to Officers by Members.

13. The SLT meets on a weekly basis to discuss operational matters, organisational strategy and performance. ELB membership spans the whole City Corporation, including Heads of Institutions, achieving collective leadership and direction via quarterly away days or more frequent meetings, as needed.

14. CORMG is a sub-group of ELB, meeting at least six times per year, supporting ELB's overall responsibility for risk management. Departmental and institutional officer governance groups enable the City Corporation to discharge appropriate governance responsibilities, such as the Strategic Health & Safety Board (SHSB), Portfolio Board, Corporate Projects Board, and Transformation Programme Board. The Future Ambition 18 Leadership Exchange are senior leaders below the Chief Officer level who work together to achieve City Corporation strategic outcomes.

15. Effective systems and processes are in place to provide assurance of **expected standards of conduct**. The Member Development and Standards Sub Committee ensures all Members access opportunities to broaden specialist knowledge and skills in relation to their duties as Aldermen, Alderwomen or Common Councillor. It is also responsible for monitoring, upholding and reviewing the City Corporation's Standards regime. Governance includes our Members Code of Conduct (regular training on this is available to all Members, and External Members are also subject to this Code) and our Panel of Independent Persons.

16. Information for employees on **how to raise a concern** is communicated on the City Corporation website and the staff intranet. The Speak Up Policy & Procedure is the City Corporation's response to whistleblowing, allowing employees to raise concerns about wrongdoing; it is supported by a case management system for Speak Up concerns (Whistleblowing & Grievance)

The role of the Panel of Independent Persons

A diverse group of 12 independent persons, appointed by the Court of Common Council, receives allegations of misconduct under the Members' Code of Conduct, and follows a three-stage process: an assessment stage, a hearing stage and an appeal stage. These stages are considered by separate Sub-Panels. The Panel's recommendations, regarding breaches of the Code and any sanctions, are presented to the Court. The Panel is also responsible for considering requests for dispensations.

and incorporates an electronic reporting tool that allow concerns to be raised anonymously, facilitating two way communication, maintaining anonymity for the employee raising the concern. During 2025-26, three concerns were raised that met the test for a protected disclosure under the whistleblowing arrangements.[1]

17. The City Corporation has an **Anti-Fraud and Corruption Strategy** to reduce the risk of fraud and corruption to the City Corporation from internal and external sources. A good practice guide to assist staff, users of public services and members of the public on Anti-Fraud and Corruption issues and legislation, it provides clarity on, and support with, the course of action to be taken by City Corporation employees and users of its public services.

18. Failure to Prevent Fraud (FTP) Offences under the Economic Crime and Corporate Transparency Act 2023 went live on 1st September 2025, the City Corporation is in scope under this legislation. In response to this, a programme of targeted fraud risk workshops was delivered across the City Corporation during 2025-2026; these will continue into 2026-2027 with a strong focus on the development, and maintenance, of, fraud risk assessments.

19. The City Corporation has approaches in place to support its **compliance and preparedness** in Security and Resilience, Business Continuity, MAGIC (Gold Command) and Health & Safety. Processes and data are reviewed regularly to help drive effectiveness and continuous improvement.

Delivery of Services

Police Authority function

20. The **City of London Police**, the City's independent territorial police service, is overseen by the City of London Police Authority Board (PAB) and its Sub-Committees. Comprising elected Members and external appointees, PAB is the City's equivalent of a Police and Crime Commissioner. It holds the City of London Police Commissioner to account for the efficient and effective delivery of the service, ensures value for money in the way the Police is run, and sets policing priorities taking into account the views of the community. In July 2025, structural reforms to the governance of the Board and its Sub-Committees were agreed. The City of London Police's operational and organisational priorities and objectives are published in periodic Policing Plans and strategies. Its Neighbourhood policing approach connects the City of London Police directly to our communities, with Dedicated Ward Officers (DWO) making the police more visible, able to interact with the public, aid local knowledge, and keep those who live, work, and visit the city safe and feeling safe.

Health & Safety

21. The City Corporation manages activities with the potential to cause significant harm to employees, contractors, and service users through a robust, corporate wide Health & Safety Management System. This provides clear governance, strong organisational oversight, and a structured approach to managing risk across all departments and Institutions. The framework ensures statutory compliance and consistent application of the Plan-Do-Check-Act cycle in line with best practice. **Strategic direction and accountability are exercised through the Strategic Health & Safety Board and relevant Committees**, supported by departmental health and safety improvement groups and advice from the Corporate Health & Safety Team. These arrangements provide a comprehensive second line of defence assurance within the wider governance system, contributing to continuous improvement, strengthened risk management, and enhanced organisational capability.

[1] This compares with five concerns raised during 2024-25

Community Engagement

22. City Question Time events were held in May, September, December 2025, and February 2026 at venues across the City, **enabling residents to meet and hold their elected representatives to account**. The City Corporation captures the questions raised at these events and, in September 2026, published 'You Said, We Did' to **illustrate how it has responde**d on issues including culture, finance, housing, green spaces, noise, planning, policing, services and support, transport, neighbourhood fund, and resident services directory.

