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Coventry City Council

Agenda

Audit and Procurement Committee

Time and Date
2.30 pm on Monday, 2nd February 2026

Place
Diamond Rooms 1 and 2 - Council House, Coventry

Public Business

1. **Apologies**

2. **Declarations of Interest**

3. **Minutes of Previous Meeting** (Pages 3 - 16)

   To agree the minutes of the meeting held on 24th November 2025

4. **2024/25 Statement of Accounts** (Pages 17 - 284)

   Report of the Director of Finance and Resources

   (Note: The Chair of Scrutiny Co-ordination Committee, Councillor G Lloyd, and the Chair of Finance and Corporate Services Scrutiny Board (1), Councillor A Jobbar, have been invited to attend the meeting for this agenda item. Councillor A Jobbar is a Member of the Committee.)

5. **2025/26 Second Quarter Financial Monitoring Report (to September 2025)** (Pages 285 - 310)

   Report of the Director of Finance and Resources

6. **Internal Audit Plan 2025-26 - Half Year Progress Report** (Pages 311 - 324)

   Report of the Director of Finance and Resources

7. **Half Yearly Fraud and Error Report 2025-2026** (Pages 325 - 334)

   Report of the Director of Finance and Resources

8. **Whistleblowing Annual Report 2024-2025** (Pages 335 - 342)

   Report of the Director of Finance and Resources

9. **Outstanding Issues**

   There are no outstanding issues

10. **Work Programme 2025-2026** (Pages 343 - 344)

Report of the Director of Law and Governance

11. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

Private business
Nil

Julie Newman, Director of Law and Governance, Council House, Coventry

Friday, 23 January 2026

Note: The person to contact about the agenda and documents for this meeting is Michelle Salmon, Governance Services, Email: michelle.salmon@coventry.gov.uk

Membership:
Councillors M Ali, J Blundell, A Hopkins, A Jobbar, R Lakha (Chair), P Male and B Singh (Deputy Chair)

By invitation:
Councillor R Brown – Cabinet Member for Finance and Resources
Councillor G Lloyd – Chair of Scrutiny Co-ordination Committee

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Michelle Salmon
Governance Services
e-mail: michelle.salmon@coventry.gov.uk

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee
held at 2.30 pm on Monday, 24 November 2025

Present:

Members:	Councillor R Lakha (Chair) Councillor J Blundell Councillor A Hopkins Councillor P Male Councillor B Singh
Member (By Invitation):	Councillor R Brown – Cabinet Member for Strategic Finance and Resources
External Auditors (Grant Thornton):	M Hancox A Smith

Employees (by Directorate):

Finance and Resources	P Helm, T Pinks, K Tyler
Law and Governance	R Amor, G Harris, L Knight, A West
Planning and Performance	A LeCras, C McGrandles
Coventry Municipal Holdings Limited	P Mudhar
Apologies:	Councillors M Ali, J Innes, A Jobbar, R Singh

Public Business

31. **Declarations of Interest**

There were no disclosable pecuniary interests.

32. **Minutes of Previous Meeting**

The minutes of the meeting held on 22nd September 2025 were agreed and signed as a true record.

There were no matters arising.

33. **Exclusion of Press and Public**

RESOLVED that the Audit and Procurement Committee agrees to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972, relation to the private report in Minute 43 below, headed

"Consideration of Approval of Severance Packages" on the ground that the item involves the likely disclosure of defined in Paragraphs 1, 2, 3 and 4 of Schedule 12A of the act, as they contain information relating to individuals, the financial and business affairs of a particular person (including the authority holding that information) and information relating to labour relations matters and that, in all circumstances, of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

34. **Grant Thornton - Auditor's Annual (Value for Money) Report on Coventry City Council 2024/25**

The Audit and Procurement Committee considered a report of the Director of Finance and Resources, that set out the external auditor, Grant Thornton's, report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources for the financial year 2024/25. The report demonstrates a positive direction of travel and assurances regarding the arrangements in place.

In addition to the external audit of the statutory statement of accounts, the Council's external auditor are required under the national Audit Office (NAO) Code of Practice, to carry out an annual audit which tests arrangements that the Council has in place to ensure economy, efficiency and effectiveness in its use of resources.

The Appendix to the report set out Auditor's report for 2024/25, including recommendations where they consider improvements may be made, and a management response for each. It also presented progress on previously made recommendation.

The Committee noted that the external auditors are required to prepare their report based on the following specified criteria:

- Financial sustainability: how the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance: how the Council ensures that it makes informed decisions and properly manages risks.
- Improving economy, efficiency and effectiveness: how the Council uses information about its casts and performance to improve the way it manages and delivers its services.

The equivalent report for 2023/24 was considered and noted by this committee at its meeting on 29th January 2025 (Minute 45/24 refers). That report highlighted delays around publishing of audited accounts, and although the Council had made significant progress towards recovery, a single weakness was identified by the external auditor under the governance criteria. A single key recommendation was made on this, which was summarised as "For 2024/25, the Council will need strong arrangements in place to ensure that it can publish unaudited accounts by 30th June 2025 and to support the external audit process that allow for publication of audited accounts by February 2026".

The Government had set out deadlines (or backstops) for all Council's to meet regarding the publication of accounts, which were summarised within the report. Coventry had addressed the key weakness identified by Grant Thornton as the causal factors in the delay of prior years and made significant improvements in its processes for completing statements of accounts, such that all dates thus far have been achieved, including draft accounts for 2024/25 being published by 30th June 2025. Page 9 of the Appendix indicated that the statement of accounts audit process is progressing and that they consider the Council to be on target to achieve the February 2026 date for issuing an audit opinion in respect of the 2024/25 accounts. As a result, Grant Thornton have formally removed the key recommendation and have assessed the Council as no longer having a weakness in this regard.

A number of other improvement recommendations from 2023/24 and prior years had also been resolved or superseded, with only 2 now identified as still in progress within the 2024/25 report. It is expected that these will also be addressed prior to the next annual audit for 2025/26.

Grant Thornton had identified as part of the 2024/25 audit report, 4 new improvement recommendations which have been accepted and a management response and implementation timeline has been included within the Appendix.

RESOLVED that the Audit and Procurement Committee note the Auditor's Annual Report for the year ending 31st March 2025, appended to the report submitted, including the improvement recommendations contained within.

35. **Treasury Management Update 2025/26 - Half Year Progress Report**

The Audit and Procurement Committee considered a report of the Director of Finance and Resources which provided an update on the Council's Treasury Management activity in 2025/26 to the end of September 2025.

The Council adopted the Chartered institute of Public Finance and Accountancy's "Treasury Management in the Public Services: Code of Practice (the CIPFA code). This requires the Council to approve an annual Treasury Management Strategy and a mid-year update report. Treasury Management performance was reported as part of regular budget monitoring reports to the Committee.

The Council's Treasury Management activity is undertaken in line with the Treasury Management and Commercial Investment Strategy and Policy for 2025/26, which was agreed by Cabinet as part of the Budget Report 2025/26 at its meeting of 25th February 2025. There were no breaches of the strategy and policy to report.

The Council is supported in the Investment Strategy and Policy by its Treasury Management Advisors - Arlingclose. The advisors provide economic analysis and specialist advice. A key element of this is the provision of advice on credit risk and the supply of information on credit ratings. Regular review meetings with the advisors continue to be held.

Appendix 1 was a detailed list of short-term borrowing and investments that the Council holds as at 30th September 2025. There had been no short-term borrowing so far in 2025/26, although £20m of short-term borrowings taken out at the end of 2024/25 was repaid. It was anticipated that due to variables in the cashflow forecast for the remainder of 2025/26, that some short term borrowing may need to be sourced in Quarter 4. It was emphasised that this was a snapshot of the Council's cashflow and did not represent the Council's overall financial situation.

The Committee noted that, other than an £18m loan from West Midlands Combined Authority (WMCA) on behalf of UKBIC, no new long-term borrowing had been undertaken since 2009, due in part to the level of investment balances available to the Council. The Council has no immediate plans to take any new long-term borrowing, until interest rates bottom out, forecast to be in the final quarter of 2025, however this would be kept under review. In March 2025, the Council repaid £12m stock issue closely followed by a repayment of £10m Lender Option Borrower Option (LOBO) debt in May 2025. As at 30th September 2025, the Council's long-term liabilities totalled £292.0m. This total was mainly made up of long-term borrowing sourced from the Public Works Loan Board (PWLB); Liabilities arising from the Private Finance Initiative (PFI) and Lender Option Borrower Option (LOBO's) borrowing.

The PWLB remained the main source of loan finance for funding local authority capital investment. In Augst 2021, HM Treasury significantly revised guidance for the PWLB lending facility with more details and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Under the Treasury Management Strategy 2022/23 approved by Cabinet on 22nd February 2022, it was agreed the Council will not purchase investment assets primarily for yield.

The final tables at Appendix 1 provided a detailed list of investments held as at 30th September 2025 and identified a total investment of £79.8m. This compares to £87.0m at this time the previous year. These balances were a snapshot and did not reflect the Council's overall financial situation. For the twelve-month period to 30th September 2025, the Council's investments earned an average rate of interest of 4.5%. This could be split down between Collective Investment Funds at 5.17% and other investments at 4.28%. This was against a backdrop of the Bank of England base rate being maintained at 4%.

Appendix 2 showed the Council's Lending List as at 30th September 2025. This list showed those banking and government institutions that the Investment Strategy allowed the Council to invest cash balances with. The list was taken using specialist advice from Arlingclose and was split between UK and foreign institutions. The Council did not hold any funds with counterparties that were not on this list. Duration limits for counterparties on the Council's lending list are under regular review and would continue to reflect economic conditions and the credit outlook.

Financial markets were in a state of flux following the Budget announced by the Chancellor of the Exchequer on 30th October 2024 and election of President Trump on 5th November 2024. Events in the idle East, Ukraine and Russia also continued to add to this uncertainty to the global economy. The first quarter of the year was dominated by the fallout of the US trade tariffs and their impact on the financial markets. Equity markets declined sharply, which was subsequently followed by bond markets as investors were increasingly concerned about US fiscal policy. The second quarter is still rife with uncertainty, equity markets made gains and a divergence in US and UK government bond yields started to occur, which had been moving relatively closely together. From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer-term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.

Initial thoughts following the Budget announcement 2024 was that inflation would increase and thus restrict the Bank of England Monetary Policy Committee's (MPC) ability to reduce interest rates; the Bank of England has been cautious in lowering rates over the last 12 months. Base rate was lowered in August 2025 to 4.0% over the last 12 months rates have reduced on 4 occasions by 0.25bpts increments (Sept 2024: 5.0%). The latest forecast from the Council's Treasury Management Advisors, Arlingclose, is for the Bank Interest Rate to reduce another 0.25bpt potentially in December or quarter 4 to 3.75%. They are predicting more drops over the long term but are predicting that base rate will level out at 3.75%.
UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in September (unchanged from August), still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% in March to 3.5% in September, slightly down from the August reading of 3.6%. Services' inflation also fell from July to September, to 4.7% from 5.0%. The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter although it is expected to reduce in quarter 3 by 0.1%.

RESOLVED that, the Audit and Procurement Committee notes the update against the Treasury Management Strategy 2025/26 at 30th September 2025.

36. **Internal Audit Professional Standards Update**

The Audit and Procurement Committee considered a report of the Director of Finance and Resources, that provided a summary of the new professional standards for internal audit which came into effect on 1st April 2025, including the essential conditions which apply to the Committee, and sought approval for the Internal Audit Service's performance objectives for 2025-26.

The "Global Internal Audit Standards in the UK Public Sector" (the Standards) consists of the Global Internal Audit Standards of the Institute of Internal Auditors and the Application Note: Global Internal Audit Standards in the UK public sector issued by CIPFA. In addition, CIPFA have issued a "Code of Practice for the Governance of Internal Audit in UK Local Government" which is designed to work alongside the new internal audit standards.

The Standards are split into five domains, each with a number of principles and standards which underpin them:

Domain I	Purpose of Internal Auditing
Domain II	Ethics and Professionalism
Domain III	Governing the Internal Audit Function

Domain IV	Managing the Internal Audit Function
Domain V	Performing Internal Audit Services

Whilst many of the principles and standards are similar to the previous professional standards for internal audit, one of the key differences is the inclusion of “essential conditions” under Domain III for the Governance of Internal Audit. When the Institute of Internal Auditors published the Standards, it recognised that in the public sector, governance structures or other laws or regulations may impact on how the essential conditions can be applied. The Code of Practice therefore provides the route to satisfying the essential conditions, but in a way that is appropriate for UK local government.

Under Domain III, the Standards require the Chief Internal Auditor to discuss:

- The purpose of internal auditing
- The essential conditions required for Governing the Internal Audit Function
- The potential impact on the effectiveness of the internal audit function if the board or senior management does not provide the support outlined in the essential conditions.

In addition, under the essential conditions for governance standard on quality, new requirements have been introduced, linked to internal audit’s performance objectives, which require the Audit and Procurement Committee to approve the performance objectives for the Internal Audit Service on an annua basis. Appendix 1 to the report provided a summary of the essential conditions relating to the Audit and Procurement Committee.

Table 1 of the report set out performance objectives and measurements for 2025/26, which had been determined by the Chief Internal Auditor. The Committee noted that all existing performance indicators would continue to be maintained as part of the administrative arrangements for managing the Internal Audit Service.

RESOLVED that, the Audit and Procurement Committee:

1. **Notes the new professional standards for internal audit, including the essential conditions applicable to the Committee. This includes consideration of whether there are any areas where, in the view of the Committee, arrangements will not be sufficient to meet the essential conditions.**

2. **Approves the performance objectives for internal audit for 2025/26.**

37. **Information Governance Annual Report 2024/2025**

The Audit and Procurement Committee considered a report of the Director of Law and Governance that provided a summary of the Council’s performance during 2024/2025 in responding to requests for information received under Data Protection legislation. It also reported on the management of data protection security incidents and/or those reported to the Information Commissioner’s Office (ICO) and on data protection training.

Information was one of the Council’s greatest assets and its correct and effective use was a major responsibility and was essential to the successful delivery of the Council’s priorities. Ensuring that the Council had effective arrangements in place to manage and protect the information it held, both personal and business critical information, was a priority.

Data protection legislation set out the requirements on organisations to manage information assets appropriately and how they should respond to requests for information. The ICO was the UK’s independent supervisory authority set up to uphold information rights in the public interest, promote openness by public bodies and data privacy for individuals, and monitors compliance with legislation.

The Information Governance (IG) function supported the Council’s compliance with the UK General Data Protection Regulations (GDPR), Data Protection Act (DPA) 2018, the Data (Use and Access Act) 2025, Freedom of Information Act 2000 (FOIA) and Environmental Information Regulations (EIR). The Council had a statutory obligation to comply with this framework by responding appropriately to requests and managing personal data lawfully. The Information Governance Team assist the organisation in meeting these requirements by monitoring internal compliance, informing and advising on data protection obligations, providing advice and guidance and raising awareness on data protection matters.

The landscape in which public authorities were now operating had continued to change since the introduction of the GDPR and subsequently UKGDPR and the new Data Protection Act 2018 (DPA 2018) in 2018. The landscape would continue to change. Good information governance has an important part to play as the introduction of integrated care systems to plan and deliver joined up health and care services continue to develop, the use of AI to transform service delivery develops and the cyber security landscape becomes more challenging.

Since 2023, successive governments have proposed legislation to reflect the changing context in which personal data is managed. The Data Use and Access Act 2025 (DUAA) received Royal Assent in June 2025 and introduced target reforms to the UK’s data protection framework. While retaining core principles of the UK GDPR and Data Protection Act 2018, the DUAA aims to simplify compliance, promote innovation, and enable responsible data sharing. The Act complemented and did not replace existing legislation. As with the introduction of previous data protection legislation, most elements are awaiting commencement orders, regulations and guidance from the ICO and the Information Governance Team would continue to ensure the organisation responds appropriately.

The ICO continued to apply its revised approach to working more effectively with public authorities, initially introduced in June 2022. This approach has seen an increased use of the ICO’s wider powers under data protection law, including warnings, enforcement notices and reprimands as well as changing its approach to the application of fines in the public sector. The DUAA established a new strategic framework for the ICO to focus on public trust, innovation and competition as well as upholding data protection, changing its governance model to become the Information Commission with an executive and board of directors and expanded powers and regulatory oversight.

The number of Freedom of Information Requests received by the Council in 2024/25, 1,381, a small reduction on the number of requests in the previous year. The Council responded to 87% of FOIA/EIR requests within the target time of 20 working days in 2024/25 which was an increase on the previous year. This was just below the 90% threshold set by the ICO.

The Council received 37 requests for internal reviews in the year 2023/24 (up from 30 the previous year) and responded to these with the following outcomes:

- 8 were not upheld – advice and clarification given
- 10 were not upheld – the exemptions that had been applied were maintained;
- 6 were partially upheld – some further was information provided;
- 9 were upheld – information was provided;
- 3 were upheld – no information was provided;
- 1 was withdrawn.

Three were made to the ICO during 2024/25, compared to no complaints the previous year.

282 valid Subject Access Requests (SARs) were received during 2024/25, similar to the number received in the previous year. While the Council received fewer SARs than other information requests, many of these were complex and could involve managing significant amounts of sensitive information. The number of requests relating to Children's Social care, as well as the number of SARs to which extensions were applied due to their size and/or complexity both increased significantly. The completion rate within the target time had reduced to 71% in 2024/54, from 84% the previous year.

The Council received 19 requests to carry out an internal review into a SAR application during 2024/25, up from 12 the previous year. In 8 cases, further information was provided which was located through further searches based on information provided by the requester or by reviewing the information which had originally been redacted. Where information was not provided, this was due to the original exemptions being upheld or information not being held by the Council.

Three complaints were made to the ICO related to Subject Access Requests in 2024/25.

In respect of data security incidents, protecting information from theft, loss, unauthorised access, abuse and misuse was crucial in order to reduce the risk of data breaches or financial loss incurred through noncompliance with key legislation. The IG data protection security incident reporting process supported the Council's objective that breaches were managed promptly, and outcomes of investigations were used to inform reviews of the control measures in place to keep personal information secure.

The Council actively encouraged the reporting of near misses and potential breaches to identify learning, promote awareness and reduce the likelihood of a serious breach to information even though not all reported incidents would have resulted in a breach. Even where there was no breach, incidents could provide valuable insight into training requirements and processes and procedures which may need to be strengthened as a preventative measure. When investigating data protection security incidents, the Data Protection Team routinely consider resultant training needs and provide advice and guidance as required. Messages continue to be provided to staff alerting them to the need to protect personal data and use it appropriately.

In 2024/25, 166 reports of information security incidents were sent to the Data Protection Team, a decrease from 176 in the previous year. Of these, 101 did not involve a breach of personal data. These included for example near misses, loss or theft of equipment, cases where technical measures prevented access to data and incidents where a breach was contained. Of the incidents where a breach of personal data was identified, 62 were identified as low risk, 0 medium and 0 high. The majority of reports were classified as information being disclosed in error (64) with 70 reports relating to technical/procedural errors, 24 reports relating to loss or theft of hardware and 3 to unauthorised access.

The GDPR introduced requirements for personal data breaches that meet certain thresholds to be reported to the ICO. No self-reports were made to the ICO during 2024/2025.

3 complaints were made to the ICO during 2024/2025 related to the council's Data Protection Obligations. 1 complaint had already been completed prior to the ICO correspondence being received. The ICO confirmed that they did not intend to take regulatory action on the other 2 complaints and provided guidance to the council on measures to implement to avoid future incidents.

Data Protection training was key to ensuring staff were aware of their responsibilities. Training was currently delivered through the Council's e-learning platform and annual completion of the data protection course was mandatory for all staff with access to personal data. Staff who did not have access to a computer in their role (not office based) and those with minimal personal data involved in their role were provided with appropriate level training. This ensured that an appropriate level of understanding and awareness was reached that was relevant to their role/responsibilities. For the 2024/25 year, the Council reported a completion rate of the Council's mandatory data protection training of 86%. The Elected Member Training and Development Strategy, introduced for the 2022/23 year, also included data protection training.

The Data Security and Protection Toolkit was an online tool that allowed relevant organisations that processed health and care data to measure their performance against data security and information governance requirements which reflected legal rules and Department of Health policy. The self-assessment tool enabled the Council to demonstrate that it could be trusted to maintain the confidentiality and security of personal information, specifically health and social care personal records. All organisations that had access to NHS patient data and systems used this Toolkit to provide assurance that they were practicing good data security and that personal information was handled correctly. For the 2024/25 reporting period, the Council met all but 1 of the mandatory requirements. By September 2025, the Council was able to report that it had completed the outstanding requirement having achieved a data protection training completion rate of 95% and its assessment was updated to standards met.

RESOLVED that, the Audit and Procurement Committee:

1) **Notes the Council's performance of Freedom of Information, Subject Access and other Data Protection Act requests, including the outcomes of internal reviews and the number and outcome of complaints made to the ICO.**

2) **Notes the reporting and management of data security incidents.**

3) **Notes data protection training compliance.**

4) **Confirms that they have not identified any comments or recommendations.**

38. **Coventry Municipal Holdings Limited - Compliance with Group Governance Agreement**

The Audit and Procurement Committee considered a report of the Managing Director for Coventry Municipal Holdings Limited, which set out the companies' compliance with the Group Governance Agreement.

Coventry Municipal Holdings Limited (CMH) group included the following companies:

- Tom White Waste Limited (TW) and subsidiaries: A&M Metals, TW(LACo) (the Teckal company)
- Coombe Abbey Park Limited (CAPL) and subsidiaries: No Ordinary Hospitality
- Management (NOHM), Coombe Abbey Park (LACo) (the Teckal company)
- Coventry Technical Resources Limited (CTR)
- Coventry Regeneration Limited (CR)
- No Ordinary Hotels Limited (effectively a dormant company)

CMH and the trading subsidiaries signed a Deed of Adherence which confirmed their agreement to meet the requirements under the Group Governance Arrangements (GGA). This legal document was the framework that each entity complied with in relation to company governance with information on the make-up and role of the Board of Directors, Coventry Shareholder Committee and the delegations for decisions at the various levels in the structure. In addition to this, the GGA also covered the reporting requirements and information for Business Planning and budgets, and the Annual Performance Report. Appended to the GGA were:

- Delegations Policy
- Conflicts Policy
- New Subsidiary Policy
- Council Contracting Policy
- Procurement Policy
- HR Risk Policy

The Committee noted that the Charter Institute of Public Finance Accountants (CIPFA) guidance on Audit Committees recommended that Audit Committees review the governance arrangements of council owned trading companies. The report submitted provided detail of how CMH and its subsidiaries had complied with the GGA, which included:

- Adherence to the Group Governance Agreement
- Completion of statutory accounts and the audit of the accounts for the year ended 31st March 2025
- Reporting to the Coventry Shareholder Committee;
- Internal Audit Review – Management of Conflicts of Interest
- Annual Procurement Reporting
- Board Performance Reviews.

RESOLVED that, the Audit and Procurement Committee:

1. Considered the Compliance to the Group Governance Agreement for 2024/25, as detailed in the report submitted.

2. Confirms that there are no comments or recommendations to the Coventry Shareholder Committee arising from the Audit and Procurement Committee's consideration of the report.

39. **Complaints to the Local Government and Social Care Ombudsman 2024/2025**

The Audit and Procurement Committee considered a report of the Chief Executive, regarding complaints to the Local Government and Social Care Ombudsman 2024/25.

The Committee noted that the report had also been considered by the Cabinet Member for Policy and Leadership at his meeting held on 12th November 2025 (Minute 3/25 refers) and would also be considered by the Ethics Committee at its meeting scheduled for 8th January 2026.

The Local Government and Social Care Ombudsman (LGSCO) was the final stage for complaints about Councils, all adult social care providers (including care homes and home care agencies) and some other organisations providing local public services. It was a free service that investigated complaints in a fair and independent way and provided a means of redress to individuals for injustice caused by unfair treatment or service failure.

Coventry City Council's Complaints Policy sets out how individual members of the public could complain to the Council, as well as how the Council would handle their compliments, comments and complaints. The Council also informed individuals of their rights to contact the LGSCO if they were not happy with the Council's decision once they had exhausted the Council's complaints process.

The LGSCO issued an annual letter to the Leader and Chief Executive of every Council, summarising the number and trends of complaints dealt with relating to that Council that year. The latest letter, issued on 21st July 2025, covered complaints to the LGSCO relating to Coventry City Council between April 2024 and March 2025 (2024/25).

The report set out the number, trends and outcomes of complaints to the LGSCO relating to Coventry City Council in 2024/25. It focused on upheld complaints, service areas with a high number of complaints, compliance with Ombudsman's recommendations, learning from complaints, comparisons with prior years, and how we compare to other local authorities.

For Coventry City Council, the LGSCO received 101 complaints and enquiries in 2024/25, which was 21 more than the previous year. The report set out the number of complaints and enquiries received by category at Figure 1. Of the 101 complaints determined by the LGSCO, 4 were incomplete or invalid; 22 were referred back for local resolution; 53 were closed after initial enquiries and 22 went on to investigation, of which 17 were upheld and 5 were not upheld.

RESOLVED that, the Audit and Procurement Committee:

1) Considered the Council's performance in relation to complaints to the LGSCO.

2) Notes the Council's updated complaints process and guidance.

3) Reviewed and were assured that the Council takes appropriate actions in response to complaints investigated and where the Council is found to be at fault.

40. **Outstanding Issues**

The Audit and Procurement Committee considered a report of the Director of Law and Governance that identified issues on which a further report / information had been requested or was outstanding, so that the Committee were aware of them and could manage their progress.

Appendix 1 to the report provided details of issues where reports had been requested to a meeting along with the anticipated date for consideration of the matter.

Appendix 2 of the report provided details of items where information had been requested outside the formal meeting.

RESOLVED that the Audit and Procurement Committee notes the Outstanding Issues report and its Appendices.

41. **Work Programme 2025/2026**

The Audit and Procurement Committee considered a report of the Director of Law and Governance that detailed the Work Programme of scheduled to be considered by the Committee during the Municipal Year 2025/26.

RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2025/26.

42. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of public business.

43. **Consideration of Approval of Severance Packages**

The Audit and Procurement Committee considered a report of the Director of Law and Governance that sought approval of a severance package which had occurred due to changes in the Procurement Service required to achieve both its statutory obligations and enhanced service provision to the Council.

Part 2I of the Council’s constitution required that any severance package for an employee of the Council which exceeds £100,000 should be determined by the Audit and Procurement Committee. The calculation of the value of an exit package included the costs to the Authority as well as payments / benefits to the employee.

RESOLVED that the Audit and Procurement Committee approves the severance payment on early retirement as calculated.

44. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of private business.

(Meeting closed at 3.35 pm)

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Coventry City Council

Public report

Audit and Procurement Committee

2nd February 2026

Name of Cabinet Member:
Cabinet Member for Strategic Finance and Resources – Councillor R Brown

Director Approving Submission of the report:
Director of Finance and Resources (Section 151 Officer)

Wards affected:
All

Title: 2024-25 Statement of Accounts

Is this a key decision?
No

Executive Summary:

The purpose of this report is to gain Audit and Procurement Committee's approval for the 2024/25 Statement of Accounts.

In 2024, the Government passed legislation designed to address the backlog in the completion of local authority accounts. This legislation specified ‘backstop’ deadlines for the completion of audit work relating to particular financial years. The deadline for the Statement of Accounts 2024/25 was set as 27th February 2026. In the event of uncompleted audits, auditors would be required to issue either qualified opinions or disclaimers, as appropriate.

Grant Thornton have provided an Audit Findings Report for the work carried out on the audit of 2024/25 accounts since 1st July 2025. As part of this, and due largely to the tight timescale surrounding the backstop, they have drafted a partially disclaimed opinion for 2024/25 and proposed ‘management letters of representation’ for the Council to review.

The Audit and Procurement Committee is approving these accounts for publication on the Council's behalf.

Please note at the time of publication of this report, the Auditor’s Report 2024-25 (Appendix 3 to this report) has not been received from Grant Thornton. In light of the backstop date for the publication of the 2024/25 audited accounts being 27th February 2026 and with the agreement of the Chair, Councillor Lakha, the Auditors Report 2024-25 will be circulated and published separately and prior to the meeting in order to ensure that sufficient time is provided for the Committee to give full consideration to the document and the contents of this report.

Recommendations:

Audit and Procurement Committee is recommended to:

(1) Note the details presented in the 2024/25 Audit Findings Report

(2) Accept the disclaimed opinions provided by the external auditor in relation to elements of the 2024/25 accounts

(3) Grant authorisation for the requested letter of representation for 2024/25, to be signed and returned to the external auditors.

List of Appendices included:
Appendix 1 - Statement of Accounts 2024-25
Appendix 2 - Audit Findings Report 2024-25
Appendix 3 - Auditor's Report 2024-25 (To be circulated and published prior to the meeting).

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

The Audit and Procurement Committee will review the documentation submitted to them by the Council's external auditor.

Has it been or will it be considered by any other Council Committee, Advisory Panel, or other body?

No

Will this report go to Council?

No

Title: 2024-25 Statement of Accounts

1. Context (or background)

1.1 In September 2024, the Government passed legislation designed to address the backlog in the completion of local authority accounts. This legislation specified deadlines for the completion of audit work for particular financial years. In the event of uncompleted audits by the specific deadlines, auditors would be required to issue either qualified opinions or disclaimers, as appropriate. The relevant deadline for the accounts of 2024/25 is 27th February 2026.

1.2 The documents from Grant Thornton which are attached as Appendices to this report detail the position in relation to 2024/25, and deal with the necessary matters required in advance of the Government deadline.

1.3 Although a significant amount of audit work has been carried out on the 2024/25 accounts this has not been sufficient for the auditor to issue an opinion without disclaimer. As a result, Grant Thornton is intending to issue a disclaimed opinion, reflecting the fact that there has been insufficient time to gain full assurance.

1.4 Appendix 1 details the work that has been carried out on 2024/25 accounts and clarifies which items remain incomplete.

2. Options considered and recommended proposal.

2.1 A decision not to agree to these recommendations would result in the Council not meeting the statutory deadline of 27th February 2026 for approving and publishing the 2024/25 accounts.

3. Results of consultation undertaken

None

4. Timetable for implementing this decision

4.1 If the Committee approve the proposed recommendations, the auditors disclaimed opinions will be appended to the 2024/25 accounts. These accounts will then be published on the Council's website as soon as is practicable, and in advance of 27th February 2026.

5. Comments from the Director of Finance and Resources (Section 151 Officer) and the Director of Law and Governance

5.1 **Financial Implications**

There are no regulatory penalties for missing the accounting deadlines. However, failure to comply with the accounting deadlines would likely result in additional work for officers and the Council's auditors, which would be reflected in additional audit costs.

Public Interest Entity (PIE) Ethical Standards

Coventry City Council remained classified as a Public Interest Entity (PIE) in 2024/25 due to an historic issue of bonds which are freely tradable on the Stock Exchange. This classification requires the Local Authority to meet a number of ethical standards specific to PIE organisations.

One of these ethical standards relates to a 70% cap on non-audit fees for PIEs for the average of the fees paid in the last three consecutive years of audit fees. The cap is used to control non-audit spending (for Coventry City Council, this relates to Teachers Pension Audit & Housing Benefit Audit work) to ensure it doesn't exceed a certain percentage of our audit fees.

Due to the audit backstop legislation, and the subsequent reduced audit fees for 2021/22, 2022/23 and 2023/24, presented to Audit & Procurement Committee on 25th November 2024, the non-audit fees for 2024/25 are in breach of this ethical standard.

In these exceptional circumstances, owing to the backstop, Grant Thornton have been awarded an exemption by the Financial Reporting Council (FRC). The waiver on the fee cap was awarded on the grounds of the specific costs involved and the circumstances around the backstop.

There is an obligation on the Council through the work of the Audit and Procurement Committee to satisfy itself as to the continued independence of Grant Thornton UK LLP to act as auditor, given the nature of fees earnt by Grant Thornton UK LLP in relation to the fees cap, as applicable in these exceptional circumstances.

Regaining Assurance

As a result of the backstop legislation passed in September 2024, a disclaimer of opinion was issued for 2023/24.

For the 2024/25 audit, Grant Thornton has continued to rebuild assurance, focusing on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances. As was expected, they have not concluded all the necessary work including reserves, grants received in advance and capital financing requirements due to the disclaimed opinion on opening balance in 2023/24.

This ‘limited assurance’ over the opening balances for 2024/25 results therefore in ‘no assurance’ over the closing reserves balance also due to the uncertainty over the opening amount.

In June 2025, the National Audit Office (NAO) published its “Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06” for auditors which sets out special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. This includes assessments over risk of material misstatements of opening balance figures and reserves; designing and performing specific substantive procedures, such as proof-in-total approach; special considerations for fraudulent reporting, property, plant & equipment, and pension related balances.

It is expected that Grant Thornton's strategy for rebuilding assurance will be discussed, as part of the planning for 2025/26 audit plan.

Contingency Liability for Equal Pay
The Council has received claims in respect of Equal Pay. Due to the process currently being at an early stage, it is management's view that there is no reliable assessment of the validity, potential success or value of claims at this stage.

Disclosure of Counsel advice regarding open litigation, is excluded under the Local Audit and Accountability Act 2014 to prevent undue influence on the outcome of claims.

Grant Thornton has not received management's assessment of the probability of the claims being successful or an estimation of any associated liabilities and have therefore not concluded work in this area.

5.2 **Legal implications**

The statement of accounts has been prepared in accordance with statutory requirements, detailed in:

- The Local Government Act 2003 (Regulation 21);
- Section 3 of the Local Audit and Accountability Act 2014 which requires local authorities to prepare a statement of accounts.
- Accounts and Audit Regulations 2015; and
- Code of Practice on Local Authority Accounting in the United Kingdom

Local authorities must produce their accounts in accordance with the Code of Practice on Local Authority Accounting. In England and Wales, the Code constitutes a 'proper accounting practice' under the terms of Section 21(2) of the Local Government Act 2003.

The Accounts and Audit Regulations 2015 require the Chief Finance Officer to certify that the Statement of Accounts present a true and fair view of the financial position of the Council at the end of the year to which it relates and its income and expenditure for that year.

On 5 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These regulations set a publication date for 2024/25 financial statements by 27th February 2026. Where audit work is not concluded, this will result in either a qualification or disclaimer of opinion.

6. Other implications

6.1 **How will this contribute to achievement of the One Coventry Plan (https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan)**

N/a

6.2 **How is risk being managed?**

N/a

6.3 **What is the impact on the organisation?**

It remains important for the Council to ensure timely and accurate reporting of the Councils financial position.

6.4 **Equalities / EIA**

No impact

6.5 **Implications for (or impact on) climate change and the environment**

No impact

6.6 **Implications for partner organisations?**

No impact

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This report is published on the council's website: www.coventry.gov.uk/council-meetings

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Coventry City Council

Coventry City Council's
2024-25
Statement of Accounts

This document presents the Council's financial performance for the year ending 31st March 2025.

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1 An Overview of the Council's Performance

1.1 Introduction

Coventry City Council is a metropolitan district council responsible for all local government duties within the city of Coventry. The Council is required to set out its accounts in line with strict standards and this Statement of Accounts presents the Council's financial performance for the year ending 31st March 2025. The narrative report below helps set this into the context of the activities performed by the Council, its performance for the year, including some key financial information and the major developments in the city. The statement also explains the current status of its medium-term financial plans and how it is securing its future financial resilience.

1.2 Narrative Report

Overview
The Council's overall strategy is set out in the "One Coventry Plan". It is an approach which is intended to shape the way that the Council works with its partners to improve the city and improve people's lives. Key information about the city and measures of the Council's overall performance are provided separately in a bi-annual report formally considered by Cabinet.

The One Coventry Plan focusses on three overarching areas: economy and skills; improving outcomes and tackling inequalities; and tackling the causes and consequences of climate change.

The One Coventry Plan 2022-2030 is measured against 74 metrics. During 2024/25, 34 of these improved; 7 stayed the same; 20 worsened; and conclusive data was not available for the other 13 indicators. This means that, 67% (41 out of 61) of the indicators (excluding where conclusive data was not available) improved or stayed the same.

These accounts present details of the activities of the Council during 2024/25 from a financial perspective. There are two main types of activity: revenue expenditure on services; and capital investment, consisting of long term investment in the assets used to deliver those services.

Revenue expenditure on services
In February 2024, the Council set a total budget for its revenue expenditure of £867.8m. This included a net budget requirement, funded from Council Tax and Business Rates of £277.5m.

	£m	£m
Council Tax	175.9	
Local Business Rates	101.6	
Net Budget Requirement		**277.5**
Specific Government Grants		476.8
Fees and Charges		113.5
Total Budget		**867.8**

The final revenue outturn position for 2024/25 has been balanced by a year-end contribution to earmarked reserve balances of £1.8m. This final position can be mainly attributed to an additional windfall on dividends received from our commercial investment companies of £6.5m above the budgeted amounts.

It is recognised that without the support of these one-off additional dividends; the Council would have ended the year in a deficit position due to underlying service pressures that would have required the use of Council Reserves to balance the position.

External factors, contributing to these underlying pressures, include the persistence of inflation continuing to impact cost. There are other intractable on-going issues including those relating to demand for and complexity of children's and adults social care, which are common to many councils across the country whilst the Council also managed local time-limited pressures in the year.

Despite further increases to Children's Services' budgets for 2024/25, there has continued to be a financial pressure in this area. This is due to sufficiency issues in the external placement market driving costs up disproportionately against already high inflation. There is also a pressure within SEND home to school transport due to increased demand alongside an increased reliance on external special school placements.

The displayed table provides the details of the revenue outturn position for the various Council service areas.

Summary of the Council's Revenue Outturn

2024/25 Revenue Outturn	Total Income	Total Expenditure *	Net Expenditure	Net Budget	Overspend/ (Underspend)
	£m	£m	£m	£m	£m
Adult Services and Housing	(99.1)	232.5	133.4	130.0	**3.4**
Children and Education	(261.2)	380.8	119.6	114.8	**4.8**
City Services	(37.1)	81.0	43.9	41.9	**2.0**
Contingency and Central Budgets	(194.1)	144.3	(49.8)	(39.1)	**(10.7)**
Finance and Resources	(91.0)	103.0	12.0	12.8	**(0.8)**
Legal and Governance	(7.8)	17.4	9.6	9.1	**0.5**
People and Organisational Development	(1.0)	2.4	1.4	1.0	**0.4**
Planning and Performance	(0.7)	6.4	5.7	5.9	**(0.2)**
Policy and Communications	0.0	0.1	0.1	0.0	**0.1**
Property Services and Development	(23.0)	14.3	(8.7)	(8.5)	**(0.2)**
Public Health	(31.5)	32.4	0.9	1.4	**(0.5)**
Regeneration and Economy Development	(19.6)	29.0	9.4	8.2	**1.2**
Total	**(766.1)**	**1,043.6**	**277.5**	**277.5**	**0.0**

*Total expenditure net of contributions to/from reserves

The Council continued to take a modestly commercial approach to meeting its budgetary pressures and maintaining the strength of its balance sheet in 2024/25. These commercial ventures are planned to provide a modest commercial return to the Council as part of an approach to help the Council avoid some of the worst effects of budget cuts experienced across the country in recent years. This has been evidenced during 2024/25 where the significance of additional dividends received from Commercial Investments has guarded against the financial pressures being felt across key statutory services and mitigated the use of reserves to manage these service pressures.

The Better Care Fund (BCF) has required Local Authorities and Clinical Commissioning Groups to pool budgets from 1st April 2015, with the intention of driving improvement through the integration of services and resources. The Council has spent £67m in this area as part of an overall pooled budget of £149m. These arrangements will remain important in future years as the government channels more and more funding through this mechanism. The overall pooled budget relationship is set out in section 3.11 Pooled Budgets.

Capital Investment

The scale of the Council's ambition continues to be reflected in the size of its Capital Programme. The

Council's 2024/25 programme spend was £128.0m, slightly higher than the 2023/24 figure of £115.3m. The programme continued to maintain a significant investment in the city's transport and public infrastructure, including schemes demonstrating an increasing engagement with environmental initiatives and a range of other projects showing the Council's desire to make Coventry an attractive place to live, work and do business:

£22m has been spent on transport and highways infrastructure across a range of both major and minor schemes. This has included the construction of the 220 metre single track as part of the Coventry Very Light Rail Live Environment Construction Test (LECT), completion of signalising and introducing cycleways at Blue Ribbon roundabout as part of the City Region Sustainable Transport Settlement (CRSTS) funded Foleshill Transport works and infrastructure schemes to improve and maintain the city's highways via the CRSTS for Highways Maintenance and our Local Network Improvement Plan.

A further £2.1m has been spent on City Centre South, this has predominantly been on the acquisition of land, site surveys and promoting the CPO Process.

Further programme spend of £5.2m has been made in 2024/25 on the completion of Friargate Building 2, Landlord capital spend, associated with new lettings and infrastructure within Friargate Business District. The new hotel facilities are now open.

Commencement of £1.9m infrastructure expenditure to prepare the Coventry airport site for development as part of the West Midlands Investment Zone, which will focus on advanced manufacturing.

£2.9m spend on the cycleway programme that includes the delivery of Lynchgate cycleway, commencement of Canley Ford extension and the continuation of Binley Cycleway. There remains one section of the Binley cycleway to complete, which will be completed in 2025-26.

There have been works totalling £18.3m across the school's property estate as part of the One Coventry Strategic Plan. There is an increasing focus now on providing additional capacity in secondary schools across the city to meet the growing numbers amongst the secondary in-take.

£16.5m of grant funding for the investment in Climate Change related project has been invested in 24/25 covering activities around green homes, homes upgrade grant, public sector decarbonisation and social housing decarbonisation project, the investment continues into 2025/26.

There has been £6.6m passported to Registered Housing Providers in the city to tackle disrepair issues specifically with regards to damp and mould along with spending to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty.

City Centre Cultural Gateway £3.4m spend, with the spend profile increasing in 2025-26 as the scheme moves into significant build phase.

The Strategic Acquisition of a Waste Management Land Asset cost £7.5m. This is as per the report taken to Council on 14th January 2025.

A range of smaller scale but not insignificant schemes have advanced including the restoration of Stoney Road allotments, investment in the Councils Information Communication Technology (ICT) and continued investment in Disabled Facilities Grants.

In previous years, the Council's plans have included generation of capital receipts from the sale of property assets and investing some of the proceeds into assets providing a higher return. Following changes to the rules governing the Public Works Loans Board (PWLB) – the Government's main vehicle to provide long-term lending to local government – the Council will not be seeking to purchase further income generating assets at this stage. Any future purchases would need to consider the Council's ability and appetite to ensure that its long-term borrowing needs could be delivered from sources other than the PWLB.

Part of the expenditure programme has been earmarked to be funded by prudential borrowing, although due to the Council's existing cash balances it has been able to delay taking out any long-term borrowing within 2024/25, which is discussed in the section on Treasury matters below.

The Council is already heavily exposed to risk on a regular basis through the impact of demand led services, such as social care, putting pressure on its revenue budget, further exacerbated by the persistence of legacy inflation impacting costs in 2024/25 and beyond. As part of the Council's strategic financial planning it has taken a conscious decision to explore and invest in a range of commercial opportunities to provide a broader funding base for its core activities. Due to the nature of its funding position, its size and the financial resilience that it has built into its financial plans, the Council has demonstrated that it is in a strong position to withstand this type of event. The Council is aware however that it must remain vigilant to ensure that it maintains an appropriate level and balance of commercial activities, but remains convinced that these remain an important element of its wider undertakings.

Reserve Balances

For local citizens who show an interest in and challenge the financial decisions of the Council, the level of reserve balances is probably the area where they have historically shown the most concern. For local councillors too, it is difficult to understand why the Council can, at the same time, make decisions to reduce expenditure on some services whilst it has millions of pounds of reserves on its balance sheet. This is likely to be a source of debate once again given that the Council's headline reserve balances shown in section 3.13 are still perceived to be at a high level, in the region of £207m.

However, the Council's reserve balances are largely earmarked, and include £40m held on behalf of Schools which are not available for use on general Council activities. A number of others are also held to cover future committed spend including Public Finance Initiative (PFI) grant of £4m and Capital receipts of £15m.

Revenue reserves are held for a variety of reasons listed in Note 3.13. These include amounts to enable the Council to restructure its workforce as required, and to protect the Council from future Business Rates volatility.

The legacy impact of high inflation and other global political events give clear justification for organisations such as the Council to protect their financial position by maintaining reserve balances. The Council's recent trend of increasing and maintaining these balances is one reason, although not the only one, why it has been able to avoid being one of those councils' giving warnings of their financial distress because of globally significant economic events and increases in demand for some services. In addition, the Council's view continues to be that the scale of the financial challenges facing it, and the range of the projects and aspirations that it has established for itself over the next few years, provides a strong justification for setting aside these amounts.

The CIPFA Code of Practice (COP) requires that all grants held as receipt in advance should be separately identified in the balance sheet. A detailed review of Capital Grant conditions identified a number of grants that had been held as a receipt in advance as at 31 March 2024, but which should have been accounted for as grants with restrictions, with the income being credited to the Comprehensive Income and Expenditure Statement as Capital Grants. This had not been done historically, and the accounting for these grants have been corrected in the comparative main statements and associated notes as a prior period restatement discussed in section 3.38.

Treasury Management

The Council's Treasury Management Strategy sets out the Council's objectives in relation to the management of the Council's cash flow in order to ensure cash is available when needed, and to manage borrowing and investments in support of the Council's longer term capital plans. The Council is currently maintaining an under-borrowed position, which means that the capital financing requirement has not been fully funded with loan debt; as cash supporting the Council's reserves, balances and cashflow has been used as a temporary measure. This strategy continues to be prudent whilst borrowing rates remain relatively high. There has been no new long-term borrowing in the year.

The Council holds investments in Collective Investment or Pooled Funds. As at 31st March 2025 the accumulated deficit on the capital value of these pooled funds is £2.36m (compared to a £2.84m deficit as at 31st March 2024). The decline in the property market is the main contributor to the deficit. There remains an expectation that the full value will be recovered over all funds in the medium term - the period over which this type of investment should always be managed. Current accounting rules allow any 'losses' to be held on the Council's balance sheet and not counted as a revenue loss.

The Council's long-term borrowing needs, and the best time to take out any such borrowing, will continue to be monitored and discussed with the Council's treasury advisors, Arlingclose, to ensure that the most advantageous financial and strategic treasury terms can be secured.

Pensions Accounting

The Council's net pension liability shows the extent to which its existing pension commitments to employees and former employees exceed the assets currently available to meet those commitments.

As of 31st March 2025 the Council has recognised a net pension liability of £30.5m (2023/24 £35.4m) in its balance sheet. However, this liability includes the impact of an 'asset ceiling' adjustment of £310.6m (2023/24 £89.7m). This adjustment reduces the level of assets as they are not deemed to be available to the Council as either potential refunds or reductions in future contributions.

Prior to the asset ceiling adjustment, the net pension position was estimated to be an asset of £280.1m (2023/24 £54.3m). The movement in the net position during the year reflects in the main the impact of changes in demographic assumptions which reflects the latest longevity improvement available at the accounting date which has served to reduce the employers' obligations and led to a small gain on the balance sheet. In addition to this the corporate bond yield has risen which has led to a 1% increase in the discount rate applied during the period and led to a significant gain in the balance sheet.

The detailed effects of pensions' accounting for the local government and teachers' unfunded pension schemes are shown in sections 3.29 Pension Costs and 3.30 Retirement Benefits.

Asset Valuations
The Council's assets are assessed on a regular basis to ensure that their value is reflected accurately in the accounts. Land and property valuations in particular are always subject to the external economic and political climate and these values have been subject to significant fluctuations in previous years. For 2024/25 the Council employed an external valuer to undertake this work, with assurance carried out by City Council employees.

The Council reviews a higher proportion of its portfolio on an annual basis than has been the case historically, reflecting the materiality of this area within the accounts.

Due to the overall significance of asset values within the Council's balance sheet, and their sensitivity to external factors, it remains appropriate for asset valuations to be included as a significant assumption made in estimating assets and liabilities.

The Council hold a portfolio of equity shares in companies, which are valued annually. Total valuation of these investment assets has fallen from £116.5m at 31st March 2024 to £106.6m at 31st March 2025. The main reason for this decline is attributable to both costs of services linked to the legacy of inflation impacting costs and reductions in estimated margins from contracts, note 3.21 Long Term Investments has further detail on this.

IFRS16 Leases
In 2024/25, as required by the Code of Practice for Local Authority Accounting, the Council has adopted IFRS 16 Leases. This standard replaces IAS 17 and fundamentally changes the way lessees account for leases, removing the previous distinction between operating and finance leases.

The main impact of the new requirements is that, under IFRS 16, most leases are now recognised on the balance sheet as a right-of-use asset with a corresponding lease liability. This represents a significant change in accounting treatment and affects the recognition, measurement, and disclosure of leasing arrangements, with all arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability have been brought into the balance sheet at 1 April 2024.

This has resulted significant movements and additions to the balance sheet as at 1 April 2024 in property, plant and equipment and lease liabilities which are discussed in detail within note 3.28 Leases, note 5.5 Changes in accounting policies and note 5.7 Accounting policies.

Going Concern
There have been increasing demands for councils to assess their going concern status in recent years. This assessment has become more relevant with doubts being expressed about whether some local authorities will be able to deliver their full range of service commitments given the financial pressures they face. A significant number of authorities have raised financial concerns in recent years, either by issuing S114 notices or receiving exceptional financial support (EFS) from the government.

It is important to be clear that the Code of Practice, under which local authorities operate, confirms that councils can only be discontinued under statutory prescription and should, therefore, prepare their financial statements on a going concern basis of accounting. This means that they should be prepared on the assumption that the functions of the authority will continue in operation for the foreseeable future.

However, as part of putting these accounts together, alongside its overall response to the inflationary environment and impact on service demand, the Council's financial monitoring and planning has continued focus on indicating the need to operate as far as possible within budgeted levels and find savings where possible, in order to continue to provide assurance that its financial position remains secure. This includes looking at expenditure pressures directly caused by legacy inflation, the direct impact on income due to the cost of living and general slow economic growth.

Service demand pressures continue to directly and indirectly affect local government services throughout 2024/25. The Government has partially provided funding to help manage this cost to councils through a combination of increased specific grant (e.g. social care grants) and ability to raise local taxes through council tax and business rates. The Council's view, however, is that this funding has not collectively offset the increases in both price and activity sufficiently, such that significant cost reductions have been required.

In the immediate future, the level of the Council's reserve balances is a good indicator of its financial health and ability to withstand any short-term shocks. In 2024/25 the Council was able to contribute an additional £1.8m to its total revenue reserves. Although reserves do still remain at reasonably healthy levels as at March 2025, in addition, the statutory environment in which local authorities operate means that the Government has obligations to support local authorities which encounter financial difficulties. In the light of this and in the opinion of the Director of Finance and Resources, Coventry City Council remains in a sound financial position, considering the statutory position held by local authorities and the relative strength of its sources of revenue. In the medium to longer-term, the extent to which inflation and service pressures impact on Local Government finances, and the continued work to redefine a new local government funding mechanism, continues to provide significant uncertainty for the whole sector.

Group Activity

The activities of the main companies within the Council's Group arrangements are described below. Coventry Municipal Holdings Limited (CMH) continued to manage the following group of Council owned subsidiaries – Coombe Abbey Park Limited (CAPL), Coventry Regeneration Limited (CR), Coventry Technical Resources Limited (CTR) and Tom White Waste Limited (TWW).

CAPL's key business is operating a hotel and associated food and beverage trade within Coombe Park. CAPL has needed to manage the challenges that high inflation has brought to the business, including significant increases in pay, energy and other running costs.

The core activities of TWW are the collection, recycling and disposal of waste. In January 2025, the Council purchased TWW's primary operational site for £7.5m and leased it back to the company over a 25-year term.

The principal activity of The Coventry and Solihull Waste Disposal Company Limited (CSWDC) is the sale and generation of energy using waste materials as the energy source. Despite a continued reduction in capacity due to the turbine failure in May 2023, the company experienced strong trading during the year, having benefited from increases in energy prices during previous years.

The Friargate JV Project Limited (FJVP) manages and prepares sites to support the development of property within the Friargate business district of the city. FJVP previously transferred the sites for the Friargate Two building and the new Indigo hotel to the Council under long leases.

Following the construction of the Materials Recycling Facility (MRF), the primary activity of Sherbourne Recycling Limited (SRL) is recycling materials and selling them to local manufacturers for use in local production facilities. SRL primarily receives materials from its local authority shareholders under waste supply contracts and has some additional capacity to take on commercial contracts.

Coventry and Warwickshire Growth Hub Limited (CWGH) is jointly owned by Coventry City Council and Warwickshire County Council. The primary activity of CWGH is the provision of advice and support to businesses in the regional area.

The principal activity of the UK Battery Industrialisation Centre Ltd (UKBIC) is the development and manufacture of batteries, initially for the automotive sector but with wider application. The construction of a new Flexible Industrialisation Line began in September 2023 and is expected to become operational during 2025.

Future Plans

The Council's key priorities incorporate a desire for the city to become more prosperous and for the Council to lead the drive for economic growth and stimulate the local economy. The Council's Capital Programme achievements and future plans reflect these aspirations and, moving into 2025/26, complement our objectives. These include: a continued large programme of works on the city's schools, as part of the Education One Strategic Plan; commencement of the City Centre South demolition work; further works to develop a full demonstrator for the Coventry very light rail system; significant highway works to update the city's highways in order to facilitate new housing developments in more congested parts of the city.

The Council's 2025/26 core funding settlement provided increased 'spending power' of 8% including increased Adult Social Care grants, business rates grant funding streams and ability to raise Council tax by 5% (including an Adult Social Care precept), as well as new grants allocated largely on a needs basis such as the Recovery Grant and Childrens Prevention Grant, which enabled the Council to fund some of the pressures in social care, although further increased activity levels and the legacy of recent high inflation on costs have continued to create budget pressures.

The Council’s reserve balances, set out above, provide some partial short-term ability to manage risk should it be needed. The General Fund Balance remains at a relatively healthy level to manage such volatility, but only if the Council is able to set balanced forward-looking budgets without the use of reserves to fund structural deficits. If worst case budget scenarios emerge, the Council would need to consider measures such as revisiting other reserve funded projects to help manage immediate pressures, although this would be undesirable in terms of its medium-term plans.

The Council continues to participate in the West Midlands Business Rates Retention Pilot, within which 99% of Business Rates income is retained locally. One of the consequences of the 99% retention has been that the Council has moved from a position where it received a resource top-up from Government to one where it pays a resource tariff to Government.

The Council balanced its budget for 2025/26 and, in the process, maintained a reasonably high degree of financial resilience built up through its reserve balances, however the continued underlying pressure caused by inflation, and increased demand in communities, will inevitably continue to place greater pressure on these resources, should they continue for any length of time.

The Government have started to consult on Local Authority Funding Reform during this year, with the intention that a new system, intended to reflect relative need, the outcome of the consultation will be implemented from 2026/27. Although the promise of funding reform is received as positive, it does provide a significant amount of uncertainty for the medium-term financial forecast and in response the Council has made planning estimates for future years. Initial assumptions recognise the likelihood that gaps will remain for the periods following 2025/26. The view of the Director of Finance and Resources (Section 151 Officer) is that the Council should continue to plan prudently.

It continues to be important for the Council to continue to work with its key local partners and arms-length organisations to help strengthen its financial position and drive regenerative and enriching change to the city and its surrounds. Work will continue with the West Midlands Combined Authority to implement major transport infrastructure, regeneration, and ‘net zero’ carbon reduction schemes.

The Council has ambitious plans to contribute to the tackling of Climate Change, as well as continuing to develop key areas of the city, and support private investment in city centre developments. Work continues on the City Centre South regeneration scheme and the Council is taking great care to ensure that the shape of this initiative reflects current trends to ensure its future success.

The Council’s response to the key governance issues that it faces are set out in the Annual Governance Statement (AGS) below. The Statement explains how the Council has performed in relation to the principles set out in the document “Delivering Good Governance in Local Government” produced jointly by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives.

1.3 Statement of Responsibilities

Coventry City Council's Responsibilities

The City Council is required to manage its financial affairs effectively including:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its employees has the responsibility for the administration of those affairs. In the case of the City Council, that employee is the Director of Finance and Resources;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the Statement of Accounts.

The Director of Finance and Resources' Responsibilities

The Director of Finance and Resources is responsible for the preparation of the City Council's Statement of Accounts. In accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"), the accounts are required to present a true and fair view of the City Council's financial position at the accounting date and the income and expenditure for the year.

In preparing this statement of accounts, the Director of Finance and Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting;

The Director of Finance and Resources has also:

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

Certification of the Accounts

I certify that the Statement of Accounts presents a true and fair view of Coventry City Council as at 31st March 2025 and its income and expenditure for the year ended 31st March 2025, and that the accounts are authorised for issue.

Barry Hastie CPFA
Director of Finance and Resources
2nd February 2026

The Statement of Accounts was approved by the Audit and Procurement Committee on 2nd February 2026

1.4 Annual Governance Statement

Scope of responsibility

Coventry City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. Coventry City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, Coventry City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Coventry City Council has an approved Code of Corporate Governance, which is consistent with the principles reflected in the CIPFA / SOLACE framework and guidance “Delivering Good Governance in Local Government (2016)”. A copy of the Code is available on the Council’s website.

The Annual Governance Statement explains how Coventry City Council has complied with the Code and also meets the requirements of Regulation 6(1) (b) of The Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement and the Accounts and Audit (Amendment) Regulations 2024.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture, and values by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Coventry City Council policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The governance framework has been in place at Coventry City Council for the year ended 31st March 2025 and up to the date of approval of the Statement of Accounts.

The governance framework

The key principles, approach and review processes that comprise the authority’s governance arrangements are set out in the City Council’s Code of Corporate Governance. Key elements include the following:

There is a governance / internal control environment that supports the Council in establishing, implementing, and monitoring its policies and objectives. The Council’s overarching objectives are contained in published policy documents including the One Coventry Plan. These high-level plans are supported by a range of thematic policies, strategies and delivery plans, service plans, and detailed work programmes.

The One Coventry Plan 2022-2030 was formally adopted by the Council in March 2023 following a period of extensive engagement. To deliver the Council’s long term vision of working together to improve the city and the lives of those who live, work and study in Coventry, the One Coventry Plan sets out the priorities of increasing the economic prosperity of the city and region, improving outcomes and tackling inequalities within our communities and tackling the causes and consequences of climate change, through continued financial sustainability and the Council’s role as a partner, enabler, and leader. The delivery of the One Coventry Plan is supported by a range of policies and strategies and a performance management framework. Copies of the One Coventry Plan and the performance management framework are available on the Council’s website.

Throughout this process, clear channels of communication exist with all sections of the community and other stakeholders, to ensure the Council considers local needs and communicates both expected and actual outcomes for citizens and service users. This is evidenced through the Council’s formal decision-making and performance management processes.

In October 2015, Coventry City Council agreed to join the West Midlands Combined Authority, which is a model of governance for local authorities to act together to drive economic prosperity for the area. A Combined Authority is a statutory body in its own right supported by a devolution agreement with the Government and a constitution which sets out the terms of their funding and powers.

The control environment to ensure delivery of the Council’s objectives is laid down in the Council’s Constitution and performance management framework. The Constitution sets out how the Council operates, including:

- Roles and responsibilities of both Councillors and officers, including the Head of Paid Services, Monitoring Officer, and Chief Financial Officer.
- How decisions are made and the procedures in place to ensure that these are efficient, transparent, and accountable to local citizens. The Constitution includes the Council’s senior management structure and a scheme of delegation which sets out the principles for decision making and responsibility for functions. The Council facilitates policy and decision making via a Cabinet structure with Cabinet Member portfolios. There are scrutiny boards covering all portfolios and an overarching Scrutiny Co-ordination Committee. The Member decision making, advisory and scrutiny bodies are shown on the Council's website.

Coventry City Council has developed a comprehensive set of policies and procedures, including those relating to the standards expected of Members and officers. These are subject to regular review to ensure the Council continues to enhance and strengthen its internal control environment. Systems exist to ensure compliance with policies and procedures, including statute and regulations. Internal Audit, through its annual risk-based plan assesses compliance with key procedures and policies.

The Council has an Equality, Diversity and Inclusion Commitment which is available on our the Council’s website. This sets out the Council’s commitment to meeting all areas of the public sector equality duty and to ensure equality of opportunity, both as a provider and commissioner of services and as a large employer. The commitment is implemented through setting equality objectives linked to the One Coventry Plan. In 2025, a new set of equality objectives were approved and are available on the Council's website. Progress is monitored and reported to the Cabinet Member (Policing & Equalities) and an annual report of completed Equality Impact Assessments is available on the Council's website.

The Council's Risk Management Policy and Strategy defines processes for identifying, assessing, managing, and monitoring financial and operational risks. The Strategy recognises the need for risk registers at service, directorate and corporate level which are updated and reviewed regularly. The Corporate Risk Register is reviewed quarterly by Leadership Board and is reported to the Audit and Procurement Committee on a six-monthly basis.

The Council, through its Whistleblowing and Complaints Procedures, has documented processes in place to deal with concerns raised by both employees and members of the public. These policies have been widely communicated and are subject to regular review to ensure they are working effectively. In addition, the Council's Fraud and Corruption Strategy reinforces the Council's commitment to creating an anti-fraud culture, whilst having effective arrangements in place in responding to allegations of fraud and corruption.

An Audit and Procurement Committee provides independent assurance to the Council on various issues, including risk management and control and the effectiveness of the arrangements the Council has for these matters. The Committee's terms of reference were developed in conjunction with CIPFA guidance, and the Committee carries out a periodic self-assessment to measure its effectiveness, based on recommended CIPFA practice.

For the financial year 2024-25, the Director of Finance and Resources was the nominated Section 151 Officer, with the delegated responsibility for ensuring there are arrangements in place for proper administration of financial affairs. The Council last carried out an assessment of the role of the Section 151 Officer against the requirements stated in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) in May 2025. This assessment concluded that the Authority meets the five principles laid out in the CIPFA statement, namely:

- The Chief Financial Officer (CFO) in a local authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.
- The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.
- The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.
- The CFO in a local authority must be professionally qualified and suitably experienced.

The Director of Finance and Resources is a key member of the Council's Leadership Board with a critical role in strategic planning for the organisation. The Board also includes the Chief Executive and Monitoring Officer (the Director of Law and Governance), who, along with the Director of Finance and Resources, collectively have leadership responsibility for good governance as principal statutory officers. There remains a wider leadership structure in place which is critical to the overall senior leadership function.

The Annual Governance Statement also includes a review of the effectiveness of the system of internal control within group activities, where the Council is in a relationship with another entity to undertake significant activities. The following describes the group activities for the year ended 31st March 2025:

- In November 2021, the Council incorporated Coventry Municipal Holdings Limited (CMH) to manage most of its wholly owned companies and strengthen the governance arrangements for these investments. In setting up these arrangements, the Council took account of lessons learnt from issues encountered by other local authorities and the recommendations made in Public Interest Reports issued by Grant Thornton on such matters. A Group Governance Agreement is in place which sets out the governance structure and training has been provided by the Council's legal advisors to those officers appointed as directors. The CMH group comprises of the following subsidiaries:

- Tom White Waste Limited (and its subsidiaries A & M Metals Limited and Tom White Waste (LACO) Limited)
- Coombe Abbey Park Limited (and its subsidiaries No Ordinary Hospitality Management Limited and Coombe Abbey Park (LACO) Limited)
- No Ordinary Hotels Limited (dormant)
- Coventry Technical Resources Limited
- Coventry Regeneration Limited

In accordance with the Group Governance Agreement, the subsidiaries are required to produce annual business plans and in addition, CMH produce an annual performance report covering all of group's performance. A Shareholder Committee is in place which oversees the group's performance.

- The Coventry and Solihull Waste Disposal Company Limited was incorporated on 24th February 1992 is owned jointly by Coventry City Council, Solihull Metropolitan Borough Council, Warwickshire County Council and Leicestershire County Council.
- The UK Battery Industrialisation Centre Ltd was incorporated on 27th February 2018 and the Council is currently the sole shareholder with one share which has a nominal value of £1. The purpose of the company is to run the proposed National Battery Development Facility.
- The Friargate Joint Venture Project Limited was incorporated on 17th December 2018. This is a 50/50 joint venture with Friargate Holdings 2 Limited, established to develop new buildings within the Friargate district of the city.
- Sherbourne Recycling Limited (SRL) was incorporated on the 25th February 2021 and Coventry City Council along with seven other local authorities acquired shares in the company on the 1st April 2021. The purpose of the company is to manage the construction of a material recycling facility (MRF) and then operate the facility, which will sort the dry mixed recyclable waste received from the eight local authorities and other commercial customers. Sherbourne Recycling Trading Limited is a trading subsidiary of Sherbourne Recycling Limited who own 100% of the shares in this entity. All commercial contracts will be secured through this entity with the waste being processed by SRL on an arm's length transaction.
- The Coventry and Warwickshire Growth Hub Limited was incorporated on the 24th July 2014 and was previously owned by the Coventry and Warwickshire Local Enterprise Partnership Limited. Following the closure of the Local Enterprise Partnership, on the 2nd November 2023, Coventry City Council and Warwickshire County Council acquired ownership of the Company as joint shareholders. The purpose of the company is to provide a central co-ordination point for publicly funded business support.

Review of effectiveness

Processes are in place to assess key elements of the governance framework throughout the year, for example, through the work of Internal Audit and the Council's Audit and Procurement Committee. A review of the effectiveness of the governance framework is also undertaken annually as part of the production of the Annual Governance Statement. This is informed by the work of senior managers within the authority, who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's opinion on the overall adequacy and effectiveness of Coventry City Council's risk management, internal control, and governance arrangements, and also by comments made by the external auditors and other review agencies and inspectorates.

Arrangements to assess the effectiveness of the governance framework include:

- Regular and detailed monitoring of the Council's performance, by both Leadership Board and Members against targets and objectives set out in the One Coventry Plan. In 2024-25, the Council established a Planning and Performance Directorate to co-ordinate activity and further strengthen the Council’s performance management arrangements.
- Regular meetings of the Council’s Governance Group to consider on-going and emerging governance issues and co-ordinate actions required. Updates on this work are provided to Leadership Board.
- Consideration of ethical governance matters by the Ethics Committee, including reflecting on national governance failings to identify if there are any lessons learnt for the Council to take forward.
- On-going reviews of the Council's Constitution, overseen by the Constitution Advisory Panel and subject to approval by Full Council. These reviews include areas such as standing orders, financial procedures, and the scheme of delegation.
- Regular reviews of the Council's strategies and procedures to ensure they continue to reflect the needs of the Council.
- An annual review and update of the Council’s Local Code of Corporate Governance which is subject to approval by the Audit and Procurement Committee.

The review of effectiveness has also been informed by:

- Reports from the external auditors and other inspection agencies. This includes the results from the progress review of the Corporate Peer Challenge which took place in November 2024.
- The Council’s Corporate Risk Register.
- Directors’ Statements of Assurance. An annual assessment of the adequacy of governance arrangements / internal controls in relation to their service areas by each Director.
- An assessment of the Council’s compliance with the principles and standards of the CIPFA Financial Management Code, which supports good practice in financial management and demonstrating financial sustainability. The assessment was last formally updated in July 2024 and concluded that in overall terms the Council is able to demonstrate compliance with the Code, with a small number of improvement actions highlighted to build on the arrangements already in place and demonstrate delivery in full. Discussions have highlighted the conclusion remains valid.
- The work of the Internal Audit Service during 2024-25. The Service works to a risk-based audit plan, which is approved annually by the Council's Audit and Procurement Committee. An annual report is also produced and presented to the Committee, which includes the Annual Internal Audit Opinion. For 2024-25, the Chief Internal Auditor concluded that reasonable assurance could be provided that there is generally an effective and adequate framework of governance, risk management and internal control in place designed to meet the Council’s objectives. The report also identifies those issues, which in the opinion of the Chief Internal Auditor, should be considered when producing the Annual Governance Statement.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Procurement Committee and can provide reasonable assurance that the Council’s governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework and that a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

Table one below provides an update on the governance issues that were raised in the 2023-24 Annual Governance Statement.

Table one

No	Governance issues identified in 2023-24	2024-25 update
1	Sustainable improvement in Children's Services	Recruitment and retention strategies are in place to recruit and retain experienced social workers through a range of social media platforms, recruitment campaigns, and recruitment open evenings. The retention payment for Advanced Social Workers /Senior Practitioners was paid in March 2025. This is having a positive impact on retention rates, retaining more experienced social workers. The payment has been agreed for a further 12 months for 2025-26 to ensure stability in the workforce – with an Ofsted inspection due in 2025. Progression pathways have been implemented with panels in place. A number of other actions are also in place to minimise vacancies, e.g. clinal supervision offer, flexible working. The second Social Work Academy Team continues to significantly contribute to building short and medium-term workforce stability in the social worker roles. Regular monitoring and review of agency social workers takes place to identify reasons for cover matched against service needs, providing robust challenge where necessary. Agency staffing has reduced from 42 in March 2024 to 31 in April 2025. The Children's Services Workforce Development Strategy was reviewed and updated in 2024. The strategy is a 2-year strategy (April 2023 to March 2025.) The workforce action plan – workplan for 2024/25 is reviewed through the Children's Services Workforce Development Board bi-monthly. This was signed off in March 2025 – with all actions completed. Children and Education Services integrated on 1st April 2024. A conference was held in September to bring all staff together to embed further working together. Structures and processes have been integrated where this is

		needed, however work is ongoing alongside corporate restructure and the Social Care Reforms to look at structure. Let's talk sessions; CELT leadership meetings, supporting the SEND inspection dry run, diversity and Inclusion sessions; manager briefings; induction sessions, newsletter bulletin and launch of a social care podcast have helped the journey of integration as one service, where appropriate.
2	Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium-Term Financial Strategy	The 2024-25 financial outturn position was an underspend of £1.8m which was contributed to corporate reserves. Following large forecast outturn overspends throughout the financial year (£7m overspend at Q3) this underspend position was achieved by proactive management actions throughout the year and windfall income from our commercial investment dividends. The activities related to savings plans identified to set the 2024/25 budget continue to be monitored by Leadership Board. The Council approved a balanced budget for 2025/26 in February 2025, and were able to avoid many of the savings' proposals communicated as part of the budget setting consultation, due to a favourable settlement announced in February 2025 which allocated £10.5m more to Coventry than anticipated in the form of Recovery Grant, additional Social Care Grant, Children's Prevention Grant and Extended Producer Responsibility.
3	Management of increasing demand in relation to homelessness and the associated costs of housing families in temporary accommodation	Demand for the service continued throughout 2024/25. An update on the actions is below: • Chase Avenue is open and will be fully occupied 16/05/25. Meriden Street will be fully occupied in May 2025 with the first residents moving in w/c 12/05/25. • Ribbon Court has been delayed – It is hoped it will open in June 2025. • Funding secured for purchasing an additional 27 family Temporary Accommodation properties. 11 have been purchased with a further 9 going through conveyancing. • 20+ BEAM properties delivered. • Spring Housing buildings delayed – outside of the Council's control. • Faseman House – Planning permission secured. • Increased the contracted TA providers and voids were under 10%. • No families are living in B&B accommodation, and this has been maintained throughout 24/25. • New Strategy developed, approved and published • In 2024/25 we achieved a successful prevention or relief outcome for 1,161 households who were owed a homelessness duty. While this is slightly below the 1,164 outcomes achieved in 2023/2024, it reflects a continued and consistent level of support during a period where demand has stabilised, averaging 156 approaches for assistance each week. This year saw an increased proportion of households where homelessness was successfully prevented or relieved when compared with last year. Of those owed a prevention duty, 51% successfully retained their existing

		accommodation or secured an alternative - an improvement from 43% in 2023/2024. Similarly, 25% of those owed a relief duty successfully secured suitable accommodation, up from 22% last year.
4	Development of a corporate data access standard	A Corporate Data Access Standard has been developed following consultation and was presented for approval to the Corporate Information Management Strategy Group at their meeting on 21st May 2025. As a result, this issue will not be carried forward to the 25-26 action plan.
5	Governance over the programme of capital projects	Whilst the Capital Programme Project Board remains in place to oversee delivery of capital projects, a Commercialisation Board has recently been formed which reports into the Council's Change Board. The Commercialisation Board has established a workstream to look at how the Council can improve delivery of Capital Projects. It is clear that whilst many projects are delivered well, others could be improved, and the workstream will contribute to this.
6	City of Culture legacy	The City Centre Cultural Gateway project mobilised on site in June 2024, with construction commencing in August 2024. Construction was paused in September 2024 when the original contractor, ISG Construction Ltd entered administration. The Council took back possession of the site on 23 September 2024 and then undertook a procurement process to appoint a new contractor, in line with the Procurement Regulations. John Graham Construction Ltd were selected as the preferred contractor. Mobilisation recommenced on site in March 2025, with construction commenced on site on 30 April 2025. The Administration of the Coventry City of Culture Trust concluded with the publication of the AM23 report in February 2025 – the Notice of move from administration to dissolution. The Charity Commission's Compliance Case into the Trust remains open. In January 2025, the Councils' Scrutiny Coordination Committee received an update on the delivery of the Coventry 2017-27 Cultural Strategy, the Culture Works Collective (Cultural Compact) and additional development work in this area. Recruitment to the Culture Works Collective has now concluded and the first formal meeting of the new partnership has been set for May 2025. A further update to Scrutiny Coordination Committee was provided for their meeting in April 2025. The Destination Coventry Pilot concluded its extended proof-of-concept period in March 2025. From April 2025 the model is proceeding under a new, revised commercial model with the Coventry and Warwickshire Chamber of Commerce.
7	Further development of the Council's IT disaster recovery plans and processes	The Council have continued to: • Make improvements to the technical components of our Digital services disaster recovery position. • Review our network design and architecture to ensure that our infrastructure is designed and configured to meet best practice recommendations.

		• Ensure that we have proactive maintenance in place across all of our key infrastructure and we continually review our processes regarding business continuity and disaster recovery from a technical point of view. We are part of the strategic organisational planning for large-scale city-wide resilience in conjunction with Coventry, Solihull and Warwickshire and this activity will continue into the new year. • Support services from across the organisation in the creation of their service level resilience plans and this is work that will continue into the new year.
8	To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security	Significant progress made against all actions listed in the Digital Service Plan and associated assurance activity.
9	Embedding new methods of consultation and engagement	Following review by Leadership Board, the Council created a new post of Director of Policy and Communications with responsibility for consultation and engagement being transferred to come under their remit.
10	Employees Code of Conduct	The Code of Conduct has been included as part of the Managers Induction which launched in April 2024 and runs on a regular basis. It also forms part of the existing Disciplinary and Investigation Skills Training – this has also been rolled out during 2025. The Disciplinary Policy has recently been revised and updated; the refreshes will also include details of the Code. It will also feature in' People Hour' which is the regular People Services update.
11	Sustainability and Climate Change Strategy	The Climate Change Strategy and Action Plan was approved by Cabinet and Full Council in November and December 2024 respectively. As a result, this issue will not be carried forward to the 25-26 action plan.
12	Risk of use of un-regulated provision in Children's Services due to national, regional and local sufficiency issues	Two further children's homes have opened, including the 'short stay-same day' home which specifically aims to prevent children being placed in an unregistered provision. The numbers of children being placed into an unregistered provision has significantly decreased through the growth of and support from, our emergency foster carers. However, the placement market remains unstable and there remain challenges in finding the right homes for our children with the most complex needs, that are of 'best value'. Following the implementation of the Supported Accommodation Regulations (2023) we have expanded our block contracts with 2 providers and engaged with new providers to address any reduction of provision within Coventry.

		A new Regional Fostering Framework came into effect in September 2024 and a new Regional Residential Framework will be in place in the summer of 2025. Coventry is the lead LA for both frameworks on behalf of the region. As arrangements are now considered business as usual and appropriate actions taken to mitigate risk, this issue will not be carried forward to the 25-26 action plan.
13	Health Check / Assurance Framework for the Council's group of companies	An Internal Audit review was undertaken and the recommendations from this are currently being implemented. In addition, a commercial steering board has been set up.
14	Transparency Code	Arrangements have been put in place to ensure that the complete data set is published in full and updated and arrangements for an annual check to be undertaken and outcomes reported to the Corporate Governance Group. At its meeting in May 2025, the Corporate Governance Group considered the Council's approach to the publication of the additional recommended data sets and review proposals for ensuring information is easily accessible on the Council's website.
15	Implementation of Action Plan – Statement of Accounts for 2020/21, 2021/22 and 2022-23	Actions were delivered in line with the planned timescales: • 2021-22 Draft Statement of Accounts published for public scrutiny on 12th August 2024. • 2022-23 Draft Statement of Accounts published for public scrutiny on 13th September 2024. • Both 2021-22 & 2022-23 draft accounts were presented to the Audit & Procurement Committee on 25th November 2024 alongside letters of opinion from Grant Thornton. In addition to this, the 2023-24 Draft Statement of Accounts were published for public scrutiny on 29th November 2024 and presented to Audit & Procurement Committee on 17th February 2025 alongside the Grant Thornton Audit Findings Report and the letter of opinion.
16	To produce and roll out a Supplier Code of Conduct.	The drafting timeline was impacted by additional requirements to introduce the Procurement Act 2023 into the Council's procurement processes. However, the Code has now been reviewed by the Head of Legal & Procurement Services and the Corporate Governance Group in April 2025. There is a planned launch in May 2025, with upload onto Council's external website and embedding of URL into the Council's tender documentation. As a result, this issue will not be carried forward to the 25-26 action plan.
17	To improve arrangements to ensure management compliance with key HR policies and procedures.	HR Metrics are presented to Leadership Board on a quarterly basis to highlight case work numbers and compliance such as Return to Work interviews. Policy and procedures briefings are included in Managers Induction, launched in April 2024.

		People Partners also undertake briefings and training on relevant policies and procedures in their relevant areas. Resourcing are in the process of restructuring in order to improve the service, organisational offer and to strengthen the pre-employment process. Work has already been undertaken in relation to the DBS process, and this has included additional training. This same approach will also be applied to Right to Work.
18	To implement the action plan arising from the Peer Challenge report.	A progress review was undertaken by the Peer Challenge Team in November 2024. Overall, the Peer Team were impressed at the level of progress since the Corporate Peer Challenge in January 2024 and noted the structured approach taken by the Council for making improvements and changes to achieve the recommendations. Progress was also reported via the Council's Scrutiny Co-ordination Committee, Cabinet and Council processes earlier this year. Work continues to deliver the Peer Team recommendations to support our journey of improvement.

The Council is seeking to continuously enhance its management arrangements to improve service delivery, efficiency, and value for money, whilst achieving its objectives. The review of effectiveness has informed identification of the following key challenges for 2025-26 (table two), along with the actions planned to address these matters to further enhance our governance arrangements.

Table Two

Ref	Governance issue	Planned actions 2025-26	Responsible officer	Timescale
1	Integrate and sustain improvement in Children and Education Services	Develop an integrated Children and Education Service Plan for implementation 2025-26. Develop a Children's Services Workforce Development Strategy 2025-28.	Director of Children and Education Services	June 2025
2	Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium-Term Financial Strategy	The 2025-26 budgetary control position will be closely monitored to ensure that the key financial pressures being experienced by the Council can be mitigated and/or managed. In order to deliver a balanced 2024-25 and 2025-26 budget, a number of saving and cost reductions were identified across both years. A monthly reporting of progress against savings targets will continue to be presented to Leadership Board and where risk of	Director of Finance and Resources / Head of Finance	March 2026

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		non-delivery exists, actions will be sought to manage any shortfalls in the overall savings delivery plans. The Government have begun a consultation process into Local Authority Funding Reform, with the intention that a new system, intended to reflect need, could be implemented from 2026-27. The potential impact on Coventry will be fed into the 26-27 budget setting process as information is released. Assessment will continue of the Council's One Coventry Plan and how the Council's financial plans align to the objectives of the Plan.		
3	Management of increasing demand in relation to homelessness and the associated costs of housing families in temporary accommodation	The homelessness service is demand led and experienced significant increase in demand during 2022-23 to 2024-25. The following actions are planned for 2025-26: • Embed the two 2 new Supported Temporary Accommodation (STA) units for single people on Meriden Street and Chase Avenue. • Deliver an additional 50 TA flats for small families working with Green Square Accord at Ribbon Court. • Having procured a contract BEAM to deliver 30 additional PRS properties in 2025-26. • Work with Spring Housing to deliver an additional 11 3bed and 1 4bed flats for families and 18 bed unit for single people. • Consult with PRS landlords and relaunch Lets Rent Coventry and source additional permanent homes. • Work with Citizen to move the new Faseman House development (50 units of family Temporary Accommodation) onto site and commence construction. • Continue to ensure that voids within contracted providers are minimised and meet target of 90% occupancy. • Deliver the Housing Network contract to provide 200 bedspaces for single people during 2025 and deliver the forecasted savings. • Continue to eliminate the use of B&B accommodation for families unless in an emergency.	Head of Housing & Homelessness	March 2026

		• Undertake a detailed analysis and develop a business case to progress options for the Council to increase the number of permanent properties available. • Launch a newly revamped prevention service to try and maximise early prevention and increase successes. • Commission new housing related support services. • Deliver Supported Housing Accommodation Programme (SHAP) accommodation for complex single people working with a 3rd sector partner. The service remains committed to preventing and relieving homelessness and the objective for 2025-26 is to maintain or increase the percentage proportion of successful outcomes for both prevention and relief duties.		
4	Governance over the programme of capital projects	The Commercialisation Board will examine good practice and seek to establish a common process for the delivery of capital projects. In the meantime, the existing Programme Board will remain in place.	Director of Property Services and Development / Director of Finance and Resources	March 2026
5	City of culture legacy	Where requested, the Council will work to support the Charity Commission's Compliance Case into the Coventry City of Culture Trust whilst the investigation remains open.	Strategic Lead – Culture, Sport and Events	March 2026
6	Further development of the Council's IT disaster recovery plans and processes	Support the work of the business continuity planning across the organisation, ensuring that ICT disaster recovery processes are enhanced, with supporting documents formalised and testing arrangements agreed. The scope of this activity includes supporting resilience planning at a city level in particular in relation to connectivity and digital infrastructure across the city.	Director of Digital Services	March 2026
7	To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security	Implementation of the cyber security activities listed in the Digital Service Plan.	Director of Digital Services	March 2026

8	Embedding new methods of consultation and engagement	As part of the proposed restructure of the Policy and Communications function, the effectiveness of the Council's approach to consultation and engagement will be reviewed to identify areas where it can be strengthened, including methodologies, forward planning and feedback. A new engagement framework will be produced outlining the importance of undertaking good consultation and engagement and so improve the standard of this function across the Council. This also links to the new equality objective "To increase opportunities for residents in Coventry, from a diverse range of backgrounds, to influence the Council's decision-making processes."	Director of Policy and Communications	March 2026
9	Employees Code of Conduct	On a wider basis, there will be a reminder of the Code of Conduct in the organisational cascade which is sent on a regular basis. This to coincide with the launch of the shorter, more succinct version of the Code.	Director of People Services	July 2025
10	Health Check / Assurance Framework for the Council's group of companies	The agreed actions from the Internal Audit Review will be followed up to ensure they have been implemented. Following this, work will be undertaken to define and document the assurance framework.	Director of Law and Governance / Chief Internal Auditor	December 2025
11	Transparency Code	Embed arrangements for ensuring that the Council complies with the Transparency Code, reporting outcomes to the Corporate Governance Group in March 2026. A follow up Internal Audit review will also be undertaken to provide assurance.	Corporate Governance Group / Head of Governance	March 2026
12	Production of Statement of Accounts for 2024/25 in line with the Government backstop deadlines to address the audit back log.	Maintain the level of resource required to deliver the following: • Consolidation of 2024-25 draft Statement of Accounts and publication on our website for public scrutiny by 30th June 2025. • To support Grant Thornton in the audit on 2024-25 Statement of Accounts, in order to meet the Statutory deadlines for publishing 2024-25 audited accounts of 27th February 2026.	Director of Finance and Resources	February 2026

13	Management compliance with HR policies and procedures	To strengthen the Right to Work process.	Director of People Services	August 2025
14	Peer Challenge action plan	To implement the action plan arising from the Peer Challenge report, including taking further steps to improve diversity across the organisation at all levels.	Leadership Board	March 2026
15	Performance Management	To improve the management of performance in relation to impacts and the link to the One Coventry Plan objectives.	Director of Planning and Performance	March 2026
16	Internal Audit professional standards	To ensure the Internal Audit Service complies with the new Global Internal Audit Standards in the UK Public Sector.	Chief Internal Auditor	March 2026
17	Risk Management	To consider the Council's formal risk management approach and identify opportunities to strengthen arrangements.	Director of Law and Governance / Chief Internal Auditor / Insurance Manager	March 2026
18	Embedding Leadership behaviours	Work to continue embedding the new senior manager behaviours: • Completion of the Owning and Driving Performance programme that all managers grade 10 and above are undertaking. • Use of the new behaviours for the 2025-26 appraisal process. • For 2025 onwards, the new behaviour framework will form part of the necessary criteria for incremental pay increases for SM grades and above.	Director of People Services	March 2026

We are satisfied that these steps will address the need for improvements that were identified in our review, and we will monitor their implementation and operation, as part of our next annual review.

Cllr George Duggins
Leader of Coventry City Council

Dr Julie Nugent
Chief Executive of Coventry City Council

23rd June 2025

2 Main Financial Statements

2.1 Overview of Main Financial Statements

The Statement of Accounts includes the following core financial statements prepared in line with IFRS.

Comprehensive Income & Expenditure Statement CIES *(sections 2.2 & 4.2)*

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis *(section 3.2)* and the Movement in Reserves Statement.

The Movement in Reserves Statement *(sections 2.3 & 4.3)*

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following these adjustments. Details of the movements in both usable and unusable reserves are provided within section 3.13.

Balance Sheet *(sections 2.4 & 4.4)*

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserves that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement of Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement *(sections 2.5 & 4.5)*

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the receipts of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

2.2 Comprehensive Income & Expenditure Statement

2023/24				2024/25			
Gross Expenditure *restated **£000**	**Gross Income** *restated **£000**	**Net Expenditure** *restated **£000**	**Service segment**	**Gross Expenditure** **£000**	**Gross Income** **£000**	**Net Expenditure** **£000**	Section Ref.
229,968	(90,186)	139,782	Adult Services and Housing	245,209	(99,073)	146,136	3.2
360,956	(235,236)	125,720	Children and Education	400,586	(261,214)	139,372	3.2
98,595	(35,814)	62,781	City Services	91,506	(36,889)	54,617	3.2
8,508	(34,122)	(25,614)	Contingency and Central Budgets	(217)	(46,436)	(46,653)	3.2
100,918	(91,074)	9,844	Finance and Resources	103,960	(91,036)	12,924	3.2
13,978	(6,034)	7,944	Legal and Governance	17,167	(7,387)	9,780	3.2
2,203	(709)	1,494	People and Organisational Development	2,496	(1,048)	1,448	3.2
7,612	(675)	6,937	Planning and Performance	7,644	(679)	6,965	3.2
20	0	20	Policy and Communications	128	(7)	121	3.2
28,029	(4,520)	23,509	Property Services and Development	11,228	(6,670)	4,558	3.2
31,917	(32,489)	(572)	Public Health	31,260	(31,528)	(268)	3.2
48,037	(18,351)	29,686	Regeneration and Economy Development	52,457	(19,610)	32,847	3.2
930,741	**(549,210)**	**381,531**	**Cost of Services**	**963,424**	**(601,577)**	**361,847**	
		40,395	Other Operating Expenditure			36,563	3.1
		9,140	Finance and Investment Income and Expenditure			(38,989)	3.1
		(410,975)	Taxations and Non-Specific Grant Income			(399,257)	3.1
		20,091	(Surplus)/Deficit on the Provision of Services			(39,836)	
		(59,971)	(Gain)/loss on revaluation of non current assets			(31,844)	3.13
		5,862	(Gain)/loss on revaluation of financial instruments			9,846	3.33
		11,570	Remeasurement of the net defined benefit liability			9,726	3.30
		(42,539)	Sub-total of other comprehensive Income and Expenditure			(12,272)	
		(22,448)	**Total Comprehensive Income and Expenditure (Surplus)/Deficit**			**(52,108)**	

* These figures have been restated as detailed in section 3.38 and reclassified to reflect updated service segments.