23. Consultations **and engagement** were held on important areas of policy development and the annual resident and Business Rate Payers consultation took place in February 2026 as part of the City Question Time event, **engaging with the business community on how decisions on setting business rates for the 2026-2027 were reached**. Stakeholder engagement plays a vital part in the City Corporation's policy development.

24. The City Belonging Project c**onnected workers across our diverse community**, through engagement with the diversity networks of City businesses, to aid consultation and co-creation in areas such as planning, transportation and service delivery, and enable workers to feel as much a part of the community where they work as they do where they live. Six City Belonging networks (Mental Health, Neurodiversity, Pride, Black, Disability, South Asian) were launched in 2025-2026, adding to the six already established networks.

Equity, Equality, Diversity and Inclusion

25. The City Corporation drives **Equity, Equality, Diversity and Inclusion (EEDI)** at all levels of the organisation to meet its published Equality Objectives. The EEDI Sub-Committee, led by elected Members, strengthened the EEDI governance structure and approved a new EEDI Strategic Framework for the City Corporation following months of consultation and collaboration across 2025-2026.

26. The EEDI Strategic Framework sets out the tools and approach to embed EEDI across all functions, ensuring the City Corporation is a fair and inclusive space for all who live, work, study and visit. The Framework has been informed and shaped by the findings and recommendations of an independent EEDI Review which concluded in April 2025. In 2026, the City Corporation launched the first organisation-wide contract for British Sign Language (BSL) services through partnering with Remark!, a leading Deaf-led organisation. This has enabled a shift from reactive, "on-request" provisions to a proactive model of accessibility for our services and events.

27. City Corporation has sought to address implications resulting from the Supreme Court clarification of Sex in the Equality Act 2010 via the establishment of a Gender Identity Working Party, which includes representation across the City Corporation and Institutions. This has enabled the co-production of updated guidance for staff, which included Staff Diversity Networks as key contributors. We have also initiated an audit of our estate to ensure we have adequate provision of facilities.

28. The City Corporation has eight established Diversity Staff Networks, and is a signatory of charters and accreditations, including the Armed Forces Covenant (which is informing the establishment of an Armed Forces Network), Women in Finance, Stonewall, Disability Confident Employer, London Living Wage and the Social Mobility Employer Index, where City Corporation was ranked 24th in October 2025[2]. Additionally, many departments have a local equality framework and have established EEDI working groups that provide a medium for localised and bespoke working.

Community and Children's Services

29. The City Corporation received the highest outcome rating following the Local Area Partnership inspection by Ofsted and CQC. The inspections found that **"the local area partnership's special educational needs and/or disabilities (SEND) arrangements typically lead to positive experiences and outcomes for children and young people with SEND".**

30. An assessment of Adult Social Care by the CQC concluded in July 2025 and the final report is awaited.

31. The Regulator for Social Housing undertook an inspection in late 2025. A C3 rating was given; the City Corporation is committed to improving this rating and achieving full regulatory compliance swiftly, working closely with the regulators. The inspectors agreed that the City Corporation understands the issues that need to be addressed and is working at pace to progress these.

32. There is a schedule of audits in Adult Social Care carried out by the Principal Social Worker. During the last year, audits have included a Case File audit, which confirmed strong partnership and integrated working to support complex needs and safety, and a Carers Assessment and Support audit, which evidenced a person-centred approach with carers' voices clearly recorded, while identifying areas to strengthen professional judgement and impact assessment. An internal audit of Direct Payments in May 2025 also provided Substantial Assurance on governance, effectiveness, and controls. Additional external audits are commissioned and in the past year have included safeguarding and occupational therapy service.

33. An external organisation, Aidhour, carry out audits of Children's Social Care cases on a monthly basis (2 cases a month). These can be flexible if we want to look at a particular cohort of children and young people such as those who are disabled.

34. In February 2026, the three Barbican towers (Cromwell, Lauderdale, and Shakespeare) were awarded Building Assessment Certificates under the Building Safety Act 2022, following inspection of their Building Safety Cases submitted to the regulator in October 2024. This places the City Corporation among a small cohort nationally to meet the Regulator's requirements at this stage. The outcome provides strong assurance of the City Corporation's governance framework, demonstrating effective safety management systems, clear accountability structures, and sustained organisational competence in managing higher-risk buildings.

35. The Safeguarding Sub-Committee fulfils our legal obligation to have a Corporate Parenting Board. Members on the Sub-Committee scrutinise various performance and strategies in relation to safeguarding and our Corporate Parent role. Over the past year the sub-committee has considered a range of Service Development

[2] Previous rankings: 2018: 66th, 2019: 56th, 2020:50th, 2021:40th, 2022: 67th, 2023: 87th

Plans, the Corporate Parenting Strategy and Annual Report, Quarterly Performance Reports and the Annual Reports from the City and Hackney Safeguarding Children's Partnership and City and Hackney Safeguarding Children's Partnership. It also considered a range of annual reports on areas such as private fostering and participation and updates on the Families in The City Programme.