2.3 Movement in Reserves Statement

Usable/Unusable Reserves and Overall Position 2024/25

	31st March 2024	Total Comprehensive Income and Expenditure	Adjustments between Accounting Basis & Funding Basis under regulations	Net (increase)/ decrease	31st March 2025
	£000	£000	£000		£000
Usable Reserves					
General Fund Balance	(155,893)	(39,836)	36,305	(3,531)	**(159,424)**
Capital Grants Unapplied	(40,738)	0	8,131	8,131	**(32,607)**
Capital Receipts Reserve	(11,733)	0	(3,434)	(3,434)	**(15,167)**
Total Usable Reserves	**(208,364)**	**(39,836)**	**41,002**	**1,166**	**(207,198)**
Unusable Reserves					
Capital Adjustment Account	(808,022)	0	(41,682)	(41,682)	**(849,704)**
Revaluation Reserve	(283,516)	(31,844)	20,224	(11,620)	**(295,136)**
Deferred Capital Receipts Reserve	(33,937)	0	(797)	(797)	**(34,734)**
Financial Instruments Adjustment Account	8,982	0	(390)	(390)	**8,592**
Financial Instruments Revaluation Reserve	(69,859)	9,846	0	9,846	**(60,013)**
Collection Fund Adjustment Account	(9,854)	0	(4,709)	(4,709)	**(14,563)**
Pensions Reserve	35,393	9,726	(14,628)	(4,902)	**30,491**
Accumulated Absences	2,731	0	1,459	1,459	**4,190**
Pooled Investment Funds Adjustment Account	2,839	0	(479)	(479)	**2,360**
Total Unusable Reserves	**(1,155,243)**	**(12,272)**	**(41,002)**	**(53,274)**	**(1,208,517)**
Total Single Entity Reserves	**(1,363,607)**	**(52,108)**	**0**	**(52,108)**	**(1,415,715)**

Section 3.13 presents further details of the movements in usable and unusable reserves.

Usable/Unusable Reserves 2023/24 Comparatives

	31st March 2023 *restated £000	Total Comprehensive Income and Expenditure *restated £000	Adjustments between Accounting Basis & Funding Basis under regulations *restated £000	Net (increase)/ decrease *restated	31st March 2024 *restated £000
Usable Reserves					
General Fund Balance	(161,578)	20,091	(14,406)	5,685	**(155,893)**
Capital Grants Unapplied	(34,524)	0	(6,214)	(6,214)	**(40,738)**
Capital Receipts Reserve	(18,623)	0	6,890	6,890	**(11,733)**
Total Usable Reserves	**(214,725)**	**20,091**	**(13,730)**	**6,361**	**(208,364)**
Unusable Reserves					
Capital Adjustment Account	(809,736)	0	1,714	1,714	**(808,022)**
Revaluation Reserve	(237,345)	(59,971)	13,800	(46,171)	**(283,516)**
Deferred Capital Receipts Reserve	(33,943)	0	6	6	**(33,937)**
Financial Instruments Adjustment Account	9,373	0	(391)	(391)	**8,982**
Financial Instruments Revaluation Reserve	(75,722)	5,862	1	5,863	**(69,859)**
Collection Fund Adjustment Account	(11,018)	0	1,164	1,164	**(9,854)**
Pensions Reserve	24,897	11,570	(1,074)	10,496	**35,393**
Accumulated Absences	4,464	0	(1,733)	(1,733)	**2,731**
Pooled Investment Funds Adjustment Account	2,596	0	243	243	**2,839**
Total Unusable Reserves	**(1,126,434)**	**(42,539)**	**13,730**	**(28,809)**	**(1,155,243)**
Total Single Entity Reserves	**(1,341,159)**	**(22,448)**	**0**	**(22,448)**	**(1,363,607)**

* These figures have been restated as detailed in section 3.38.

2.4 Balance Sheet

31 March 2023 *restated £000	31 March 2024 *restated £000	Balance Sheet	31 March 2025 £000
1,130,195	1,183,216	Property, Plant and Equipment	1,244,144
25,893	27,449	Heritage Assets	26,863
322,956	301,809	Investment Property	317,125
122,318	116,456	Long Term Investments	106,610
79,432	83,773	Long Term Debtors	78,483
1,680,794	**1,712,703**	**Long Term Assets**	**1,773,225**
27,848	37,185	Short Term Investments	27,667
303	357	Inventories	258
99,885	89,862	Short Term Debtors	117,179
56,222	26,004	Cash and Cash Equivalents	55,764
295	0	Assets held for Sale	0
184,553	**153,408**	**Current Assets**	**200,868**
(4,101)	(2,915)	Bank Overdraft	(4,475)
(19,711)	(2,567)	Short Term Borrowing	(22,789)
(87,273)	(92,754)	Short Term Creditors	(109,386)
(6,241)	(6,790)	Short Term Provisions	(5,005)
(7,224)	(7,106)	Capital Grants Receipts in Advance	(6,622)
(17,438)	(4,727)	Revenue Grants Receipts in Advance	(12,638)
(141,988)	**(116,859)**	**Current Liabilities**	**(160,915)**
(18,739)	(21,154)	Long Term Provisions	(22,026)
(251,731)	(249,516)	Long Term Borrowing	(236,218)
(25,197)	(35,393)	Net Pension Liability	(30,491)
(1,901)	(2,278)	Donated Assets Account	(2,435)
(28,211)	(27,214)	Capital Grants Receipts in Advance	(40,229)
(56,421)	(50,090)	Other Long Term Liabilities	(66,064)
(382,200)	**(385,645)**	**Long Term Liabilities**	**(397,463)**
1,341,159	**1,363,607**	**Net Assets**	**1,415,715**
(214,725)	(208,364)	Usable Reserves	(207,198)
(1,126,434)	(1,155,243)	Unusable Reserves	(1,208,517)
(1,341,159)	**(1,363,607)**	**Total Reserves**	**(1,415,715)**

* These figures have been restated as detailed in section 3.38.

2.5 Cash Flow Statement

2023/24 *restated £000's	Cash Flow Statement	2024/25 £000's
20,091	Net (Surplus) or Deficit on the Provision of Services	(39,836)
(86,129)	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	(28,890)
96,931	Adjust items included in Net Surplus/Deficit on the Provision of Services that are Investing &Financing Activities	84,175
30,893	**Net Cash Flows from Operating Activities**	**15,449**
(28,308)	Investing Activities	(30,532)
26,447	Financing Activities	(13,117)
29,032	**Net (Increase) or Decrease in Cash and Cash Equivalents**	**(28,200)**
(52,121)	Cash and Cash Equivalents at the Beginning of the Reporting Period (including bank overdrafts)	(23,089)
(23,089)	Cash and Cash Equivalents at the End of the Reporting Period (including bank overdrafts)	(51,289)

* These figures have been restated as detailed in section 3.38.

Section 3.26 presents an analysis of the amounts included in the provision of services for non-cash movements and items included in investing and financing activities.

3 Notes to the Main Financial Statements

3.1 Note to the CIES

2023/24 *restated Net Expenditure £000	Category of Income or Expenditure	2024/25 Net Expenditure £000	Section Ref.
24,682	(Gain)/Loss on Disposal of Fixed Assets	20,389	
15,666	Levy Payments to Other Bodies	16,123	
47	Precepts of Local Precepting Authorities	51	
40,395	**Other Operating Expenditure**	**36,563**	
19,642	Interest Payable and Similar Charges	19,385	3.33
(10,460)	External Investment Income	(11,772)	3.33
1,168	Net interest on the net defined benefit liability	(3,040)	3.30
(18,749)	Commercial Property Income	(17,582)	
9,277	Commercial Property Expenditure	8,421	
20,262	Changes in the fair value of investment properties	(19,329)	
(12,372)	Dividends and Interest Receivable	(15,894)	3.33
71	(Gain)/loss on impairment of assets	1,456	
301	(Gain)/loss on revaluation of financial instruments	(634)	3.33
9,140	**Finance and Investment Income and Expenditure**	**(38,989)**	
(169,281)	Council Tax Income	(182,889)	3.37
(120,848)	Retained Business Rates	(123,746)	3.37
18,680	Business Rates Retention System - Tariff	19,977	3.37
(37,729)	General Government Grants	(38,231)	
(100,097)	Capital Grant	(74,902)	3.7
(1,700)	Donated Assets – amortised credits	534	
(410,975)	**Taxations and Non-Specific Grant Income**	**(399,257)**	

* These figures have been restated as detailed in section 3.38.

3.2 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how the funding available to the authority (i.e. government grants, 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 Council's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (*see section 2.2)*.

2023/24				2024/25		
Net Expenditure Chargeable to the General Fund *restated	Adjustments between the Funding and Accounting Basis *restated	Net Expenditure in the Comprehensive Income and Expenditure Statement *restated	Service segment	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
133,950	5,832	139,782	Adult Services and Housing	136,940	9,196	146,136
90,347	35,373	125,720	Children and Education	114,504	24,868	139,372
40,583	22,198	62,781	City Services	30,113	24,504	54,617
(30,160)	4,546	(25,614)	Contingency and Central Budgets	1,639	(48,292)	(46,653)
8,909	935	9,844	Finance and Resources	12,573	351	12,924
8,122	(178)	7,944	Legal and Governance	9,666	114	9,780
1,494	0	1,494	People and Organisational Development	1,448	0	1,448
6,049	888	6,937	Planning and Performance	5,974	991	6,965
20	0	20	Policy and Communications	121	0	121
269	23,240	23,509	Property Services and Development	(2,502)	7,060	4,558
(761)	189	(572)	Public Health	(298)	30	(268)
9,394	20,292	29,686	Regeneration and Economy Development	8,532	24,315	32,847
268,216	**113,315**	**381,531**	**Net Cost of Services**	**318,710**	**43,137**	**361,847**
(262,531)	(98,909)	(361,440)	Other Income and Expenditure	(322,241)	(79,442)	(401,683)
5,685	**14,406**	**20,091**	**(Surplus) or Deficit**	**(3,531)**	**(36,305)**	**(39,836)**
(161,578)			Opening General Fund	(155,893)		
5,685			Plus (Surplus)/Deficit on General Fund	(3,531)		
(155,893)			**Closing General Fund at 31 March**	**(159,424)**		

* These figures have been restated as detailed in section 3.38.

3.3 Note to the Expenditure and Funding Analysis

This note provides a breakdown of the adjustments from the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

2023/24					2024/25			
Adjustment for Capital Purposes (Note 1) *restated	Net Changes for the Pension Adjustment (Note 2)	Other Differences (Note 3) *restated	Total Adjustments *restated	Service segment	Adjustment for Capital Purposes (Note 1)	Net Changes for the Pension Adjustment (Note 2)	Other Differences (Note 3)	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
5,832	0	0	5,832	Adult Services and Housing	9,196	0	0	9,196
35,373	0	0	35,373	Children and Education	24,868	0	0	24,868
22,198	0	0	22,198	City Services	24,504	0	0	24,504
8,540	(2,242)	(1,751)	4,547	Contingency and Central Budgets	(35,507)	(14,628)	1,843	(48,292)
935	0	0	935	Finance and Resources	351	0	0	351
(178)	0	0	(178)	Legal and Governance	114	0	0	114
0	0	0	0	People and Organisational Development	0	0	0	0
888	0	0	888	Planning and Performance	991	0	0	991
0	0	0	0	Policy and Communications	0	0	0	0
23,272	0	(32)	23,240	Property Services and Development	7,060	0	0	7,060
189	0	0	189	Public Health	30	0	0	30
20,292	0	0	20,292	Regeneration and Economy Development	24,315	0	0	24,315
117,341	**(2,242)**	**(1,783)**	**113,316**	**Net Cost of Services**	**55,922**	**(14,628)**	**1,843**	**43,137**
(101,274)	1,168	1,196	(98,910)	Other Income and Expenditure	(74,733)	0	(4,709)	(79,442)
16,067	**(1,074)**	**(587)**	**14,406**	**Surplus or Deficit**	**(18,811)**	**(14,628)**	**(2,866)**	**(36,305)**

* These figures have been restated as detailed in section 3.38.

Note 1: Adjustments for Capital Purposes – This column adds in depreciation and revaluation gains and losses, and includes adjustments for the following:
- Capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure Minimum Revenue Provision and other revenue contributions not chargeable under generally accepted accounting practices.
- Capital grant income and expenditure

Note 2: Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income. This represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current and past service costs.

Note 3: Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

3.4 Revenue Outturn

The following tables provide a reconciliation between the revenue outturn position reported to management and the first column of the Expenditure and Funding Analysis tables in section 3.2.

2024/25	Net Expenditure Chargeable to the General Fund	Adjustment for elements within the Provision of Service that are not included in the Cost of Services	Contributions to/(from) revenue earmarked reserves	Revenue Outturn Position	Budget	Overspend/ (Underspend)
Service Segment	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Adult Services and Housing	136,940	1,113	(4,701)	133,352	129,990	3,362
Children and Education	114,504	3,946	1,125	119,575	114,796	4,779
City Services	30,113	13,270	556	43,939	41,900	2,039
Contingency and Central Budgets	1,639	(56,699)	5,175	(49,885)	(39,152)	(10,733)
Finance and Resources	12,573	(91)	(447)	12,035	12,817	(782)
Legal and Governance	9,666	(460)	449	9,655	9,139	516
People and Organisational Development	1,448	(1)	(18)	1,429	1,001	428
Planning and Performance	5,974	258	(500)	5,732	5,931	(199)
Policy and Communications	121	0	0	121	32	89
Property Services and Development	(2,502)	(6,168)	(92)	(8,762)	(8,537)	(225)
Public Health	(298)	55	1,147	904	1,362	(458)
Regeneration and Economy Development	8,532	(13)	837	9,356	8,172	1,184
Net Cost of Services	**318,710**	**(44,790)**	**3,531**	**277,451**	**277,451**	**0**
Other Income and Expenditure	(322,241)	44,790	0	(277,451)	(277,451)	0
Surplus or Deficit	**(3,531)**	**0**	**3,531**	**0**	**0**	**0**

2023/24	Net Expenditure Chargeable to the General Fund *restated	Adjustment for elements within the Provision of Service that are not included in the Cost of Services *restated	Contributions to/(from) revenue earmarked reserves *restated	Revenue Outturn Position *restated	Budget *restated	Overspend/ (Underspend) *restated
Service Segment	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Adult Services and Housing	133,950	138	(12,047)	122,041	114,612	7,429
Children and Education	90,347	17,185	3,499	111,031	108,823	2,208
City Services	40,583	10,280	(1,089)	49,774	43,651	6,123
Contingency and Central Budgets	(30,160)	(21,154)	1,112	(50,202)	(36,041)	(14,161)
Finance and Resources	8,909	(284)	807	9,432	11,331	(1,899)
Legal and Governance	8,122	(585)	388	7,925	8,213	(288)
People and Organisational Development	1,494	4	(13)	1,485	1,261	224
Planning and Performance	6,049	(72)	(41)	5,936	5,981	(45)
Policy and Communications	20	0	0	20	47	(27)
Property Services and Development	269	(9,141)	355	(8,517)	(8,391)	(126)
Public Health	(761)	1,864	647	1,750	2,610	(860)
Regeneration and Economy Development	9,394	(264)	697	9,827	8,405	1,422
Net Cost of Services	**268,216**	**(2,029)**	**(5,685)**	**260,502**	**260,502**	**0**
Other Income and Expenditure	(262,531)	2,029	0	(260,502)	(260,502)	0
Surplus or Deficit	**5,685**	**0**	**(5,685)**	**0**	**0**	**0**

* These figures have been restated as detailed in section 3.38.

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3.5 Segmental Analysis

This note provides an analysis of income by service segment and details of the revenue outturn position.

2024/25	Income from Grants and Contributions	Tax Income	Other Income*	Total Income	Total Expenditure	Net Total Expenditure	Contributions to/(from) revenue earmarked reserves	Revenue Outturn Position
Service Segment	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Adult Services and Housing	(51,134)	0	(47,939)	**(99,073)**	237,126	**138,053**	(4,701)	**133,352**
Children and Education	(248,583)	0	(12,631)	**(261,214)**	379,664	**118,450**	1,125	**119,575**
City Services	(7,339)	0	(29,773)	**(37,112)**	80,495	**43,383**	556	**43,939**
Contingency and Central Budgets	(149,008)	(9,207)	(35,883)	**(194,098)**	139,038	**(55,060)**	5,175	**(49,885)**
Finance and Resources	(89,160)	0	(1,876)	**(91,036)**	103,518	**12,482**	(447)	**12,035**
Legal and Governance	(1,468)	0	(6,337)	**(7,805)**	17,011	**9,206**	449	**9,655**
People and Organisational Development	(16)	0	(1,032)	**(1,048)**	2,495	**1,447**	(18)	**1,429**
Planning and Performance	(502)	0	(177)	**(679)**	6,911	**6,232**	(500)	**5,732**
Policy and Communications	0	0	(7)	**(7)**	128	**121**	0	**121**
Property Services and Development	(90)	0	(22,880)	**(22,970)**	14,300	**(8,670)**	(92)	**(8,762)**
Public Health	(31,577)	0	49	**(31,528)**	31,285	**(243)**	1,147	**904**
Regeneration and Economy Development	(15,607)	0	(4,003)	**(19,610)**	28,129	**8,519**	837	**9,356**
Net Cost of Services	**(594,484)**	**(9,207)**	**(162,489)**	**(766,180)**	**1,040,100**	**273,920**	**3,531**	**277,451**
Other Income and Expenditure	0	(277,451)	0	**(277,451)**	0	**(277,451)**	0	**(277,451)**
Surplus or Deficit	**(594,484)**	**(286,658)**	**(162,489)**	**(1,043,631)**	**1,040,100**	**(3,531)**	**3,531**	**0**

2023/24	Income from Grants and Contributions **restated	Tax Income **restated	Other income* **restated	Total Income **restated	Total Expenditure **restated	Net Total Expenditure **restated	Contributions to/(from) revenue earmarked reserves **restated	Revenue Outturn Position **restated
Service Segment	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Adult Services and Housing	(50,187)	0	(40,001)	**(90,188)**	224,276	**134,088**	(12,047)	**122,041**
Children and Education	(226,573)	0	(8,663)	**(235,236)**	342,768	**107,532**	3,499	**111,031**
City Services	(7,877)	0	(28,117)	**(35,994)**	86,857	**50,863**	(1,089)	**49,774**
Contingency and Central Budgets	(162,636)	(10,947)	(30,886)	**(204,469)**	153,155	**(51,314)**	1,112	**(50,202)**
Finance and Resources	(89,360)	0	(1,747)	**(91,107)**	99,732	**8,625**	807	**9,432**
Legal and Governance	(463)	0	(6,128)	**(6,591)**	14,128	**7,537**	388	**7,925**
People and Organisational Development	(21)	0	(688)	**(709)**	2,207	**1,498**	(13)	**1,485**
Planning and Performance	(525)	0	(150)	**(675)**	6,652	**5,977**	(41)	**5,936**
Policy and Communications	0	0	0	**0**	20	**20**	0	**20**
Property Services and Development	(90)	0	(21,539)	**(21,629)**	12,757	**(8,872)**	355	**(8,517)**
Public Health	(31,921)	0	(568)	**(32,489)**	33,592	**1,103**	647	**1,750**
Regeneration and Economy Development	(14,318)	0	(4,383)	**(18,701)**	27,831	**9,130**	697	**9,827**
Net Cost of Services	**(583,971)**	**(10,947)**	**(142,870)**	**(737,788)**	**1,003,975**	**266,187**	**(5,685)**	**260,502**
Other Income and Expenditure	0	(260,502)	0	**(260,502)**	0	**(260,502)**	0	**(260,502)**
Surplus or Deficit	**(583,971)**	**(271,449)**	**(142,870)**	**(998,290)**	**1,003,975**	**5,685**	**(5,685)**	**0**

* Other Income includes fees, charges, interest and investment income
** These figures have been restated as detailed in section 3.38.

3.6 Income & Expenditure Analysis

This note provides an analysis of the income received and expenditure incurred within the Provision of Services in the Comprehensive Income and Expenditure Statement. These figures exclude the impact of internal recharges.

Expenditure/ Income	2023/24 *restated £000	2024/25 £000
Income		
Fees, charges and other service income	(101,112)	(115,870)
Interest and investment income	(41,758)	(46,619)
Income from council tax and non-domestic rates	(271,449)	(286,658)
Government grants and contributions	(583,971)	(594,484)
Total Income	**(998,290)**	**(1,043,631)**
Expenditure		
Employee benefits expenses	324,730	334,925
Other services expenses*	563,241	594,302
Depreciation, amortisation, impairment*	36,789	41,501
Interest payments	20,810	16,345
Precept and levies	15,713	16,174
(Gain)/Loss on Disposal of Assets	24,682	20,389
(Gain)/Loss on Asset Revaluation*	32,416	(19,841)
Total Expenditure	**1,018,381**	**1,003,795**
Surplus/ Deficit on the Provision of Services	**20,091**	**(39,836)**

* These figures have been restated as detailed in section 3.38.

An analysis of the 'Fees, charges and other service income' by service segment is provided in the table below, including the details of the income received through contracts with service recipients.

2023/24				2024/25		
Income from service recipients *reclassified £000	Other income *reclassified £000	Total fees, charges and other service income *reclassified £000	Service Segment	Income from service recipients £000	Other income £000	Total fees, charges and other service income £000
(39,943)	0	(39,943)	Adult Services and Housing	(47,908)	0	(47,908)
(8,583)	0	(8,583)	Children and Education	(12,544)	(7)	(12,551)
(23,692)	(4,261)	(27,953)	City Services	(24,293)	(5,154)	(29,447)
(8,902)	(1,587)	(10,489)	Contingency and Central Budgets	(10,308)	718	(9,590)
(1,622)	(125)	(1,747)	Finance and Resources	(1,797)	(80)	(1,877)
(5,172)	(570)	(5,742)	Legal and Governance	(5,513)	(406)	(5,919)
(647)	(42)	(689)	People and Organisational Development	(577)	(455)	(1,032)
(150)	0	(150)	Planning and Performance	(177)	0	(177)
0	0	0	Policy and Communications	(7)	0	(7)
(1,455)	(32)	(1,487)	Property Services and Development	(3,473)	(165)	(3,638)
(568)	0	(568)	Public Health	49	0	49
(3,671)	(90)	(3,761)	Regeneration and Economy Development	(3,770)	(3)	(3,773)
(94,405)	**(6,707)**	**(101,112)**	**Total**	**(110,318)**	**(5,552)**	**(115,870)**

* These figures have been reclassified as detailed in section 3.38.

3.7 Analysis of Capital Grants

The following table provides an analysis of the receivable capital grant income during the year, separately identifying all grants with a value above £5m.

2023/24 *restated £000	Grant / Grant Body	2024/25 £000
(9,650)	Social Housing Decarbonisation Fund Wave 2	(14,205)
(4,608)	City Region Sustainable Transport Settlement	(8,817)
(5,502)	Highways Maintenance Block	(8,339)
(4,547)	Disabled Facilities Grant	(5,189)
(13,715)	A45 Overbridge - Eastern Green	(2,299)
(26,953)	Basic Need Allocation (school places)	(1,962)
(35,122)	Other Grants & Contributions	(34,091)
(100,097)	**Total**	**(74,902)**

* 2023/24 figures have been restated as detailed in section 3.38.

In addition, the Council's Balance Sheet reflects capital grants received in advance of £46,851k as at 31/3/25, with conditions attached that have yet to be met. Of these £6,622k are held as current liabilities as the relevant conditions are expected to be met during the next 12 months, with the remaining £40,229k being held as long term liabilities. The equivalent figures, as at 31/3/24 were total capital grants received in advance of £34,320k, split between current liabilities of £7,106k and long term liabilities of £27,214k.

3.8 Analysis of Revenue Grants

The following table provides an analysis of revenue grant income, separately identifying all grants with a value above £5m.

2023/24 *reclassified £000	Grant	2024/25 £000
(184,649)	Dedicated schools grant**	(203,642)
(79,460)	Housing Benefits	(80,983)
(27,685)	Social Care Grant	(35,799)
(23,962)	Public Health	(24,846)
(18,122)	Business Rates Relief Compensation	(15,029)
(15,787)	Improved Better Care Fund	(15,787)
(14,785)	Better Care Fund	(15,735)
(13,735)	Business Rates Multiplier Cap Compensation	(17,712)
(8,387)	Pupil Premium - Free School Meals	(7,583)
(6,629)	Household Support Fund	(6,448)
(5,991)	Market sustainability and fair cost of care	(6,786)
(5,447)	Adult Education Budget	(5,579)
(79,235)	Other Grants and Contributions	(83,653)
(483,874)	**Total**	**(519,582)**

*2023/24 figures have been reclassified to reflect updated grant categories.
** The difference between the level of Dedicated Schools Grant (DSG) provided in this table and the amount provided within Deployment of Dedicated Schools Grant note (section 3.9) is due to adjustments agreed with the Department for Education.

In addition, the Council's Balance Sheet reflects revenue grants received in advance of £12,638k as at 31/3/25 with conditions attached that have yet to be met. These are held as current liabilities as the relevant conditions are expected to be met during the next 12 months. The equivalent figure, as at 31/3/24, was £4,727k.

3.9 Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the school Finance and Early Years (England) regulations 2017. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2024/25 are as follows:

2023/24		2024/25			
Total £000	Schools Budget Funded by Dedicated Schools Grant	Central Expenditure £000	Individual Schools Budget £000	Total £000	Notes
389,741	Final DSG before academy and high needs recoupment			431,202	A
(202,668)	Academy and high needs figure recouped			(224,482)	B
187,073	**Total DSG after academy and high needs recoupment**			**206,720**	C
10,237	Plus: Brought forward from Prior Year			14,205	D
(9,921)	Less: Carry-forward agreed in advance			(14,184)	E
187,389	**Agreed initial budgeted distribution**	**61,386**	**145,355**	**206,741**	F
73	In year adjustments	0	(237)	(237)	G
187,462	**Final budget distribution**	**61,386**	**145,118**	**206,504**	H
54,151	Less: Actual central expenditure	(59,440)		(59,440)	I
129,027	Less: Actual ISB deployed to schools		(145,118)	(145,118)	J
0	Plus: Local authority contribution			0	K
4,284	**In Year Carry-forward**	**1,946**	**0**	**1,946**	L
9,921	Plus/Minus: Carry-forward agreed in advance			14,184	M
14,205	Carry-forward			16,130	N
0	DSG unusable reserve brought forward			0	O
0	Addition to DSG unusable reserve			0	P
0	Total of DSG unusable reserve carried forward			0	Q
14,205	**Net DSG position at the year end**			**16,130**	R

Notes

A: Final DSG figure before any amount has been recouped from the authority as published in March 2025, excluding the January 2024 early years block adjustment.

B: Figure recouped from the authority in 2024/25 by the DfE for the conversion of maintained schools into academies and for high needs payments made by the ESFA.

C: Total DSG figure after Academy and high needs recoupment for 2024/25, as published in March 2025.

D: Balance brought forward from 2023/24.

E: The amount which the authority decided after consultation with the Schools Forum to carry forward to 2025/26 rather than distribute in 2024/25.

F: Budgeted distribution of DSG, adjusted for carry forward, as agreed with the Schools Forum.

G: Changes to the initial distribution, for example, High Needs Block adjustments and for the final Early Years Block adjustment.

H: Budgeted distribution of DSG as at the end of the financial year.

I: Actual amount of central expenditure items in 2024/25.

J: Amount of ISB actually distributed to schools in 2024/25 (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares). Note that budget shares include early years funding, sixth form funding and High Needs place funding: they do not include High Needs top-up funding which is treated as central expenditure.

K: Any contribution from the local authority in 2024/25 which will have the effect of substituting for DSG in funding the Schools Budget.

L: Carry forward to 2025/26.

M: Carry forward to 2025/26.

N: Carry forward to 2025/26 (before any unusable reserve brought forward).

O: DSG unusable reserve adjusted at the end of 2023/24.

P: Addition to DSG unusable reserve at the end of 2024/25.

Q: Total of DSG unusable reserve at the end of 2024/25.

R: Net DSG position at the end of 2024/25

3.10 Related Party Disclosure

The authority is required to disclose significant transactions and outstanding balances with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. These are detailed in the table below:

Transactions with Related Party *restated 2023/24					Transactions with Related Party 2024/25				
Expenditure	Liabilities	Income	Assets	Related Party	Expenditure	Liabilities	Income	Assets	Nature of relationship
£	£	£	£		£	£	£	£	
0	0	0	0	Birmingham Airport Holdings Limited	0	0	(6,364,423)	0	Minority Shareholder
11,985,979	(6,526,877)	(136,407)	(2,237)	Citizen Housing Group Limited	15,916,579	(5,004,580)	(427,798)	237,096	Grant support
1,008,353	(169,513)	(55,436)	9,628	Coombe Abbey Park (LACO) Limited	931,058	(138,461)	(60,595)	5,315	Subsidiary - second tier
21,224	(23,960)	(1,430,872)	8,077,460	Coombe Abbey Park Limited	327,447	(1,445)	(1,343,186)	7,255,368	Subsidiary - second tier
29,997,363	(2,203,179)	(35,185,211)	1,946,458	Coventry & Warwickshire Integrated Care Board	12,886,609	(514,469)	(26,561,522)	5,804,029	Board Member
0	0	(413,172)	1,149,770	Coventry and Warwickshire Award Trust	0	0	(230,999)	441,204	Loan Support
141,609	(32,640)	65,292	0	Coventry and Warwickshire Growth Hub Limited	210,560	0	0	0	Joint Venture
150,363	0	(28,185)	1,120	Coventry Municipal Holdings Limited	127,671	0	(27,980)	983	Subsidiary - first tier
12,733	(12,733)	0	5,000	Coventry Regeneration Limited	0	0	(214)	0	Subsidiary - second tier
351,654	(20,992)	(5,137)	292	Coventry Technical Resources Limited	345,917	(28,007)	(347)	416	Subsidiary - second tier
2,007,280	(6,301)	(56,985)	10,943	Culture Coventry Limited	2,130,906	0	(42,390)	30,019	Structured Entity
0	0	0	8,529,980	ES Coventry Limited	0	0	0	8,689,226	Lessee
0	0	(35,629)	10,500	Friargate JV Project Limited	0	0	(35,660)	0	Joint Venture
0	0	69,914	95,472	No Ordinary Hospitality Management	0	0	21,119	73,445	Subsidiary - second tier
3,344,159	(35,195)	(780,811)	14,037,303	Sherbourne Recycling Limited	2,168,373	6,116	(879,189)	14,415,444	Associate
8,311,985	(1,140,732)	(12,386,514)	7,809,709	The Coventry And Solihull Waste Disposal Company limited	7,521,653	(1,570,988)	(9,622,062)	8,695,231	Joint Venture
4,762,985	(179,773)	(1,576,559)	1,498,429	Tom White Waste Limited	8,770,018	70,259	(306,769)	537,351	Subsidiary - second tier
0	0	(366,408)	16,703,159	UK Battery Industrialisation Centre Limited	0	0	(446,212)	16,880,743	Subsidiary - first tier
0	0	(24,420)	1,057,489	University Of Warwick Science Park Business Innovation Centre Limited	0	0	(586,659)	1,006,084	Minority Shareholder
17,250,906	(842,436)	(30,008,063)	20,418,649	West Midlands Combined Authority	16,813,139	(145,363)	(41,754,846)	29,625,157	Board Member

* The 31st March 2024 figures have been restated as detailed in section 3.38.

Central Government

Central Government has significant influence over the general operations of the authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants, and prescribes the terms of many transactions that the authority has with other parties. Details of the main transactions between the Council and Government departments are set out in the Comprehensive Income and Expenditure Statement (section 2.2).

Other Public Bodies

The Council has transactions with a range of other organisations and public bodies reported elsewhere in the accounts.

- Pension payments are made to the West Midlands Metropolitan Authorities Pension Fund, The Teachers' Pension Agency. Further details are included in section 3.29.
- Precept payments are made to the West Midlands Crime and Police Commissioner and the West Midlands Fire and Rescue Authority, and these are shown within the Collection Fund Income and Expenditure Statement (section 3.37).
- Levy payments are made to the Environment Agency.

3.11 Pooled Budgets – Better Care Fund

Coventry City Council and Coventry & Warwickshire Integrated Care Board (ICB) operate a Better Care Fund (BCF) pooled budget under a Section 75 agreement, covering several workstreams aimed at integrating health and social care in Coventry. The table below shows the contributions from each partner and the Council's expenditure across these workstreams. Under the Section 75 arrangements, each partner accounts for the expenditure it incurs. Accordingly, only the Council's share of expenditure is shown. For any workstream, the difference between total contributions and the Council's expenditure represents spend incurred directly by the ICB and is not included in the Council's financial statements.

Better Care Fund 2024/25 Workstreams	Coventry City Council Contribution £000	ICB Contribution £000	Total Contribution £000	Coventry City Council Expenditure Internal [1] £000	Coventry City Council Expenditure Lead Commissioner [2] £000	Coventry City Council Expenditure Shared [3] £000	Coventry City Council Expenditure Total £000
Urgent Care	0	(7,711)	**(7,711)**	0	0	0	**0**
Out of Hospital & Nursing Care	(19,344)	(41,458)	**(60,802)**	13,383	0	0	**13,383**
Voluntary Sector Review	(1,379)	(944)	**(2,323)**	1,331	0	0	**1,331**
Community Support Services	(2,164)	(3,125)	**(5,288)**	880	0	1,253	**2,133**
Reablement / Discharge to Assess	(3,891)	(4,296)	**(8,187)**	2,404	3,623	0	**6,027**
Dementia	(7,795)	(3,881)	**(11,676)**	7,795	0	0	**7,795**
Care Act Implementation	(240)	(780)	**(1,020)**	0	894	0	**894**
Disabled Facility Grants	(7,223)	0	**(7,223)**	5,905	0	0	**5,905**
Protecting Social Care	(11,886)	(9,344)	**(21,230)**	11,911	9,344	0	**21,255**
Integrating Commissioning	(75)	0	**(75)**	75	0	0	**75**
Whole System Prevention	(211)	0	**(211)**	188	0	0	**188**
Mental Health Resource Centre	(20)	(232)	**(252)**	0	0	232	**232**
LD Homes	(1,428)	(1,824)	**(3,252)**	0	0	2,747	**2,747**
LD Compact	(127)	(326)	**(454)**	0	0	403	**403**
Winter Pressures	(1,711)	0	**(1,711)**	1,209	0	0	**1,209**
Development Fund	(9,000)	0	**(9,000)**	0	0	0	**0**
Improving Lives	(480)	0	**(480)**	0	0	0	**0**
Discharge Fund	(3,689)	(3,313)	**(7,002)**	3,689	0	0	**3,689**
Autism Diagnosis	(1,000)	0	**(1,000)**	0	0	0	**0**
Total	**(71,665)**	**(77,233)**	**(148,898)**	**48,770**	**13,861**	**4,635**	**67,266**

1 - This is where resources are controlled and expended by City Council.
2 - The City Council acts as lead commissioner and accounts for expenditure with service providers, acting as principal for the expenditure it controls, including where it is funded by ICB contributions.
3 - Resources are pooled and the City Council and ICB account for their share of the expenditure as a joint operation in line with the Section 75 agreement.

The following table provides details of the BCF contributions and expenditure for the previous year, for comparative purposes.

Better Care Fund 2023/24 Workstreams	Coventry City Council Contribution £000	ICB Contribution £000	Total Contribution £000	Coventry City Council Expenditure Internal [1] £000	Coventry City Council Expenditure Lead Commissioner [2] £000	Coventry City Council Expenditure Shared [3] £000	Coventry City Council Expenditure Total £000
Urgent Care	0	(7,464)	**(7,464)**	0	0	0	**0**
Out of Hospital & Nursing Care	(16,379)	(40,273)	**(56,652)**	16,332	0	0	**16,332**
Voluntary Sector Review	(1,398)	(943)	**(2,341)**	1,387	0	0	**1,387**
Community Support Services	(1,993)	(3,048)	**(5,041)**	852	0	997	**1,849**
Reablement / Discharge to Assess	(5,312)	(4,064)	**(9,376)**	2,502	3,186	0	**5,688**
Dementia	(7,306)	(3,790)	**(11,096)**	7,306	0	0	**7,306**
Care Act Implementation	(358)	(777)	**(1,135)**	0	894	0	**894**
Disabled Facility Grants	(5,450)	0	**(5,450)**	4,220	0	0	**4,220**
Protecting Social Care	(11,846)	(8,844)	**(20,690)**	11,846	8,844	0	**20,690**
Integrating Commissioning	(71)	0	**(71)**	71	0	0	**71**
Whole System Prevention	(244)	0	**(244)**	244	0	0	**244**
Mental Health Resource Centre	(20)	(219)	**(239)**	0	0	219	**219**
LD Homes	(1,750)	(1,701)	**(3,451)**	0	0	3,251	**3,251**
LD Compact	(135)	(313)	**(448)**	0	0	321	**321**
Winter Pressures	(1,749)	0	**(1,749)**	1,249	0	0	**1,249**
Development Fund	(9,032)	0	**(9,032)**	0	0	0	**0**
Population Health Management (PHM)	(1,427)	0	**(1,427)**	0	0	0	**0**
Improving Lives	(7,000)	0	**(7,000)**	0	0	0	**0**
Discharge Fund	(2,214)	(2,346)	**(4,560)**	2,213	0	0	**2,213**
Autism Diagnosis	(5,000)	0	**(5,000)**	0	0	0	**0**
Total	**(78,684)**	**(73,782)**	**(152,466)**	**48,222**	**12,924**	**4,788**	**65,934**

3.12 External Audit Costs

Coventry City Council has incurred the following costs in relation to services provided by its external auditors:

2023/24 £000	Audit Fees	2024/25 £000
290	Fees payable to the appointed auditors in respect of statutory external audit services*	511
	Fees payable in respect of any other services provided by the external auditor:	
143	Housing Benefit grant certification	160
13	Teachers Pension certification	13
446	**Total Fees**	**684**

*Since 2012/13 the appointed external auditors have been Grant Thornton UK LLP.

3.13 Usable & Unusable Reserves

Further details of the Council's usable and unusable reserves, shown in section 2.3 are provided below:

Usable Reserves

Usable Reserves	31st March 2023 *restated £000	Contributions from *restated £000	Contributions to *restated £000	31st March 2024 *restated £000	Contributions from £000	Contributions to £000	31st March 2025 £000
**General Fund Balance - Uncommitted ** **	**(10,277)**	**0**	**0**	**(10,277)**	**0**	**0**	**(10,277)**
Earmarked Revenue Reserves:							
Schools Reserves (specific to individual schools)	**(23,413)**	0	(580)	**(23,993)**	97	0	**(23,896)**
Schools Reserves (retained centrally)	**(10,237)**	12,420	(16,388)	**(14,205)**	3,102	(5,027)	**(16,130)**
Total Schools Reserves	**(33,650)**	**12,420**	**(16,968)**	**(38,198)**	**3,199**	**(5,027)**	**(40,026)**
Adult Social Care	**(32,152)**	49,548	(37,966)	**(20,570)**	8,110	(2,308)	**(14,768)**
Financial Risk Contingency	**(8,849)**	0	(2,623)	**(11,472)**	0	(1,796)	**(13,268)**
Commercial Reset & Innovation	**(13,217)**	1,013	0	**(12,204)**	0	0	**(12,204)**
Business Rates Income Reserve	**(3,433)**	1,135	(2,728)	**(5,026)**	400	(4,563)	**(9,189)**
Early Retirement and Voluntary Redundancy	**(7,241)**	0	0	**(7,241)**	0	0	**(7,241)**
Management of Capital	**(6,323)**	6,560	(6,040)	**(5,803)**	1,081	(1,643)	**(6,365)**
Public Health	**(3,778)**	4,681	(4,929)	**(4,026)**	725	(1,255)	**(4,556)**
Private Finance Initiatives	**(6,679)**	22,208	(20,830)	**(5,301)**	1,749	(585)	**(4,137)**
Refugee Resettlement Programme	**(619)**	861	(3,108)	**(2,866)**	492	(1,244)	**(3,618)**
Air Quality Early Measures	**(3,921)**	5,708	(4,162)	**(2,375)**	1,517	(1,308)	**(2,166)**
Homes for Ukraine	**(2,530)**	7,014	(5,759)	**(1,275)**	400	(322)	**(1,197)**
Insurance Fund	**(1,063)**	2,429	(2,289)	**(923)**	425	(282)	**(780)**
Other Directorate	**(18,697)**	25,517	(26,576)	**(19,756)**	8,779	(10,421)	**(21,398)**
Other Corporate	**(9,149)**	1,756	(1,187)	**(8,580)**	1,143	(797)	**(8,234)**
Revenue Earmarked Reserves (Non-School)	**(117,651)**	**128,430**	**(118,197)**	**(107,418)**	**24,821**	**(26,524)**	**(109,121)**
Total Revenue Earmarked Reserves	**(151,301)**	**140,850**	**(135,165)**	**(145,616)**	**28,020**	**(31,551)**	**(149,147)**
Other Usable Reserves:							
Usable Capital Receipts Reserve	**(18,623)**	17,593	(10,703)	**(11,733)**	1,753	(5,187)	**(15,167)**
Capital Grant Unapplied Account	**(34,524)**	6,008	(12,222)	**(40,738)**	40,738	(32,607)	**(32,607)**
Total Other Usable Reserves	**(53,147)**	**23,601**	**(22,925)**	**(52,471)**	**42,491**	**(37,794)**	**(47,774)**
Total Usable Reserves	**(214,725)**	**164,451**	**(158,090)**	**(208,364)**	**70,511**	**(69,345)**	**(207,198)**

* These figures have been restated as detailed in section 3.38 and reclassified to reflect updated reserve categories.
** This is a working balance that is maintained to assist in managing unforeseen financial challenges.

Unusable Reserves

The following table provides a breakdown of the balances and movements of two of the unusable reserves: the Capital Adjustment Account and the Revaluation Reserve.

2023/24 Capital Adjustment Account [CAA] *restated £000	2023/24 Revaluation Reserve [RR] £000	2023/24 CAA & RR Combined *restated £000	Category of Reserve Movement	2024/25 Capital Adjustment Account [CAA] £000	2024/25 Revaluation Reserve [RR] £000	2024/25 CAA & RR Combined £000
(809,736)	**(237,345)**	**(1,047,081)**	**Opening Balance**	**(808,022)**	**(283,516)**	**(1,091,538)**
36,081	0	36,081	Depreciation	41,155	0	41,155
25,146	0	25,146	Derecognitions	20,932	0	20,932
11,854	(59,971)	(48,117)	Revaluations	122	(31,844)	(31,722)
20,262	0	20,262	Investment Property Revaluations	(18,543)	0	(18,543)
638	0	638	Intangibles	348	0	348
(93,884)	0	(93,884)	Capital grants and contributions applied	(83,033)	0	(83,033)
44,670	0	44,670	REFCUS	38,688	0	38,688
(8,687)	0	(8,687)	Capital receipts applied	(1,753)	0	(1,753)
488	0	488	Disposal of Assets	1,415	0	1,415
1,108	0	1,108	Capital Loans: Repayments Received	3,405	0	3,405
(232)	0	(232)	Management of Capital Reserve	(800)	0	(800)
(309)	0	(309)	CERA	(1,044)	0	(1,044)
(1,796)	0	(1,796)	Capitalised Debt: Repayments Made	(1,975)	0	(1,975)
(13,800)	13,800	0	Amounts written out of the Revaluations Reserve	(20,224)	20,224	0
(18,036)	0	(18,036)	Revenue provision for the Repayment of Debt	(21,923)	0	(21,923)
(1,700)	0	(1,700)	Donated Assets (PFI)	534	0	534
71	0	71	Impairment of Financial Assets	1,409	0	1,409
58	0	58	Revaluation of Financial Assets	(156)	0	(156)
(218)	0	(218)	Other Gains and Losses	(239)	0	(239)
(808,022)	**(283,516)**	**(1,091,538)**	**Closing Balance**	**(849,704)**	**(295,136)**	**(1,144,840)**

* These figures have been restated as detailed in section 3.38.

Capital Adjustment Account
The Capital Adjustment Account absorbs the difference arising from the different rates at which non-current assets are accounted for as being consumed and those at which resources are set-aside to finance their acquisition, construction or enhancement. Movements in this reserve are shown in the table above, together with those of the Revaluation Reserve.

Revaluation Reserve
This reserve contains the gains made by the Council arising from increases in the value of its: Property, Plant and Equipment; and Non-operational Assets. The reserve only includes gains since its inception on 1st April 2007. Prior to that, gains were consolidated into the Capital Adjustment Account. 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 realised.

Revaluation Reserve movements are shown in the table above, together with those of the Capital Adjustment Account.

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, the authority does not treat these gains 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 Usable Capital Receipts Reserve.

Financial Instruments Adjustment Account
This account provides a balancing mechanism between the different rates at which the gains and losses (such as premiums on the early repayment of debt) are recognised under the Code Of Practice on Local Authority Accounting and those required by statute to be met from the General Fund.

Financial Instruments Revaluation Reserve
This reserve contains the gains made by the authority arising from increases in value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

Collection Fund Adjustment Account
This account contains the cumulative difference between the accrued income from Council Tax and Business Rates and the amounts required by regulation to be credited to the General Fund.

Pension Reserve
This 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. A breakdown of the movements in this reserve is provided in section 3.30.

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

Pooled Investment Funds Adjustment Account
In accordance with capital financing regulations the Pooled Investment Funds Adjustment Account holds fair value gains and losses on pooled investment funds measured at fair value through profit or loss (FVPL).

3.14 Adjustments between Accounting Basis & Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

2023/24 *restated £000	Adjustments made to Comprehensive Income and Expenditure Statement (CIES)	2024/25 £000
	Reversal of items debited or credited to the CIES	
	Usable Reserves	
6,214	**Capital grants & contributions unapplied movement to the CIES**	**(8,131)**
	Unusable Reserves	
(36,081)	Charges for depreciation non-current assets	(41,155)
(24,876)	Charges for derecognition of non-current assets	(20,765)
(32,115)	Revaluation of Property, Plant & Equipment and Assets Held for sale	18,421
(638)	Amortisation of intangible assets	(348)
93,883	Capital grants and contributions applied	83,033
(44,670)	Revenue expenditure funded from capital under statute	(38,688)
391	Movement in Debt Redemption Premia	390
1,074	Retirement benefit Adjustment Account debited or credited to the CIES	14,628
(1,164)	Collection Fund Adjustment Account (difference between amount credited to CIES & tax income for the year)	4,709
1,733	Accumulated Absences Account (difference between renumeration charged to the CIES and renumeration paid for the year)	(1,459)
201	Loss on Disposal funded from Capital Receipts	367
(270)	Rescheduling of Finance Lease Repayments	(167)
1,700	Movement in Donated Assets	(534)
(71)	Loss on Impairment of Debtors	(1,409)
(302)	(Gain)/Loss on Revaluation of Fair Value through P&L Financial Instruments	635
(6)	Movement in Deferred Capital Receipts	796
18,036	Statutory provision for the financing of capital investment	21,923
2,014	Repayment of Transferred Debt Principal	2,215
541	Capital expenditure charged against the General Fund balance.	1,844
(20,620)	**Sub Total of adjustments affecting Unusable Reserves**	**44,436**
(14,406)	**Total Adjustments**	**36,305**

* 2023/24 figures have been restated as detailed in section 3.38

3.15 Property, Plant & Equipment

In accordance with the temporary relief offered by CIPFA's Update to the Code and Specifications for Future Codes for Infrastructure Assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets.

The table below shows the movement in the City Council's Property, Plant and Equipment (excluding Infrastructure Assets) during the year.

	Other Land & Buildings	Vehicles, Plant & Equip't	Community Assets	Surplus Assets	Under Construction	Total (excluding Infrastructure Assets)
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
01 April 2024	**685,936**	**48,210**	**17,887**	**7,922**	**49,423**	**809,378**
Exisiting right of use assets recognised as part of IFRS16 transition	30,663	693	0	0	0	**31,356**
Restated Balance as at 01 April 2024	**716,599**	**48,903**	**17,887**	**7,922**	**49,423**	**840,734**
Additions	13,192	1,558	54	0	19,453	**34,257**
Revaluation increase/(decrease)	5,283	0	0	1,506	0	**6,789**
Disposals	0	(1,205)	0	0	0	**(1,205)**
Derecognition	(12,899)	(9)	(43)	0	(5,564)	**(18,515)**
Reclassifications	1,851	0	0	0	(32,596)	**(30,745)**
31 March 2025	**724,026**	**49,247**	**17,898**	**9,428**	**30,716**	**831,315**
Depreciation and Impairment						
01 April 2024	**7,453**	**32,872**	**3**	**0**	**0**	**40,328**
Depreciation Charge	27,519	3,200	3	0	0	**30,722**
Disposals	0	(704)	0	0	0	**(704)**
Derecognition	(941)	0	0	0	0	**(941)**
Depreciation written out on revaluation	(24,933)	0	0	0	0	**(24,933)**
Impairment Losses/reversals recognised in Revaluation Reserve	0	0	0	0	0	**0**
Impairment Losses/reversals recognised in Provision of Services	0	0	0	0	0	**0**
31 March 2025	**9,098**	**35,368**	**6**	**0**	**0**	**44,472**
Net Book Value						
31 March 2025	714,928	13,879	17,892	9,428	30,716	**786,843**
01 April 2024	678,483	15,338	17,884	7,922	49,423	**769,050**

The table below shows the movement in the City Council's Property, Plant and Equipment (excluding Infrastructure Assets) during the previous year for comparative purposes.

	Other Land & Buildings	Vehicles, Plant & Equip't	Community Assets	Surplus Assets	Under Construction	Total (excluding Infrastructure Assets)
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
01 April 2023	**614,500**	**46,427**	**17,850**	**13,064**	**74,787**	**766,628**
Additions	15,200	1,446	231	0	25,827	**42,704**
Revaluation increase/(decrease)	30,136	0	0	(5,462)	0	**24,674**
Disposals	0	(374)	0	0	0	**(374)**
Derecognition	(21,237)	(69)	(194)	0	(3,558)	**(25,058)**
Reclassifications	47,337	780	0	320	(47,633)	**804**
31 March 2024	**685,936**	**48,210**	**17,887**	**7,922**	**49,423**	**809,378**
Depreciation and Impairment						
01 April 2023	**9,280**	**30,069**	**0**	**0**	**0**	**39,349**
Depreciation Charge	22,439	3,101	3	0	0	**25,543**
Disposals	0	(298)	0	0	0	**(298)**
Derecognition	(847)	0	0	0	0	**(847)**
Depreciation written out on revaluation	(23,419)	0	0	0	0	**(23,419)**
Impairment Losses/reversals recognised in Revaluation Reserve	0	0	0	0	0	**0**
Impairment losses/reversals to Surplus/Deficit on the Provision of Services	0	0	0	0	0	**0**
31 March 2024	**7,453**	**32,872**	**3**	**0**	**0**	**40,328**
Net Book Value						
31 March 2024	678,483	15,338	17,884	7,922	49,423	**769,050**
01 April 2023	605,220	16,358	17,850	13,064	74,787	**727,279**

The following table provides the Infrastructure Asset balances and movements during 2024/25 and the previous year.

	Infrastructure Assets 2023/24 £000	Infrastructure Assets 2024/25 £000
Net book value		
Opening Balance	**402,916**	**414,166**
Exisiting right of use assets recognised as part of IFRS16 transition	0	2,612
Restated Opening Balance	**402,916**	**416,778**
Additions	22,453	21,072
Depreciation Charge	(10,538)	(10,433)
Disposals	0	0
Derecognition	(665)	(1,373)
Reclassification	0	31,257
Closing Balance	**414,166**	**457,301**

The City Council's Property, Plant and Equipment asset net book values, including Infrastructure Assets, are provided in the following table:

	Total (excluding Infrastructure Assets) £000	Infrastructure Assets £000	Total Property, Plant and Equipment £000
Net book value			
31st March 2025	**786,843**	**457,301**	**1,244,144**
31st March 2024	**769,050**	**414,166**	**1,183,216**
31st March 2023	**727,279**	**402,916**	**1,130,195**

Depreciation is a calculation of the amount an asset has decreased in value due to general wear and tear etc. and is provided for on all property, plant and equipment assets with a determinable finite life, by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. The basis upon which depreciation is charged for the different asset types is detailed in the accounting policies, see section 5.7.

3.16 Heritage Assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the authority principally for their contribution to knowledge and culture.

Heritage assets that have been included in the financial statements at valuation are based on insurance valuations. The values of Heritage Assets are updated to reflect the latest insurance valuations and any additions and deletions.
The table below provides a breakdown of these assets by type.

Type of Heritage Assets	31 March 2024 £000	31 March 2025 £000
Transport Museum Collection	7,684	6,934
Scientific	20	20
Clocks	265	265
Arms & Armour	35	35
Textiles	5,060	5,060
Silver	375	375
General	192	398
Natural History	40	40
Works of Art	444	402
Furniture	140	140
Visual Arts	12,946	12,946
Civic Regalia	248	248
Total	**27,449**	**26,863**

Heritage assets relate predominantly to the museum collections at The Herbert Art Gallery & Museum, Coventry Transport Museum and other assets situated in the Council House and St Mary's Guildhall which have been categorised in the table above.

Details of the following classification of heritage asset which are most significant in terms of value are:

Visual Art collection - The Authority holds a significant collection of paintings which are on display at The Herbert. The collection is reported on the Balance Sheet at insurance valuations based on market values of which the most significant valuations include 'Ebbw Vale' by Lowry, 'King George III' by Lawrence and 'Bacchus and Ariadne' by Giordano and Brueghel.

Textile Collection - The Authority holds an extensive collection of textiles which are on display at The Herbert and St Mary's Guildhall. The collection is reported on the Balance Sheet at insurance valuations based on market values of which the most significant valuation relates to the Tournai Tapestry that was commissioned to commemorate the visit of King Henry VII and Queen Elizabeth in 1500.

Transport Museum Collection - The Authority holds an extensive transport collection which is on display at The Coventry Transport Museum. The collection is reported on the Balance Sheet at insurance valuations of which the most significant valuations include the Thrust 2 and Thrust SSC cars. Thrust SSC (supersonic car) is the current world land speed record holder and became the first car to officially break the sound barrier.

Heritage assets have been recognised where the authority has information on the cost or value. Where the cost or value is not available, and the cost of obtaining the information outweighs the benefits to users of the financial statements, they have not been recognised and are disclosed separately below:

Monuments - There are approximately sixty monuments consisting of sculptures, public art, murals and memorials situated around the city that have not been included in the financial statements due to not previously having values for these items. It is the view of the Authority that the cost of obtaining the information outweighs the benefits to users of the financial statements. Three of the most significant monuments of historic importance to Coventry and recognised internationally include:

- **Self Sacrifice**, The Lady Godiva Statue - created in 1944 and installed in Broadgate in 1949.

- **Godiva and Peeping Tom figures Broadgate Clock Tower** - Carved wooden figures which form part of the clock located in Broadgate. Created in 1951 by Trevor Tennant.

- **Broadgate Standard** - Standard containing elephant and castle from City coat of arms. Located in Broadgate and installed in March 1948.

Artefacts and archaeology relating to the Pottery and Ceramics Industry - The Authority holds a significant collection of pottery and ceramics at various sites that have been obtained via collection and archaeological finds. None of these collections satisfy the authority's capital de minimis policy and, although they warrant recognition in terms of their contribution to knowledge and culture, this is the reason they are not included in the Balance Sheet. One of the most significant collections of historic importance to Coventry is the collection from the Lunt Roman Fort which is now located at the Whitefriars site, circa 40 complete or near complete Roman "pots".

Local History Archive - Within the History Centre at The Herbert, the Authority holds a wide range of records and material relating to the history of Coventry which includes books, maps, newspapers, electoral registers and building plans.

Further information about the Authority's Acquisition and Disposal Policy for Museum Archives and Local History Collections, including details regarding the preservation and management of assets can be viewed on the council's website (www.coventry.gov.uk).

3.17 Investment Property, Assets Held for Sale and Heritage Assets

The tables below show the movement in the City Council's investment property, assets held for sale and heritage assets during 2024/25, followed by comparative movements for the previous year.

	Investment Property	Assets Held for Sale	Heritage Assets	Total
	£000	£000	£000	£000
01 April 2024	**301,809**	**0**	**27,449**	**329,258**
Additions	18	0	(586)	(568)
Revaluation increase/(decrease)	18,544	0	0	18,544
Disposals	(914)	0	0	(914)
Derecognition	(1,818)	0	0	(1,818)
Reclassifications	(514)	0	0	(514)
31 March 2025	**317,125**	**0**	**26,863**	**343,988**
01 April 2023	**322,956**	**295**	**25,893**	**349,144**
Additions	11	0	1,556	1,567
Revaluation increase/(decrease)	(20,261)	25	0	(20,236)
Disposals	(413)	0	0	(413)
Derecognition	0	0	0	0
Reclassifications	(484)	(320)	0	(804)
31 March 2024	**301,809**	**0**	**27,449**	**329,258**

There are some right of use asset property interests that the authority sub-lets. These properties are accounted for as Investment Properties.
Operating expenditure incurred and rental income generated from Investment Property is shown as ‘Commercial Property’ within 3.1 Note to the CIES.

The table below provides a breakdown of Investment Properties.

Type of Investment Property	31 March 2024	31 March 2025
	£000	£000
Commercial	169,658	183,878
Office Units	20,749	20,221
Agricultural	2,912	2,865
Residential	106,445	107,619
Other	2,045	2,542
Total	**301,809**	**317,125**

- All of the Council's investment properties have been assessed as level two in the fair value hierarchy and are valued annually.
- Level two in the fair value hierarchy uses inputs other than quoted prices that are observable for the asset, either directly or indirectly. For the Council’s investment properties, this is achieved by multiplying an estimated net income by an appropriate investment yield or having regard to the capital value of similar assets.
- There has been no change in the valuation techniques used during the year for investment properties.

3.18 Capital Expenditure & Capital Financing

The table below shows how capital expenditure was financed in 2024/25 and in the previous year.

2023/24 £000		2024/25 £000
514,074	Opening Capital Financing Requirement	**505,124**
	Capital Investment including Donations	
65,157	Property, Plant and Equipment	89,297
1,567	Non-Operational Assets	(568)
638	Intangible Assets	348
44,564	Revenue Expenditure Funded from Capital Under Statute	38,688
0	Investments	0
5,414	Debtors	229
117,340	Total Capital Investment	**127,994**
	Sources of Finance	
(8,687)	Capital Receipts	(1,753)
(93,884)	Government Grants and Other Contributions	(83,033)
(541)	Revenue Contributions	(1,844)
(18,036)	Revenue Provision for Debt Repayment	(21,923)
(2,077)	Donated Assets	447
(3,065)	Other Adjustments	(2,215)
(126,290)	Total from Sources of Finance	**(110,321)**
505,124	Closing Capital Financing Requirement	**522,797**
	Explanation of movement in year	
(18,036)	Revenue Provision for Debt Repayment	(21,923)
(1,796)	Repayment of Transferred Debt Principal	(1,975)
11,100	Capital Investment funded by borrowing	41,811
(218)	Restatement of Historic Debt Liability	(240)
(8,950)	**Increase/(decrease) in Capital Financing Requirement**	**17,673**

3.19 Revaluation of Property, Plant & Equipment

The following statement shows the total value of the revaluations carried out in the financial years 2020/21 to 2024/25. The effective date of each revaluation is the date that the revaluation was produced.

Year of revaluation	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at Historical Cost	0	13,883	457,294	17,891	0	30,711	519,779
Valued at current value as at:							
31st March 2021	19,449	0	0	0	0	0	19,449
31st March 2022	6,200	0	0	0	0	0	6,200
31st March 2023	14,296	0	0	0	0	0	14,296
31st March 2024	27,079	0	0	0	0	0	27,079
31st March 2025	647,912	0	0	0	9,429	0	657,341
Total Cost or Valuation	**714,936**	**13,883**	**457,294**	**17,891**	**9,429**	**30,711**	**1,244,144**

Revaluation of Fixed Assets is undertaken within a 5-year rolling programme with consideration of other assets that may need to be valued more frequently. This is a re-assessment of asset valuations and has been undertaken by the Council's external valuer (Wilks Head & Eve LLP) in accordance with the "Royal Institute of Chartered Surveyors Appraisal and Valuation Manual". The valuation bases used for the fixed asset classifications are detailed in the accounting policies, see section 5.7. In addition, a review is undertaken to determine whether the carrying amount of other assets, not due for valuation as part of the rolling programme, is consistent with their current value.

The valuer has considered both external factors, such as market conditions and changes in the regulatory environment, and internal factors, such as obsolescence and physical damage.

3.20 Capital Commitments

The City Council approved a capital programme for 2024-25 of £157m and a provisional programme of £127m for both 2025-26 and £67m for 2026-27. The following are significant contracts legally committed to finish projects already started on 31st March 2025.

As at 31st March 2025, the authority has entered into a number of contracts for the construction and enhancement of property, plant and equipment in 2024/25 and future years budgeting costs at £65.8m. Similar commitments at 31st March 2024 were £23.3m.

The major capital commitments as at 31st March 2025 are listed below:

Capital Commitments as at 31/3/25	Outstanding Commitment £000
City Centre Cultural Gateway (CCCG) - New Collection Centre	41,270
City Centre South	465
Coventry Station Masterplan	588
Coventry Very Light Rail	828
Education Programme - Baginton Fields	149
Education Programme - Sherbourne School	1,583
Education Programme - Woodlands School	19,972
ICT - Adult Social Care System Replacement	228
Palmer Lane De-culverting	455
Public Realm Phase 6 - Retail Quarter Refresh	275
Total	**65,813**

The commitments as at the end of the previous year are list below for comparative purposes:

Capital Commitments as at 31/3/24	Outstanding Commitment £000
Social Housing Decarbonisation Fund (SHDF Wave 2)	13,917
Friargate Building	4,614
Homes Upgrade Grant (HUG2)	1,859
Very Light Rail	1,497
Coventry Station Masterplan	745
Finham Park School	478
City Centre Cultural Gateway Project (New Collection Centre)	178
Total	**23,288**

3.21 Long Term Investments

The City Council has long term investments in a number of companies. Details of the investments are shown below and further details of the companies are shown in section 3.34 Associated Company Interests & Holdings.

31st March 2024 £000	Long Term Investments	31st March 2025 £000
68,000	The Coventry and Solihull Waste Disposal Company Limited	68,000
36,663	Birmingham Airport Holdings Limited	31,568
9,557	Coventry Municipal Holdings Limited	4,806
2,236	Friargate Joint Venture Project Limited	2,236
0	Sherbourne Recycling Limited	0
0	UK Battery Industrialisation Centre Ltd	0
0	University of Warwick Science Park Innovation Centre Limited	0
0	Coventry and Warwickshire Growth Hub Limited	0
116,456	**Total**	**106,610**

A valuation exercise undertaken jointly with BDO LLP in 2024 valued the Council's shareholding in the Coventry and Solihull Waste Disposal Company at £68.0m. A subsequent valuation exercise in 2025 again undertaken jointly with BDO LLP maintained this valuation.

A valuation exercise undertaken by BDO LLP in 2024 valued the Council's shareholding in Birmingham Airport Holdings Limited at £36.7m. A subsequent valuation in 2025 undertaken jointly with BDO LLP resulted in a reduced valuation of £31.6m, due to an increase in net debt.

The valuation of the Council's 100% shareholding in Coventry Municipal Holdings Limited (CMH) includes Coombe Abbey Park Limited (CAPL), Coventry Regeneration Limited (CR), Coventry Technical Resources Limited (CTR) and Tom White Waste Limited (TWW).

CTR is valued based on net assets as the company has minimal external trade, primarily providing management services within the group. CTR is valued at £2.8m which primarily comprises of a £2.7m cash balance related to the sale of the shares in Arena Coventry Limited in 2014/15.

CR is valued based on net assets as the company has minimal trade, continuing to earn interest on a small cash balance should the tax assets held from the construction of Coventry Arena be usable in the future.

The Council purchased a 100% shareholding in TWW in March 2020. The company provides a commercial waste collection service in the local area. The purpose of the acquisition is to complement the Council's existing in-house waste services. A valuation exercise undertaken jointly with Azets in 2024 valued the Council's shareholding in TWW at £6.6m. A subsequent valuation in 2025 undertaken jointly with Azets resulted in a reduced valuation of £1.9m. TWW had lower than expected turnover from contracts alongside increased disposal costs.

The Council completed the purchase of a 100% shareholding in CAPL in December 2017. The company operates Coombe Abbey Hotel on a long term lease from the Council. The property is situated just outside the city boundary. A valuation exercise undertaken jointly with Azets in 2024 valued the Council's shareholding in CAPL at £0.1m. A subsequent valuation in 2025 undertaken jointly with Azets resulted in a reduced valuation of nil. CAP continues to struggle with the legacy of inflationary cost increases, and balancing passing these costs onto the customer base while maintaining demand.

The Council maintains a shareholding in the University of Warwick Science Park Innovation Centre Limited. This has been valued at nil as at 31st March 2025 following an internal valuation exercise.

The Council purchased 50% of Friargate Joint Venture Project Limited in January 2019. This is a 50/50 joint venture with Friargate Holdings 2 Limited, established to develop new buildings within the Friargate district of the city. A valuation exercise undertaken by Azets in 2024 valued the Council's shareholding in FJVP at £2.2m. A subsequent valuation for 2025 is being finalised by Azets at the reporting date.

The Council acquired a 21.5% shareholding in Sherbourne Recycling in April 2021, as one of eight local authority investors. A valuation exercise undertaken by Azets in 2024 valued the shareholding at nil as the net debt arising from the construction of the facility currently outweighs the enterprise value. A subsequent valuation undertaken by Azets for 2025 maintained this valuation.

The UK Battery Industrialisation Centre Ltd was incorporated in February 2018 and the Council is currently the sole shareholder. The purpose of the company is to run the National Battery Development Facility. The Council initially purchased the land and most of the equipment in relation to the facility with funding coming from Innovate UK, a government backed agency, and the West Midlands Combined Authority. A valuation exercise undertaken by BDO LLP in 2021 concluded that given UKBIC was established to generate neither profits nor dividends, it should be held at nil value on the Council's balance sheet. A subsequent valuation undertaken by Azets for 2025 maintained this valuation.

Following the closure of Coventry and Warwickshire Local Enterprise Partnership on 31 March 2023, Coventry City Council and Warwickshire County Council were each issued with a £1.00 nominal share in Coventry and Warwickshire Growth Hub Limited (CWGH) on 2 November 2023. CWGH provides business support and advisory services to companies in the local area. The company is valued at nil as it operates on a not-for-profit basis and does not hold any significant assets.

See the note on Associated Company Interests & Holdings for further details about the Council's other company interests.

3.22 Long Term Debtors

This note identifies the amounts owing to the authority, which are being repaid over various periods longer than one year. Long term debtors include a number of different types of financial assets, including loans provided for service purposes and debtors arising from finance lease disposals. Under IFRS 9 debtors are accounted for as either at amortised cost or fair value through profit and loss, with the former being assessed for expected credit loss.

31st March 2024 *Restated £000	Long Term Debtors Held at amortised cost:	Gross Debtor £000	Impairment £000	31st March 2025 Net Debtor £000
16,365	UKBIC Finance Lease*	18,006	(1,341)	16,665
14,037	Sherbourne Recycling Loan (Mixed Recycling Facility)	14,959	(544)	14,415
12,624	Student Accommodation Finance Leases	12,779	0	12,779
6,452	Friargate LLP Loan	4,248	(17)	4,231
4,078	The Oaks Finance Leases	4,075	0	4,075
3,786	Belgrade Plaza Finance Lease	3,785	0	3,785
3,460	Coventry and Solihull Waste Disposal Company Finance Lease	3,425	0	3,425
3,524	City College Car Park Finance Lease	3,395	(1)	3,394
3,595	Coombe Abbey Park Loan Facility A (2021)	3,516	(184)	3,332
2,795	Coombe Abbey Park Loan Facility B (2021)	2,734	(143)	2,591
1,991	Coventry and Warwickshire Reinvestment Trust Duplex Facility	2,000	(9)	1,991
1,321	Torrington Avenue Finance Lease	1,321	0	1,321
1,054	Science Park Debentures (1998)	1,066	(60)	1,006
621	Coombe Abbey Park Loan (2019)	600	(65)	535
992	Coventry and Warwickshire Award Trust Loan (2018)	435	(2)	433
139	Residential Property Debts - post Care Act 2014	296	0	296
0	Tom White Waste (Sale of Containers)	135	0	135
209	UKBIC Loan (2022)	125	(9)	116
110	Belgrade Theatre Loan (2006)	89	0	89
80	Residential Property Debts - pre Care Act 2014	80	0	80
67	Housing Loans	67	0	67
104	Coventry and Warwickshire Reinvestment Trust Recovery Growth Fund	35	(2)	33
49	Destination Management Office Budget Contribution	24	0	24
2,374	Friargate Hotel Development Loan	0	0	0
180	Tom White Waste Loan	0	0	0
128	CBILS-Duplex Loan	0	0	0
14	Mortgages	0	0	0
80,149	**Total held at amortised cost**	**77,195**	**(2,377)**	**74,818**

31st March 2024 £000	Held at fair value:	Gross Debtor £000	Revaluation £000	31st March 2025 Net Debtor £000
2,784	Kickstart Loans	873	1,943	2,816
840	Pathways to Care Loans	605	244	849
3,624	**Total held at fair value through profit and loss**	**1,478**	**2,187**	**3,665**
83,773	**Total Long Term Debtors**	**78,673**	**(190)**	**78,483**
	* 2023/24 figures have been restated as detailed in section 3.38			

3.23 Short Term Debtors

An analysis of the Council's short term debtors is shown below:

31st March 2024				Debtors Classification	31st March 2025			
Debtor *reclassified	Payment In Advance	Impairment Allowance	Total		Debtor	Payment In Advance	Impairment Allowance	Total
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
10,730	0	0	**10,730**	Central Government Bodies	13,501	0	0	**13,501**
15,607	0	0	**15,607**	Other Local Authorities	28,133	0	0	**28,133**
3,043	0	0	**3,043**	NHS Bodies	6,134	0	(1,040)	**5,094**
48,339	12,762	(17,209)	**43,892**	All Other Bodies	53,628	16,299	(19,693)	**50,234**
37,166	0	(20,576)	**16,590**	Debts Relating to Local Taxation	41,510	0	(21,293)	**20,217**
114,885	**12,762**	**(37,785)**	**89,862**	**Total Debtors**	**142,906**	**16,299**	**(42,026)**	**117,179**

* The 31st March 2024 debtor balances have been reclassified, incorporating public corporation debtors within 'All Other Bodies'.

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

31st March 2024			Debts Relating to Local Tax	31st March 2025		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000s	£000s	£000s		£000s	£000s	£000s
6,707	3,950	10,657	Less than one year	7,956	5,311	13,267
1,913	858	2,771	1-2 years	2,438	763	3,201
2,365	502	2,867	2-6 years	2,894	416	3,310
295	0	295	More than 6 years	439	0	439
11,280	**5,310**	**16,590**	**Total**	**13,727**	**6,490**	**20,217**

3.24 Short Term Creditors

An analysis of the Council's short term creditors is shown below:

31st March 2024				31st March 2025		
Creditors *restated	Receipts in Advance *restated	Total	Creditors Classification	Creditors	Receipts in Advance	Total
£000s	£000s	£000s		£000s	£000s	£000s
(13,670)	0	**(13,670)**	Central Government Bodies	(15,079)	(41)	**(15,120)**
(1,879)	0	**(1,879)**	Other Local Authorities	(1,280)	0	**(1,280)**
(3,766)	(19)	**(3,785)**	NHS Bodies	(911)	0	**(911)**
(57,514)	(8,139)	**(65,653)**	All Other Bodies	(65,347)	(12,323)	**(77,670)**
(340)	(7,427)	**(7,767)**	Credits Relating to Local Taxation	(2,857)	(11,548)	**(14,405)**
(77,169)	**(15,585)**	**(92,754)**	**Total Creditors**	**(85,474)**	**(23,912)**	**(109,386)**

* The 31st March 2024 figures have been restated as detailed in section 3.38.

3.25 Provisions

Provisions are made for liabilities the City Council has incurred where it is more likely than not that it will have to make a payment to discharge the liability. If it is found that a provision is no longer needed it is returned to revenue. The movement in the City Council's provisions during 2024/25 is explained below:

Provisions	Self-Insurance	Business Rates Appeals	Total
	£000	£000	£000
1st April 2024	**(4,366)**	**(23,578)**	**(27,944)**
Increase in provision	0	(13,434)	(13,434)
Amounts used	0	10,579	10,579
Unused amounts reversed	0	3,768	3,768
31st March 2025	**(4,366)**	**(22,665)**	**(27,031)**

The split between short and long term provisions, as at 31st March 2025, is provided in the following table:

Provisions	Self-Insurance	Business Rates Appeals	Total
	£000	£000	£000
Short Term Provisions	0	(5,005)	**(5,005)**
Long Term Provisions	(4,366)	(17,660)	**(22,026)**
Total	**(4,366)**	**(22,665)**	**(27,031)**

The Council's provision for its self-insurance liability is based upon the large majority of its known insurance claims. The provision is used when insurance claims require settlement, the timing of which is uncertain. The Council also maintains an insurance earmarked reserve that is set aside for claims that have been incurred but not yet received as detailed within the note on usable and unusable reserves.

The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. One of the implications for this is that the Council is required to make provisions for refunding ratepayers who successfully appeal against the rateable value of their properties including amounts relating to 2024/25 and earlier financial years, although the amount and timing of future payments are uncertain.

3.26 Notes to the Cash Flow

The Surplus or Deficit on the Provision of Services has been adjusted for the following non-cash movements:

2023/24 *restated £000	Adjustments for Non Cash Movements	2024/25 £000
(36,081)	Depreciation	(41,155)
(24,876)	Derecognition of non-current Assets	(20,765)
(32,115)	Revaluation of non-current assets	18,421
(638)	Amortisation	(348)
(506)	(Increase)/ Decrease in Impairment Provision for Bad Debts	(3,524)
9,109	(Increase)/ Decrease in Creditors and Provisions	(49,513)
(2,978)	Increase/ (Decrease) in Debtors	29,474
56	Increase/ (Decrease) in Inventory	(99)
1,374	Pension Liability	14,628
(912)	Carrying amount of non-current assets sold	(564)
1,438	Other Non Cash items charged to Net Surplus or Deficit on Provision of Services**	24,555
(86,129)	**Total**	**(28,890)**

* These figures have been restated as detailed in section 3.38.
** The Other Non Cash items include £23m resulting from the introduction of IFRS 16 Leases, including recognition of right of use assets and technical adjustments to the value of PFI assets.

The Surplus or Deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities:

2023/24 *restated £000	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2024/25 £000
100,097	Net Application of grants to capital financing	74,902
(3,978)	Council Tax and NNDR Adjustments	7,096
812	Proceeds from the sale of non-current assets	2,177
96,931	**Total**	**84,175**

* These figures have been restated as detailed in section 3.38.

2023/24 *restated £000	Cash Flows from Investing Activities	2024/25 £000
65,930	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	63,513
1,020,761	Purchase of Short Term and Long Term Investments	1,263,968
5,414	Other Payments for Investing Activities	229
(812)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(2,177)
(1,017,286)	Proceeds from Short Term and Long Term Investments	(1,274,022)
(102,315)	Other Receipts from Investing Activities *	(82,043)
(28,308)	**Total**	**(30,532)**

* These figures have been restated as detailed in section 3.38.

2023/24 £000	Cash Flows from Financing Activities	2024/25 £000
28,932	Repayments of Short and Long Term Borrowing	1,975
3,110	Cash Payment for reduction of outstanding liability relating to finance leases	0
(10,485)	Cash Receipts of Short and Long Term Borrowing	(20,000)
912	Other payments for financing activities	12,004
3,978	Council Tax and NNDR Adjustments	(7,096)
26,447	**Total**	**(13,117)**

All changes in liabilities arising from financing activities are a result of financing cash flows. No such changes relate to non-cash movements.

The cash flows for operating activities include the following items:

2023/24 *restated £000	Cash Flows from Interest and Dividends	2024/25 £000
(10,460)	Interest received	(11,772)
19,642	Interest paid	19,385
(12,372)	Dividends received	(15,894)
(3,190)	**Total**	**(8,281)**

* These figures have been restated as detailed in section 3.38.

The balance of Cash and Cash Equivalents is made up of the following elements:

2023/24 £000	Breakdown of Cash and Cash Equivalents	2024/25 £000
(9)	Cash held by the council	(8)
(8,080)	Bank current accounts	(7,621)
(15,000)	On call deposits	(43,660)
(23,089)	**Total**	**(51,289)**

3.27 Private Finance Initiative (PFI)

PFI is an arrangement involving a partnership agreement with an external body in order to generate investment in Council services. In return for this investment the Council pays an annual fee.

The Council's contracts under PFI arrangements are outlined in this disclosure note. These PFI arrangements have been classified and accounted for as 'service concessions' under IFRIC 12, recognising finance leases under IFRS 16 'Leases'.

Caludon Castle School PFI Contract

In December 2004 the City Council entered into a PFI contract with Coventry Education Partnership for the provision of a fully rebuilt community secondary school (Caludon Castle), along with facilities management services, for a 30 year period. The contractor started on site in December 2004 and the first phase of the school opened in 2005/06.

In February 2013 Caludon Castle School transferred to Academy Status, with the lease of the site to the school. This transfer did not result in any fundamental changes to the PFI contract itself. However, as a result of the transfer the value of the school's land and buildings was removed (as an impairment) from the Council's balance sheet.

The Council is due to receive PFI grants of £56.3m from central government over the period of this contract.

In 2024/25 expenditure on unitary charge payments to the contractor was £3,975k, compared with £3,953k in 2023/24. In each of these years £1,875k of PFI grant was received, giving a net cost of £2,100k in 2024/25 (£2,078k in 2023/24). The school contribution was £803k in 2024/25 (£761k in 2023/24). The unitary charge is divided into three elements; service charge, repayment of the liability and interest.

The forecast unitary charge payments the Council will make under the contract are as follows:

Year	Service Charge	Repayment of Liability	Interest Charge	Contingent Rent	Total Unitary Charge
	£000	£000	£000	£000	£000
2025-26	1,941	946	630	0	**3,517**
2026-27 to 2029-30	8,372	3,423	1,950	0	**13,745**
2030-31 to 2034-35	9,333	5,412	1,042	0	**15,787**
Totals as at 31/3/25	**19,646**	**9,781**	**3,622**	**0**	**33,049**
Totals as at 31/3/24*	**20,652**	**7,585**	**3,038**	**5,302**	**36,577**

*Comparative figures are based on pre-IFRS 16 accounting and include elements (such as contingent rent) that are no longer recognised under the current accounting treatment.

The payments to the contractor are calculated using an assumed rate of inflation. The actual payments will be dependent on actual inflation and/or penalty deductions applied in respect of underperformance and non-availability.

The liability held on the Balance Sheet under this PFI scheme and an analysis of the movement during the year is shown in the table below.

Loans	2023/24 £000	2024/25 £000
Liability brought forward	**(8,235)**	**(7,585)**
Adjustment to brought forward position*	0	(2,974)
Revised liability brought forward	**(8,235)**	**(10,559)**
Unitary Charge (Lease repayment)	650	970
Liability remeasurement	0	(192)
Liability carried forward (breakdown below)	**(7,585)**	**(9,781)**
Long term liability	(6,934)	(8,835)
Current liability	(651)	(946)

* Adjustment as a result of IFRS 16 implementation

New Homes for Old PFI Contract

In March 2006 the City Council entered into a PFI contract with Anchor Trust for the provision of community care services. The contract comprises the provision of two 40 bed specialist dementia units, including 10 respite beds, and three extra care units with domiciliary care support for up to 120 tenants along with facilities management services, for a 25 year period.

The five sites were transferred to the contractor, under licence, to enable works to take place. All units became operational during 2007/08. Following the commencement of services, the Council entered into a 25 year contract with Anchor Trust.

The Council is due to receive PFI grants of £43.5m from central government over the period of this contract.

In 2024/25 expenditure on unitary charge payments to the contractor was £8,852k, compared with £8,395k in 2023/24. This unitary charge is divided into three elements; service charge, repayment of the liability and interest.

The forecast unitary charge payments the Council will make under the contract are as follows:

Year	Service Charge £000	Repayment of Liability £000	Interest Charge £000	Contingent Rent £000	Total Unitary Charge £000
2025-26	5,592	1,774	1,392	0	**8,758**
2026-27 to 2029-30	24,000	9,212	4,181	0	**37,393**
2030-31 to 2032-33	14,925	6,902	925	0	**22,752**
Totals as at 31/3/25	**44,517**	**17,888**	**6,498**	**0**	**68,903**
Totals as at 31/3/24*	**54,534**	**11,279**	**7,128**	**4,498**	**77,439**

*Comparative figures are based on pre-IFRS 16 accounting and include elements (such as contingent rent) that are no longer recognised under the current accounting treatment.

The payments to the contractor are calculated using the latest rate of inflation applied to the contract. The actual payments will be dependent on actual inflation and/or penalty deductions applied in respect of underperformance and non-availability.

The liability held on the Balance Sheet under this PFI scheme and an analysis of the movement during the year is shown in the table below.

Operational Assets Other Land & Buildings Long Term Loans	2023/24 £000	2024/25 £000
Liability brought forward	**(12,466)**	**(11,279)**
Adjustment to brought forward position*	0	(8,008)
Revised liability brought forward	**(12,466)**	**(19,287)**
Unitary Charge (Lease repayment)	1,187	2,245
Liability remeasurement	0	(846)
Liability carried forward (breakdown below)	**(11,279)**	**(17,888)**
Long term liability	(9,966)	(16,114)
Current liability	(1,313)	(1,774)

* Adjustment as a result of IFRS 16 implementation

At the end of the contract (June 2032) the facilities and sites will transfer back to the Council at nil consideration

Street Lighting PFI Contract

In August 2010 the City Council entered into a PFI contract with Balfour Beatty (Connect Roads Coventry Limited) for the provision of street lighting services. The contract provides for the replacement and maintenance of streetlights and similar equipment across the city, together with the associated energy costs, for a period of 25 years. The Council is due to receive PFI grants of £124.3m from central government over the period of this contract.

In 2024/25 expenditure on unitary charge payments to the contractor was £8,859k, compared with £8,701k in 2023/24. This unitary charge is divided into three elements; service charge, repayment of the liability and interest.

In 2019 the Council, in conjunction with other stakeholders, re-financed the Street Lighting PFI Contract, with an overall saving to the Council of £1.9m over the remainder of the contract, with this being split between an ongoing reduction in the unitary charge of £46.5k and a one-off sum of £1,200k. The one-off sum is being credited as a reduction in interest payment costs over the term of the contract.

The forecast unitary charge payments the Council will make under the contract are as follows:

Year	Service Charge £000	Repayment of Liability £000	Interest Charge £000	Contingent Rent £000	Total Unitary Charge £000
2025-26	2,875	2,186	3,477	0	**8,538**
2026-27 to 2029-30	12,387	10,223	11,471	0	**34,081**
2030-31 to 2034-35	14,848	20,329	7,593	0	**42,770**
2035-36	1,675	3,080	238	0	**4,993**
Totals as at 31/3/25	**31,785**	**35,818**	**22,779**	**0**	**90,382**
Totals as at 31/3/24*	**31,367**	**35,017**	**24,396**	**3,864**	**94,644**

*Comparative figures are based on pre-IFRS 16 accounting and include elements (such as contingent rent) that are no longer recognised under the current accounting treatment.

The payments to the contractor are calculated using an assumed rate of inflation. The actual payments will be dependent on actual inflation and/or penalty deductions applied in respect of underperformance and non-availability.

The liability and assets held on the Balance Sheet under this PFI scheme and an analysis of the movement within are shown in the tables below.

Operational Assets - Infrastructure Long Term Loans	2023/24 £000	2024/25 £000
Liability brought forward	**(36,285)**	**(35,013)**
Adjustment to brought forward position*	**0**	**(2,612)**
Revised Liability brought forward	**(36,285)**	**(37,625)**
Unitary Charge (Lease repayment)	1,272	2,019
Liability to be recognised in year	0	(208)
Liability carried forward (breakdown below)	**(35,013)**	**(35,814)**
Long term liability	(33,189)	(33,628)
Current liability	(1,824)	(2,186)

* Adjustment as a result of IFRS 16 implementation

Donated Assets Account	£000	£000
Donated Assets account brought forward	**(1,901)**	**(2,278)**
Donated Assets recognised in year	(522)	(345)
Credited to Comprehensive Income & Expenditure account	145	188
Donated Assets account carried forward	**(2,278)**	**(2,435)**

At the end of the contract (October 2035), the infrastructure assets will transfer back to the Council at nil consideration

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3.28 Leases

In 2024/25 the authority applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that, for arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the rate implicit in the lease, or where this was not available, the authority's incremental borrowing rate at that date.
- the weighted average of the incremental borrowing rates used to discount liabilities was 8.73%.
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024.
- the Council has elected not to apply the standard to intangible assets.

This has resulted in the following movements and additions to the balance sheet as at 1 April 2024:

- £21.6m property, plant and equipment – recategorised as right-of-use assets
- £1.7m property, plant and equipment – additions to right-of-use assets
- £1.6m additions to lease liabilities

Following additions and disposals during the year, the amounts included in balance sheet as at 31 March 2025 were:

- £30.6m property, plant and equipment – right-of-use assets
- £8.4m lease liabilities

The newly recognised lease liabilities of £1.6m compare with operating lease commitments of £2.9m at 31 March 2024. The amount disclosed in the notes to the 2023/24 financial statements was £1.7m, which related to operational properties, but the IFRS 16 implementation identified further commitments of £1.2m for plant and equipment. When these commitments are discounted to their present value of £2.7m (using the incremental borrowing rate at 1 April 2024), there is a difference of £1.1m from the newly recognised lease liabilities. This is explained by the fact that the lease liabilities exclude amounts for leases of low value items and leases that had expired before 31 March 2025.

Authority as Lessee

Right-of-use Assets

This table shows the change in the value of right-of-use assets held under leases by the authority.

	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Total £000
1st April 2024	**0**	**0**	**0**
Existing right of use assets recognised as part of IFRS 16 transition	22,655	693	23,348
Restated Balance At 1st April 2024	**22,655**	**693**	**23,348**
Additions	7,293	20	7,313
Revaluation increase/(decrease)	405	0	405
Depreciation Charge	(236)	(255)	(491)
Disposals	0	0	0
Derecognition	0	0	0
Reclassifications	0	0	0
31st March 2025	**30,117**	**458**	**30,575**

Maturity Analysis of Lease Liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments)

	2023/24 *restated £000	2024/25 £000
Less than one year	1,703	1,468
One to five years	646	4,485
More than five years	579	5,183
Total undiscounted liabilities	**2,928**	**11,136**

* These figures have been restated to include an additional £1,274k of future lease payments related to plant and equipment. These payments were identified during the work on IFRS 16 implementation.

Authority as Lessor

Transactions Under Leases

The authority made the following gains and losses as a lessor during the year.

	2023/24 £000	2024/25 £000
Finance leases		
Selling gain or loss	0	0
Finance income on the net investment in the lease	2,066	1,007
Income relating to variable lease payments not included in the measurement of the net investment in the lease	299	513
Operating leases		
Total lease income	15,807	15,929
Share of lease income relating to variable lease payments that do not depend on an index or a rate	833	1,008

Net Investment in Finance Leases

The authority experienced the following changes in the carrying amount of its net investment in finance leases during the year

	2023/24 £000	2024/25 £000
Net investment at 1 April	45,142	45,330
New leases entered into	0	0
Payments by lessees	(173)	(180)
Accrued Interest	1,032	528
Lease modifications	0	600
Impact of changes in unguaranteed residual values	0	0
Movements in impairment loss allowances	(671)	(653)
Net investment at 31 March	**45,330**	**45,625**

Maturity Analysis of Lease Receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts).