36. The City of London Health and Wellbeing Board continued to strengthen its role to ensure it is delivering its priorities set out in the Joint Local Health and Wellbeing Strategy. Further strengthening of the role of Health and Wellbeing Board is starting to emerge with the development of Neighbourhood Plans as set out in the NHS 10 year plan.

37. There has been significant political oversight and support around housing, rough sleeping and homelessness through relevant sub-committees. At its December 2025 meeting, the Court of Common Council agreed to invest an additional £211 million programme over the next 10 years to address safety, quality and Decent Homes compliance in its social homes.

Environment

38. Environment worked with internal and external partners to fulfil its statutory duties and deliver excellent public services, adapting to the requirements of new and changing legislation and government demands. Several key strategies and policies were developed and implemented during the period, which will deliver, or have already begun to deliver, positive outcomes for the environment, City residents, consumers, businesses and members of the public. The Department responded to significant government consultations, including the Planning Reform NPPF; Licensing Reform NLPF; Mayor of London's Strategic Licensing Framework (2026-2031) and proposals for the Mayor's Licensing Call-in Powers.

39. Extensive work on the **City Plan 2040** - which sets the vision for the growth of the Square Mile up to 2040, and the planning policies to guide development in achieving this - continued at pace in 2025-2026. Three weeks of public hearings into the Plan were held in April 2025, overseen by two independent Planning Inspectors, with a wide spectrum of stakeholders appearing at the hearings. Following the hearings, the Inspectors issued draft Main Modifications to the Plan, which were subject to public consultation. These have been reviewed and submitted to the Planning Inspectors. The Inspectors' report is expected early in 2025-2026 and we will then move to adopt the City Plan in summer 2026.

40. The 2025-26 – 2030-31 Transport Strategy Delivery Plan sets out the projects delivering the City Corporation's Transport Strategy, making the City's Streets **safer and more accessible, and giving more space and priority to people walking and wheeling**. The Delivery Plan is updated annually, and progress is reported in the Transport Strategy Annual Report.

41. The City Corporation made significant progress in the first year of its Circular Economy Framework strengthening data collection and baselining, gaining funding for a Library of Things, expanding food waste services, and advancing reuse initiatives across operations, supply chains, and the built environment. Despite ongoing challenges around data consistency and behaviour change, the organisation has established a strong foundation for accelerating circular practices in 2026, including enhanced reporting, wider stakeholder engagement, and continued development of innovative reuse and waste-reduction programmes.

42. The City Corporation's new Air Quality Strategy 2025-2030 aims to fulfil its statutory obligations and to reach its aim of meeting national air quality standards in all locations within the next two to three years, the key actions are underway.

43. Work began on refreshing the City Licensing Policy which supports businesses, including SMEs, to thrive in the City, whilst maintaining a balanced approach for City residents.

44. Following the appointment of a dedicated Suicide Prevention and Project Officer, an Enhanced Suicide Prevention Action Plan was embedded during 2025-2026. In recognition of the collaborative work happening across the Square Mile in the mental health and suicide prevention space, the City Corporation was announced as **the winner of the 'Wellbeing Excellence in Emergency Services' category at the Great British Workplace Wellbeing Awards**.

45. Throughout 2025-2026, the Port Health service continued to adapt to the phased introduction of the Border Target Operating Model for Sanitary and Phytosanitary (SPS) controls at the border. This extended rollout has required stabilisation and management of risk-based controls for high, medium, and low-risk commodities, as well as ensuring constant preparedness for emergency protective measures. The ability to keep pace with national regulatory changes, while maintaining strong service governance, has been vital to safeguarding both public health and the smooth flow of trade across Great Britain.

Culture

The London Archives

46. The London Archives is designated a Place of Deposit for London's records and archives and accredited by The National Archives (DCMS). Governed by the Culture, Heritage and Libraries Committee, it manages the second largest public archive in the UK.

47. Audience engagement focused on connecting London's communities and children with the City Corporation's archives through exhibitions, events and education programmes. Highlights include strong public engagement with the *London in the Second World War* exhibition (47,000 visitors) and national media coverage. Expanded provision for primary and secondary schools saw over 3000 children welcomed to the archives. Community and digital engagement continued through partnership projects with London community groups and Livery Companies, at the time of publication, it was anticipated the online content would reach over 17million uses by financial year end.

Barbican Arts Centre

48. The Barbican Centre is governed by the Barbican Centre Board, a committee of the City Corporation and is underpinned by two sub-committees, the Risk and Finance Committee and the People, Culture and Inclusion Committee.

49. The Barbican operates on a mixed funding model. The City Corporation, as founder and principal funder, funds 40% of activities from its City Fund. 60% of annual income is raised through audience revenue, enterprise, commercial income and raised income. The Barbican is supported by the Barbican Centre Trust Limited. Trustees are dedicated to raising funds to support the Barbican's world-class arts and creative learning programmes.

50. A new Barbican CEO commenced in post January 2026. The Barbican is developing its ten-year business plan in alignment with the City Corporation's Corporate Plan 2024-2029, spanning the delivery of the Barbican Renewal Programme.

Enablers

Financial Management

51. The proper administration of the City Corporation's financial affairs and ensuring financial sustainability is fundamental to the City Corporation's service delivery. The Chamberlain is the Chief Finance Officer in accordance with section 151 of the Local Government Act 1972 and has overall responsibility for this. *CIPFA's 2010 Statement on the Role of the Chief Financial Officer in Local Government* defines the key responsibilities of this role and sets out how the requirements of legislation and professional standards should be met. The Chamberlain also fulfils the role of Treasurer of the Police Authority.

52. The City Corporation culture is to maximise returns from its resources and seek value for money. It assesses the scope for improvements in efficiency/value for money by a variety of means, including improvement priorities set by the Policy & Resources Committee through the annual resource allocation process. The Projects and Procurement Sub-Committee meets monthly to ensure that projects align with corporate objectives and strategy and provide value for money. The Capital Buildings Board provides oversight for the major programmes, meeting every two months, supported by a monthly Chamberlain's Projects Assurance Board.

The Efficiency and Performance Working Group examines and scrutinises both organisation wide and individual departmental plans to ensure the drive for value for money and oversee performance in alignment with departmental business plans. During 2025-2026, Star Chamber meetings were held to review and challenge in more detail areas with existing and ongoing financial pressures, including the HRA and Barbican. The savings identified through this process were targeted at returning these areas to a balanced budget within the medium term.

53. The City Fund Medium Term Financial Plan is approved each year by the Court of Common Council and sets the revenue and capital budgets for a five-year period. There are significant pressures on achieving a balanced MTFP from Financial Year (FY) 2029-30 due to the local government finance settlement. Transitional funding has been received for the FYs 2026-2027, 2027-2028 and 2028-2029 but the revised formula does not adequately reflect the drivers of costs for the City Corporation through daily commuter populations or those services delivered for London or the national benefit. Further discussions with HM Government on the future of funding allocations with the City Corporation are ongoing. Programme SAPphire implementation (adoption of our new ERP system) is in progress, modernising and improving our financial and human resources systems and processes. Capability building within Chamberlain's and Financial Services Division, and across the wider organisation, is continuing through its Finance, Improvement, and Transformation (FIT) strategy.

54. The City of London Pension Fund is administered by the City Corporation. This means that the City Corporation is the 'Administering Authority' in accordance with the Local Government Pension Scheme (LGPS) Regulations. The City Corporation has established a Pensions Committee to undertake statutory functions of the Administering Authority on behalf of the LGPS and to ensure compliance with LGPS Regulations, relevant legislation and best practice as advised by the Pensions Regulator. The City of London Pension Fund also has a Local Government Pensions Board (required under legislation in the 'Public Services Pensions Act 2013') who assist the Administering Authority with reviewing and scrutinising the adequacy of arrangements in place to meet the requirements of scheme regulations and the extent to which local policies and guidance are fit for purpose. The Board does not have a decision-making role in respect to the management of the Pension Fund; however, it is able to make recommendations to the Pensions Committee. In carrying out its functions, the Administering Authorities must act in the interests of all employers, members and their dependants. In this respect, the role of the Administering Authority is very similar to that of a trustee.

Procurement, social value and ethical sourcing

55. The City Corporation's procurement activity is governed by the Procurement Code. Procurement activity is organised into categories of spend each supported by a named Commercial Lead from within the Commercial Service. Procurement decisions are taken by the relevant Category Board according to spend.

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

56. The Commercial Contract Management toolkit sets out the City Corporation's approach to the management of its contracts and provides practical guidance on responsible and sustainable procurement to officers across the City Corporation.

57. Through its Responsible Procurement Policy the City Corporation seeks to use its spending power to the benefit the community and wider stakeholders. Responsible Procurement Impact reports were published in July 2025 noting achievements in the period. The City Corporation defines responsible procurement as having three main pillars:

Social Value	Environmental Sustainability	Ethical Sourcing
Protecting and enhancing the health and wellbeing of local people and the local environment, reducing inequalities, providing skills and employment opportunities, promoting the local economy and building resilience through diverse supply chains.	Reducing negative environmental impacts by working towards net zero and supporting environmental protection and improvement including animal welfare	Ensuring human rights and employment rights

58. The Commercial Service undertook a review of the strategic procurement and contract management landscape to assess the efficiency, effectiveness, and compliance of the City Corporation’s commercial functions, and to identify opportunities for improvement. The team have been preparing a new Procurement Code which will be launched in 2026-2027 to implement the findings.

59. The City Corporation is a signatory to the UN Global Compact and Sustainable Development Goals (SDGs) and information on the City Corporation’s responsible supply chain commitments, as well as its Responsible Investment Policy, Statement of Ethical Policy, Modern Slavery Statement, Equality Objectives, corporate anti-fraud and corruption strategy and various environmental strategies and policies, is also provided in a UN Global Compact and Sustainable Development Goals Communication on Engagement every two years.

Environmental stability and climate action

60. The City Corporation's Climate Action Strategy has four key targets as outlined in the graphic:

61. The public Climate Action Dashboard provides an overview of progress through 70+ key performance indicators and the annual progress report tracks emission assessments against 2027 and 2070 net zero targets, with the latest performance indicating we are on track to meet goals.