	Finance Leases		Operating Leases	
	2023/24 *restated £000	2024/25 £000	2023/24 **reclassified £000	2024/25 £000
Less than one year	1,091	1,092	12,154	12,396
One to two years	1,092	1,382	10,999	10,923
Two to three years	1,382	1,858	9,580	9,595
Three to four years	1,858	1,858	8,327	8,285
Four to five years	1,858	1,866	7,221	6,824
More than five years	348,393	346,079	310,506	313,150
Total undiscounted receivables	**355,674**	**354,135**	**358,787**	**361,173**

* These figures have been restated to include future repayments for the UKBIC finance lease, previously held as a loan. Further details on this matter are included in section 3.38.
** The operating lease payments have been reclassified to reflect correct time periods.

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows.

	2023/24 £000	2024/25 £000
Total undiscounted lease receivables	355,674	354,135
Unearned finance income	(310,344)	(308,510)
Discounted amount of unguaranteed residual values	0	0
Net investment in leases	**45,330**	**45,625**

3.29 Pension Costs

The Council currently participates in two post-employment pension schemes on behalf of its employees: the West Midlands Metropolitan Authorities Pension Fund in relation to the majority of Council employees; and the Teachers' Pension Scheme which covers Teachers employed by the Council.

The Council's pension surplus increased in 2024/25 to £280.1m (before the asset ceiling adjustment) compared to a surplus of £54.3m in 2023/24. Further details on the pension assets and liabilities are provided in note 3.30.

Officers

In 2024/25 the City Council made employer contributions representing 21.2% of employees' pensionable pay into the West Midlands Metropolitan Authorities Pension Fund. The contributions were set in line with local government pension regulations, following the actuarial review by Hymans Robertson LLP as at March 2022.

The Council is also responsible for all pension payments relating to employees who retire early and additional pension contributions. In 2024/25 this amounted to £1,673k (£1,623k in 23/24). This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash must be generated to meet actual pension payments as they eventually fall due. The Council makes little use of discretionary payments. The principal risks to the authority of the scheme are the longevity assumptions, and statutory changes.

This fund is administered by Wolverhampton Metropolitan Borough Council and provides members with defined benefits related to pay and service. Further information can be found in West Midlands Metropolitan Authorities Pension Fund's Annual report, which is available upon request from the Pension Fund.

The principal risks to the authority of the scheme are:

- longevity assumptions
- statutory changes to the scheme
- large scale withdrawals from the scheme
- changes to inflation
- bond yields
- performance of the equity investments

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Teaching Staff

In 2024/25, made employer contributions to the Department for Education (DfE) for teachers' pension costs, which represents 23.68% of pensionable pay. In addition, the City Council is responsible for all pension payments relating to teachers who retire early and additional pension contributions. In 2024/25, these amounted to £2,159k (£2,168k in 2023/24).

The Scheme is a defined benefit scheme, administered by the Teachers Pensions Agency (TPA). Although the scheme is unfunded, the TPA uses a notional fund as a basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts, it is therefore accounted for on the basis as a defined contribution scheme. It is expected that the level of contributions during the next annual reporting period will be £16,500k although the actual level would be significantly affected in the event of transfers of schools to academy status.

3.30 Retirement Benefits

Coventry participates in the Local Government Pension Scheme (LGPS) through the West Midlands Authorities Pension Fund, which is administered by Wolverhampton Council. This is a funded defined benefit scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension fund's liabilities with investment assets.

In addition to this scheme, Coventry is also responsible for all pension payments relating to added years awarded for allowing premature retirement of teachers. This is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liability, and cash has to be generated to meet actual pension payments as they fall due.

Hymans Robertson LLP, the current actuary for the pension fund, has undertaken the assessment of the value of assets and liabilities on behalf of the member authorities of the West Midlands Pension Fund. The stated pensions position includes an allowance to reflect the likely impact of the Court of Appeal judgement regarding the McCloud and Sargeant cases relating to age discrimination within the judicial and fire pension schemes respectively.

Summary of Outcome

The change in the overall scheme's net balance, combining both funded and unfunded elements, is analysed in the table below. The scheme's unadjusted net balance at the end of 2024/25 was a surplus. However, in line with International Financial Reporting Interpretations Committee guidance (IFRIC14), an asset ceiling adjustment has been made to reflect the net asset position relating to the funded element of the scheme, which has been assessed as not being recoverable by the Council. This has resulted in an overall deficit position, reflecting the net position of the unfunded element. The unfunded obligations comprise of £12,337K in respect of LGPS officers who retired early and £18,153k of Teachers' unfunded areas.

2023/24 £000	Local Government Pension Scheme	2024/25 £000
(25,197)	Surplus/(Deficit) b/fwd	(35,393)
(35,958)	Current Service Cost	(34,228)
37,396	Employer Contributions*	47,736
(7)	Past Service Gain (Cost)	(1,421)
72,667	Return on Assets*	78,397
(73,835)	Interest on Pension Liabilities	(75,357)
78,088	Remeasurements*	211,230
1,980	Settlements and curtailments	421
(869)	Administration Expenses	(920)
54,265	**Surplus/(Deficit) prior to IFRIC 14 adjustment**	**190,465**
(89,658)	Adjustment to meet the requirements of IFRIC14**	(220,956)
(35,393)	**Surplus/(Deficit) c/fwd**	**(30,491)**

* The 2024/25 figures include an adjustment due to a revised actuarial report being issued for 2023/24.
** IFRIC 14 asset ceiling calculation applied – funded surplus reduced to nil.

The following table details the adjustments resulting from a revised actuarial report being issued for 2023/24.

Local Government Pension Scheme Adjusted Elements	**2024/25 unadjusted** £000	**2023/24 related adjustment** £000	**2024/25** £000
Employer Contributions	44,173	3,563	47,736
Return on Assets	78,313	84	78,397
Remeasurements	211,178	52	211,230

The LGPS position has changed markedly in 2024/25 and there were some significant movements within the outcome which can largely be explained as follows:

- **Assets** – % returns on investments have been typically higher than assumed (compared to last year's accounting discount rate)
- **Obligations –** The net discount rate has increased compared to last year. The higher net discount rate placed a lower value on obligations
- **Changes in demographic assumptions –** the latest available longevity information has been used which shows life expectancy is stalling thus resulting in a gain on the balance sheet

Finance is only required to be raised to cover the cost of teachers' pensions relating to added years when the pensions are actually paid.

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge we are required to make against Council Tax is based on the cash payable in the year based on the current level of Employer Superannuation contributions. The difference between the two is adjusted as part of the Adjustments between Accounting Basis and Funding Basis under Regulations.

The following transactions have been made in the Income and Expenditure Account and as Adjustments between Accounting Basis and Funding Basis under Regulations:

	2023/24 LGPS & Teachers Total £000	2024/25 LGPS & Teachers Total £000
Net Cost of Services		
Current Service Cost	35,958	34,228
Past Service Costs (Gain)	7	1,421
Settlements and curtailments	(1,980)	(421)
Administration Expenses	869	920
Net Cost of Services sub-total	**34,854**	**36,148**
Financing and Investment Income and Expenditure		
Interest cost	73,835	75,357
Expected return on scheme assets*	(72,667)	(78,397)
Net Interest Cost	**1,168**	**(3,040)**
Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	**36,022**	**33,108**
Other Post Employment Benefit Charged to CIES		
Remeasurements (prior to asset ceiling adjustment)*	(78,088)	(211,230)
Adjustment to meet the requirements of IFRIC14**	89,658	220,956
Net impact on Other CIES	**11,570**	**9,726**
Total Post Employment Benefit Charged to the CIES	**47,592**	**42,834**
Movement in Reserves Statement		
Reversal of net charges made to the surplus/deficit for the Provision of Services	(36,022)	(33,108)
Actual amount charged against the General Fund for pensions in the year:		
Employers contributions payable to scheme	35,499	43,944
Retirement benefits payable to pensioners	3,814	3,792
Net impact on Movement in Reserves Statement	**3,291**	**14,628**

* The 2024/25 figures include a 2023/24 related adjustment, as detailed earlier in this disclosure note.
** IFRIC 14 asset ceiling calculation applied – funded surplus reduced to nil.

Reconciliation of fair value of the LGPS assets	2023/24 £000	2024/25 £000
Opening balance at 1st April	**1,540,240**	**1,635,838**
Expected rate of return *	72,667	78,397
Re-measurements *	46,405	(51,598)
Employer contributions *	33,582	43,944
Contributions by scheme participants	11,045	11,706
Benefits paid (funded)	(64,351)	(64,902)
Benefits paid (unfunded)	(3,814)	(3,792)
Contributions in respect of unfunded benefits paid	3,814	3,792
Settlements	(3,750)	(952)
Closing balance at 31st March	**1,635,838**	**1,652,433**

* The 2024/25 figures include a 2023/24 related adjustment, as detailed earlier in this disclosure note.

Reconciliation of fair value of the LGPS liabilities	2023/24 £000	2024/25 £000
Opening Balance at 1st April	**1,565,437**	**1,581,573**
Current Service Cost	36,827	35,148
Interest Cost	73,835	75,357
Contributions from scheme participants	11,045	11,706
Remeasurements:		
(Gain)/loss arising from changes in financial assumptions	(71,666)	(242,656)
(Gain)/loss arising from changes in demographic assumptions	(10,149)	(2,751)
Experience (gain)/loss	50,132	(17,421)
Past service cost	7	1,421
Benefits paid (funded)	(64,351)	(64,902)
Benefits paid (unfunded)	(3,814)	(3,792)
Liabilities extinguished on settlements	(5,730)	(1,373)
Closing balance at 31st March	**1,581,573**	**1,372,310**

Reconciliation of LGPS net position	2023/24 £000	2024/25 £000
Funded liability	(1,546,180)	(1,341,819)
Unfunded liability	(35,393)	(30,491)
Total liability	(1,581,573)	(1,372,310)
Pension assets	1,635,838	1,652,433
Adjustment to meet the requirements of IFRIC14*	(89,658)	(310,614)
Net pension surplus/(deficit)	(35,393)	(30,491)

* IFRIC 14 asset ceiling calculation applied – funded surplus reduced to nil

Reconciliation of the movement in the adjustment to meet the requirements of IFRIC14	2023/24 £000	2024/25 £000
Opening Balance	0	(89,658)
Interest on the adjustment*	0	(4,304)
Other changes in the adjustment	(89,658)	(216,652)
Closing Balance	(89,658)	(310,614)

*This interest in 2024/25 was included within the Remeasurement of the net defined benefit liability in the Comprehensive Income and Expenditure statement.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method and an estimate of the pensions that will be payable in future years dependent on assumptions about factors such as mortality rates and salary levels.

Both the Local Government Pension Scheme and discretionary benefit liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries. Estimates are based on the latest full valuation of the scheme as at 31st March 2022.

The main assumptions used in the actuarial calculation are:	31st March 2024	31st March 2025
Rate of CPI inflation	2.80%	2.80%
Rate of increase in salaries	3.80%	3.80%
Rate of increase in pensions	2.80%	2.80%
Discount rate	4.80%	5.80%
Mortality Assumptions		
Longevity at 65 for current pensioners		
Men	20.7	20.6
Women	23.5	23.5
Longevity at 65 for future pensioners in 20 years time		
Men	21.6	21.3
Women	25.0	24.8

The defined benefit obligation is an estimate and as such is sensitive to the actuarial assumptions in the table above. The table below is a sensitivity analysis based on possible changes to these assumptions. The sensitivity analysis assumes that for each change in assumption, all the other assumptions remain constant.

The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

	31st March 2025	
Changes in assumptions	Approximate % increase to Defined Benefit Obligation	Approximate monetary Amount £000
0.1% decrease in Real Discount Rate	2.00%	22,649
1 year increase in member life expectancy	4.00%	54,892
0.1% increase in Salary Increase Rate	0.00%	930
0.1% increase in the Pension Increase Rate (CPI)	2.00%	22,336

Assets are valued at fair value, and consist of the following categories, by proportion:

31st March 2024				Asset Categories	31st March 2025			
Total £000	Quoted %	Unquoted %	Total %		Total £000	Quoted %	Unquoted %	Total %
815,338	42.48%	7.36%	49.84%	**Equities**	718,694	37.28%	6.22%	43.50%
298,056		18.22%	18.22%	**Bonds**	360,367		21.81%	21.81%
104,688		6.40%	6.40%	**Property**	112,026		6.77%	6.77%
77,500		4.74%	4.74%	**Cash/Liquidity**	80,356		4.86%	4.86%
340,256		20.80%	20.80%	**Other**	380,990		23.06%	23.06%
1,635,838	42.48%	57.52%	100.00%	**Total**	1,652,433	37.28%	62.72%	100.00%

Impact on council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. Contributions are set every three years as a result of the actuarial valuation. The latest actuarial valuation of the Fund was carried out at 31st March 2022 and this set contributions for the period from 1st April 2023 to 31st March 2026.

The scheme considers the national changes to the scheme under the Public Pensions Services Act 2013. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The employer's contribution for 2025/26 is estimated by the actuaries to be £39,012k
The weighted average duration of the defined benefit obligation for scheme members is 17 years for 2024/25 (17 years for 2023/24).

Virgin Media Case – Section 37 Confirmations

In June 2023, the High Court ruled in Virgin Media Limited v NTL Pension Trustees II Limited that certain historic pension scheme amendments may be invalid without written actuarial confirmation under Section 37 of the Pension Schemes Act 1993. This decision was upheld on appeal in July 2024. Although the case relates to a private sector scheme, HM Treasury and the Government Actuary's Department are reviewing its relevance to public service schemes, including the Local Government Pension Scheme. The Government has proposed legislation to allow retrospective actuarial confirmation of historic amendments, which is expected to significantly reduce any potential risk. No adjustments have been made to the defined benefit obligation as the impact remains uncertain and cannot be reliably quantified at this time.

3.31 Officers' Remuneration (including exit packages)

Employee's Remuneration (excluding pension contributions) exceeding £50,000

The Council is required to disclose the number of employees whose remuneration exceeded £50,000. Remuneration includes salaries and wages and other allowances but excludes employer pension contributions. The table below shows the number of City Council employees, including senior officers, whose remuneration fell within the relevant bands:

2023/24					2024/25			
Local Authority Schools Staff	Voluntary Aided & Foundation Schools Staff	Other Staff	Total	Remuneration Band	Local Authority Schools Staff	Voluntary Aided & Foundation Schools Staff	Other Staff	Total
66	5	206	**277**	£50000-£54999	128	5	246	**379**
37	3	121	**161**	£55000-£59999	40	3	183	**226**
23	0	45	**68**	£60000-£64999	30	1	47	**78**
16	0	22	**38**	£65000-£69999	17	1	23	**41**
14	2	17	**33**	£70000-£74999	18	0	31	**49**
8	1	22	**31**	£75000-£79999	14	2	10	**26**
7	2	14	**23**	£80000-£84999	7	1	14	**22**
9	0	6	**15**	£85000-£89999	5	1	13	**19**
3	0	7	**10**	£90000-£94999	10	1	5	**16**
2	0	5	**7**	£95000-£99999	4	0	4	**8**
1	0	1	**2**	£100000-£104999	1	0	7	**8**
1	0	1	**2**	£105000-£109999	2	0	1	**3**
0	0	1	**1**	£110000-£114999	2	0	0	**2**
0	0	3	**3**	£115000-£119999	0	0	3	**3**
0	0	0	**0**	£120000-£124999	0	0	1	**1**
0	0	5	**5**	£125000-£129999	0	0	1	**1**
0	0	0	**0**	£130000-£134999	0	0	4	**4**
0	0	2	**2**	£145000-£149999	0	0	1	**1**
0	0	1	**1**	£160000-£164999	0	0	0	**0**
0	0	0	**0**	£175000-£179999	0	0	1	**1**
0	0	0	**0**	£210000-£214999	0	0	1	**1**
187	**13**	**479**	**679**	**Total**	**278**	**15**	**596**	**889**

Senior Officers' Remuneration (including pension contributions)

The Council is required to disclose details of senior officers' remuneration, including members of the Leadership Board and direct reports to the CEO. This includes: salaries; fees; allowances; bonuses; benefits in kind; expenses allowances; compensation for loss of employment; and pension contributions (employer's contributions and any other emoluments). The tables below provide the required disclosure:

Senior Officers' remuneration	Salary Inc Fees & Allowances	Loss of Office	Pension Contributions	Total Remuneration	
2024/25	£	£	£	£	Notes
Chief Executive Officer - Julie Nugent	212,246	0	44,497	**256,743**	
Director for Finance and Resources(S151)	149,542	0	31,703	**181,245**	
Director for Law and Governance(Monitoring Officer)-Julie Newman	178,113	0	29,044	**207,157**	2
Director for Children & Education (DCS)	52,923	0	11,220	**64,143**	1
Acting Director for Children & Education (DCS)	87,668	0	18,567	**106,235**	1
Director for Regeneration and Economy	131,522	0	27,883	**159,405**	
Director for City Services and Commercial	131,522	0	27,883	**159,405**	
Director for Care, Health and Housing	131,522	0	27,883	**159,405**	
Director for Public Health	121,541	0	25,767	**147,308**	
Director for HR	129,385	0	27,430	**156,815**	
Director of Partnerships & Performance	35,889	0	7,507	**43,396**	3

Senior Officers' remuneration	Salary Inc Fees & Allowances	Loss of Office	Pension Contributions	Total Remuneration	
2023/24	£	£	£	£	
Chief Executive Officer - Julie Nugent	162,541	0	34,459	**197,000**	4
Interim Chief Executive Officer/Director of Finance & Resources(S151)	145,181	0	30,778	**175,959**	
Interim Chief Executive Officer/Director of Partnerships & Performance	145,181	0	30,778	**175,959**	
Director of Law and Governance(Monitoring Officer)	129,839	0	27,343	**157,182**	
Director of Adults and Housing	128,314	0	27,203	**155,517**	
Director of Regeneration & Economy	128,314	0	27,203	**155,517**	
Director of Children's Services	32,768	0	6,947	**39,715**	
Acting Director of Children's Services	113,837	0	24,133	**137,970**	
Director of City Services	128,884	0	27,203	**156,087**	
Director of Human Resources	118,576	0	25,138	**143,714**	
Director of Public Health	118,576	0	25,138	**143,714**	

Notes
1. The Director for Children and Education started on 19/8/2024, and replaced the acting DCS.
2. The Monitoring Officer received a payment for her role as Acting returning officer at the Local elections.
3. Director of Partnerships & Performance left the council on 30/6/24
4. The Chief Executive Officer started her post on 12/6/23

Exit Packages

The Council is required to disclose details of exit packages paid to employees. These include redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

Exit package cost band	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
							£000	£000
£0 - £20,000	0	23	18	16	**18**	**39**	**146**	**327**
£20,001 - £40,000	0	12	4	19	**4**	**31**	**123**	**931**
£40,001 - £60,000	0	4	0	1	**0**	**5**	**0**	**254**
£60,001 - £80,000	0	0	0	1	**0**	**1**	**0**	**73**
£80,001 - £100,000	0	1	0	1	**0**	**2**	**0**	**177**
£100,000 - £150,000	0	0	1	3	**1**	**3**	**133**	**338**
£150,001 - £200,000	0	1	0	3	**2**	**4**	**318**	**658**
£200,001 - £250,000*	0	1	2	0	**0**	**1**	**0**	**233**
Total cost inc in bandings	**0**	**42**	**25**	**44**	**25**	**86**	**720**	**2,991**

*This cost band was omitted in error within the 2023/24 Statement of Accounts

3.32 Members' Allowances

The Council paid the following amounts to members during the year:

Financial Year	2023/24 £000s	2024/25 £000s
Basic Allowances	839	880
Other Allowances	324	332
Expenses	2	2
Total	**1,165**	**1,214**

3.33 Financial Instruments

Financial instruments include both assets and liabilities.

The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost, comprising: cash; fixed term deposits; loans provided for service purposes; corporate bonds; trade and lease receivables.
- Fair value through other comprehensive income (FVOCI), comprising: shares held in certain companies.
- Fair value through profit and loss, comprising money market funds, pooled bonds, equity and property funds and loans provided where the cash flows are not solely payments of principal and interest.

The financial liabilities held by the Council during the year are measured at amortised cost and comprise: long-term loans from the Public Works Loan Board and commercial lenders; short-term loans from other local authorities; lease payables; Private Finance Initiative contracts detailed in note 3.27 and trade payables for goods and services received.

The Balance Sheet includes the following categories of financial instruments:

	Long Term		Current	
	31st March 2024 *Reclassified £000	31st March 2025 £000	31st March 2024 *Reclassified £000	31st March 2025 £000
Financial Liabilities				
Loans at Amortised Cost				
- principal sum borrowed	247,079	236,218	352	20,352
- accrued interest	0	0	0	0
- equivalent interest rate adjustment	0	0	0	0
Total Borrowing	**247,079**	**236,218**	**352**	**20,352**
- Cash Overdrawn	0	0	2,914	4,475
Other Long Term Liabilities at amortised cost:				
- PFI arrangements	50,089	58,577	3,788	4,906
- Leases	0	7,486	0	916
- Transferred Debt	2,437	0	2,215	2,437
Total Financial Liabilities (excluding creditors)	**299,605**	**302,281**	**9,269**	**33,086**
Creditors	0	0	53,726	59,525

*2023/24 figures have been reclassified to split out transferred debt from principal sum borrowed

The PFI Liability shown above is held within short term creditors on the Council Balance Sheet. Principal sum borrowed and Transferred debt of £22,789k (£2,567k in 2023/24) is shown against short term borrowing. The amount of Cash Overdrawn is disclosed separately on the balance sheet.

	Long Term		Current	
	31st March 2024	31st March 2025	31st March 2024	31st March 2025
	*Restated		**Reclassified	
	£000	£000	£000	£000
Financial Assets				
At amortised Cost				
- Principal sum invested	0	0	10,000	24,980
- Accrued interest	0	0	(3)	0
- Loss allowance	0	0	0	0
At Fair Value through other comprehensive income				
- Principal at amortised cost	0	0	0	0
- Accrued interest	0	0	0	0
- Loss allowance	0	0	0	0
- Equity investments elected FVOCI	116,456	106,610	0	0
At Fair Value through profit & loss				
- Fair value	0	0	27,188	27,667
Total Investments	**116,456**	**106,610**	**37,185**	**52,647**
At amortised Cost				
- Principal sum invested	0	0	11,003	12,104
- Accrued interest	0	0	0	0
- Loss allowance	0	0	0	0
At Fair Value through profit & loss				
- Fair value	0	0	15,000	18,680
Total Cash & Cash Equivalents	**0**	**0**	**26,003**	**30,784**
At amortised Cost				
- Trade receivables***	0	0	44,678	49,536
- Lease receivables	45,237	46,786	173	180
- Loans made for service purposes	35,820	30,330	3,386	3,364
- Accrued Interest	0	0	117	547
- Loss allowance	(989)	(2,377)	0	0
At Fair Value through profit & loss				
- Fair value	3,625	3,665	0	0
Included in Debtors	**83,693**	**78,404**	**48,354**	**53,627**
Total Financial Assets	**200,149**	**185,014**	**111,542**	**137,058**

* 2023/24 figures have been restated as detailed in section 3.38
** 2023/24 figures have been reclassified to split out Short term lease receivables
***Only Debtors and Creditors held with non statutory companies are included in the Financial Instruments note

31st March 2025	Included in Financial Instruments £000	Other Debtors/ Creditors £000	Total
Long term debtors	78,404	79	78,483
Short term debtors	53,628	63,551	117,179
Short term creditors	65,347	44,039	109,386

31st March 2024	Included in Financial Instruments £000	Other Debtors/ Creditors £000	Total
Long term debtors *restated	83,693	80	83,773
Short term debtors	48,354	41,508	89,862
Short term creditors *restated	57,514	35,240	92,754

* 2023/24 figures have been restated as detailed in section 3.38

Current borrowings and investments represent amounts due to be settled within 12 months, including accrued interest. In 2024/25 borrowing costs of £368k on qualifying assets were capitalised (£296k in 2023/24).

The Council has elected to account for all its long term equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance:

As part of the adoption of IFRS 9 Financial Instruments the Council presents changes in the fair value of pooled investment funds through profit and loss. The cumulative loss on these pooled funds as at 31st March 2025 totalled £2,361k (£2,839k in 2023/24).

	Fair Value		Cumulative Gain/(Loss) in FIRR		Dividends	
	31st March 2024	31st March 2025	31st March 2024	31st March 2025	31st March 2024	31st March 2025
	£000	£000	£000	£000	£000	£000
Shareholdings:						
The Coventry and Solihull Waste Disposal Company Limited	68,000	68,000	68,000	68,000	12,372	9,530
Birmingham Airport Holdings Limited	36,663	31,568	25,014	19,918	0	6,364
Coventry Municipal Holdings Limited	9,557	4,806	(14,506)	(19,257)	0	0
Friargate JV Project Limited	2,236	2,236	(8,259)	(8,259)	0	0
Sherbourne Recycling Limited	0	0	(215)	(215)	0	0
UK Battery Industrialisation Centre Ltd	0	0	0	0	0	0
University of Warwick Science Park Innovation Centre Limited	0	0	(154)	(154)	0	0
Coventry and Warwickshire Growth Hub Limited	0	0	0	0	0	0
Other movements within the Financial Instruments Revaluation Reserve (FIRR)	0	0	(21)	(20)	0	0
Total	**116,456**	**106,610**	**69,859**	**60,013**	**12,372**	**15,894**

The Comprehensive Income and Expenditure Statement includes the following amounts in relation to financial instruments:

Impact of Financial Instruments on the Comprehensive Income and Expenditure Statement 2024/25	Financial Liabilities	Financial Assets			
	Amortised Cost	Amortised Cost	Elected to fair value through OCI	Fair Value through Profit & Loss	Total
	£000	£000	£000	£000	£000
Interest expense	19,385	0	0	0	**19,385**
Impairment losses	0	0	0	0	**0**
Interest payable and similar charges	**19,385**	**0**	**0**	**0**	**19,385**
Interest & Dividend income	0	(4,996)	(15,894)	(6,776)	**(27,666)**
Gains on derecognition	0	0	0	0	**0**
Gains from changes in fair value	0	0	0	(156)	**(156)**
Impairment Loss reversals	0	1,067	0	0	**1,067**
Interest and investment income	**0**	**(3,929)**	**(15,894)**	**(6,932)**	**(26,755)**
Net Impact on Surplus/deficit on provision of services	**19,385**	**(3,929)**	**(15,894)**	**(6,932)**	**(7,370)**
Gains on revaluation	0	0	0	(593)	**(593)**
Losses on revaluation	0	0	9,846	115	**9,961**
Surplus arising on revaluation of financial assets	**0**	**0**	**9,846**	**(478)**	**9,368**
Net (gain) / loss for the year	**19,385**	**(3,929)**	**(6,048)**	**(7,410)**	**1,998**

Impact of Financial Instruments on the Comprehensive Income and Expenditure Statement 2023/24	Financial Liabilities	Financial Assets			
	Amortised Cost	Amortised Cost	Elected to fair value through OCI	Fair Value through Profit & Loss	Total
	£000	£000	£000	£000	£000
Financial Assets					
Interest expense	19,642	0	0	0	**19,642**
Impairment losses	0	0	0	0	**0**
Interest payable and similar charges	**19,642**	**0**	**0**	**0**	**19,642**
Interest & Dividend income	0	(4,773)	(12,372)	(5,896)	**(23,041)**
Gains on derecognition	0	0	0	0	**0**
Gains from changes in fair value	0	0	0	301	**301**
Impairment Loss reversals	0	0	0	0	**0**
Interest and investment income	**0**	**(4,773)**	**(12,372)**	**(5,595)**	**(22,740)**
Net Impact on Surplus/deficit on provision of services	**19,642**	**(4,773)**	**(12,372)**	**(5,595)**	**(3,098)**
Gains on revaluation *	0	0	(3,111)	0	**(3,111)**
Losses on revaluation	0	0	9,011	0	**9,011**
Surplus arising on revaluation of financial assets	**0**	**0**	**5,900**	**0**	**5,900**
Net (gain) / loss for the year	**19,642**	**(4,773)**	**(6,472)**	**(5,595)**	**2,802**

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value, which for most assets is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2025, using the following methods and assumptions:

- for Public Works Loan Board (PWLB) and other local authority loans using the appropriate market rate for such loans as at 31st March 2025.
- for "Lenders Option Borrower's Option" market loans (LOBOs) and Stock Issue loans, using the appropriate interest rate swap added to the value of any embedded options.
- for PFI and finance leases the carrying amount is assumed to approximate fair value.
- for other long-term loans and investments using market rates for similar instruments and with similar maturity terms
- for shares, taking into account the company's net assets and expected future profits
- no early repayment or impairment is recognised.
- where an instrument will mature in the next 12 months, including trade payables and receivables, the carrying amount is assumed to approximate fair value.

Fair values are shown below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

		31st March 2024		31st March 2025	
	Fair Value Level	Carrying amount *restated £000	Fair value *restated £000	Carrying amount £000	Fair value £000
Financial Liabilities at amortised cost					
▪ PWLB	2	180,718	178,782	180,718	161,192
▪ Market Loans	2	38,000	44,969	38,000	41,280
▪ Stock Issue	2	12,004	12,876	0	0
▪ Other Local Authorities	2	21,009	21,034	39,937	39,937
▪ PFI	2	53,877	59,879	63,484	63,484
▪ Liabilities under Financial Leases	3	0	0	8,402	8,402
▪ Short Term Creditors	n/a	53,726	53,726	59,525	59,525
▪ Cash Overdrawn	n/a	2,914	2,914	4,475	4,475
▪ Other	n/a	352	352	352	352
Total Liabilities		**362,600**	**374,532**	**394,893**	**378,647**
Financial Assets at fair value:					
▪ Money Market Funds	1	15,000	15,000	18,680	18,680
▪ Collective Investment Funds	1	27,188	27,188	27,667	27,667
▪ Corporate and Government Bonds	1	0	0	0	0
▪ Shares in Unlisted Companies	3	116,456	116,456	106,610	106,610
▪ Long Term Debtors	3	3,624	3,624	3,665	3,665
Financial Assets at amortised cost:					
▪ Short Term Cash Deposits	n/a	9,997	9,997	24,980	24,980
▪ Long Term Debtors	3	80,068	69,247	74,739	67,500
▪ Short Term Debtors	n/a	48,354	48,354	53,628	53,628
▪ Bank Accounts	n/a	11,003	11,187	12,104	12,104
Total Financial Assets		**311,690**	**301,053**	**322,073**	**314,834**

* 2023/24 figures have been restated as detailed in section 3.38

The fair value of financial liabilities reflects the amount of fixed interest debt taken out in the past at higher rates of interest, and includes accrued interest. The fair value figures for PWLB, Market Loans detailed above have been calculated by the Council's treasury advisors, Arlingclose. The Stock Issue was repaid in

March 2025. The fair value figure for PFI has been calculated in house, using an Arlingclose calculator. Fair value figures for Other Local Authority, Creditors & Other Liabilities are all calculated in house.

As part of the national battery development facility, the West Midlands Combined Authority (WMCAs) provided the City Council with a £18m loan at nil interest, subject to the repayment of principal in line with the agreement. In turn the City Council and UKBIC Ltd entered an agreement under which UKBIC Ltd is required to pay to the City Council the amounts that the council is required to pay to WMCA under the lease agreement between WMCA and the City Council.

The borrowing from WMCA is treated as a soft loan payable of £17,500k as at 31st March 2025, with the difference between the nominal and fair value being treated as a grant of £500k and the requirement for UKBIC to make payments as a Lease receivable of £18m as at 31st April 2024,

The receivable is being recognised in line with capital expenditure resourced by prudential borrowing.

Financial assets and liabilities categorised as Level 3 are

- Shares in unlisted companies, as included in note 3.21. Fair value is calculated by applying market based multipliers and discount rates to the forecast maintainable earnings of the companies, or through an adjusted net assets approach. A 5% variation in earnings or net asset value would alter the value of the shares by £6.5m.
- Long term loans to companies, as included in note 3.22. Fair value is calculated by discounting the future value of cashflows under the loans at the market rate as at 31st March 2025. A 1% variation in the discount rate would alter the value of the loans by £5.5m.

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

Credit risk – the possibility that other parties might fail to pay amounts due to the Council.

Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.

Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council'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 management team, under policies approved by the Council in the annual Treasury Management Strategy.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers and loans provided by the Council.

Credit risk arising from deposits made with banks and financial institutions is managed based on limits set out in the Council Investment Strategy and Policy, which forms part of the annual Treasury Management Strategy. For 2024/25 this required that deposits were only made with banks, building societies & corporate bonds with a high-quality credit rating (minimum A- long term). In addition, as at 31st March 2025 the policy limited the maximum that can be deposited with an institution at any point in time to £20m. Under the Treasury Management Strategy, the Section 151 officer will, as appropriate, restrict investment activity to those institutions considered of higher quality than the minimum.

The following analysis summarises the authority's potential maximum exposure to credit risk arising from deposits made with banks and financial institutions,

	Short Term	
	31 March 2024	31 March 2025
	£000	£000
AAA	15,000	18,680
AA+	0	0
AA	0	0
AA-	6,369	5,247
A+	2,239	1,318
A	0	8,189
A-	10,000	0
BBB+	0	0
Unrated Local	0	22,500
Unrated Building Socities	0	0
Unrated Pooled Funds	30,000	27,639
Total Investments	**63,608**	**83,573**

The deposits set out above were held with financial institutions domiciled in the following countries:

	31 March 2024	31 March 2025
Country	£000	£000
United Kingdom	63,608	64,893
Luxembourg	0	18,680

Pooled property and equity funds are included in the above tables for completeness but are subject to price risk, as referred to later in this note.

Overall limits to exposure to individual institutions were not exceeded during the year and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Throughout the year the Council has provided Revolving Credit Facility agreements to three charitable organisations who provide social housing, giving them access to borrow up to £5m each at an agreed interest rate should this be demanded. The organisations have an “A” rating for credit scoring purposes. The credit facilities were not activated in 2024/25.
Credit risk on long term debtors including service loans, is assessed through the review of the risk of default and the level of loss given the occurrence of a default, taking into account collateral. Where available, and where relevant, the following information is used to assess the risk of default:

- financial and other information about the particular debtor, including statutory accounts, credit rating and forward looking business planning data;

- the extent to which contract payments are overdue;
- recovery or repayment plans where payments are overdue;
- the wider local and national context.

Write off is considered only where it is assessed that the amount will not be paid, taking into account any recovery plans.

Financial instruments are assessed at each balance sheet date to assess whether credit risk has increased significantly since recognition and the previous balance sheet date. Where it is deemed that the credit risk has not increased significantly or that the risk is low, then loss allowances are calculated as 12 month expected credit losses, based on the likelihood of a credit loss event occurring in the following 12 months. Otherwise, loss allowances are calculated based on the expected lifetime credit losses.

The Council manages the credit risk arising from its loans for service purposes, together with any loan commitments in line with the Commercial Investment Strategy.

The Council does not generally allow credit for trade debtors. Loss allowances are calculated by reference to the historic cost of default, viewed on collective basis. £22,833k of the £53,628k trade debtor balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2024	31 March 2025
Past Due Date	**£000**	**£000**
Less than three months	4,689	8,133
Three to six months	3,066	2,836
Six months to one year	2,309	3,879
More than one year	5,996	7,985
Total	**16,060**	**22,833**

Liquidity Risk

As the Council has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. This risk is managed through the use of Prudential Indicators, set as part of the Treasury Management Strategy, limiting the amount of borrowing that matures over the next 10 years.

The maturity analysis of financial liabilities is as follows:

Maturity of Financial Liabilities	31/03/2024 £000	31/03/2025 £000
Less than one year	10,400	22,789
Between one and two years	42,250	0
Between two and five years	8,000	0
Between six and ten years	43,750	59,000
More than ten years	144,718	177,718
Total	**249,118**	**259,507**

In the above table, in order to illustrate liquidity risk, financial liabilities are stated at the value of principal to be repaid in future, rather than at their carrying amounts. As such, they exclude adjustments in arriving at the fair value of stepped interest loans, accrued interest on loans and liabilities in respect of PFI and Finance Leases.

LOBO loans are included in the maturity analysis of financial liabilities based on their actual contractual maturity date, rather than the earliest date on which the lender can opt to increase the interest rate. In the event of the lender increasing the interest rate the City Council can opt to repay the loan. A total of £38m of such loans are held, £10m of which the lenders have interest review options at up to annual intervals, and £28m at 5 yearly intervals, from May 2015. All trade and other payables are due to be paid in less than one year.

Market Risk

Interest rate risk

The Council is exposed to risk in terms of the impact of interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise.
Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
Investments at variable rates – the interest income in the Income and Expenditure Account will rise.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance pound for pound. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. Prudential Indicators, as set out in the Treasury Management Strategy, are used to manage interest rate risk by limiting the value of variable interest rate exposure to £99.2m in 2024/25. In addition, further Prudential Indicators limit the amount of borrowing that matures, and may need to be refinanced, in the next 10 years. In practical terms, the extensive use by local authorities of PWLB fixed rate borrowing limits the impact of interest rate fluctuations on the General Fund balance.

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. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this strategy, at 31st March 2025, a 1% variation in interest rates would not have a material impact on variable rate borrowings, investments or government grant receivable for financing costs.

However, a 1% increase in interest rates would result in a decrease in the fair value of fixed rate borrowing liabilities of £16.9m. This movement would be broadly equal and opposite for a 1% fall in interest rates.

Price Risk

The Council’s investment of £12m in pooled property funds is subject to the risk of falling commercial property prices. A 5% fall in commercial property prices at 31st March 2025 would result in a £464k (2024 £496k) charge to Other Comprehensive Income and Expenditure which would then be transferred to the Financial Instrument Revaluation Reserve.

The Council’s investment of £18m in pooled equity funds is subject to the risk of falling share prices. A 5% fall in equity prices at 31st March 2025 would result in a £308k (2024 £370k) charge to Other Comprehensive Income and Expenditure would then be transferred to the Pooled Investment Fund Adjustment Account. In addition, the Council has shareholdings to the value of £107m in a number of joint ventures and in local industry. The Council is consequently exposed to losses arising from movements in the value of shares.

As the shareholdings have arisen in the acquisition of specific interests, the authority is not in a position to limit its exposure to value movements by diversifying its portfolio. Instead it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

All movements in the value of shares will impact on gains and losses recognised in the Comprehensive Income and Expenditure Statement. A general shift of 5% in the general value of shares (positive or negative) would thus have resulted in a gain or loss of £6.5m being recognised in the Comprehensive Income and Expenditure Statement for 2024/25

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

3.34 Associated Company Interests & Holdings

The City Council maintains investments and/or interests in a number of companies. The following summarises the latest information and where applicable the latest audited accounts. Companies in which the City Council maintain investments as shown in note 3.21.

Name and Nature of Business	Financial Results	Year ending £000	Year ending £000
Birmingham Airport Holdings Ltd (Company Number: 03312673)		**31 March 2023 Audited**	**31 March 2024 Audited**
The principal activity of the BAH is the operation and management of Birmingham International Airport. The figures included are the group accounts, which consolidates the results for BAH's subsidiary undertakings.	Net Assets (liabilities)	105,740	135,200
The seven local authority shareholders together hold 49% of the ordinary shares. BAH is not consolidated into the Council's group accounts, as the test of significant influence is not met.	Profit (loss) before taxation	30,173	48,431
	Profit (loss) after taxation	21,715	33,512
The Council owns: - 5.8% of the 324m ordinary shares - £1.8m preference shares - 6% of the 1,000 C Class shares of 0.01p	Statement of changes in equity	74,365	29,460
Coombe Abbey Park Limited (Company Number: 02700383)		**31 March 2024 Audited**	**31 March 2025 Draft**
CAP is included within the Council's group accounts as a subsidiary.	Net Assets (liabilities)	(981)	(2,067)
	Profit (loss) before taxation	(772)	(1,087)
The principal activity of the company is the running of Coombe Abbey Hotel, Brinklow Road, Coventry.	Profit (loss) after taxation	(772)	(1,087)
	Statement of changes in equity	(1,380)	(1,087)
The Council acquired 100% of the shares in the company on 22nd December 2017.			
Coventry Regeneration Limited (Company Number: 04523598)		**31 March 2024 Audited**	**31 March 2025 Draft**
CR is included within the Council's group accounts as a subsidiary.	Net Assets (liabilities)	0	0
	Profit (loss) before taxation	0	0
The company changed its name from Coventry North Regeneration Limited to Coventry Regeneration Limited in November 2021. The company's principal activity was to manage the construction of Coventry Arena. CR continues to trade, earning interest on a small cash balance, should the company become usable for similar activities in the future.	Profit (loss) after taxation	0	0
	Statement of changes in equity	0	0

Name and Nature of Business	Financial Results	Year ending £000	Year ending £000
The Coventry and Solihull Waste Disposal Company Limited (Company Number: 02690488)		**31 March 2024 Audited**	**31 March 2025 Draft**
The company's business is the disposal of waste. CSWDC is jointly owned by Coventry City Council and Solihull Metropolitan Borough Council (SMBC) with Warwickshire County Council and Leicestershire County Council holding a minor limited rights shareholding.	Net Assets (liabilities)	28,741	31,317
	Profit (loss) before taxation	29,000	22,829
The Council owns 65% of the ordinary share capital and is entitled to 67% of distributions. CSWDC is included in the Council's group accounts as a joint venture as the Articles of Association require unanimous decision making.	Profit (loss) after taxation	21,269	16,789
	Statement of changes in equity	3,229	2,576
Culture Coventry (Company Number: 08359113)		**31 March 2023 Audited**	**31 March 2024 Audited**
The merger of Coventry Transport Museum and The Herbert Art Gallery Museum was completed in August 2013. Culture Coventry is a charitable trust set up to run both museums and is also responsible for running the Lunt Roman Fort and the Priory Visitor Centre.	Net Assets (liabilities)	4,752	3,339
	Net movement of funds	2,938	(1,413)
The Council is the primary funder in the form of a contract agreement to provide museum services. The Council does not have a shareholding in the company or any representatives on the board. Culture Coventry is assessed to be a structured entity but is not consolidated into the Council's accounts as the test of control is not met.			
Friargate Joint Venture Project Ltd (Company Number: 11730348)		**31 March 2024 Unaudited**	**31 March 2025 Draft**
The company was set up in January 2019 to develop new buildings in the Friargate district of the City. This is a 50/50 joint venture with Friargate Holdings 2 Limited. The Council purchased a 50% share in the company for £10m. FJVP is consolidated into the Council's group accounts as a joint venture.	Net Assets (liabilities)	19,064	18,913
	Profit (loss) before taxation	(270)	(151)
	Profit (loss) after taxation	(270)	(151)
	Statement of changes in equity	(270)	(151)
The company accounts are unaudited as FJVP qualifies for an audit exemption available to private limited companies. This applies to small companies which meet at least two of the following criteria: - an annual turnover of no more than £10.2m - assets worth no more than £5.1m - 50 or fewer employees on average			

Name and Nature of Business	Financial Results	Year ending £000	Year ending £000
Coventry Technical Resources Limited (Company Number: 04931967)		**31 March 2024 Audited**	**31 March 2025 Draft**
CTR is included within the Council's group accounts as a subsidiary.	Net Assets (liabilities)	2,775	2,823
	Profit (loss) before taxation	4	49
CTR's main activity is to provide business development and commercialisation related services to the Council under a series of contracts.	Profit (loss) after taxation	4	49
	Statement of changes in equity	4	49
University of Warwick Science Park Business Innovation Centre Limited (Company Number: 03616665)		**31 July 2023 Audited**	**31 July 2024 Audited**
The company was established by the University of Warwick Science Park, the Council and Coventry and Warwickshire Chamber of Commerce. It was set up in order to develop small business units for letting. UWSP BIC is not consolidated into the Council's group accounts, as the test of significant influence is not met.	Net Assets (liabilities)	(120)	(123)
	Profit (loss) before taxation	(195)	(3)
	Profit (loss) after taxation	(195)	(3)
	Statement of changes in equity	(195)	(3)
The Council holds: - Just under 20% (value £2,000) of the ordinary share capital (total value £10,001) - £152,166 of preference share capital			
UK Battery Industrialisation Centre Ltd (Company Number: 11227726)		**31 March 2024 Audited**	**31 March 2025 Draft**
	Net Assets/(liabilities)	(620)	(2,948)
The purpose of the company is to set up and run a facility for the development and manufacture of batteries, initially for the automotive sector but with wider application.	Profit (loss) before taxation	(1,262)	(2,329)
	Profit (loss) after taxation	(1,262)	(2,329)
	Statement of changes in equity	(1,262)	(2,329)
The Council is the sole shareholder, holding a single share with a nominal value of £1.00. UKBIC is consolidated into the Council's group accounts as a subsidiary.			
Tom White Waste Limited (Company Number: 01201361)		**31 March 2024 Audited**	**31 March 2025 Draft**
The principal activity of the company is waste management and recycling.	Net Assets/(liabilities)	1,256	973
	Profit (loss) before taxation	(1,892)	(283)
The Council acquired 100% of the shares in the company on 5th March 2020.	Profit (loss) after taxation	(1,788)	(283)
	Statement of changes in equity	(1,788)	(283)
TWW is included in the Council's group accounts as a subsidiary.			