62. The consolidated climate delivery portfolio is reported into Policy and Resources Committee, consisting of annual plans approved by Programme Boards, with oversight by relevant Member Service Committees and in February 2026, Policy & Resources Committee endorsed continuation and evolution of the Climate Action Strategy, triggering a refresh of governance, frameworks and delivery programmes.

Cyclical Works Programme

63. The five-year Cyclical Works Programme (CWP) is a strategic initiative aimed at maintaining and enhancing the operational estate in line with the Corporate Plan's outcomes. Governance and oversight of the programme are provided by the Resource Allocation Sub-Committee, which has approved funding to address both the backlog and urgent repairs and a dedicated programme management team. Projects in year two, including those supporting the Climate Action Strategy, were advanced successfully, with several completed and financial performance on track.

Programmes and Projects

64. Implementation of a portfolio management model for City Corporation's Programme and Projects continued over 2025-2026, delivering greater assurance across the City Corporation's programme and project management landscape, with embedded governance, procedures, and training.

65. Delivery across 2025-2026 included the establishment of portfolio governance structures across the City Corporation, to bolster officer oversight across Departmental and Institutional portfolios, and provide assurance to Members of controls in place. A new policy framework was implemented that captures projects, programmes and portfolios within the City Corporation from initial core concepts to delivery and closure. The launch of a new portfolio management system, Cora, to better collate, monitor and draw insights from project and programme data to support decision making. Further process and system improvements are planned for 2026-2027.

66. An internal Commercial, Change, and Portfolio Delivery team was established as part of portfolio management implementation to provide an internal consultancy service for corporate and strategic priority projects and programmes. This team will be consolidated with additional resources to support ongoing and unforeseen but necessary responses, including Transformation in 2026-2027.

Transformation

67. Delivery of the City Corporation's Transformation programme, as part of its Corporate Plan, People Strategy and Digital Data and Technology (DDaT) Strategy towards achieving a Fantastic Five Years, continued through 2025-2026.

68. In 2025-26, key programmes and initiatives foundational to future transformation were mobilised and delivered. These include:
    - The introduction of Programme SAPphire; an intelligent platform providing a single source of HR and Finance data
    - Ambition 25, which will provide consistency and modernisation of our pay and reward structures across the City Corporation enabling future career pathways and skills development. This workstream will continue into 2026-2027.

69. A review of the Transformation approach took place, resulting in the introduction of the Corporate Transformation Framework. Subject to SLT approval in April 2026, this framework will be mobilised to support enterprise-wide change, fit for purpose governance, strengthening enabling functions, recruiting the required leadership and technical capability, and approving the use of the Transformation Fund to support this work. Procurement of a Strategic Transformation Partner will take place in 2026-2027.

HR and People

70. A report on the forward look of City Corporation's first People Strategy was presented to the Corporate Services Committee in March 2026 within the new three-year People and HR business plan. During 2025-2026, the City Corporation reported on and delivered tangible progress across rewards, recognition, leadership and workforce infrastructure, including the launch of the CoLOUR app-enabled rewards and recognition platform and high engagement with the Celebrating Our People Awards, nominations for which increased from 363 to 416 year-on-year.

71. Leadership capability and engagement were further strengthened through the continued expansion of the People Manager Programme, growing participation in Town Clerk Live events, and the evolution of the Future Ambition 18 Leadership Exchange into smaller, outcome-focused groups aligned to organisational priorities.

72. In parallel, Ambition 25 reached a critical delivery milestone, with the new pay and grading framework approved by committees and formal consultation commenced with Trade Unions and Senior Employee Representatives, supported by leadership readiness activity and clear communications, strengthening assurance around fairness, consistency and change management. As referenced in the Transformation section, Programme SAPphire was successfully implemented to integrate HR and Finance data and support consistent capture of organisational goals and reviews, while the policy framework review and revisions remain on track with initial

focus on Grievance, Disciplinary, Domestic Abuse and Stalking, Probation, and Sexual Harassment, policies that will be impacted by Ambition 25, and those related to the Employee Rights Act 2025.

Digital Data and Technology Strategy (DDaT)

73. Delivery of the DDaT Strategy delivery continued in 2025-2026 with progress on key strategic outcomes relating to cyber security, enabling better data driven decisions, and the responsible use of automation and artificial intelligence.

74. Work to strengthen the City Corporation's digital foundations moved forward, including awarding a new managed network contract and preparing to roll out a more secure, future-proof network across all City Corporation sites.

75. A new City Corporation-wide cyber security function was established. A 24/7 Security Operations Centre is now in place, and an interim Chief Information Security Officer has been appointed to build a permanent cyber security team.

76. Progress was made in using data to support better decision-making. A new customer insights platform went live and work continued on the Corporate Data Platform. As of March 2026, 116 automated reports and dashboards replaced previous manual reporting, which supports insight capability to key areas, e.g., Destination City, Corporate Performance, Planning and Development and the Climate Action Strategy.

77. Automation and AI were expanded to improve services and productivity. Automation and self-service tools saved staff time, generated income and improved customer access. Use of Microsoft Copilot increased, with clear productivity benefits from meeting summaries, document editing and email drafting[3].

Corporate Performance, Audit and Risk

78. The City Corporation looks to various performance measures as indicators of good governance. In 2025-26 these were:

Governance Performance Measures	2025-2026 Outcomes	*Previous year data*
Internal Audit Work	51 Internal Audit reviews were completed (final reports issued), of which 37% resulted in Substantial Assurance, 39% in Moderate Assurance and 24% Limited Assurance opinions. 5 Audit reviews resulted in advisory outcomes. 149 recommendations were raised with previous years).	*102 recommendations raised in 2024-2025.* *124 recommendations raised in 2023-2024*
Fraud identification: proven fraudulent activities carried out by members of staff	3 incidents in 2025-2026.	*2024-2025: 3 incidents, 2023-2024: 1 incident*
Outcomes of investigations carried out by Monitoring Officer or Independent Panel	April 2025-March 2026: There were no complaints considered by the Panel of Independent Persons under the Code of Conduct.	*2 complaints investigated in 2024-2025.* *3 complaints investigated in 2023-2024*

[3] £34,700 (1,443 hours) of staff time saved, over £1,621,399 income generated, and easier access for customers, particularly impacting The London Archive (TLA) and the swimming ponds. The City Corporation is progressing on its use of AI, primarily through use of Microsoft Copilot (M365). Licenses have been assigned to 465 staff (12.6%), with a 300% estimated continued return on investment. In January and February 2026, approx. £83,675 staff time was saved (based on 3,347 Copilot assisted hours - 1,222 meeting hours summarised, 370 emails drafted, 674 documents edited).

s151 formal issues raised	During the year an exceptional financial support (EFS) request was submitted to government for the Housing Revenue Account (HRA) and approved up to £2.65m. This relates to the FY 2026-2027 but is something raised during the FY 2025-2026.	*None in 2024-2025, None in 2023-2024*
Corporate Complaints	2025-2026 data unavailable at time of publication[4]	*2024-2025[5]: 1 upheld*
Local Government & Social Care Ombudsman referrals (where upheld)	[Compliance with recommendations]() – 100% (2 complaints investigated and 1 upheld).	*100% (no upheld referrals 2023-2024 or 2022-2023)*
Meeting statutory deadlines/targets as per Electoral Commission Performance Standards	5 elections across 5 wards were carried out to the national standard. The annual canvass (the statutory review of the Ward List & the Electoral register) was delivered to relevant legislation.	*March 2025: City Wide Elections held* *2023-2024: 8 elections in 6 wards held*
Freedom of Information and Environmental Information Regulations	Jan to Dec 2025: 1457 FOIs and 15 ERs were received. 1408 (95.65%) requests were responded to within the statutory Compliance deadline. The Information Commissioners Office target is 90%.	*2024: 93% responded within deadline.* *2023: 93% responded within deadline.*
Departments/Institutions that report business plan performance measures to Committees	2025-2026 Performance: 10 Departments and Institutions[6] reported business plan performance measures to service committees.	*2024-2025: 6, 2023-2024: 5*
Appraisals % completed	2025 (latest available): Currently 69% appraisals completed (City Corporation overall average)	*2024: 80%, 2023: 80%*
Staff attendance at City Corporation induction	2025-2026: 60% of new starters attended the New Starter induction events held.	*2024-2025: 72%,* *2023-2024: 89%*
Staff turnover rate	11.5% in 2025-2026	*2024- 2025: 11.1% 2023-2024: 12.09%, 2022-2023: 13.99%*
Non-exempt invoices paid without a corresponding purchase order (PO)	2025-2026: Compliant invoices 98% and non-compliant invoices 2%	*2024-2025: 97% compliant 3% non-compliant. 2023-2024: 96% compliant 4% non-compliant*
Health & Safety Systems Maturity	2025-2026: Current Organisational Maturity Score is 61%. 51% of Departments and Institutions are at or above target.	*Baseline 2024 score 51%.* *March 2025 score 57%*

[4] When available, data will be published on the [Local Government and Social Care Ombudsman website.]()

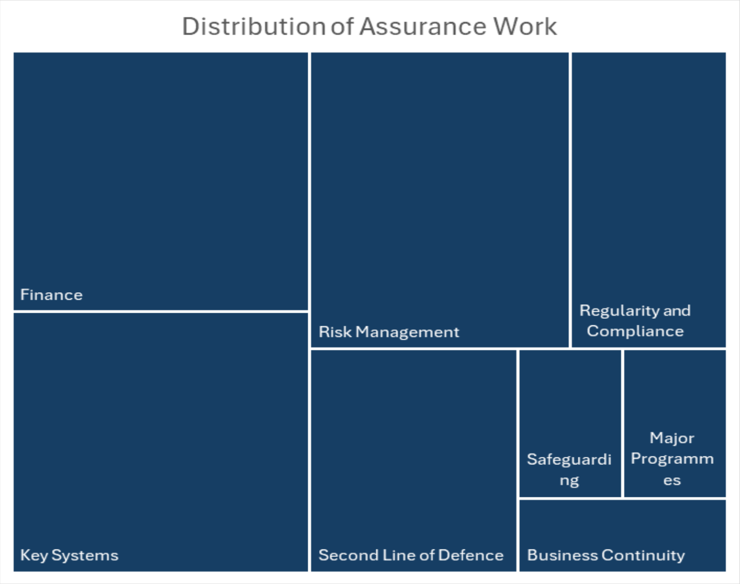
[5] the Local Government and Social Care Ombudsman dealt with 7 complaints. Of these, 3 were not for the LGSCO or not ready for them to investigate. LGSCO assessed and closed 2 complaints. City Corporation investigated 2 complaints, of which, 1 was upheld.