Name and Nature of Business	Financial Results	Year ending £000	Year ending £000
Coventry Municipal Holdings Limited (Company Number: 13705254)		**31 March 2024 Audited**	**31 March 2025 Draft**
Coventry Municipal Holdings Limited (CMH) was incorporated on 26th October 2021, as a holding company to manage the wholly owned arms length investments made by Coventry City Council. CMH acquired the share capital in subsidiaries from the Council by way of a share exchange at fair value. The Council remains the ultimate controlling entity through its ownership of 100% of the shares in CMH. The figures shown are for CMH's consolidated accounts. The CMH group includes the following subsidiaries: - Coombe Abbey Park Limited - Coventry Regeneration Limited - Coventry Technical Resources Limited - Tom White Waste Limited	Net Assets (liabilities) Profit (loss) before taxation Profit (loss) after taxation Statement of changes in equity	3,135 (2,912) (2,808) (3,198)	1,813 (1,322) (1,322) (1,322)
Sherbourne Recycling Limited (Company Number: 13227088)		**31 March 2024 Audited**	**31 March 2025 Draft**
SRL is consolidated into the Council's group accounts as an associate. The principal activity of the company during the period was the completion of the procurement, design and commencing the construction of a material recycling facility. The facility became operational in September 2023. There are eight local authority shareholders and Coventry City Council has the largest shareholding with 21.5%. The shareholdings are based on the proportion of waste tonnage that the shareholders are forecast to deliver under their waste supply contracts.	Net Assets (liabilities) Profit (loss) before taxation Profit (loss) after taxation Statement of changes in equity	4,343 (6,237) (6,237) 4,091	(63) (4,406) (4,406) (4,406)
Coventry and Warwickshire Growth Hub Limited (Company Number: 09146585)		**31 March 2024 Audited**	**31 March 2025 Draft**
Following the closure of Coventry and Warwickshire Local Enterprise Partnership in March 2023, Coventry City Council and Warwickshire County Council each acquired a 50% shareholding in Coventry and Warwickshire Growth Hub Limited (CWGH) on 2nd November 2023. CWGH is assessed as a joint venture but is not consolidated into the Council's group accounts due to materiality. CWGH is a not for profit company that offers support services to businesses within the local area. CWGH operates two subsidiaries, C&W Business Solutions Ltd and C&W Champions Ltd.	Net Assets (liabilities) Profit (loss) before taxation Profit (loss) after taxation Statement of changes in equity	0 0 53 53	(89) (89) (89) (89)

Where not specifically stated above, copies of company accounts can be obtained directly from Companies House.

3.35 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance and Resources on 30th June 2025. Where events taking place before this date provided information about conditions existing as at 31 March 2025, the figures in the financial statements and the notes have been adjusted to reflect the impact of this information.

At the time of producing these draft accounts there have been no material items or events which require a disclosure of events after the balance sheet date.

3.36 Contingent Liabilities & Assets

Contingent Liabilities

Equal Pay
The Council has received a number of Equal Pay Claims from employees which would, if successful, result in a financial liability to the Council. At this stage there has been no reliable assessment of the likely success of these claims or the financial cost if they are demonstrated to be valid. It is probable that this matter will be subject to complex and protracted legal proceedings and negotiations between the relevant parties. The Council's previous experience of dealing with claims of this nature is that there can be a very significant difference between the assessed maximum theoretical cost and the final settlement value. Given the significant uncertainty around whether a financial obligation exists or the measurement of the size of any obligation it is appropriate to record a contingent liability at this stage.

3.37 Collection Fund Statement & Notes

This account shows how much Council Tax and National Non-Domestic Rates (Business Rates) are collected within the City. It shows how much has been transferred to the Income and Expenditure Account to pay for Council Services and how much has been paid to the Police (West Midlands Police and Crime Commissioner) and Fire (West Midlands Fire and Rescue Authority). The difference between these two amounts is then a surplus or a deficit which is shared between the Council, Police and Fire organisations.

2023/24 Business Rates £000	2023/24 Council Tax £000	2023/24 Total £000	Collection Fund Statement	2024/25 Business Rates £000	2024/25 Council Tax £000	2024/25 Total £000
			INCOME			
0	(197,703)	**(197,703)**	Council Tax Receivable	0	(212,521)	**(212,521)**
(119,301)	0	**(119,301)**	Business Rates Receivable	(125,030)	0	**(125,030)**
(8,777)	0	**(8,777)**	Transitional Relief	(2,494)	0	**(2,494)**
(128,078)	**(197,703)**	**(325,781)**	**Total Income**	**(127,524)**	**(212,521)**	**(340,045)**
			EXPENDITURE: Precepts, Demands & Shares			
114,573	164,440	**279,013**	Coventry City Council	121,757	175,898	**297,655**
0	17,435	**17,435**	West Midlands Police	0	18,911	**18,911**
1,157	6,285	**7,442**	West Midlands Fire	1,230	6,598	**7,828**
115,730	**188,160**	**303,890**	Total: Precepts, Demands & Shares:	**122,987**	**201,407**	**324,394**
			Distribution of previous years' surplus/deficit			
3,354	8,926	**12,280**	Coventry City Council	909	3,361	**4,270**
0	920	**920**	West Midlands Police	0	357	**357**
34	334	**368**	West Midlands Fire	9	129	**138**
3,388	10,180	**13,568**	Total: Distribution of previous years Surplus/(Deficit)	918	3,847	**4,765**
119,118	**198,340**	**317,458**	**TOTAL EXPENDITURE**	**123,905**	**205,254**	**329,159**
			Charges to Collection Fund			
580	1,472	**2,052**	Less: Write offs uncollectable amouts	2,946	2,416	**5,362**
1,922	2,530	**4,452**	Less: Increase/(Decrease) in Bad Debt Provision	137	678	**815**
3,140	0	**3,140**	Less: Increase/(Decrease) in Appeals Provision	(923)	0	**(923)**
367	0	**367**	Less: Costs of Collection	368	0	**368**
6,009	**4,002**	**10,011**	Total Charges to Collection Fund	**2,528**	**3,094**	**5,622**
(2,951)	**4,639**	**1,688**	(Surplus)/Deficit Arising During Year	**(1,091)**	**(4,173)**	**(5,264)**
(1,844)	(10,484)	**(12,328)**	(Surplus)/Deficit b/fwd	(4,795)	(5,845)	**(10,640)**
(4,795)	(5,845)	**(10,640)**	(Surplus)/Deficit c/fwd	(5,886)	(10,018)	**(15,904)**
			Commitments			
918	3,848	**4,766**	Surplus/(Deficit) committed in future year's budget setting	(7,495)	1,998	**(5,497)**
(3,877)	(1,997)	**(5,874)**	**Excess (Surplus)/Deficit c/fwd to following year's tax setting.**	(13,381)	(8,020)	**(21,401)**

Notes to the Collection Fund Statement

The Collection Fund is a statutory account, which receives income from the Council Tax and Business Rates from which payments are made to the City Council's General Fund, the Police and Crime Commissioner for the West Midlands and the West Midlands Fire Authority. These payments represent, for Council Tax, the amounts requested by each organisation at the beginning of the year to fund their net budgets and, for Business Rates, the amounts determined by the nationally set multiplier and the local Business Rates tax base and split by pre-determined percentages.

Income from Business Rates

The City Council collects rates from local businesses on behalf of central government. The Government determines the level of rates payable, which was 54.6p/£ of rateable value in 2024/25 (unchanged from the 54.6p/£ in 2023/24). The Valuation Office Agency sets the rateable value of each property, and the total in Coventry was £340,532,645 as at 31st March 2025 (£342,521,257 as at 31st March 2024). In addition to an impairment allowance for doubtful debts, to meet the anticipated impact of debts being written off, there is also a provision for the estimated future liability amendments due to appeals. Details of the movement in these provisions are provided within the tables later in this section.

Calculation of the Council Tax Base

The level of Council Tax is set at the beginning of the year and is calculated so as to ensure that the Collection Fund can meet its obligations. Council Tax paid by taxpayers is based on the valuation of their property. Each property is placed into one of eight valuation bands (A to H).The total income required by the Collection Fund is divided by the "Council Tax Base". The Council Tax Base represents the number of equivalent band D properties in the City (i.e. properties in a higher valuation band are treated as more than one band D property, properties in a lower valuation band are treated as a fraction of a band D property), multiplied by the estimated eventual collection rate of 97.9%. The total number of dwellings on the valuation list is 152,936 of which 11,716 are exempt. Details of the Tax Base calculation are shown in the table below:

Valuation Band		Number of Dwellings subject to tax	Band D Equivalent
Band A entitled to disabled relief		173	77.4
A		55,941	28,401.0
B		42,494	26,151.6
C		23,980	17,104.2
D		9,879	8,017.4
E		4,838	4,875.0
F		2,387	2,852.9
G		1,417	1,959.2
H		111	177.2
Total		**141,220**	**89,615.9**
Estimated eventual collection rate			97.9%
Total Council Tax Base Band D	2024/25		87,734.0
Total Council Tax Base Band D	2023/24		86,075.2

Provisions and Write Offs

Level of Provisions & Write Offs	Business Rates Impairment allowance for doubtful debts £000	Council Tax Impairment allowance for doubtful debts £000	Business Rates Appeals Provision * £000
Provision Brought forward	**(5,663)**	**(17,129)**	**(23,817)**
Written off in year	2,946	2,416	10,685
Increase/Decrease in provision	(3,082)	(3,094)	(9,762)
Provision Carried Forward	**(5,799)**	**(17,807)**	**(22,894)**

* The provision figures provided in section 3.25 include 99% of the Appeals Provision figures shown in the table above. This is the City Council's share of the Business Rates balances.

Gross Debtors

	Business Rates £000	Council Tax £000
Gross Debtors brought forward	**11,027**	**30,036**
Gross Debtors carried forward	**12,354**	**33,526**

Precepts and Demands on the Collection Fund

The amounts accrued into the precepting organisations' own accounts are detailed below:

2023/24 Total £000	Council Tax	2024/25 Precept £000	2024/25 Share of surplus /(deficit) £000	2024/25 Total £000
169,281	Coventry City Council	175,898	6,991	**182,889**
17,951	West Midlands Police	18,911	763	**19,674**
6,469	West Midlands Fire Service	6,598	266	**6,864**
193,701	**Total**	**201,407**	**8,020**	**209,427**

2023/24 Total £000	Business Rates	2024/25 Precept £000	2024/25 Share of surplus /(deficit) £000	2024/25 Top-up/(Tariff) £000	2024/25 Total £000
102,168	Coventry City Council	121,757	1,989	(19,977)	**103,769**
1,220	West Midlands Fire Service	1,230	20	0	**1,250**
103,388	**Total**	**122,987**	**2,009**	**(19,977)**	**105,019**

The Retained Business Rates of £123,746k, disclosed within the Note to the CIES (section 3.1), is the total of the precept £121,757k and the share of surplus £1,989k disclosed in the table above.

3.38 Prior Period Restatement - Single Entity Accounts

A number of changes have been required to the single entity prior period comparative information as a result of restatements. These are outlined below.

- 1st Change – In 2020 the West Midlands Combined Authority (WMCA) loaned £18m to the Council with the explicit intention that these resources were to be used to cash flow the capital expenditure of assets that were then transferred to the UK Battery Industrialisation Centre (UKBIC) under a separate agreement. This agreement with UKBIC guaranteed that matching payments would be made to the Council to resource the repayments of the loan to WMCA. The agreement with UKBIC had previously been accounted for as a soft loan, however, following a detailed review it has been determined that this was not correct and that it should be accounted for as a lease.

  The carrying value of the finance lease receivable is higher than the soft loan previously recognised due to the reversal of amortised interest adjustments that were applied to the loan. As the loan was deemed to be a soft loan at below market rate, the loan advances were initially written down based on an effective interest rate and interest income was amortised over the lifetime of the loan. The initial write downs were recognised as an investment in subsidiary as required by soft loan accounting regulations. These investment balances were immediately transferred to the Financial Instruments Revaluation Reserve (FIRR) as UKBIC is a not-for-profit company valued at nil. The annual interest income was recognised in the Capital Adjustment Account (CAA). The balances in the FIRR and CAA have now been reversed.

  The principal amounts for the finance lease are recognised in the Deferred Capital Receipts Reserve rather than the Capital Adjustment Account, which reflects the differing accounting treatments for capital loans and finance leases.

- 2nd Change – A review of the balance sheet headings under which Private Finance Initiative (PFI) project liabilities and developer contributions were held identified that this was not in accordance with the CIPFA Code of Practice (COP). The 31st March 2024 has been restated to correct for this issue, and presented alongside third balance sheet as at 31st March 2023, which has also been adjusted.

- 3rd Change – A detailed review of Capital Grant conditions identified a number of grants that had been held as a receipt in advance as at 31 March 2024 but which should have been accounted for as grants with restrictions, with the income being credited to the Comprehensive Income and Expenditure Statement as Capital Grants. The COP also requires that all grants held as receipt in advance should be separately identified in the balance sheet, but this had not been done historically. These grant accounting related issues have been corrected for in the comparative main statements and associated notes.

The impact of these changes on the Council’s main statements is set out in tables below. Please note, these tables are in abbreviated form, only providing the detail of figures from the original statements that have been changed by the restatements. Unchanged elements (either rows or columns) from the original statements have not been included, for reasons of brevity. As a result, subtotals within these abbreviated tables may not be the total of displayed figures.

1st Change – 'UKBIC Loan to Lease' - The following tables provide details of the impact of this restatement on the Comprehensive Income and Expenditure Statement (sections 2.2 and 3.1), the Movement in Reserves Statement (section 2.3), the Balance Sheet (section 2.4), and Cash Flow Statement (section 2.5).

Comprehensive Income & Expenditure Statement 2023/24	Original	Impact of restatement	Restated	Original	Impact of restatement	Restated
Cost of Services	Gross Expenditure	Gross Expenditure	Gross Expenditure	Net Expenditure	Net Expenditure	Net Expenditure
Service Segment	£000	£000	£000	£000	£000	£000
Contingency and Central Budgets	8,401	107	8,508	(25,721)	107	(25,614)
Cost of Services	**930,634**	**107**	**930,741**	**381,424**	**107**	**381,531**
External Investment Income				(10,669)	209	(10,460)
Finance and Investment Income and Expenditure				**8,931**	**209**	**9,140**
(Surplus)/Deficit on the Provision of Services				**27,539**	**316**	**27,855**
(Gain)/loss on revaluation of financial instruments				5,900	(38)	5,862
Sub-total of other comprehensive Income and Expenditure				**(42,501)**	**(38)**	**(42,539)**
Total Comprehensive Income and Expenditure (Surplus)/Deficit				**(14,962)**	**278**	**(14,684)**

Movement in Reserves Statement 2023/24	Capital Adjustment Account			Financial Instruments Revaluation Reserve			Deferred Capital Receipts Reserve		
	Original	Impact of restatement	Restated	Original	Impact of restatement	Restated	Original	Impact of restatement	Restated
	£000	£000	£000	£000	£000	£000	£000	£000	£000
31st March 2023	**(828,402)**	**18,666**	**(809,736)**	**(70,667)**	**(5,055)**	**(75,722)**	**(16,969)**	**(16,974)**	**(33,943)**
Total Comprehensive Income and Expenditure	0	0	0	5,900	(38)	5,862	0	0	0
Adjustments between Accounting Basis and Funding Basis under Regulations	1,399	316	1,715	0	0	0	5	0	5
Net (Increase)/ Decrease	**1,399**	**316**	**1,715**	**5,900**	**(38)**	**5,862**	**5**	**0**	**5**
31st March 2024	**(827,003)**	**18,982**	**(808,021)**	**(64,767)**	**(5,093)**	**(69,860)**	**(16,964)**	**(16,974)**	**(33,938)**

Movement in Reserves Statement 2023/24	Total Usable Reserves			Total Unusable Reserves			Total Reserves		
	Original	Impact of restatement	Restated	Original	Impact of restatement	Restated	Original	Impact of restatement	Restated
	£000	£000	£000	£000	£000	£000	£000	£000	£000
31st March 2023	**(185,946)**	**0**	**(185,946)**	**(1,123,071)**	**(3,363)**	**(1,126,434)**	**(1,309,017)**	**(3,363)**	**(1,312,380)**
Total Comprehensive Income and Expenditure	27,539	316	27,855	(42,501)	(38)	(42,539)	(14,962)	278	(14,684)
Adjustments between Accounting Basis and Funding Basis under Regulations	(13,413)	(316)	(13,729)	13,413	316	13,729	0	0	0
Net (Increase)/ Decrease	**14,126**	**0**	**14,126**	**(29,088)**	**278**	**(28,810)**	**(14,962)**	**278**	**(14,684)**
31st March 2024	**(171,820)**	**0**	**(171,820)**	**(1,152,159)**	**(3,085)**	**(1,155,244)**	**(1,323,979)**	**(3,085)**	**(1,327,064)**

Balance Sheet	31st March 2023			31st March 2024		
	Original	Impact of restatement	Restated	Original	Impact of restatement	Restated
	£000	£000	£000	£000	£000	£000
Long Term Debtors	76,070	3,363	79,432	80,688	3,085	83,773
Long Term Assets	**1,677,432**	**3,363**	**1,680,794**	**1,709,618**	**3,085**	**1,712,703**
Net Assets	**1,309,017**	**3,363**	**1,312,380**	**1,323,979**	**3,085**	**1,327,064**
Unusable Reserves	(1,123,071)	(3,363)	(1,126,434)	(1,152,159)	(3,085)	(1,155,243)
Total Reserves	**(1,309,017)**	**(3,363)**	**(1,312,380)**	**(1,323,979)**	**(3,085)**	**(1,327,064)**

Cash Flow Statement 2023/24	Original	Impact of restatement	Restated
	£000s	£000s	£000s
Net (Surplus) or Deficit on the Provision of Services	27,539	316	27,855
Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	(92,765)	(316)	(93,081)
Net Cash Flows from Operating Activities	**23,129**	**0**	**23,129**

2nd Change – PFI lease liability and developer contributions - The following tables provide details of the impact of this restatement on the Balance Sheet (section 2.4).

Balance Sheet	31st March 2023			31st March 2024		
	Original £000	Impact of restatement £000	Restated £000	Original £000	Impact of restatement £000	Restated £000
Short Term Borrowing	(20,276)	565	(19,711)	(6,355)	3,788	(2,567)
Short Term Creditors	(107,980)	3,270	(104,710)	(97,842)	361	(97,481)
Capital Grants Receipts in Advance	0	(3,835)	(3,835)	0	(4,149)	(4,149)
Current Liabilities	**(138,598)**	**0**	**(138,598)**	**(113,902)**	0	**(113,902)**
Long Term Borrowing	(308,152)	56,421	(251,731)	(299,605)	50,089	(249,516)
Other Long Term Liabilities	(18,211)	(38,210)	(56,421)	(17,213)	(32,877)	(50,090)
Capital Grants Receipts in Advance	(42,169)	(18,211)	(60,380)	(49,502)	(17,212)	(66,714)
Long Term Liabilities	**(414,369)**	**0**	**(414,369)**	**(425,145)**	0	**(425,145)**

3rd Change – Grants receipts in advance treatment - The following tables provide details of the impact of this restatement on the Comprehensive Income and Expenditure Statement (sections 2.2 and 3.1), the Movement in Reserves Statement (section 2.3), the Balance Sheet (section 2.4), and Cash Flow Statement (section 2.5). The details are shown as further adjustments following those made as a result of the other changes detailed above.

Comprehensive Income & Expenditure Statement 2023/24	Original Net Expenditure £000	Impact of restatement Net Expenditure £000	Restated Net Expenditure £000
Capital Grant	(92,333)	(7,764)	(100,097)
Taxations and Non-Specific Grant Income	**(403,211)**	**(7,764)**	**(410,975)**
(Surplus)/Deficit on the Provision of Services	**27,855**	**(7,764)**	**20,091**
Total Comprehensive Income and Expenditure (Surplus)/Deficit	**(14,684)**	**(7,764)**	**(22,448)**

Movement in Reserves Statement 2023/24	General Fund Balance			Capital Grants Unapplied Account		
	Original	Impact of restatement	Restated	Original	Impact of restatement	Restated
	£000	£000	£000	£000	£000	£000
31st March 2023	**(161,578)**	**0**	**(161,578)**	**(5,745)**	**(28,779)**	**(34,524)**
Total Comprehensive Income and Expenditure	27,855	(7,764)	20,091	0	0	0
Adjustments between Accounting Basis and Funding Basis under Regulations	(22,170)	7,764	(14,406)	1,551	(7,764)	(6,214)
Net (Increase)/ Decrease	**5,685**	**0**	**5,685**	**1,551**	**(7,764)**	**(6,214)**
31st March 2024	**(155,893)**	**0**	**(155,893)**	**(4,194)**	**(36,543)**	**(40,738)**

Movement in Reserves Statement 2023/24	Total Usable Reserves			Total Reserves		
	Original	Impact of restatement	Restated	Original	Impact of restatement	Restated
	£000	£000	£000	£000	£000	£000
31st March 2023	**(185,946)**	**(28,779)**	**(214,725)**	**(1,312,380)**	**(28,779)**	**(1,341,159)**
Total Comprehensive Income and Expenditure	27,855	(7,764)	20,091	(14,684)	(7,764)	(22,448)
Adjustments between Accounting Basis and Funding Basis under Regulations	(13,730)	0	(13,730)	0	0	0
Net (Increase)/ Decrease	**14,125**	**(7,764)**	**6,361**	**(14,684)**	**(7,764)**	**(22,448)**
31st March 2024	**(171,821)**	**(36,543)**	**(208,364)**	**(1,327,064)**	**(36,543)**	**(1,363,607)**

Balance Sheet	31st March 2023			31st March 2024		
	Original	Impact of restatement	Restated	Original	Impact of restatement	Restated
	£000	£000	£000	£000	£000	£000
Short Term Creditors	(104,710)	17,437	(87,273)	(97,481)	4,727	(92,754)
Capital Grants Receipts in Advance	(3,835)	(3,389)	(7,224)	(4,149)	(2,957)	(7,106)
Revenue Grants Receipts in Advance	0	(17,438)	(17,438)	0	(4,727)	(4,727)
Current Liabilities	(138,598)	**(3,390)**	**(141,988)**	(113,902)	(2,957)	**(116,859)**
Capital Grants Receipts in Advance	(60,380)	32,169	(28,211)	(66,714)	39,500	(27,214)
Long Term Liabilities	**(414,369)**	**32,169**	**(382,200)**	**(425,145)**	39,500	**(385,645)**
Net Assets	**1,312,380**	**28,779**	**1,341,159**	**1,327,064**	**36,543**	**1,363,607**
Usable Reserves	(185,946)	(28,779)	(214,725)	(171,820)	(36,543)	(208,364)
Total Reserves	**(1,312,380)**	**(28,779)**	**(1,341,159)**	**(1,327,064)**	**(36,543)**	**(1,363,607)**

Cash Flow Statement 2023/24	Original	Impact of restatement	Restated
	£000s	£000s	£000s
Net (Surplus) or Deficit on the Provision of Services	27,855	(7,764)	20,091
Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	(93,081)	7,764	(85,317)
Net Cash Flows from Operating Activities	**23,129**	**0**	**23,129**

4 Group Accounts

4.1 Overview of Group Accounts

The Group Accounts have been prepared in accordance with IFRS and where material, the accounts of other group entities have been adjusted to align their accounting policies with that of the Local Authority parent. Sections 4.2 to 4.5 present the Group Accounts core financial statements. The purpose of these statements is described in section 2.1.

Note 3.34 to Coventry City Council's balance sheet shows details of the various companies in which it has an interest. Coventry Municipal Holdings Limited (CMH) and the UK Battery Industrialisation Centre Ltd (UKBIC) are included as subsidiaries within the Group. CMH prepare consolidated accounts which include the results of the following second tier subsidiaries in which it holds shares – Coombe Abbey Park Limited (CAPL), Coventry Regeneration Limited (CR), Coventry Technical Resources Limited (CTR), Tom White Waste Limited (TWW). The Council remains the ultimate parent company through its 100% ownership of CMH.

The Coventry and Solihull Waste Disposal Company Limited (CSWDC) and Friargate JV Project Limited (FJVP) are included as joint ventures. Sherbourne Recycling Limited (SRL) is included as an associate.

Birmingham Airport Holdings Limited, Culture Coventry and University of Warwick Science Park Business Innovation Centre Limited have not been included within the Group as it was deemed under IAS 28 that the Council did not have the power to exercise significant influence over the business and financial affairs of these companies.

Coventry and Warwickshire Growth Hub Limited has not been included based on materiality.

The Code of Practice requires the reporting date and accounting policies in the group financial statements to be consistent with the parent organisation (Coventry City Council).

From 31st March 2025 all companies consolidated within the Group Accounts have a March year end date. For consolidation purposes draft accounts as at 31st March 2025 have been used for CSWDC, CMH, FJVP, SRL and UKBIC.

The Group Accounts have been prepared in alignment with the Code of Practice, making the necessary adjustments where companies report under FRS 102 or IFRS accounts do not align with specific public sector adaptations. CMH and SRL report on an IFRS basis and CSWDC, FJVP and UKBIC report on an FRS 102 basis.

Subsidiaries have been consolidated into the Group Accounts under the acquisition method, recognising income and expenditure on a line by line basis in the relevant service revenue accounts. Joint ventures and associates have been consolidated into the group accounts under the equity method.

The Group Accounts do not contain any minority interests related to subsidiaries owned by the Council.

4.2 Group Comprehensive Income & Expenditure Account

2023/24 Gross Expenditure *restated £000	2023/24 Gross Income *restated £000	2023/24 Net Expenditure *restated £000	Service segment	2024/25 Gross Expenditure £000	2024/25 Gross Income £000	2024/25 Net Expenditure £000
229,922	(90,186)	139,736	Adult Services and Housing	245,128	(99,073)	146,055
360,845	(235,236)	125,609	Children and Education	400,441	(261,214)	139,227
130,232	(65,650)	64,582	City Services	120,171	(65,391)	54,780
8,462	(33,607)	(25,145)	Contingency and Central Budgets	(217)	(46,369)	(46,586)
101,555	(91,840)	9,715	Finance and Resources	104,165	(90,755)	13,410
13,954	(6,016)	7,938	Legal and Governance	17,147	(7,372)	9,775
2,203	(706)	1,497	People and Organisational Development	2,496	(1,042)	1,454
7,611	(675)	6,936	Planning and Performance	7,644	(679)	6,965
20	0	20	Policy and Communications	128	(7)	121
28,019	(4,485)	23,534	Property Services and Development	10,360	(6,586)	3,774
31,913	(32,489)	(576)	Public Health	31,260	(31,528)	(268)
68,816	(59,227)	9,589	Regeneration and Economy Development	86,333	(70,110)	16,223
983,552	**(620,117)**	**363,435**	**Cost of Services**	**1,025,056**	**(680,126)**	**344,930**
		40,395	Other Operating Expenditure			36,947
		24,246	Finance and Investment Income and Expenditure			(28,123)
		0	Profit or Loss on Discontinued Operations			0
		(410,975)	Taxations and Non-Specific Grant Income			(399,257)
		17,101	**(Surplus) / Deficit on the Provision of Services**			**(45,503)**
		(17,504)	Associates and JVs accounted for on Equity Basis			(14,097)
		5,144	Tax Expenses			3,934
		4,741	**Group (Surplus) or Deficit**			**(55,666)**
		(59,971)	(Gain)/loss on revaluation of non current assets			(31,844)
		(3,149)	(Gain)/loss on revaluation of financial instruments			5,095
		11,570	Remeasurement of the net defined benefit liability			9,726
		(1,565)	Share of other comprehensive income and expenditure of associates & joint ventures			(26,413)
		(53,115)	**Sub-total of other Comprehensive Income and Expenditure**			**(43,436)**
		(48,374)	**Total Comprehensive Income and Expenditure (Surplus)/Deficit**			**(99,102)**

* These figures have been restated as detailed in section 4.15.

4.3 Group Movement in Reserves Statement

2024/25	Authority Reserves						Authority's share of the reserves of subsidiaries, associates and joint ventures			Group		
	General Fund £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Usable Reserves £000	Unusable Reserves £000	Sub total £000	Usable Reserves £000	Unusable Reserves £000	Sub total £000	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance Brought forward	**(155,893)**	**(40,738)**	**(11,733)**	**(208,364)**	(1,096,735)	**(1,305,099)**	**(71,928)**	**(24,659)**	**(96,587)**	**(280,292)**	**(1,121,394)**	**(1,401,686)**
Total Comprehensive Income and Expenditure	(30,894)	0	0	**(30,894)**	(17,287)	**(48,181)**	(24,964)	(25,957)	**(50,921)**	**(55,858)**	**(43,244)**	**(99,102)**
Adjustments between group accounts and authority accounts	(8,942)	0	0	**(8,942)**	0	**(8,942)**	8,942	0	**8,942**	**0**	**0**	**0**
Net (increase) or decrease before transfers	**(39,836)**	**0**	**0**	**(39,836)**	**(17,287)**	**(57,123)**	**(16,022)**	**(25,957)**	**(41,979)**	**(55,858)**	**(43,244)**	**(99,102)**
Adjustments between Accounting Basis and Funding Basis under Regulations	36,305	8,131	(3,434)	**41,002**	(41,002)	**0**	0	0	**0**	**41,002**	**(41,002)**	**0**
Net (Increase) / Decrease	**(3,531)**	**8,131**	**(3,434)**	**1,166**	**(58,289)**	**(57,123)**	**(16,022)**	**(25,957)**	**(41,979)**	**(14,856)**	**(84,246)**	**(99,102)**
Balance Carried forward	**(159,424)**	**(32,607)**	**(15,167)**	**(207,198)**	**(1,155,024)**	**(1,362,222)**	**(87,950)**	**(50,616)**	**(138,566)**	**(295,148)**	**(1,205,640)**	**(1,500,788)**

Group Movement in Reserves – Comparatives

2023/24	Authority Reserves						Authority's share of the reserves of subsidiaries, associates and joint ventures			Group		
	General Fund *restated	Capital Grants Unapplied *restated	Capital Receipts Reserve	Usable Reserves *restated	Unusable Reserves *restated	Sub total *restated	Usable Reserves *restated	Unusable Reserves *restated	Sub total *restated	Usable Reserves *restated	Unusable Reserves *restated	Total Reserves *restated
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance Brought forward	**(161,578)**	**(34,524)**	**(18,623)**	**(214,725)**	(1,060,094)	**(1,274,819)**	**(54,716)**	**(23,777)**	**(78,493)**	**(269,441)**	**(1,083,871)**	**(1,353,312)**
Total Comprehensive Income and Expenditure	29,476	0	0	**29,476**	(50,371)	**(20,895)**	(26,597)	(882)	**(27,479)**	**2,879**	**(51,253)**	**(48,374)**
Adjustments between group accounts and authority accounts	(9,385)	0	**0**	**(9,385)**	**0**	**(9,385)**	9,385	0	**9,385**	**0**	**0**	**0**
Net (increase) or decrease before transfers	**20,091**	**0**	**0**	**20,091**	**(50,371)**	**(30,280)**	**(17,212)**	**(882)**	**(18,094)**	**2,879**	**(51,253)**	**(48,374)**
Adjustments between Accounting Basis and Funding Basis under Regulations	(14,406)	(6,214)	6,890	**(13,730)**	13,730	**0**	0	0	**0**	**(13,730)**	**13,730**	**0**
Net (Increase) / Decrease	**5,685**	**(6,214)**	**6,890**	**6,361**	**(36,641)**	**(30,280)**	**(17,212)**	**(882)**	**(18,094)**	**(10,851)**	**(37,523)**	**(48,374)**
Balance Carried forward	**(155,893)**	**(40,738)**	**(11,733)**	**(208,364)**	**(1,096,735)**	**(1,305,099)**	**(71,928)**	**(24,659)**	**(96,587)**	**(280,292)**	**(1,121,394)**	**(1,401,686)**

*Restated as detailed in section 4.15

Section 4.9 provides an analysis of the adjustments between group accounts and authority accounts.

Section 4.10 provides an analysis of the movement in the authority's share of the reserves of subsidiaries, associates and joint ventures.

4.4 Group Balance Sheet

The Group Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority, and a reconciliation to the Single Entity Balance Sheet is provided in section 4.6.

31st March 2023			31st March 2024				31st March 2025		
Single Entity	Group Adjustments *restated	Total *restated	Single Entity	Group Adjustments *restated	Total *restated	Group Balance Sheet	Single Entity	Group Adjustments	Total
£000	£000	£000	£000	£000	£000		£000	£000	£000
1,130,195	91,562	**1,221,757**	1,183,216	111,611	**1,294,827**	Property, Plant and Equipment	1,244,144	124,249	**1,368,393**
25,893	0	**25,893**	27,449	0	**27,449**	Heritage Assets	26,863	0	**26,863**
322,956	(7,482)	**315,474**	301,809	(8,712)	**293,097**	Investment Property	317,125	(8,738)	**308,387**
0	11,641	**11,641**	0	11,641	**11,641**	Intangible Assets	0	11,641	**11,641**
122,318	(88,803)	**33,515**	116,456	(79,793)	**36,663**	Long Term Investments	106,610	(75,042)	**31,568**
0	33,868	**33,868**	0	35,482	**35,482**	Investment in Associates and Joint Ventures	0	62,435	**62,435**
79,432	(24,847)	**54,585**	83,773	(23,765)	**60,008**	Long Term Debtors	78,483	(23,374)	**55,109**
0	0	**0**	0	0	**0**	Deferred Tax Assets	0	0	**0**
1,680,794	**15,939**	**1,696,733**	**1,712,703**	**46,464**	**1,759,167**	**Long Term Assets**	**1,773,225**	**91,171**	**1,864,396**
27,848	0	**27,848**	37,185	0	**37,185**	Short Term Investments	27,667	0	**27,667**
303	320	**623**	357	482	**839**	Inventories	258	1,230	**1,488**
99,885	37,124	**137,009**	89,862	20,575	**110,437**	Short Term Debtors	117,179	9,619	**126,798**
56,222	9,182	**65,404**	26,004	54,360	**80,364**	Cash and Cash Equivalents	55,764	40,985	**96,749**
295	0	**295**	0	0	**0**	Assets held for Sale	0	0	**0**
0	509	**509**	0	12	**12**	Current Tax Asset	0	0	**0**
184,553	**47,135**	**231,688**	**153,408**	**75,429**	**228,837**	**Current Assets**	**200,868**	**51,834**	**252,702**
(4,101)	0	**(4,101)**	(2,915)	(27)	**(2,942)**	Bank Overdraft	(4,475)	(69)	**(4,544)**
(19,711)	(295)	**(20,006)**	(2,567)	(592)	**(3,159)**	Short Term Borrowing	(22,789)	(1,475)	**(24,264)**
(87,273)	(10,039)	**(97,312)**	(92,754)	(12,164)	**(104,918)**	Short Term Creditors	(109,386)	(15,093)	**(124,479)**
(6,241)	0	**(6,241)**	(6,790)	0	**(6,790)**	Short Term Provisions	(5,005)	0	**(5,005)**
(7,224)	(34,509)	**(41,733)**	(7,106)	(50,302)	**(57,408)**	Capital Grants Receipts in Advance	(6,622)	0	**(6,622)**
(17,438)	(1,491)	**(18,929)**	(4,727)	(1,805)	**(6,532)**	Revenue Grants Receipt in Advance	(12,638)	(2,529)	**(15,167)**
0	0	**0**	0	0	**0**	Current Tax Liability	0	0	**0**
(141,988)	**(46,334)**	**(188,322)**	**(116,859)**	**(64,890)**	**(181,749)**	**Current Liabilities**	**(160,915)**	**(19,166)**	**(180,081)**
0	0	**0**	0	0	**0**	Long Term Creditors	0	0	**0**
(18,739)	0	**(18,739)**	(21,154)	0	**(21,154)**	Long Term Provisions	(22,026)	0	**(22,026)**
(251,731)	(2,931)	**(254,662)**	(249,516)	(5,425)	**(254,941)**	Long Term Borrowing	(236,218)	(4,287)	**(240,505)**
(25,197)	0	**(25,197)**	(35,393)	0	**(35,393)**	Net Pension Liability	(30,491)	0	**(30,491)**
(56,421)	(407)	**(56,828)**	(50,090)	0	**(50,090)**	Other Long Term Liabilities	(66,064)	(535)	**(66,599)**
(1,901)	0	**(1,901)**	(2,278)	0	**(2,278)**	Donated Assets Account	(2,435)	0	**(2,435)**
(28,211)	0	**(28,211)**	(27,214)	(12,250)	**(39,464)**	Capital Grants Receipts in Advance	(40,229)	(32,788)	**(73,017)**
0	(1,249)	**(1,249)**	0	(1,249)	**(1,249)**	Deferred Tax Liability	0	(1,156)	**(1,156)**
(382,200)	**(4,587)**	**(386,787)**	**(385,645)**	**(18,924)**	**(404,569)**	**Long Term Liabilities**	**(397,463)**	**(38,766)**	**(436,229)**
1,341,159	**12,153**	**1,353,312**	**1,363,607**	**38,079**	**1,401,686**	**Net Assets**	**1,415,715**	**85,073**	**1,500,788**
(214,725)	(54,716)	**(269,441)**	(208,364)	(71,928)	**(280,292)**	Usable Reserves*	(207,198)	(87,950)	**(295,148)**
(1,126,434)	42,563	**(1,083,871)**	(1,155,243)	33,849	**(1,121,394)**	Unusable Reserves*	(1,208,517)	2,877	**(1,205,640)**
(1,341,159)	**(12,153)**	**(1,353,312)**	**(1,363,607)**	**(38,079)**	**(1,401,686)**	**Total Reserves**	**(1,415,715)**	**(85,073)**	**(1,500,788)**

*Restated as detailed in section 4.15

4.5 Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2023/24 Single Entity *restated £000's	2023/24 Group Adjustment *restated £000's	2023/24 Total *restated £000's	Cash Flow Statement	2024/25 Single Entity £000's	2024/25 Group Adjustment £000's	2024/25 Total £000's
20,091	(2,990)	**17,101**	Net (Surplus) or Deficit on the Provision of Services	(39,836)	(5,667)	**(45,503)**
(86,129)	(68,758)	**(154,887)**	Adjust Net (Surplus) or Deficit on the Provision of Services for Non Cash Movements	(28,890)	(5,550)	**(34,440)**
96,931	0	**96,931**	Adjust for items included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	84,175	0	**84,175**
0	(510)	**(510)**	Income tax paid	0	(12)	**(12)**
30,893	**(72,258)**	**(41,365)**	**Net Cash Flows from Operating Activities**	**15,449**	**(11,229)**	**4,220**
(28,308)	23,900	**(4,408)**	Investing Activities	(30,532)	17,466	**(13,066)**
26,447	3,207	**29,654**	Financing Activities	(13,117)	7,180	**(5,937)**
29,032	**(45,151)**	**(16,119)**	**Net (Increase) or Decrease in Cash and Cash Equivalents**	**(28,200)**	**13,417**	**(14,783)**
(52,121)	(9,182)	**(61,303)**	Cash and Cash Equivalents at the Beginning of the Reporting Period (including bank overdrafts)	(23,089)	(54,333)	**(77,422)**
(23,089)	**(54,333)**	**(77,422)**	**Cash and Cash Equivalents at the End of the Reporting Period (including bank overdrafts)**	**(51,289)**	**(40,916)**	**(92,205)**

* These figures have been restated as detailed in section 4.15.

Note 4.13 presents an analysis of the amounts relevant to the Group Accounts for: non-cash movements; items included in the provision of services that are investing and financing activities; investing activities; and financing activities.

4.6 Group Balance Sheet Reconciliation

The table below provides a breakdown of the group adjustments made to the single entity balance sheet at the end of the financial year.

Group Balance Sheet 31st March 2025	Group Adjustments to authority	Coventry Municipal Holdings Limited	The Coventry and Solihull Waste Disposal Company Limited	Friargate JV Project Limited	Sherbourne Recycling Limited	UK Battery Industrialisation Centre Ltd	Total
	£000	£000	£000	£000	£000	£000	£000
Property, Plant and Equipment	804	34,934	0	0	0	88,511	**124,249**
Heritage Assets	0	0	0	0	0	0	**0**
Investment Property	(8,738)	0	0	0	0	0	**(8,738)**
Intangible Assets	11,641	0	0	0	0	0	**11,641**
Long Term Investments	(75,042)	0	0	0	0	0	**(75,042)**
Investment in Associates and Joint Ventures	0	0	59,760	2,656	19	0	**62,435**
Long Term Debtors	(23,374)	0	0	0	0	0	**(23,374)**
Deferred Tax Assets	0	0	0	0	0	0	**0**
Long Term Assets	**(94,709)**	**34,934**	**59,760**	**2,656**	**19**	**88,511**	**91,171**
Short Term Investments	0	0	0	0	0	0	**0**
Inventories	0	265	0	0	0	965	**1,230**
Short Term Debtors	(1,394)	4,921	0	0	0	6,092	**9,619**
Cash and Cash Equivalents	0	7,528	0	0	0	33,457	**40,985**
Assets Held for Sale	0	0	0	0	0	0	**0**
Current Tax Asset	0	0	0	0	0	0	**0**
Current Assets	**(1,394)**	**12,714**	**0**	**0**	**0**	**40,514**	**51,834**
Bank Overdraft	0	(69)	0	0	0	0	**(69)**
Short Term Borrowing	0	(1,391)	0	0	0	(84)	**(1,475)**
Short Term Creditors	98	(11,480)	0	0	0	(3,711)	**(15,093)**
Short Term Provisions	0	0	0	0	0	0	**0**
Capital Grants Receipts in Advance	0	0	0	0	0	0	**0**
Revenue Grants Receipt in Advance	0	0	0	0	0	(2,529)	**(2,529)**
Current Tax Liability	0	0	0	0	0	0	**0**
Current Liabilities	**98**	**(12,940)**	**0**	**0**	**0**	**(6,324)**	**(19,166)**
Long Term Creditors	0	0	0	0	0	0	**0**
Long Term Provisions	0	0	0	0	0	0	**0**
Long Term Borrowing	0	(4,287)	0	0	0	0	**(4,287)**
Net Pension Liability	0	0	0	0	0	0	**0**
Other Long Term Liabilities	0	0	0	0	0	(535)	**(535)**
Donated Assets Account	0	0	0	0	0	0	**0**
Capital Grants Receipts in Advance	0	0	0	0	0	(32,788)	**(32,788)**
Deferred Tax Liability	0	(1,156)	0	0	0	0	**(1,156)**
Long Term Liabilities	**0**	**(5,443)**	**0**	**0**	**0**	**(33,323)**	**(38,766)**
Net Assets	**(96,005)**	**29,265**	**59,760**	**2,656**	**19**	**89,378**	**85,073**
Usable Reserves	0	9,850	(20,205)	8,709	2,417	(88,721)	**(87,950)**
Unusable Reserves	53,493	(18,791)	(29,605)	0	(2,220)	0	**2,877**
Total Reserves	**53,493**	**(8,941)**	**(49,810)**	**8,709**	**197**	**(88,721)**	**(85,073)**

Section 4.10 provides an analysis of the Property, Plant and Equipment.

Comparative year:

Group Balance Sheet 31st March 2024	Group Adjustments to authority £000	Coventry Municipal Holdings Limited £000	The Coventry and Solihull Waste Disposal Company Limited £000	Friargate JV Project Limited £000	Sherbourne Recycling Limited £000	UK Battery Industrialisation Centre Ltd *restated £000	Total *restated £000
Property, Plant and Equipment	804	38,022	0	0	0	72,785	**111,611**
Heritage Assets	0	0	0	0	0	0	**0**
Investment Property	(8,712)	0	0	0	0	0	**(8,712)**
Intangible Assets	11,641	0	0	0	0	0	**11,641**
Long Term Investments	(79,793)	0	0	0	0	0	**(79,793)**
Investment in Associates and Joint Ventures	0	0	32,093	2,731	658	0	**35,482**
Long Term Debtors	(23,765)	0	0	0	0	0	**(23,765)**
Deferred Tax Assets	0	0	0	0	0	0	**0**
Long Term Assets	**(99,825)**	**38,022**	**32,093**	**2,731**	**658**	**72,785**	**46,464**
Short Term Investments	0	0	0	0	0	0	**0**
Inventories	0	98	0	0	0	384	**482**
Short Term Debtors	(2,626)	3,995	0	0	0	19,206	**20,575**
Cash and Cash Equivalents	0	4,194	0	0	0	50,166	**54,360**
Assets held for Sale	0	0	0	0	0	0	**0**
Current Tax Asset	0	12	0	0	0	0	**12**
Current Assets	**(2,626)**	**8,299**	**0**	**0**	**0**	**69,756**	**75,429**
Bank Overdraft	0	(27)	0	0	0	0	**(27)**
Short Term Borrowing	0	(606)	0	0	0	14	**(592)**
Short Term Creditors	407	(8,156)	0	0	0	(4,415)	**(12,164)**
Short Term Provisions	0	0	0	0	0	0	**0**
Capital Grants Receipts in Advance	0	0	0	0	0	(50,302)	**(50,302)**
Revenue Grants Receipts in Advance	0	0	0	0	0	(1,805)	**(1,805)**
Current Tax Liability	0	0	0	0	0	0	**0**
Current Liabilities	**407**	**(8,789)**	**0**	**0**	**0**	**(56,508)**	**(64,890)**
Long Term Creditors	0	0	0	0	0	0	**0**
Long Term Provisions	0	0	0	0	0	0	**0**
Long Term Borrowing	0	(5,425)	0	0	0	0	**(5,425)**
Net Pension Liability	0	0	0	0	0	0	**0**
Other Long term Liabilities	0	0	0	0	0	0	**0**
Donated Assets Account	0	0	0	0	0	0	**0**
Capital Grants Receipts in Advance	0	0	0	0	0	(12,250)	**(12,250)**
Deferred Tax Liability	0	(1,249)	0	0	0	0	**(1,249)**
Long Term Liabilities	**0**	**(6,674)**	**0**	**0**	**0**	**(12,250)**	**(18,924)**
Net Assets	**(102,044)**	**30,858**	**32,093**	**2,731**	**658**	**73,783**	**38,079**
Usable Reserves*	0	9,985	(18,486)	8,634	1,370	(73,431)	**(71,928)**
Unusable Reserves*	58,508	(19,192)	(3,654)	0	(1,813)	0	**33,849**
Total Reserves	**58,508**	**(9,207)**	**(22,140)**	**8,634**	**(443)**	**(73,431)**	**(38,079)**

* Restated as detailed in section 4.15

4.7 Analysis of the movement in the Authority’s share of the reserves of subsidiaries, associates & joint ventures

Movement during 2024/25	Coventry Municipal Holdings Limited £000	The Coventry and Solihull Waste Disposal Company Limited £000	Friargate JV Project Limited £000	Sherbourne Recycling Limited £000	UK Battery Industrialisation Centre Ltd £000	Total £000
1st April 2024	**(9,207)**	**(22,140)**	**8,634**	**(443)**	**(73,431)**	**(96,587)**
Net increase/decrease in Usable Reserves	(135)	(1,719)	75	1,047	(15,290)	(16,022)
Net increase/decrease in Unusable Reserves	401	(25,951)	0	(407)	0	(25,957)
1st April 2025	**(8,941)**	**(49,810)**	**8,709**	**197**	**(88,721)**	**(138,566)**
Movement during 2023/24						
1st April 2023	**(11,656)**	**(20,488)**	**7,989**	**161**	**(54,499)**	**(78,493)**
Net increase/decrease in Usable Reserves	2,040	(2,175)	645	1,209	(18,932)	(17,213)
Net increase/decrease in Unusable Reserves	409	523	0	(1,813)	0	(881)
1st April 2024	**(9,207)**	**(22,140)**	**8,634**	**(443)**	**(73,431)**	**(96,587)**

4.8 Group Surplus/Deficit Reconciliation

The table below provides a breakdown of the group adjustments made to the single entity surplus/deficit position.

31/03/2024 *restated £000	Group Surplus/Deficit Reconciliation £000	31/03/2025 £000
20,091	The Authority's Single Entity (Surplus)/Deficit on the Provision of Services for the year	**(39,836)**
12,300	Less: Dividend income and any other distributions from Group Entities included in the Single Entity (Surplus)/Deficit on the Provision of Services for the year	9,914
32,391	**(Surplus)/Deficit in the Group Income & Expenditure attributable to the Authority**	**(29,922)**
	Add: (Surplus)/Deficit arising from other entities included in the Group Accounts	
(15,300)	Subsidiaries	**(15,674)**
(12,350)	Joint Ventures	**(10,070)**
4,741	**Group Account (Surplus)/Deficit for the year**	**(55,666)**

* These figures have been restated as detailed in section 4.15.

4.9 Reversal of adjustments made between group accounts & authority accounts

The tables below show the adjustments applied to the MiRs to restore the statutory reserve balances of the authority.

Reversal of adjustments made between group accounts and authority accounts	Coventry Municipal Holdings Limited	The Coventry and Solihull Waste Disposal Company Limited	Friargate JV Project Limited	Sherbourne Recycling Limited	UK Battery Industrialisation Centre Ltd	Total
	£000	£000	£000	£000	£000	£000
Adjustment to reverse elimination of dividends receivable applied to the General Fund and restore statutory balance	(72)	(9,530)	0	0	0	**(9,602)**
Adjustments to reverse intra-group transactions applied to the General Fund and restore statutory balance	1,106	0	0	0	(446)	**660**
(Surplus)/Deficit in the Group Income & Expenditure attributable to the Authority	**1,034**	**(9,530)**	**0**	**0**	**(446)**	**(8,942)**

Prior year comparative figures:

Reversal of adjustments made between group accounts and authority accounts	Coventry Municipal Holdings Limited	The Coventry and Solihull Waste Disposal Company Limited	Friargate JV Project Limited	Sherbourne Recycling Limited	UK Battery Industrialisation Centre Ltd	Total
	£000	£000	£000	£000	£000	£000
Adjustment to reverse elimination of dividends receivable applied to the General Fund and restore statutory balance	(72)	(12,300)	0	0	0	**(12,372)**
Adjustments to reverse intra-group transactions applied to the General Fund and restore statutory balance	3,353	0	0	0	(366)	**2,987**
(Surplus)/Deficit in the Group Income & Expenditure attributable to the Authority	**3,281**	**(12,300)**	**0**	**0**	**(366)**	**(9,385)**

4.10 Group Property, Plant & Equipment

The table below shows the movement in the Group's Property, Plant and Equipment (excluding Infrastructure Assets) during the year. Please see the last table within section 3.15 for the detail of the infrastructure assets movements.

The City Council's Property, Plant and Equipment asset net book values, including Infrastructure Assets, are provided in the following table:

	Other Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Under Construction	Total (Excluding Infrastructure Assets)
	£000's	£000's	£000's	£000's	£000's	£000's
Cost of Valuation						
1st April 2024	**724,776**	**135,411**	**17,887**	**7,922**	**64,225**	**950,221**
Additions	49,336	8,292	54	0	37,837	**95,519**
Revaluation increase/(decreases) to Revaluation Reserve	5,283	0	0	1,506	0	**6,789**
Revaluation increase/(decrease) to SDPS	0	0	0	0	0	**0**
Disposals	(5,620)	(2,703)	0	0	0	**(8,323)**
Derecognition	(12,899)	(9)	(43)	0	(5,564)	**(18,515)**
Reclassifications	1,851	0	0	0	(32,596)	**(30,745)**
31st March 2025	**762,727**	**140,991**	**17,898**	**9,428**	**63,902**	**994,946**
Depreciation and Impairment						
1st April 2024	11,089	58,468	**3**	**0**	**0**	**69,560**
Depreciation Charge	28,532	13,603	3	0	0	**42,138**
Disposals	(560)	(1,811)	0	0	0	**(2,371)**
Derecognition	(941)	0	0	0	0	**(941)**
Depreciation written out on revaluation	(24,532)	0	0	0	0	**(24,532)**
Impairment Losses/reversals recognised in RR	0	0	0	0	0	**0**
Impairment Losses/reversals recognised in SDPS	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
31st March 2025	**13,588**	**70,260**	**6**	**0**	**0**	**83,854**
Net Book Value						
31st March 2025	**749,139**	**70,731**	**17,892**	**9,428**	**63,902**	**911,092**
1st April 2024	**713,687**	**76,943**	**17,884**	**7,922**	**64,225**	**880,661**

The table below shows the movement in the Group's Property, Plant and Equipment (excluding Infrastructure Assets) during the previous year for comparative purposes.

	Other Land and Buildings £000's	Vehicles, Plant & Equipment £000's	Community Assets £000's	Surplus Assets £000's	Under Constructure £000's	Total (Excluding Infrastructure Assets) £000's
Cost of Valuation						
1st April 2023	**650,752**	**131,208**	**17,850**	**13,064**	**74,787**	**887,661**
Additions	17,788	9,490	231	0	40,629	**68,138**
Revaluation increase/(decreases) to Revaluation Reserve	30,136	0	0	(5,462)	0	**24,674**
Revaluation increase/(decrease) to SDPS	0	0	0	0	0	**0**
Disposals	0	(1,745)	0	0	0	**(1,745)**
Derecognition	(21,237)	(4,322)	(194)	0	(3,558)	**(29,311)**
Reclassifications	47,337	780	0	320	(47,633)	**804**
31st March 2024	**724,776**	**135,411**	**17,887**	**7,922**	**64,225**	**950,221**
Depreciation and Impairment						
1st April 2023	11,990	56,830	0	0	0	**68,820**
Depreciation Charge	22,967	10,875	3	0	0	**33,845**
Disposals	0	(1,061)	0	0	0	**(1,061)**
Derecognition	(847)	(8,176)	0	0	0	**(9,023)**
Depreciation written out on revaluation	(23,021)	0	0	0	0	**(23,021)**
Impairment Losses/reversals recognised in RR	0	0	0	0	0	**0**
Impairment Losses/reversals recognised in SDPS	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
31st March 2024	**11,089**	**58,468**	**3**	**0**	**0**	**69,560**
Net Book Value						
At 31 March Current Year	**713,687**	**76,943**	**17,884**	**7,922**	**64,225**	**880,661**
At 1st April Previous Year	**638,762**	**74,378**	**17,850**	**13,064**	**74,787**	**818,841**

The City Council's Property, Plant and Equipment asset net book values, including Infrastructure Assets, are provided in the following table:

Net Book Value	Total (Excluding infrastructure assets) £000	Infrastructure Assets £000	Total Property, Plant & Equipment £000
31 March 2025	**911,092**	457,301	**1,368,393**
31 March 2024	**880,661**	414,166	**1,294,827**
31 March 2022	**818,841**	402,916	**1,221,757**

4.11 Consolidated Breakdown of Reserves

The table below provides a breakdown of the Group’s usable and unusable reserves.

	Single Entity	Adjustments	Adjusted Single Entity	Group	Group Adjustments	Authority's share of the reserves of subsidiaries, Associates & Joint ventures	Total
	£000	£000	£000	£000	£000	£000	£000
Usable Reserves							
General Fund Balance*	(159,424)	8,942	**(150,482)**	0	0	**0**	**(150,482)**
Capital Grants Unapplied	(32,607)	0	**(32,607)**	0	0	**0**	**(32,607)**
Capital Receipts Reserve	(15,167)	0	**(15,167)**	0	0	**0**	**(15,167)**
Income and Expenditure Reserve	0	0	**0**	65,131	(161,873)	**(96,742)**	**(96,742)**
Pensions Reserve (private sector)	0	0	**0**	0	0	**0**	**0**
Capital Contribution Reserve	0	0	**0**	(150)	0	**(150)**	**(150)**
Total Usable Reserves	**(207,198)**	**8,942**	**(198,256)**	**64,981**	**(161,873)**	**(96,892)**	**(295,148)**
Unusable Reserves							
Capital Adjustment Account	(849,704)	(4,628)	**(854,332)**	0	0	**0**	**(854,332)**
Revaluation Reserve	(295,136)	0	**(295,136)**	0	(50,616)	**(50,616)**	**(345,752)**
Deferred Capital Receipts Reserve	(34,734)	17,573	**(17,161)**	0	0	**0**	**(17,161)**
Financial Instruments Adjustment account	8,592	0	**8,592**	0	0	**0**	**8,592**
Financial Instruments Revaluation Reserve	(60,013)	40,548	**(19,465)**	0	0	**0**	**(19,465)**
Collection fund adjustment	(14,563)	0	**(14,563)**	0	0	**0**	**(14,563)**
Pensions Reserve (local government)	30,491	0	**30,491**	0	0	**0**	**30,491**
Accumulated Absence	4,190	0	**4,190**	0	0	**0**	**4,190**
Pooled Investment Funds Adj. Acc.	2,360	0	**2,360**	0	0	**0**	**2,360**
Share Capital	0	0	**0**	(5,054)	5,054	**0**	**0**
Share Premium	0	0	**0**	(62,862)	62,862	**0**	**0**
Minority Interest	0	0	**0**	0	0	**0**	**0**
Capital Redemption Reserve	0	0	**0**	0	0	**0**	**0**
Total Unusable Reserves	**(1,208,517)**	**53,493**	**(1,155,024)**	**(67,916)**	**17,300**	**(50,616)**	**(1,205,640)**
Total Reserves	**(1,415,715)**	**62,435**	**(1,353,280)**	**(2,935)**	**(144,573)**	**(147,508)**	**(1,500,788)**

* The General Fund is adjusted in the Group Movement in Reserves Statement using the ‘Adjustments between group accounts and authority accounts’ line in order to reconcile to the statutory amount on the account. These adjustments are detailed in section 4.9.

Below is the previous year for comparison:

	Single Entity *restated	Adjustments *restated	Adjusted Single Entity *restated	Group	Group Adjustments *restated	Authority's share of the reserves of subsidiaries, Associates & Joint ventures *restated	Total *restated
	£000	£000	£000	£000	£000	£000	£000
Usable Reserves							
General Fund Balance**	(155,893)	9,385	**(146,508)**	0	0	**0**	**(146,508)**
Capital Grants Unapplied	(40,738)	0	**(40,738)**	0	0	**0**	**(40,738)**
Capital Receipts Reserve	(11,733)	0	**(11,733)**	0	0	**0**	**(11,733)**
Income and Expenditure Reserve	0	0	**0**	64,367	(145,530)	**(81,163)**	**(81,163)**
Pensions Reserve (private sector)	0	0	**0**	0	0	**0**	**0**
Capital Contribution Reserve	0	0	**0**	(150)	0	**(150)**	**(150)**
Total Usable Reserves	**(208,364)**	**9,385**	**(198,979)**	**64,217**	**(145,530)**	**(81,313)**	**(280,292)**
Unusable Reserves	0	0	**0**	0	0	**0**	**0**
Capital Adjustment Account	(808,022)	(3,765)	**(811,787)**	0	0	**0**	**(811,787)**
Revaluation Reserve	(283,516)	0	**(283,516)**	0	(24,659)	**(24,659)**	**(308,175)**
Deferred Capital Receipts Reserve	(33,937)	16,974	**(16,963)**	0	0	**0**	**(16,963)**
Financial Instruments Adjustment account	8,982	0	**8,982**	0	0	**0**	**8,982**
Financial Instruments Revaluation Reserve	(69,859)	45,299	**(24,560)**	0	0	**0**	**(24,560)**
Collection fund adjustment	(9,854)	0	**(9,854)**	0	0	**0**	**(9,854)**
Pensions Reserve (local government)	35,393	0	**35,393**	0	0	**0**	**35,393**
Accumulated Absence	2,731	0	**2,731**	0	0	**0**	**2,731**
Pooled Investment Funds Adj. Acc.	2,839	0	**2,839**	0	0	**0**	**2,839**
Share Capital	0	0	**0**	(5,054)	5,054	**0**	**0**
Share Premium	0	0	**0**	(62,862)	62,862	**0**	**0**
Minority Interest	0	0	**0**	0	0	**0**	**0**
Capital Redemption Reserve	0	0	**0**	0	0	**0**	**0**
Total Unusable Reserves	**(1,155,243)**	**58,508**	**(1,096,735)**	**(67,916)**	**43,257**	**(24,659)**	**(1,121,394)**
Total Reserves	**(1,363,607)**	**67,893**	**(1,295,714)**	**(3,699)**	**(102,273)**	**(105,972)**	**(1,401,686)**

* Restated as detailed in section 4.15

** The General Fund is adjusted in the Group Movement in Reserves Statement using the 'Adjustments between group accounts and authority accounts' line in order to reconcile to the statutory amount on the account. These adjustments are detailed in section 4.9.

4.12 Group Tax Expense

2023/24 £000	Group Tax Expense	2024/25 £000
	CURRENT TAX:	
4,674	Current Tax Expense / (Income)	3,284
(39)	Adjustment Recognised in the Period for Current Tax of Prior Periods	(19)
4,635	Total Current Tax	**3,265**
	DEFERRED TAX:	
477	Origination and Reversal of Temporary Differences	743
0	Changes in Tax Rates or the Imposition of New Taxes	0
32	Adjustment Recognised in the Period for Deferred Tax of Prior Periods	(74)
0	Other Adjustments	0
509	**Total Deferred Tax**	**669**
5,144	**Total Tax Expense**	**3,934**

	Analysis of Tax Expense	
(10)	Subsidiaries	(93)
5,154	Joint Ventures/Associates	4,027
5,144	**Total Tax Expense**	**3,934**

4.13 Notes to the Group Cashflow

The Surplus or Deficit on the Provision of Services has been adjusted for the following non-cash movements:

31st March 2024 Single Entity *restated £000	31st March 2024 Group *restated £000	31st March 2024 Total *restated £000	Adjustments for Non Cash movements	31st March 2025 Single Entity £000	31st March 2025 Group £000	31st March 2025 Total £000
(36,081)	(8,700)	**(44,781)**	Depreciation	(41,155)	(11,817)	**(52,972)**
(24,876)	0	**(24,876)**	Derecognition of Non-current Assets	(20,765)	0	**(20,765)**
(32,115)	0	**(32,115)**	Revaluation of Non-current Assets	18,421	0	**18,421**
(638)	0	**(638)**	Amortisation	(348)	0	**(348)**
(506)	0	**(506)**	(Increase)/Decrease in Impairment Provision for Bad Debts	(3,524)	0	**(3,524)**
9,109	(45,423)	**(36,314)**	(Increase)/Decrease in Creditors and Provisions	(49,513)	27,511	**(22,002)**
(2,978)	(961)	**(3,939)**	Increase/(Decrease) in Debtors	29,474	(13,111)	**16,363**
56	162	**218**	Increase/(Decrease) in Inventory	(99)	748	**649**
1,374	0	**1,374**	Pension Liability	14,628	0	**14,628**
(912)	0	**(912)**	Carrying amount of non-current assets sold	(564)	0	**(564)**
1,438	(13,836)	**(12,398)**	Other Non Cash items charged to Net Surplus or Deficit on Provision of Services	24,555	(8,881)	**15,674**
(86,129)	**(68,758)**	**(154,887)**	**Total**	**(28,890)**	**(5,550)**	**(34,440)**

* These figures have been restated as detailed in section 4.15.

31st March 2024 Single Entity *restated £000	31st March 2024 Group £000	31st March 2024 Total *restated £000	Cashflows from Investing activities	31st March 2025 Single Entity £000	31st March 2025 Group £000	31st March 2025 Total £000
65,930	24,955	**90,885**	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	63,513	17,504	**81,017**
1,020,761	0	**1,020,761**	Purchase of Short Term and Long Term Investments	1,263,968	0	**1,263,968**
5,414	0	**5,414**	Other Payments for Investing Activities	229	0	**229**
(812)	(626)	**(1,438)**	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(2,177)	(241)	**(2,418)**
(1,017,286)	0	**(1,017,286)**	Proceeds from Short Term and Long Term Investments	(1,274,022)	0	**(1,274,022)**
(102,315)	(429)	**(102,744)**	Other Receipts from Investing Activities	(82,043)	203	**(81,840)**
(28,308)	**23,900**	**(4,408)**	**Total**	**(30,532)**	**17,466**	**(13,066)**

* These figures have been restated as detailed in section 4.15.

31st March 2024				31st March 2025		
Single Entity	Group	Total	Cashflows from Financing activities	Single Entity	Group	Total
£000	£000	£000		£000	£000	£000
28,932	821	**29,753**	Repayments of Short and Long Term Borrowing	1,975	3,583	**5,558**
3,110	0	**3,110**	Cash Payment for Reduction of outstanding liability relating to Finance Lease & on the Bal Sheet PFI Contracts	0	0	**0**
(10,485)	(450)	**(10,935)**	Cash Receipts of Short and Long Term Borrowing	(20,000)	0	**(20,000)**
912	2,836	**3,748**	Other payments for Financing activities	12,004	3,597	**15,601**
3,978	0	**3,978**	Council Tax and NNDR Adjustments	(7,096)	0	**(7,096)**
26,447	**3,207**	**29,654**	**Total**	**(13,117)**	**7,180**	**(5,937)**

All changes in liabilities arising from financing activities are a result of financing cash flows. No such changes relate to non-cash movements.

The cash flows for operating activities include the following items:

31st March 2024				31st March 2025		
Single Entity *restated	Group	Total	Cashflows from Interest and Dividends	Single Entity	Group	Total
£000	£000	£000		£000	£000	£000
(10,460)	404	**(10,056)**	Interest received	(11,772)	203	**(11,569)**
19,642	504	**20,146**	Interest paid	19,385	1,242	**20,627**
(12,372)	12,300	**(72)**	Dividends received	(15,894)	9,530	**(6,364)**
(3,190)	**13,208**	**10,018**	**Total**	**(8,281)**	**10,975**	**2,694**

* These figures have been restated as detailed in section 4.15.

The balance of Cash and Cash Equivalents is made up of the following elements:

31st March 2024				31st March 2025		
Single Entity	Group	Total	Breakdown of Cash and Cash Equivalents	Single Entity	Group	Total
£000	£000	£000		£000	£000	£000
(9)	(1)	**(10)**	Cash held by Group Entities	(8)	(1)	**(9)**
(8,080)	(54,331)	**(62,411)**	Bank Current Accounts	(7,621)	(40,915)	**(48,536)**
(15,000)	(1)	**(15,001)**	On call deposits	(43,660)	0	**(43,660)**
(23,089)	**(54,333)**	**(77,422)**	**Total**	**(51,289)**	**(40,916)**	**(92,205)**

4.14 Group Companies Disclosure

Coventry Municipal Holdings Limited (CMH)
CMH was incorporated in October 2021 to act as an intermediary parent company within the Council's group structure. In November 2021 CMH acquired equity interests in Coombe Abbey Park Limited (CAPL), Coventry Regeneration Limited (CNR), Coventry Technical Resources Limited (CTR) and Tom White Waste Limited (TWW) via a share issue. All companies remained under the control of the Council as the ultimate parent company before and after the restructuring.

The Council holds 100% of the shares in CMH (fair value £4.8m). This valuation includes CMH and its subsidiaries.

The Coventry and Solihull Waste Disposal Company Limited (CSWDC)
CSWDC is operated as a joint venture by its major shareholders, Coventry City Council (the Council) and Solihull Metropolitan Borough Council (SMBC). The Articles of Association require mutually agreed decisions which are voted on accordingly at the Shareholder Panel. As a result of this, the existing treatment of CSWDC in the group accounts of both the Council and SMBC, is for the company to be treated as a joint venture. This position implies that no shareholder has ultimate control.

The 660,000 'A' class shares owned by the Council confer voting rights, dividends, capital distributions and the power to appoint directors. The 330,000 'B' class shares owned by SMBC have the same rights as the 'A' class shares. The 10,000 'C' class shares issued to Leicestershire County Council and Warwickshire County Council in September 2019 have limited voting rights, are not eligible for dividends or capital distributions and do not give the power to appoint directors.

The Council's share of the CSWDC voting rights is 65.35% but the share of dividends and capital distributions is 66.67%. The proportion used in applying the equity method in the group accounts is 66.67%, as this method is based on recognising the investor's share of the profit or loss of the investee. The fair value of the Council's investment is £68m.

As at 31st March 2025 CSWDC had capital commitments of £0.9m.

Friargate JV Project Limited (FJVP)
FJVP was incorporated on 17th December 2018. The company is a 50/50 joint venture with Friargate Holdings 2 Limited, established to develop new buildings within the Friargate district of the city. The Council has two of its officers as directors on the board and holds 50% of the shares (fair value £2.2m).

Sherbourne Recycling Limited (SRL)
Coventry City Council holds 21.5% of the shares (fair value, nil) in SRL. The Council is the largest single shareholder and has one of its officers as a director on the board. SRL is included within the Council's group accounts as an associate.

UK Battery Industrialisation Centre Ltd (UKBIC)
UKBIC was incorporated on 27th February 2018. The purpose of the company is to run a battery development facility for the motor industry. Coventry City Council is the sole shareholder with a single share which has a nominal value of £1.00. The fair value of the shareholding is nil as UKBIC is a non-profit company to further the development and manufacture of batteries.

4.15 Prior Period Restatement

The group accounts have been restated to reflect the change in accounting treatment for the following items.

UKBIC Loan to Lease Adjustments
The group accounts are impacted by the prior period adjustments for the change in treatment in the single entity to recognise amounts due from UKBIC as a finance lease rather than a soft loan (section 3.38).

Under the single economic entity concept the Council is required to eliminate intra-group balances on consolidation. This includes the lease receivable for the plant & equipment operated by UKBIC. The single entity restatement has resulted in the following changes:

- an increase in the group consolidation adjustment applied to Long Term Debtors as the finance lease has a higher carrying value than the previous loan. The receivable was previously treated as a soft loan and the lease debtor is held at a higher carrying amount as the soft loan adjustment to write down the balance for amortised interest has been reversed,
- an adjustment to the company accounts to capitalise the assets which had previously been recognised as loan funded. This has resulted in an increase in the Group Income and Expenditure Reserve; and
- a reduction in Group Unusable Reserves to write out the single entity lease balances from the Deferred Capital Receipts Reserve and reverse the previous group adjustments for single entity balances related to the loan held within the Financial Instruments Revaluation Reserve and the Capital Adjustment Account.

Government Grants
A detailed review of government grant liabilities held in the UKBIC company accounts has resulted in a recategorisation between short term and long-term liabilities and a correction to revenue grant balances. A balance of £14.1m was previously held within Long Term Liabilities for grants that were assumed to be revenue related. However, further detailed work has resulted in a correction of this categorisation. The balance is now split across capital grants and revenue grants. This review of government grants supplements a similar review undertaken for the single entity (section 3.38).

Assets Under Construction
UKBIC recognised £14.8m additions to Assets Under Construction during 2023/24. During group consolidation this was treated on the basis that the corresponding balance was held in government grant creditors. However, it has subsequently been determined that the corresponding entry was held in short term debtors. The group accounts have been restated to reflect this change.

The tables below provide the details of the impact of these restatements on the main statements of the Group Accounts. These include details of the restatements to the single entity accounts outlined in section 3.38.

Group Comprehensive Income & Expenditure Statement 2023/24	Original Group	Single Entity (SE) adjustments	Original plus SE adjustments	Impact of restatement	Restated
Service segment	£000s	£000s	£000s	£000s	£000s
Contingency and Central Budgets - Gross Expenditure	8,355	107	8,462	0	8,462
Contingency and Central Budgets - Net Expenditure	64,475	107	64,582	0	64,582
Regeneration and Economy Development - Gross Income	(59,711)	0	(59,711)	484	(59,227)
Regeneration and Economy Development - Net Expenditure	9,104	0	9,104	484	9,588
Cost of Services - Gross Expenditure	983,381	107	983,488	0	983,488
Cost of Services - Gross Income	(620,602)	0	(620,602)	484	(620,118)
Cost of Services - Net Expenditure	**362,779**	107	**362,886**	484	**363,370**
External Investment Income	(10,056)	209	(9,847)	(209)	(10,056)
Finance and Investment Income and Expenditure	**24,311**	**209**	**24,520**	**(209)**	**24,311**
Taxations and Non-Specific Grant Income	(403,211)	(7,764)	(410,975)	0	(410,975)
(Surplus)/Deficit on the Provision of Services	**24,274**	**(7,448)**	**16,826**	**275**	**17,101**
Group (Surplus)/Deficit	**11,914**	**0**	**11,914**	**275**	**12,189**
(Gain)/Loss on revaluation of financial instruments	(3,293)	(38)	(3,331)	182	(3,149)
Other comprehensive Income and Expenditure	**(53,259)**	**(38)**	**(53,297)**	**182**	**(53,115)**
TOTAL CIES Suplus/Deficit	**(41,345)**	**(7,486)**	**(48,831)**	**457**	**(48,374)**

Group Movement in Reserves 2023/24		Balance at 31st March 2023	Total Comprehensive Income and Expenditure	Net (increase)/ decrease before transfers	Adjustments between Accounting Basis & Funding Basis under regulations	(Increase)/ decrease in Year	Balance at 31st March 2024
		£000	£000	£000	£000	£000	£000
Usable Reserves	**Original**	**(222,605)**	**9,843**	**9,843**	**(13,413)**	**(3,570)**	**(226,175)**
	Single Entity (SE) adjustments	**(28,779)**	**(7,448)**	(7,448)	(317)	(7,765)	**(36,544)**
	Original plus SE adjustments	**(251,384)**	2,395	2,395	(13,730)	(11,335)	**(262,719)**
	Impact of restatement	**(18,057)**	484	484	0	484	**(17,573)**
	Restated	**(269,441)**	**2,879**	**2,879**	**(13,730)**	**(10,851)**	**(280,292)**
Unusable Reserves	**Original**	**(1,101,193)**	**(51,188)**	**(51,188)**	**13,413**	**(37,775)**	**(1,138,968)**
	Single Entity (SE) adjustments	**(3,363)**	(38)	(38)	317	279	**(3,084)**
	Original plus SE adjustments	**(1,104,556)**	(51,226)	(51,226)	13,730	(37,496)	**(1,142,052)**
	Impact of restatement	**20,685**	(27)	(27)	0	(27)	**20,658**
	Restated	**(1,083,871)**	**(51,253)**	**(51,253)**	**13,730**	**(37,523)**	**(1,121,394)**
Total Reserves	**Original**	**(1,323,798)**	**(41,345)**	**(41,345)**	**0**	**(41,345)**	**(1,365,143)**
	Single Entity (SE) adjustments	**(32,142)**	(7,486)	(7,486)	0	(7,486)	**(39,628)**
	Original plus SE adjustments	**(1,355,940)**	(48,831)	(48,831)	0	(48,831)	**(1,404,771)**
	Impact of restatement	**2,628**	457	457	0	457	**3,085**
	Restated	**(1,353,312)**	**(48,374)**	**(48,374)**	**0**	**(48,374)**	**(1,401,686)**

Group Balance Sheet	31 March 2023				
	Original Group £000s	Single Entity (SE) adjustments £000s	Original plus SE adjustments £000s	Impact of restatement £000s	Restated £000s
Long Term Debtors	54,585	3,362	57,947	(3,362)	54,585
Long Term Assets	**1,696,733**	**3,362**	**1,700,095**	**(3,362)**	**1,696,733**
Short Term Borrowing	(20,571)	565	(20,006)	0	(20,006)
Short Term Creditors	(118,019)	20,707	(97,312)	0	(97,312)
Capital Grants Receipts in Advance	0	(7,224)	(7,224)	(34,509)	(41,733)
Revenue Grants Receipts in Advance	0	(17,437)	(17,437)	(1,491)	(18,928)
Current Liabilities	**(148,932)**	**(3,389)**	**(152,321)**	**(36,000)**	**(188,321)**
Long Term Borrowing	(311,083)	56,421	(254,662)	0	(254,662)
Other Long term Liabilities	(18,618)	(38,210)	(56,828)	0	(56,828)
Capital Grants Receipts in Advance	(78,903)	13,958	(64,945)	36,734	(28,211)
Long Term Liabilities	**(455,690)**	**32,169**	**(423,521)**	**36,734**	**(386,787)**
Net Assets	**1,323,798**	**32,142**	**1,355,940**	**(2,628)**	**1,353,312**
Capital Grants Unapplied	(5,745)	(28,779)	(34,524)	0	(34,524)
Income and Expenditure Reserve	(36,509)	0	(36,509)	(18,057)	(54,566)
Usable Reserves	**(222,605)**	**(28,779)**	**(251,384)**	**(18,057)**	**(269,441)**
Capital Adjustment Account	(832,147)	18,666	(813,481)	(1,199)	(814,680)
Deferred Capital Receipts Reserve	(16,969)	(16,974)	(33,943)	16,974	(16,969)
Financial Instruments Revaluation Reserve	(21,266)	(5,055)	(26,321)	4,910	(21,411)
Unusable Reserves	**(1,101,193)**	**(3,363)**	**(1,104,556)**	**20,685**	**(1,083,871)**
Total Reserves	**(1,323,798)**	**(32,142)**	**(1,355,940)**	**2,628**	**(1,353,312)**

Group Balance Sheet	31 March 2024				
	Original Group £000s	Single Entity (SE) adjustments £000s	Original plus SE adjustments £000s	Impact of restatement £000s	Restated £000s
Long Term Debtors	60,008	3,085	63,093	(3,085)	60,008
Long Term Assets	**1,759,167**	**3,085**	**1,762,252**	**(3,085)**	**1,759,167**
Short Term Debtors	125,239	0	125,239	(14,802)	110,437
Current Assets	**243,639**	**0**	**243,639**	**(14,802)**	**228,837**
Short Term Borrowing	(6,947)	3,788	(3,159)	0	(3,159)
Short Term Creditors	(110,006)	5,088	(104,918)	0	(104,918)
Capital Grants Receipts in Advance	0	(7,106)	(7,106)	(50,302)	(57,408)
Revenue Grants Receipts in Advance	0	(4,727)	(4,727)	(1,805)	(6,532)
Current Liabilities	**(126,685)**	**(2,957)**	**(129,642)**	**(52,107)**	**(181,749)**
Long Term Borrowing	(305,030)	50,089	(254,941)	0	(254,941)
Other Long term Liabilities	(31,404)	(32,877)	(64,281)	14,191	(50,090)
Capital Grants Receipts in Advance	(114,470)	22,288	(92,182)	52,718	(39,464)
Long Term Liabilities	**(510,978)**	**39,500**	**(471,478)**	**66,909**	**(404,569)**
Net Assets	**1,365,143**	**39,628**	**1,404,771**	**(3,085)**	**1,401,686**
Capital Grants Unapplied	(4,194)	(36,544)	(40,738)	0	(40,738)
Income and Expenditure Reserve	(54,205)	0	(54,205)	(17,573)	(71,778)
Usable Reserves	**(226,175)**	**(36,544)**	**(262,719)**	**(17,573)**	**(280,292)**
Capital Adjustment Account	(829,360)	18,981	(810,379)	(1,408)	(811,787)
Deferred Capital Receipts Reserve	(16,964)	(16,973)	(33,937)	16,974	(16,963)
Financial Instruments Revaluation Reserve	(24,560)	(5,092)	(29,652)	5,092	(24,560)
Total Unusable Reserves	**(1,138,968)**	**(3,084)**	**(1,142,052)**	**20,658**	**(1,121,394)**
Total Reserves	**(1,365,143)**	**(39,628)**	**(1,404,771)**	**3,085**	**(1,401,686)**

Group Cash Flow Statement 2023/24	Original Group	Single Entity (SE) adjustments	Original plus SE adjustments	Impact of restatement	Restated
	£000s	£000s	£000s	£000s	£000s
Net (Surplus) or Deficit on the Provision of Services	24,274	(7,448)	16,826	275	17,101
Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	(161,248)	7,448	(153,800)	(275)	(154,075)
Adjust items inc in Net Surplus/Deficit on Provision of Services that are Investing & Financing Activities	88,355	7,764	96,119	0	96,119
Income Tax paid		0	0		0
Net Cash Flows from Operating Activities	**(49,129)**	**7,764**	**(41,365)**	**0**	**(41,365)**
Investing Activities	3,356	(7,764)	(4,408)	0	(4,408)

5 Statement of Accounting Policies

5.1 General

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31st March 2025. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, based on International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

5.2 Assets and liabilities – material estimation uncertainty

The Council's Balance Sheet contains estimated figures based on assumptions about the future which may result in material adjustments within the next financial year.

Pensions Net Liability – At 31st March 2025 the net liability was £30.5m. The underlying obligation is sensitive to assumptions on the discount rate, pension increase rate, salary growth and mortality. At 31st March 2025 the gross defined benefit obligation was £1,372.3m. A decrease of 0.1 percentage points in the discount rate would increase the obligation by c.2%; an increase of one year in life expectancy would increase the obligation by c.4%. Further sensitivity analysis and details of these assumptions are disclosed in Note 3.30 – Retirement Benefits.

Property Asset Valuations – At 31st March 2025 the carrying value of land and building assets (including surplus) was £724m of which £657m (91%) was valued in-year. Investment properties totalled £317m. Valuations apply assumptions on market rental growth, yields, land conditions, and modern equivalent replacement cost where no active market exists. A 1% change in average land and building valuations would adjust carrying values by c.£10m. Land designated for future housing is valued on the assumption that no significant detrimental conditions exist; if adverse conditions reduced those values by 20%, carrying values would reduce by c.£20m.

5.3 Critical Judgements in Applying Accounting Policies

In applying the Authority's accounting policies, management has had to make some judgements other than those involving estimations. The judgements made in this Statement of Accounts that have the most significant effect on the amounts recognised in the financial statements are as follows:

The Better Care Fund
Coventry City Council and Coventry and Warwickshire Integrated Care Board (ICB) drew up an agreement to operate a Better Care Fund (BCF) pooled budget from 1st April 2015, with the purpose of further integrating the health and social care services within Coventry. Note 3.11 details the respective contributions to the pooled budget during 2024/25 and the respective expenditure made by the two partner organisations. The BCF agreement included details of the working relationships that were envisaged at the time, including management and control of expenditure decisions. However, the details of the expenditure identified in note 3.11 have been determined by applying principles of ‘substance over form’ in which the level of expenditure allocated to each partner reflects the actual degree of control and influence over that spend during the year (the 'substance') rather than allocating it on the basis of the control and influence outlined in the BCF agreement (the 'form').

Repayment agreement with UKBIC Ltd
As part of the National Battery Development Facility the West Midlands Combined Authority (WMCA) provided the City Council with an £18m loan at nil interest, subject to the repayment of principal in line with the agreement. In turn the Council and UKBIC Ltd entered into an agreement under which UKBIC Ltd is required to pay to the Council the corresponding amounts that the Council is required to pay to WMCA under a loan agreement between WMCA and the Council. The loan funding has been applied to fund the capital scheme, with the resulting assets transferred to UKBIC under a peppercorn lease.

As the Council managed the initial capital expenditure on the project, UKBIC did not receive any cash. However, the Council has a contractual right to receive £18m from UKBIC under an Indemnity & Guarantee contract (‘the repayment agreement’) to repay the loan from WMCA. In lieu of cash, the plant and equipment purchased using the loan funding have been transferred to UKBIC under the terms of a peppercorn lease. As UKBIC are receiving the economic benefits from operating the assets, the repayment agreement has therefore been determined to contain in substance fixed lease repayments.

This arrangement has been determined to be a finance lease as the useful economic lives of the plant and equipment assets are shorter than the 20-year lease term. The Council has recognised a finance lease debtor, disposing of the assets in line with related spend (£17.0m in 2020/21; £0.5m in 2021/22; £nil in 2022/23 and £0.1m in 2023/24). There was a modification to the lease during 2024/25 (increasing the debtor by £0.6m) to reflect additional payments arising from the reprofiling of the senior loan facility in November 2024. The £18m principal repayment is now due as a single amount in 2032.

Virgin Media Legal Ruling – Section 37 Pension Amendments
There is legal uncertainty following the Virgin Media case regarding historic pension scheme amendments; while proposed legislation for retrospective actuarial confirmation is expected to mitigate risk, no adjustment has been made pending enactment and clarification for the Local Government Pension Scheme.

5.4 Accounting standards issued, but not yet adopted

The Council is required to disclose information relating to the impact of any accounting changes that will be required by a new standard that has been issued but not yet adopted in the CIPFA Code of Practice (the Code).

The standards introduced by the 2025/26 Code are as follows:

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. The 2025/26 Code provides a specific relief from the quantitative disclosure requirements of IAS 8, meaning that authorities are not required to provide a numeric estimate of the financial effect before implementation. However, the new measurement requirements are expected to change the valuation basis for many operational assets and could therefore lead to movements in asset carrying values once applied. The impact on the Council's financial statements is expected to be material in respect of PPE valuations.

IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
This was issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. This change is not expected to have a material impact on the accounts.

IFRS 17 Insurance Contracts
Issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts. This change is not expected to have a material impact on the accounts.

5.5 Changes in Accounting Policies

In 2024/25, the Council has adopted IFRS 16 Leases, as required by the Code of Practice on Local Authority Accounting. This standard replaces IAS 17 and fundamentally changes the way lessees account for leases, removing the previous distinction between operating and finance leases.

Under IFRS 16, most leases are now recognised on the balance sheet as a right-of-use asset with a corresponding lease liability. This represents a significant change in accounting treatment and affects the recognition, measurement, and disclosure of leasing arrangements.

The Council has updated its accounting policies on leases to reflect the requirements of IFRS 16. The revised policies are set out in the accounting policies section below.

5.6 Accounting Policies – Categories

Section 5.7 provides details of the accounting policies that the Council has applied in reporting its financial position in these accounts. The policies are separated into the following categories:

- Accruals of Income and Expenditure
- Provisions
- Reserves
- Property, Plant & Equipment, Investment Property and Assets Held for Sale
- Revenue Expenditure Funded from Capital Under Statute
- Intangible Assets
- Government Grants and Contributions
- Value Added Tax (VAT)
- Investments
- Financial Instruments
- Leases
- Employee Benefits
- Overheads and Support Services
- Private Finance Initiative
- Group Accounts
- Cash and Cash Equivalents
- Contingent Liabilities
- Contingent Assets
- Council Tax and Non-Domestic Rates
- Joint Operations
- Schools
- Events after the Balance Sheet Date
- Prior Period Restatements, Changes in Accounting Policies & Estimates & Errors

5.7 Accounting Policies

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for at the date the Council provides the relevant goods or satisfies the relevant service obligations.
- 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 inventory on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as assets under construction on the balance sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flow fixed or determined by the contract.
- Where income and expenditure has 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 doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions.

The Council has a de-minimis threshold of £5,000 for revenue accruals of income and expenditure that are not system generated. This threshold is applied for 10 working days following the end of the financial year, after which a draft outturn position is circulated to managers. To avoid small fluctuations in this outturn position the threshold is lifted to £50k (working days 11-20) and £500k thereafter.

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits that can be reliably measured, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not now be required, or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

An assessment is made as to whether the liabilities incurred through insurance contracts (including pension guarantees) are adequately recognised in the accounts.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service category within the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement, so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept for managing the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies below.

Property, Plant & Equipment, Investment Property and Assets Held for Sale

Property, Plant & Equipment - Assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Investment Property - Assets held solely to earn rentals and/or for capital appreciation purposes.

Assets Held for Sale - This is a classification for property assets that are being actively marketed for sale, likely to be completed within 12 months of classification.

Recognition - Expenditure on the acquisition, creation or enhancement of Non-Current Assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. The de minimis policy for capital expenditure is £20,000 for construction/acquisitions and nil for enhancement expenditure and vehicles.