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

Role of the Monitoring Officer

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

Role of Internal Audit



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

81. For 2025-2026 the Internal Audit work has continued to be driven by an ongoing assessment of risk and priorities. The agile and dynamic approach to Audit Planning, working to a rolling quarterly plan with a statement of intent for a further six months, has once again enabled better prioritisation of the limited resources available to Internal Audit. The Group Chief Internal Auditor has worked with the full engagement and support of the Audit and Risk Management Committee, with updates provided to each Committee meeting. Assurance coverage has been focussed on operations assessed as higher risk. It is not unexpected that, as a result of targeting areas of highest risk, the profile of Internal Audit outcomes includes a high proportion of Moderate and Limited Assurance opinions, a larger programme of work would likely result in provision of a greater number of Substantial Assurance opinions, therefore providing a more balanced view of the overall effectiveness of the Internal Control Environment.

Audit and Risk Management Committee

82. 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 Corporation's governance processes. The Audit and Risk Management Committee, and the Nominations and Effectiveness Sub Committee, continued to play an important and integral part in ensuring key risks are reviewed regularly. Corporate risk deep dives are carried out by the Internal Audit Team to provide an additional level of assurance.

Risk Management

83. The Chief Officer Risk Management Group (CORMG) continued to oversee corporate risk and provide assurance to the Executive Leadership Board (ELB) on the management of risk through its well-established processes. The Group maintained a strong focus on embedding a robust risk culture that supports strategic and agile risk management, underpinned by improved data and reporting. This progress was driven by the successful delivery of the second year of the Risk Management Strategy 2024-2029.

84. Decision making was further strengthened following the Court of Common Council's approval of a Risk Appetite Statement for the City Corporation in May 2025. Corporate risks were subsequently assigned an agreed risk appetite level by the service committees to which they are reported.

85. Risk continued to be embedded across wider business processes, and featured in a new supporting material, including a strategic development guide and a resource prioritisation toolkit. The shift to multiyear business planning has also provided further opportunities to consider risk within this process.

Organisational Performance Management

86. The City Corporation **monitors Corporate Plan 2024-2029 outcomes** and published a year 1 progress report (covering 1 April 2024 - 31 March 2025) in February 2026. This report establishes baselines and reviews what has been achieved in relation to Corporate Plan outcomes. These annual reports will continue to evolve as data capture and depth of analysis improves. Regular performance reporting to the Senior Leadership Team has been expanded, with quarterly Management Information reporting taking place in addition to monthly HR and Finance reporting. The Executive Leadership Board receives quarterly reporting on delivery of business plans. Business planning in departments and Institutions transitioned from producing single year plans to multi-year strategic and outcome focused plans (refreshed annually) and reporting on the delivery of business plan performance metrics and legal and statutory duties occurs regularly.

Improving Governance

87. Each year, the City Corporation proposes taking actions in important areas of governance as an ongoing part of demonstrating delivering high standards of good governance.

How we improved our governance arrangements in 2025-2026

88. In the 2024-25 Annual Governance Statement the City Corporation proposed taking actions aimed to improve compliance and capability resulting in a positive impact in respect of its governance arrangements. A summary of progress during 2025-2026 is shown below:

Action Identified	Progress achieved	Outcome
Governance: Arrangements for the election of the Policy Chairman. Ready the City Corporation for a Local Authority Peer Review	Options for the election of the Lead Member on Policy matters for the City Corporation (known as the Policy Chairman) were de-prioritised following a consideration by the Policy & Resources Committee (responsible for governance). Focus has instead been on identifying key and essential works which will enable improved governance across the organisation. These were the subject of a report presented and approved in February 2026. The City Corporation's first ever LGA Corporate Peer Challenge was completed in November 2025 with the feedback report and recommendations published in February 2026.	✓
EEDI: EEDI Review Phase 2	EEDI Review report recommendations (where accepted) have been included in Phase 2 implementation	✓
Finance: Programme SAPphire	Phase 2 implementation of the City Corporation's new ERP system is ongoing. HR applications were delivered to the projected timeline, work will continue into 2026-2027.	Ongoing
Organisational Effectiveness: Embed multi-year business planning across City Corporation Departments	Multi-year guidance issued and successfully embedded in FY2025-2026.	✓
People and HR: People Strategy Delivery	People Strategy 2024-2029 delivery continued with outcomes reported to Corporate Services Committee meetings throughout the year. The People Strategy is now explicitly linked to the 2026-2029 three-year People and HR business plan with specific strands of work connected to each of the five themes.	Ongoing
Transformation: Transformation Programme Phase 2	The Transformation Framework has been delivered. Work will continue into 2026-2027.	Ongoing
Health & Safety: H&S Action Plan	Progress towards the 65% organisational target is on track. Our Safety Maturity Index score is currently at 61% as an organisational average, 4% away from target and an improvement of 10% from August 2024. Scores are now being externally verified.	Ongoing

Areas of focus for 2026-20267

89. In 2026-2027 we will focus on the following areas and actions:

Area	Action List	Targets / Milestones	Lead (Chief Officer)
Corporate Peer Challenge	In November 2025, the City Corporation took part in its first Corporate Peer Challenge, led by the Local Government Association (LGA). The feedback report and outline of recommendations was published in February 2026. An action plan was published in April 2026.	Senior Leadership Team to periodically review the progress against the five recommendations via an action plan. A team from the LGA to return in 2026 (date TBC) to assess the progress made and provide further feedback. LGA team feedback to be reported to Policy & Resources Committee.	Deputy Town Clerk
Organisational Effectiveness: Business Planning	Align business planning and budget setting Business plan reporting	Multi-year business planning and budget setting processes to be aligned with integrated guidance issued to all departments and Institutions (2026-2027) Management information pack (business plan, finance, HR, internal audit, and risk data) to be provided to the Senior Leadership Team (Quarterly 2026-2027)	Chamberlain and Chief Strategy Officer
Governance Efficiencies	Effective Governance	Consideration of how officer governance impacts Member governance and vice versa to ensure scrutiny and effective decision making. Priorities for governance reform at a Member level were presented at P&R in February 2026. The proposals outlined in the paper, agreed by Members will be taken forward and actioned.	Deputy Town Clerk
Finance	Programme SAPphire delivery	Phase 2 continues into 2026-2027 with Finance Applications to be implemented in 2026-2027.	Chamberlain
Transformation	Transformation Programme	Transformation Framework will be mobilised across 2026-2027. A Transformation Partner to be appointed (Q3 2026-2027)	Chamberlain
People Strategy Delivery	People Strategy Delivery	Staff Survey planned for autumn 2026.	Chief People Officer
Corporate Plan Reporting:	Corporate Plan 2024-2029 Delivery	Corporate Plan 2024-2029 annual progress reported to Policy and Resources Committee and published (March 2027)	Chief Strategy Officer
Health & Safety	Health and Safety Action Plan	Achieve target of 65% Proactive Safety Maturity score across all City Corporation Departments (2026-2027)	Deputy Town Clerk

A forward look on governance

90. Escalating financial pressures, particularly the Government's Fair Funding Review, and increasing demands for services could potentially impact on resilience and governance. The City Corporation continues its focus on transformation in the face of the changing environment to help it to be in the best place it can be to deliver services for its communities, with the development of the Corporate Transformation Framework and a Strategic Transformation Partner to be onboarded in 2026-2027 to further this work. The Risk Management Strategy 2024-2029, risk appetite and strategic, targeted programme of audit work, continue to provide assurance of the City Corporation's internal control system. In 2026-2027, a new Audit and Risk Management Committee Chair will be elected with three new external Members appointed, all of whom will be onboarded effectively in order to discharge their duties.

91. The City Corporation undertakes benchmarking with other organisations and proactively horizon scans, both of which directly and indirectly assists and serves as evidence of mature governance arrangements. Recommendations from the LGA Corporate Peer Challenge will inform areas of focus for the year ahead, along with taking forward priorities for governance reform at a Member level. A staff survey is planned for autumn 2026, providing an opportunity for feedback and informing future City Corporation policies. Areas of focus in 2026-2027 are likely to include security, regulatory compliance, finance, major programmes, second line of defence, systems, risk management, effective governance, data and technology, and asset management.

Further Information

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

Current liability	An amount which will become payable or could be called in within the next accounting period; examples are creditors and cash overdrawn.
Current service cost (pensions)	The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.
Curtailment (pensions)	For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include: • termination of employees' services earlier than expected, for example as a result of discontinuing an activity, and • termination of, or amendment to, the terms of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.
Debtors	Individuals or organisations that owe the City Fund money at the end of the financial year.
Dedicated Schools Grant	A grant from the Government used by City Fund to fund schools
Deferred capital receipts	These result mainly from loans to the Museum of London plus outstanding loans in respect of past sales of council dwellings to tenants who were unable to obtain a building society loan or other external means of financing. Their indebtedness is reflected in the balance sheet under long term debtors. This account shows the amount to be paid on deferred terms and is reduced each year by repayments made.
Defined benefit scheme	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.
Defined contribution scheme	A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and has no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
Depreciation	The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.
Direct revenue financing	Expenditure on the provision or improvement of capital assets met directly from revenue account.
Donated assets	Assets transferred at nil value or acquired at less than fair value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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