Donated assets transferred to the Council are recognised immediately at fair value together with income in the Consolidated Income and Expenditure Statement, to the extent that any associated conditions of the transfer have been met. Where conditions have yet to be met the Donated Assets account is credited with deferred income, which is the transferred to the Consolidated Income and Expenditure Statement once the conditions have been satisfied.

Measurement - Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. After recognition, assets are then carried in the balance sheet using the following measurement bases:

Asset Type	Measurement Type
Other Land and Buildings	Current Value
Surplus Properties	Fair Value
Vehicles, Plant & Equipment	Depreciated Historical Cost
Infrastructure	Depreciated Historical Cost
Community Assets	Historical Cost
Heritage Assets	Insurance Valuation
Assets under Construction	Historical Cost
Investment Property	Fair Value
Assets Held for Sale	Fair Value

Property valuations have been performed by RICS (Royal Institute of Chartered Surveyors) qualified valuers in accordance with RICS valuation standards. The methods and significant assumptions applied in estimating the value of assets included in the balance sheet are:

Land and Buildings (excluding Surplus Properties)

- Assets where there is no market and/or the asset is specialised are valued at depreciated replacement cost (DRC).
- Otherwise, properties are valued at existing use value.

Investment Properties, Surplus Properties and Assets Held for Sale

- These assets are measured at fair value. Fair value is defined as the amount for which an asset could be exchanged, between knowledgeable, willing parties, in an arms' length transaction (with reference to observable prices in an active market or recent market transactions on arms' length terms).
- Investment property assets are measured at fair value at the end of the reporting period, assessing their value at highest and best use. This value is derived from the capitalisation of an income stream at a yield derived from market evidence.
- All fair value measurements are classified at level 2 in the Fair Value Hierarchy.

Non-Property Assets (Vehicles, Plant & Equipment)

- For non-property assets that have short useful lives and/or low values, the depreciated historical cost has been used as a proxy for fair value.

Assets included in the balance sheet at current or fair value are revalued at the following frequency:

Measurement Type / Asset Type	Revaluation Frequency
Current Value	
Other Land and Buildings	Five years as a minimum however a proportion of assets are revalued more frequently based on consideration of material factors
Fair Value	
Investment Properties	Annually
Assets Held for Sale	Annually
Surplus Assets	Annually

For Investment Property and Assets Held for Sale, valuation increases or decreases are recognised in Surplus or Deficit on the Provision of Services.

For all other assets, valuation increases are recognised in the Revaluation Reserve except when the increase is reversing a previous decrease charged to Surplus or Deficit on the Provision of Services on the same asset. Similarly, revaluation decreases are recognised in the Revaluation Reserve up to the amount in the Revaluation Reserve for each respective asset and thereafter in Surplus or Deficit on the Provision of Services.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Componentisation - Property, Plant and Equipment assets (above a materiality threshold of £1.5m) are considered for componentisation when they are either acquired, enhanced or revalued. A component will only be considered and assessed separately if it has a different asset life from the rest of the asset, and if the current gross replacement cost of the component is greater than 25% of the current gross replacement cost of the asset.

Heritage Assets - These are assets held principally for their contribution to knowledge and culture Heritage assets values that have been recognised in the financial statements are based on insurance valuations. Where the value is not available, and the cost of obtaining the information outweighs the benefits to readers of the financial statements, the assets have not been recognised but addressed in a separate disclosure.

Schools Assets - The following table details how the authority accounts for different types of non-current schools assets, determined on the basis of whether it holds or controls rights and obligations in relation to them.

School Type	Recognised in the Accounts
Community	Yes
Voluntary Controlled	Yes*
Voluntary Aided	No
Foundation	Yes*
Academy	No

* Voluntary Controlled and Foundation school fixed assets are recognised on the basis that overall control, and the associated economic benefits, can ultimately flow to the City Council.

Disposals - When an asset is sold the sale receipt is required to be credited to the Usable Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement).

When a school that is held on the Council's Balance Sheet transfers to Academy status the Council accounts for this as a derecognition. The loss on disposal that results from this derecognition is charged to Other Operating Expenditure in the Consolidated Income and Expenditure Statement.

Impairment - Under the IFRS Code, all impairment losses are taken initially to the revaluation reserve to the extent that there is a balance on that reserve relating to the specific asset. Any further losses (or if there is no balance on the revaluation reserve) are taken to the Comprehensive Income and Expenditure Statement.

Depreciation - Depreciation is provided for by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use.

Asset Type	Depreciation Method	Depreciated Over Period of Years
Buildings	Straight line	Estimated useful life: up to 50 years
Vehicles, Plant & Equipment	Straight line	Estimated useful life: up to 25 years
Infrastructure	Straight line	Estimated useful life: up to 100 years
Land	Depreciation not charged	N/A
Community Assets	Depreciation not charged	N/A
Heritage Assets	Depreciation not charged	N/A
Investment Properties	Depreciation not charged	N/A

Charges to Revenue for Non-current Assets

Services, support services and trading accounts 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
- amortisation of intangible assets attributable to the service.

The Authority is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on assets. Instead, a prudent annual contribution is made from the revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by the way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Intangible Assets

Are those assets that do not have a physical substance and are identifiable and controlled by the council e.g. software licenses. The balance is amortised fully in the year of investment. Unless identified otherwise, assets have been acquired separately and the asset lives are finite. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading on the income statement.

Revenue Expenditure Funded from Capital Under Statute

Legislation allows for some expenditure, for example grants and expenditure on property not owned by the authority, to be classified as capital for funding purposes when it does not result in the expenditure being carried as an asset on the Balance Sheet. Expenditure that falls into this category has been charged to Cost of Services in the Comprehensive Income and Expenditure Statement. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Adjustments between Accounting Basis and Funding Basis under Regulation so there is no impact on the level of Council Tax.

Government Grants and Contributions

Government grants and contributions are recognised in the Comprehensive Income and Expenditure Statement when the income has been received, or that there is reasonable assurance that it will be received, and that any conditions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as a liability within the Grants Receipts in Advance.

When conditions are satisfied (or none exist) the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or to 'Taxation and non-Specific Grant Income' (for general grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Capital grant (without conditions) that is yet to be used to finance capital expenditure is posted to the Capital Grants Unapplied Reserve. When capital grant is applied to finance capital expenditure it is posted to the Capital Adjustment Account.

Value Added Tax (VAT)

VAT payable is included as an expense within the accounts only to the extent that elements are irrecoverable from Her Majesty's Revenue and Customs and therefore charged to service expenditure. VAT receivable is excluded from income.

Investments

The Council has material interests in companies and other entities that have the nature of subsidiaries and joint ventures and require it to prepare group accounts. In the Council's own single entity accounts, the interests in companies and other entities are classified as Long Term Investments and valued at fair value.

Financial Instruments

Financial Liabilities
Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement 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. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, subject to a 10 year limit set in the case of a discount, as required by capital finance regulations. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Adjustments between Accounting Basis and Funding Basis under Regulation.

Borrowing costs, in the form of interest expenses, are capitalised where the asset in question is a qualifying asset and takes a substantial period of time to bring into operation. Borrowing costs will only be capitalised on schemes for which expenditure is incurred over a period of more than 12 months, until the asset is operationally complete, and where a material level of capital expenditure is resourced by borrowing.

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, where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows;
- fair value through other comprehensive income (FVOCI), where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category;
- fair value through profit or loss (FVPL), all other financial assets.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

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

Where loans to organisations are made at less than market rates these are classified as soft loans, in which case a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.
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.

Expected Credit Loss Model
The authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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. Where reasonable and supportable information that is not available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis, losses are assessed on a collective basis.

Financial Assets Measured at Fair Value
Financial assets that are measured at Fair Value through Profit of Loss (FVPL) are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Where equity instruments are expected to be held for the long-term, the Council may make an irrevocable election upon initial recognition to present changes in their fair value in Other Comprehensive Income.

Fair value gains and losses on such instruments are held in the Financial Instruments Revaluation Reserve and transferred to the General Fund when the instrument is derecognised though sale or write off. Dividend income from these instruments is recognised in the Surplus or Deficit on the Provision of Services when the Council's right to receive payment is established and its value can be measured reliably. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services and within unusable reserves in the Pooled Investment Funds Adjustment Account.

The fair value measurements of the financial assets are based on the following principles:

- Instruments with quoted market prices – the market price:
- Other instruments with fixed and determinable payments – discounted cash flow analysis:
- Equity shares with no quoted market prices – based on multiple earnings & net asset valuation techniques and historic costs where appropriate.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Financial instruments are categorised by their level in the fair value hierarchy.

Leases

Authority as Lessee
The Council adopted IFRS 16 with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and short-term leases (expiring in less than 12 months from the reporting date). A contract is, or contains a lease, if the contract conveys the right to direct the use of an identified asset.

A right of use asset and corresponding lease liability are recognised at commencement of the lease. For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2024 are based on the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include fixed payments, variable lease payments dependent on an index or rate, the exercise price under a purchase option if the Council is reasonably certain to exercise and penalties for early termination if the lease term reflects the Council exercising a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right of use asset is initially measured at cost, comprising the initial lease liability, any lease payments already made less any lease incentives received, initial direct costs and any restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

The Code makes an adaptation to IFRS 16 to include peppercorn arrangements. A right of use asset is measured based on an estimated market rent for the asset and the corresponding entry is to donated asset income.

IFRS 16 has also been applied to Service Concession Arrangements, remeasuring the lease liability to take account of indexation with effect from 1 April 2024.

Authority as Lessor
Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the Property, Plant or Equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases - Where the Authority 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 also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal) matched by 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 & 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, subject to the requirements of the capital finance regulations. 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 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 fixed 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 Authority 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, even if this does not match the pattern of payments (e.g. 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.

Employee Benefits

Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries and paid annual leave and are recognised as an expense for services in the year in which employees render the service to the Authority. An accrual is made for the cost of holiday or leave entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to the relevant service line in the Comprehensive Income and Expenditure Statement, but then reversed out through the Movement in Reserves Statement, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Post-Employment Benefits – Pensions

Teaching Staff - Teachers may be members of the Teachers Pension Scheme, which is administered by the Department of Education. It is a defined benefit scheme. However, as the authority's share of the underlying assets and liabilities cannot be identified, it is treated as a defined contribution scheme. The pension costs charged to the accounts are the employer's contributions payable to the Teachers' Pension Scheme.

Other Staff - Non-teaching staff may be members of the defined benefit Local Government Pension Scheme (LGPS). Coventry contributes to the West Midlands Pension Fund, which is administered by Wolverhampton City Council.

Liabilities are discounted to their value at current prices, using a discount rate based on current market yields on high quality corporate bonds.

The assets of the West Midlands Pension Fund attributable to the council are included in the balance sheet at their fair value:

- Quoted securities – bid price.
- Unquoted securities – professional estimate.
- Unitised securities – average of the bid and offer rates.
- Property – market value.

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

- Current service cost – the increase in liabilities as a result of years of service earned this year – debited in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Interest on pension liabilities – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Finance and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- Interest on pension assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Finance and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- Gains/losses on settlements and curtailments – settlements which relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees and curtailments which increase the liabilities in respect of past service – included within the Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Re-measurements – 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 – included within Other Comprehensive Income and Expenditure, and transferred to the Pension Reserve.
- Employer contributions paid to the West Midlands Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
- Administration Expenses - debited to the Cost of Services in the Comprehensive Income and Expenditure Statement.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. In the Adjustments between Accounting Basis and Funding Basis under Regulation there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

Discretionary Employee Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority’s arrangements for accountability and financial performance.

Private Finance Initiatives (PFI)

Under IFRIC 12, the PFI arrangements have been classified and accounted for as 'service concessions', recognising the finance leases under IFRS16 'Leases', adopted from 1st April 2024. PFI and similar contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under the PFI schemes and as ownership of the fixed asset will pass to the Council at the end of the contract for no additional charge, the Council carries the fixed asset used under the contracts on the Balance Sheet.

The original recognition of the asset is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease. The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the asset, when there is a change in future lease payments resulting from a change in an index or rate such as inflation.

The amounts payable to the PFI operators each year are analysed into the following four elements:

- Fair Value of the services received during the year (charged to the relevant service area);
- Finance Costs (interest charged on the outstanding Balance Sheet liability);
- Payment towards liability (writing down the Balance Sheet liability towards the PFI contractor);
- Lifecycle replacement costs (recognised as fixed assets on the Balance Sheet).

Group Accounts

The Council has interests in companies and other entities. Where these interests are material, and satisfy one of the criteria tests: that the Council has control, either individually or jointly with another party; or has significant influence over the entity, then group accounts will be prepared in accordance with the IFRS based Code of Practice. In the Council's own single entity accounts, the interests in companies and other entities are classified as Long Term Investments and valued at fair value.

Cash and Cash Equivalents

The Council identifies 'cash and cash equivalents' as the total of cash in hand, bank current account balances and investments repayable on call.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Council Tax and Non-Domestic Rates

Coventry City Council is a billing authority that acts as an agent, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors, and as a principal collecting council tax and NDR for the Council itself. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Billing authorities and major preceptors share proportionally the risks and rewards that these amounts could be less or more than predicted. The difference between the income from Council Tax and Non Domestic Rates that is included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

Joint Operations

Joint Operations are arrangements where parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. In relation to its interest in a joint operation, the Authority recognises its share of assets, liabilities, income and expenses.

Schools

In accordance with the Code of Practice the balance of control for local authority maintained schools lies with the local authority. Therefore, schools' transactions and balances are recognised in each of the single entity financial statements of the authority as if they were those of the authority.

Events after the Balance Sheet date

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:

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

Non-adjusting Events
Those events 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 either their estimated financial effect or a statement that such an estimate cannot be made reliably.

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

Prior Period Restatements, Changes in Accounting Policies and Estimates and Errors

Prior period restatements 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 Council'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.

6 Glossary of Terms

Accruals
An accounting principle that recognises income and expenditure as they are earned or incurred, not as money is received or paid.

Actuarial Assumptions
These are predictions made for factors that will affect the financial condition of the pension scheme.

Amortisation
The gradual write-off of initial costs of intangible assets.

Impairment allowance for doubtful debts
Doubtful debts are amounts owed to the Council which it does not believe will ever be paid back to them. The Council makes an impairment allowance to provide for the amount of bad debt it expects to occur.

Business Rates
Business rates is a tax that is paid by the occupiers of all business properties. The income raised helps to pay for local services.

Capital Contract
This is a contract the Council has with a company to carry out major building or construction work that will take a significant amount of time.

Capital Adjustment Account
The account which reflects the extent to which the City Council's resources have been applied to finance capital expenditure and to meet future debt redemption or other credit liabilities.

Capital Receipts
Income received from selling fixed assets.

CIPFA
This is the Chartered Institute of Public Finance and Accountancy. This is an institute that represents accounting in the public sector.

Code of Practice
This is the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom

Contingent Liabilities
These are amounts that the Council may be, but is not definitely, liable for.

Council Tax
A tax paid by residents of the city that is based on the value of the property lived in and is paid to the Council and spent on local services.

Creditors
These are people or organisations which the Council owes money to for work, goods or services which have not been paid for by the end of the financial year.

Current Assets
These are assets that are held for a short period of time (less than 12 months), for example cash in the bank, stocks and debtors.

Debtors
Economic benefits, either money, goods or services, owed to the City Council but not received at the end of the year.

Depreciation
The amount an asset has dropped in value is the amount it has been judged to have depreciated. Accountants use depreciation to demonstrate how much of a fixed asset value has been used during a financial year, for example due to wear and tear.

Donated Assets
Assets transferred at nil value or acquired at less than fair value.

Earmarked Reserves
Money set aside for a specific purpose.

Fair Value
The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Finance Lease
A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. If the person paying the lease owns the asset, then this is known as a finance lease (see also operating lease).

Financial Instrument
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Year
Runs from 1st April through to the following 31st March.

Fixed Assets
Tangible assets that give benefit to the City Council and the services it provides for more than one year.

Heritage assets
Are held by the authority principally for their contribution to knowledge and culture.

IFRS
International Financial Reporting Standards.

Impairment
An asset has been impaired when it is judged to have lost value.

Intangible Assets
An item which does not have physical substance (e.g. software license) but can be identified and used by the Council over a number of years.

Inventories
Goods owned by the Council which have not been used by the end of the financial year.

Investment Properties
Interest in land and/or buildings which are held for their investment potential rather than for operational purposes.

LASAAC
This is the Local Authority (Scotland) Accounts Advisory Committee which shares responsibility with CIPFA for determining the accounting Code of Practice.

Liabilities
Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Liquid Resources
Current asset investments held as readily disposable stores of value, either readily convertible into cash, or traded in an active market.

Levy
A charge levied on the Council by another local organisation acting with powers granted by statute, for example: the local transport levy; and the Environment Agency levy.

Market Value of Assets
This is the price that an asset can currently be bought or sold at.

Materiality
An item is material if its inclusion in the accounts has the ability to influence the decision or change the judgement of a reasonable person.

Movement in Reserves Statement (MIRS)
A core statement showing the movement in the year on different reserves held by the Council, analysed into 'usable reserves' and 'unusable reserves'.

Net asset value
The value of the Council's assets less its liabilities.

Net Book Value (NBV)
The value of an asset after depreciation has been deducted.

Operating Leases
A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. If the person paying the lease does not own the asset, then this is known as an operating lease. In this case the person is paying to borrow an asset (see also Finance Leases).

Precept
A payment to the Council's General Fund, or another Local Authority, from the Council's Collection Fund.

Prior Year Adjustments
These are changes made to the previous year's accounts to show things that were not known until after the prior year accounts were produced.

Provisions
Money set aside for a debt that will arise in the future e.g. a known insurance claim.

Revaluation Reserve
The account that reflects the amount by which the value of the City Council's assets has been revised following revaluation or impairment.

Revenue Expenditure Funded From Capital Under Statute
Expenditure on grants or property not owned by the authority that may properly be classified as capital for funding purposes, but does not result in an asset owned by the Council.

Specific Revenue Grants
Grants received from Central Government in respect of specific services.

Work in Progress
If the Council is in the process of constructing an asset at the time when the accounts are prepared the value of this work is shown in the accounts as 'Assets Under Construction'.

7 Auditor's Report

(To be added at the conclusion of the audit)

Grant Thornton

Audit Findings (ISA 260) Report for Coventry City Council

Year ended 31 March 2025

23 January 2026

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23 January 2026

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Dear Members of the Audit and Procurement Committee

Audit Findings for Coventry City Council for the year ended 31 March 2025

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

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

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton

DRAFT –

DELETE WHEN REPORT IS FINALISED

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2024-.pdf (grantthornton.co.uk).

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

Andrew Smith

Partner
For Grant Thornton UK LLP

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1 Headlines and status of the audit

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Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Coventry City Council (the 'Council' or 'Authority') and the preparation of the group and Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

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

- the group and Authority's financial statements give a true and fair view of the financial position of the group and Authority and the group and Authority's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

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

At the time of writing this report, we have concluded several areas of our audit work, detailing the findings in the body of this report. For work not yet concluded, we have highlighted the work undertaken to date, and any findings or recommendations.

Our findings are summarised on pages 14 to 72. We have identified three adjustments to the financial statements, one of which has been adjusted for and two which have not been adjusted. The adjustment has a net nil impact on the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed at page 55. During our work, we have also raised five recommendations for management, which are set out at page 63, with follow up of our prior year's audit recommendations detailed at page 67.

Owing to the challenges of undertaking an audit where the previous years audits were subject to backstop-related disclaimed audit opinions, we have been unable to obtain sufficient appropriate audit evidence over the opening balances reported in the financial statements for the year ended 31 March 2025. Consequently, we have been unable to satisfy ourselves over the in-year movements in the net pension liability, property, plant and equipment and investment properties. This has also resulted in uncertainty over the closing balance of property, plant and equipment and investment properties. Similarly, we have not been able to obtain assurance over the Authority's and group's closing reserves balance.

There has also been insufficient time to complete audit procedures started but not completed in areas including, equal pay claims, group accounts, prior period adjustments, consideration of impairment of assets under construction, allowance for impaired debt, related parties, financial instrument disclosures, long term debtors accounting assessment and PFI accounting assessment.

We therefore expect to issue a disclaimer of opinion and our draft Audit Report is provided in a separate paper.

Headlines

Value for money (VFM) arrangements

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

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

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

We have completed our VFM work, which is summarised in section 8 of this report, and our detailed commentary is set out in the separate Auditor’s Annual Report, which was presented at the 24 November 2025 meeting of the Audit and Procurement Committee. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Headlines

Statutory duties

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

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

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

We have completed a substantial portion of the work required under the Code, with the exception of the outstanding areas outlined at page 6, however, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code.

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

Significant matters

Owing to the challenges of undertaking an audit where the previous years audits were subject to backstop-related disclaimed audit opinions, we have been unable to undertake sufficient work to support an unmodified audit opinion in advance of the backstop date of 27 February 2026.

We have not received management's assessment of the probability of equal pay claims being successful and the estimation of any associated liabilities in respect of these claims. We have therefore been unable to conclude our work in this area.

Headlines

National context – audit backlog

Government proposals around the backstop

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

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

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

Headlines

National context – local audit recovery

In the audit report for the year ended 31 March 2024, a disclaimer of opinion was issued due to the backstop legislation.

As a result, for 2024/25:

- we have limited assurance over the opening balances for 2024/25.
- no assurance over the closing reserves balance also due to the uncertainty over their opening amount.

Our aim for the 2024/25 audit has been to continue with rebuilding assurance, therefore our focus has been on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances.

We have been unable to conclude our work in respect of reserves, grants received in advance and capital financing requirements due to the lack of assurance over the opening balance as a result of the disclaimed opinion in 2023/24. We are also unable to conclude our work on equal pay, group consolidation, prior period adjustments, Private Finance Initiatives, financial instruments, related party transactions, impairment of assets under construction, credit loss allowances and the allowance for impaired debt.

On 5 June 2025, the National Audit Office (NAO) published its “Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06” for auditors which sets out special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. The key messages outlined within this guidance include rebuilding assurance through:

- tailored risk assessment procedures for individual audit entities, including assessments over risk of material misstatements of opening balance figures and reserves;
- designing and performing specific substantive procedures, such as proof-in-total approach;
- special considerations for fraudulent reporting, property, plant & equipment, and pension related balances.

We will discuss with you our strategy for rebuilding assurance, in the light of this year’s audit, as part of our planning for 2025/26.

Headlines

Implementation of IFRS 16

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

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

Introduction

IFRS 16 updates the definition of a lease to:

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

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

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

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

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

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

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

Impact on the Authority

- Arrangements that were previously accounted for as operating leases and expended through the CIES were brought into the balance sheet at 1 April 2024 resulting in recognition of right of use asset and a corresponding lease liability. This has resulted in the reclassification of PPE worth £21.6m as Right of use assets on 1 April 2024, £1.7m identified as additions to property, plant and equipment and an increase in lease liabilities of £1.6m.
- Exemptions have been applied for leases of low-value items and those expiring before 31 March 2025.
- Operating leases previously expensed through the CIES have been included as ROU assets and lease liabilities under IFRS 16. The newly recognised lease liabilities of £1.6m compare with operating lease commitments of £2.9m at 31 March 2024
- Peppercorn leases have been identified and recognised as leases under IFRS 16, including additional leases discovered during transition.

Headlines

Status of the audit: the outstanding matters as at the time of writing are set out below.

Set out below are the areas of audit work that will not be concluded in advance of the back-stop date. For each area we have set out the current progress to indicate the amount of work performed and the level of outstanding matters.

Status: Not started

- Equal pay claims - Receipt and review of legal advice & management's assessment of the probability of equal pay claims being successful and the estimation of any associated liabilities

Status: Significant elements outstanding

- Group Consolidation - Completion of our work on the group consolidation adjustments including the receipt and review of evidence to support the group property, plant and equipment valuations.

Status: Significant progress with only minor queries outstanding

- Prior period adjustments – Further clarification is required to enable us to conclude our work on the prior period adjustments, the most technical of which relates to the UKBIC lease/loan arrangement. This follows a recommendation raised in the 2023/24 audit, which the Council has since addressed by working with UKBIC to agree and implement a consistent accounting treatment across both entities. We have undertaken a detailed review of the accounting treatment adopted in both sets of accounts and have some residual queries in relation to the specific adjustments and disclosures recognised, to confirm whether these fully consider and comply with IFRS 9 and the CIPFA Code.
- Related Parties - Receipt and review of officer's declarations of interest and completion of our work on related party transactions
- Financial Instruments - Outstanding queries relating to the reconciliation of the Financial Instruments note
- Private Finance Initiatives - Receipt and review of the PFI contracts and IFRIC 12 assessments
- Long Term Debtors - Receipt and review of the Council's IFRS 9 assessment of credit loss allowances for long term debtors
- Allowance for impaired debt - Completion of our review of allowances for impaired debt
- Assets Under Construction – Receipt and review of managements assessment of impairment for assets under construction

Status:
- Not started
- Significant elements outstanding
- Significant progress with only minor queries outstanding

Headlines

Status of the audit: the outstanding matters as at the time of writing are set out below.

Set out below are the areas of audit work that are still outstanding at the time of writing but will be completed ahead of the backstop date.

- Completion of WGA procedures and return (council is below threshold for detailed procedures)
- Review of the updated financial statements - to date of audit report issue
- Obtaining and reviewing the management letter of representation
- Updating our subsequent events review, to the date of signing the opinion
- Final manager and engagement lead review of the above once completed

Status:
- High risk of material adjustment or significant change to disclosures
- Moderate risk of material adjustment or significant change to disclosures
- Not considered likely to lead to material adjustment or significant change to disclosures

2 Group audit

Group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

The table below summarises our final group scoping, as well as the status of work on each component.

Component	Risk of material misstatement to the group	Scope – planning	Scope – final	Auditor	Key Audit Partner / Responsible Individual	Status	Comments
Coventry City Council (Parent)	Yes	Scope 1	Scope 1	Grant Thornton UK	Andrew Smith	●	Planned procedures are complete, with the exception of the outstanding areas outlined at pages 12 & 13. No significant issues have been identified. The opinion will be disclaimed due to limited assurances on opening balances and outstanding items at page 12 & 13.
UKBIC Ltd (Subsidiary)	Yes	Scope 2	Scope 2	Grant Thornton UK	Andrew Smith	●	Planned procedures have been carried out for Cash and Cash Equivalents; Grant Income; and Debtors. Journals testing has also been conducted for all areas within audit scope. Our work on these areas is complete. One error has been identified in debtors relating to a prepayment of £0.268m that was incorrectly recorded in 2024/25, despite payment occurring after year end. UKBIC confirmed a corresponding creditor was recognised, resulting in nil net impact on the balance sheet, however, debtors and creditors are both overstated by £0.268m The error is isolated to the prepayment population (£1.505m), which is below performance materiality. No other issues were identified. No exceptions were noted in our work on Cash and Cash Equivalents or Grant Income. Capital Grants Received in Advance was included in our initial scope; however, testing could not be completed in this area due to the lack of assurance over opening balances. This is because the closing balance is significantly influenced by prior years' grant income receipts and the timing of income recognition across multiple years.

Key

[Scope 1]	Audit of entire financial information of the component, either by the group audit team or by component auditors (full-scope)
[Scope 2]	Specific audit procedures designed by the group auditor (specific scope)
[Scope 3]	Specific audit procedures designed by a component auditor (specific scope)
Out of scope	Out of scope components are subject to analytical procedures performed by the Group audit team to group materiality.

Group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

The table below summarises our final group scoping, as well as the status of work on each component.

Component	Risk of material misstatement to the group	Scope – planning	Scope – final	Auditor	Key Audit Partner / Responsible Individual	Status	Comments
CSWDC limited (Joint Venture)	No	Scope 2	Scope 2	Grant Thornton UK	Andrew Smith	●	Planned procedures have been carried out in the following areas: Cash and cash equivalents. Journals testing has also been completed for all areas within audit scope. Our work on these areas is now complete and no issues or exceptions have been identified.
Remaining companies*	No	Out of Scope	Out of Scope	Grant Thornton UK	Andrew Smith	N/A	Out of scope components are subject to analytical procedures performed by the group audit team to group materiality.

*Remaining companies include:
Under the Coventry Municipal Holdings Limited umbrella: Tom White Waste Limited, Tom White Waste (LACo) Limited, A&M Metals & Waste Limited, Coombe Abbey Park Limited, Coombe Abbey Park (LACo) Limited, No Ordinary Hospitality Management Limited, Coventry Regeneration Limited, Coventry Technical Resources Limited, No Ordinary Hotels Limited.

Other companies: Friargate JV Project Limited, Coventry and Warwickshire Growth Hub Limited, Sherbourne Recycling Limited.

Group audit

Our group scoping, as set out above, achieves the following coverage of relevant key audit matters:

Scope	PPE & Investment Properties	Net Pension Liability/Asset	Long term Investments
Scope 1	98%	100%	100%
Scope 2	-	-	-
Scope 3	-	-	-
Out of Scope	2%	-	-

Key

[Scope 1]	Audit of entire financial information of the component, either by the group audit team or by component auditors (full-scope)
[Scope 2]	Specific audit procedures designed by the group auditor (specific scope)
[Scope 3]	Specific audit procedures designed by a component auditor (specific scope)
Out of scope	Out of scope components are subject to analytical procedures performed by the Group audit team to group materiality.

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3 Materiality

Our approach to materiality

As communicated in our Audit Plan dated 9 September 2025, we determined materiality at the planning stage as £17.9m for the group and £16.9m for the Authority based on 1.75% of draft gross expenditure. We have not had reason to alter our determination of materiality since our Audit Plan.

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

Basis for our determination of materiality

- We have determined materiality at £17.9m for the group and £16.9m for the Authority based on professional judgement in the context of our knowledge of the Authority, including consideration of factors such as the previous four years' accounts being the subject of disclaimed audit opinions, and to reflect that the Authority is a Public Interest Entity (UK PIE)
- We have used 1.75% of gross expenditure as the basis for determining materiality.
- Gross expenditure is assessed as the most suitable benchmark due to stakeholder interest in public spending. 1.75% has been determined as a suitable measure at which economic decisions of stakeholders may be impacted by misstatements at or above this level.
- In the prior year, we determined materiality of £11.7m for the group and £11.0m for the Authority, equating to 1.25% of prior year gross expenditure. The materiality percentage has increased year-on-year following a sector-wide review of materiality benchmarks.

Performance materiality

- We have determined performance materiality at £11.60m for the group and £10.9m for the Authority.
- This is based on 65% of headline materiality.
- The performance materiality percentage is consistent with the prior year and reflects our risk-assessment for the potential for errors occurring.
- Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. It is the amount we set at less than materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
- A separate component performance materiality has been determined for UKBIC Ltd where audit work is being performed for assurances on the group accounts. This has been set at £4.6m, with the component performance materiality used reflecting the relative risk and size of that component to the group.
- A separate component performance materiality has also been determined for CSWDC Ltd of £8.6m. However, as the only area scoped in for audit procedures is cash and cash equivalents, which will be tested in full, we consider it appropriate to apply the group performance materiality for these procedures.

Specific materiality

- We have determined a specific separate materiality level for senior officer remuneration disclosures of £28,670.
- Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We applied heightened auditor focus in the completeness and clarity of disclosures in this area and would request amendments to be made if any errors exceed the threshold we have set.

Reporting threshold

- We will report to you all misstatements identified in excess of £0.890m for the group and £0.840m for the Authority in addition to any matters considered to be qualitatively material.

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Our approach to materiality

A summary of materiality levels is set out below.

	Group (£)	Authority (£)
Materiality for the financial statements	17,900,000	16,900,000
Performance materiality	11,600,000	10,900,000
Specific materiality for Senior Officers' Remuneration disclosures	N/A	28,670
Reporting threshold	890,000	840,000

4 Overview of significant and other risks identified

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Overview of audit risks

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

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

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

Key audit matters are those matters that, in our professional judgement, are of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we have identified.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Key audit matter	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	✗	Low	🟢
Valuation of land and buildings and investment properties	Significant	↔	✗	✓	High	🟡
Valuation of the pension fund net asset/liability	Significant	↔	✗	✓	High	🟢
Accounting for the group and related disclosures	Significant	↔	✗	✓	Medium	🟡
Valuation of long-term investments	Significant	↔	✗	✓	High	🟢
Equal Pay claims	Other	↔	✗	✗	Medium	🔴
IFRS 16 Implementation	Other	↔	✗	✗	Medium	🟢

↑ Assessed risk increase since Audit Plan
↔ Assessed risk consistent with Audit Plan
↓ Assessed risk decrease since Audit Plan

🟢 Not considered likely to lead to material adjustment or significant change to disclosures
🟡 Some elements outstanding – moderate risk of material adjustment or significant change to disclosures
🔴 Significant elements outstanding – high risk of material adjustment or significant change to disclosures

Significant risks

Risk identified

Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

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

Audit procedures performed

We have:

- evaluated the design effectiveness of management controls over journals and group consolidation adjustments
- analysed the journals listing and determine the criteria for selecting high risk unusual journals
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration
- gained an understanding of the accounting estimates applied and critical judgements made by management and consider their reasonableness with regard to corroborative evidence
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions

Work is still in progress on:

- testing significant consolidation adjustments made to arrive at group account balances

Key observations

Our audit work did not identify any issues relating to management override of controls.

However, we have identified two control recommendations:

1. **Journal authorisation controls** - there is currently no authorisation process for journal postings in the finance system. The control environment relies on budgetary review processes and system access controls. These compensating controls do not fully mitigate the risk of fraud or error due to a lack of journal authorisation. We recommend the Council implement a journal authorisation control with segregation of duties between the preparer and authoriser. Authorisation privileges should be limited to appropriate finance managers.
2. This recommendation was first raised in our 2020/21 Audit Findings Report, issued 13 November 2024 and is included at page 72 - Follow up of prior year recommendations.

(continued)

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Significant risks

Risk identified	Audit procedures performed	Key observations
Management override of controls (continued)		1. **Access controls to group ledger** - Group consolidation working papers are stored on a shared drive accessible to all members of the corporate finance team. This creates a risk of accidental changes and increases the risk of fraudulent financial reporting. Access to these working papers should be restricted to relevant personnel only. This recommendation was first raised in our 2023/24 Audit Findings Report, issued 7 February 2025 and is included at page 70 - Follow up of prior year recommendations.

Significant risks

Risk identified	Audit team's assessment	Key observations
The revenue cycle includes fraudulent transactions Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition.	It was reported in our Audit Plan that we had rebutted the presumed significant risk of material misstatement arising from improper revenue recognition of the Authority's and Group's income streams. Our work to date has not identified any issues that would change our assessment.	Despite rebutting the presumed risk of fraud in revenue recognition, we have still undertaken a substantial amount of work on the authority's revenue streams, as they are material. Our work in this area is at an advanced stage. Initial sample testing of fees and charges income identified one error. Although the error was trivial, the extrapolation produced a non-trivial potential misstatement. As a result, we extended our testing in this area. No further errors were identified from the additional procedures, and we are satisfied we have obtained sufficient and appropriate audit evidence over in-year revenue transactions.

Significant risks

Risk identified	Audit team's assessment	Key observations
The expenditure cycle includes fraudulent transactions Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	It was reported in our Audit Plan that we had determined there was no significant risk of material misstatement arising from improper expenditure recognition of the Authority's or Group's expenditure streams. Our work to date has not identified any issues that would change our assessment.	Despite rebutting the presumed risk of fraud in expenditure recognition, we have still undertaken a substantial amount of work on the authority's expenditure streams, as they are material. Our work in this area is now complete, and we have not identified any material adjustments or other findings to report.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings and investment properties Risk of error in the revaluation of property, plant and equipment due to the sensitivity of the balance to changes in key assumptions. The Council revalues its land and buildings as a minimum on a rolling five-yearly basis. Interim reviews are carried out: If the value of an asset class is projected to materially change during the period since the last Code and then further valuations are instructed. The Council also hold a range of investment properties which comprise of commercial units, office units, agricultural assets, residential and other assets. These assets are included in the balance sheet at fair value, and the Council revalues its investment properties each year. These valuations represent a significant estimate by management in the financial statements due to the size of the balances involved (£715m land & buildings; £317m investment properties as at 31 March 2025), and the sensitivity of this estimate to changes in key assumptions.	We have: • Evaluated management's processes and assumptions for the calculation of the estimates, the instructions issued to valuation experts and the scope of their work; • Evaluated the competence, capabilities and objectivity of the valuation expert; • Written to the valuer to confirm the basis on which the valuations were carried out to ensure that the requirements of the CIPFA code were met; • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • Engaged our own valuer to assess the instructions issued by the Council to their valuer, the scope of the Council's valuer's reports and the assumptions that underpin the valuations • Tested, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register and accounted for correctly and where appropriate consulted with our valuation expert (Auditors expert) ; and	Our audit work identified one unadjusted misstatement, as detailed at page 58, relating to the Browns Lane Residential Development Site. The land size apportionment applied by the external valuer was inconsistent with the information provided by the Council, resulting in an undervaluation of £1.570m. As noted at page 63, we recommend that management undertake a thorough review of external valuations to ensure that all input data used in the valuation is accurate and consistent with Council records. Overall, our audit work on the Council's land and buildings and investment property valuations did not identify any material adjustments or other findings to report. We have not been able to conclude our work on the group valuation consolidation adjustments ahead of the backstop date.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings and investment properties (continued) Within the other group entities, further material land and buildings are held. Under FRS 102, (the accounting basis on which some of the other group entities prepare their financial statements) these assets are held at depreciated historical cost. In preparation of the group accounts, the Council is therefore required to obtain a valuation compliant with the IFRS-based CIPFA Code and make appropriate consolidation adjustments for the asset balance and revaluation movements. We therefore identified valuation of land, buildings, and investment properties, particularly revaluations and impairments, as a significant risk of material misstatement, and a key audit matter.	• Evaluated the assumptions made by management for those assets not revalued during the year and assessed how management have satisfied themselves that these are not materially different to current value at year end.	

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of the pension fund net asset/liability Complexity of valuation of the pension fund net liability including IFRIC 14 considerations. The pension fund net liability, as reflected in the balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.	We have: • Updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • Assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • Assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and	The Council received a revised actuarial report for 2023/24 on 12 June 2025. The key changes in the revised report are as follows: • Increase in interest income on plan assets: £0.84m • Increase in employer contributions: £3.563m • Increase in return on assets (excluding amounts included in net interest): £0.52m These changes result in an overall increase in the fair value of 2023/24 plan assets of £3.699m. The Council have adjusted for these prior year adjustments within the current financial year. This is appropriate as the movements are not material so a prior period restatement is not required. When reconciling the draft accounts to the updated actuarial report, we noted that not all of the required adjustments to reflect the updated 2023/24 actuarial figures had been processed in year. This has been discussed with management, and the necessary adjustments agreed as outlined at page 59.

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Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of the pension fund net asset/liability (continued) The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.	• Undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed any additional procedures suggested within the report.	Our audit procedures also identified an unadjusted misstatement relating to the 2024/25 financial year (refer to page 61). Management have recognised the full impact of the asset ceiling adjustment within the 'remeasurement of the net defined benefit liability' line within the CIES. However, part of this adjustment relates to the interest impact, which should be reflected within 'net interest on the net defined benefit liability' under finance and investment income in the CIES. The interest impact is £4.304m, which is not material, and management have decided not to amend on this basis. Management have, however, updated the pension disclosure notes to clarify the interest impact of the asset ceiling adjustment. We also identified a disclosure omission as the Council had omitted the reconciliation from the opening balance to the closing balance for the asset ceiling as required by the Code (see page 59). This has been discussed with management and the necessary adjustments have been agreed. Our audit work has not identified any other issues regarding the valuation of the pension fund net asset/liability.

Significant risks

Risk identified	Audit procedures performed	Key observations
Accounting for the group and related disclosures The complexity of the Group Structure For the group accounts, the Council is required to assess the level of control or significant influence it has over its company interests and apply the appropriate accounting treatment. For companies where the Council has control, these are consolidated into the group accounts line-by-line; for entities where there is joint control or significant influence, the interest is accounted for using the equity method. The Council has both types of interest. Group accounting has further complexities where the accounting policies and accounting frameworks are different to those of the group. This has been the case for the majority of the Council's interests. The Council must apply adjustments to the financial information reported by the group entities prior to inclusion in the group accounts. We therefore identified group accounting and related disclosures as a significant risk for 2024/25.	We have: • updated our understanding of the processes and controls put in place by management to ensure that group accounting is not materially misstated and evaluated the design of the associated controls • reviewed the Council's assessment of its group boundary, that is the entities included within the Council's group accounts Work is still in progress on: • testing the consolidation adjustments made in producing the group accounts for completeness and accuracy	The Council has prepared the consolidated financial statements using the draft accounts of its subsidiaries, associates, and joint ventures received in June 2025. We are aware that these draft accounts have since been updated following audit procedures. We have obtained the latest versions and confirmed that the movements are not material. On this basis, we consider it reasonable for management not to amend the consolidation. We have not been able to conclude our work in this area ahead of the backstop date. We have not identified any issues to report at this stage. We will conclude our work in this area as part of the 2025/26 audit.

Significant risks

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Risk identified	Audit procedures performed	Key observations
Valuation of long-term investments Uncertainty relating to the revaluation of long-term investments. The Council's long term investment balance is comprised of interests in subsidiaries, associates and joint ventures. The material investments are in The Coventry and Solihull Waste Disposal Company Limited and Birmingham Airport Holdings Limited. In its single-entity accounts, the Council has elected to report the value of these long-term investments at the balance sheet date at Fair Value, which is allowable under the CIPFA Code. The Fair Value method requires a valuation of each company at the balance sheet date. The Council instruct external experts to, in some cases, determine appropriate valuations, or in other cases, to issue an opinion on the Council's in-house determination. The valuation of long-term investments is considered a significant estimate due to the size of the balance involved (£106.6m at 31 March 2025) and the sensitivity of the estimate to changes in key assumptions.	We have: • updated our understanding of the processes and controls put in place by management to ensure that the long-term investments are not materially misstated and evaluated the design of the associated controls • evaluated the instructions issued by management to their management experts for this estimate and the scope of the experts' work • assessed the competence, capabilities and objectivity of the experts who carried out the valuations • assessed the accuracy and completeness of the information provided by the Authority to the experts to estimate the fair values • engaged our own valuer to assess the instructions issued by the Council to their valuers, the scope of the Council's valuers' reports and the assumptions that underpin the valuations • tested the consistency of the values and disclosures in the notes to the core financial statements with the valuation report from the experts	Our audit work in this area is substantially complete, subject to final review procedures. Based on our testing, we consider the judgements and estimates applied by management in determining investment valuations to be appropriate for the nature of the investments held. The valuation of the Councils share of investments in Coventry and Solihull Waste Disposal Company remains consistent with the prior year valuation. We have reviewed the methodology and assumptions applied and are satisfied that these are reasonable. We noted that management adopted an alternative valuation approach for Birmingham Airport Holdings Ltd this year, using the two most recent earnings figures rather than forecasting future earnings as in previous years. We recalculated the valuation using the prior methodology and found that the difference was immaterial (the Council's share being approximately £3 million higher). We therefore consider the estimate reasonable.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of long-term investments (continued)		The valuation of the Councils investment in Coventry Municipal Holdings Ltd has decreased by approximately 50% compared to 2023/24, primarily due to a considerable reduction in the valuation of Tom White Waste Ltd. This reflects lower maintainable EBITDA following operational challenges in 2024/25, which has resulted in more prudent budgeting for 2025/26 an 2026/27. We have reviewed the valuation of Tom White Waste Ltd and consider the judgements and assumptions reasonable. Overall, we are satisfied that the long-term investment balances reported in the draft financial statements are not materially misstated. However, we have identified three minor recommendations for management to consider in future years (see page 64). These relate to the valuation methodology and EBITDA multiples used for Sherbourne Recycling Ltd, Coombe Abbey Park Ltd, and Tom White Waste Ltd.

Other risks

Risk identified	Audit procedures performed	Key observations
Equal Pay Claims Equal pay claims can have a highly material impact on a Council's expenditure and balance sheet. If it becomes probable that the claims will be settled in the claimant's favour a charge to revenue is made and a liability in the form of a provision is recognised on the balance sheet. Where there is a possibility greater than remote, but it is judged to be improbable that claims may be settled in the claimant's favour, a contingent liability disclosure is required instead. The Council has received claims in respect of Equal Pay. Due to the process being currently at an early stage, it's management's view that there is no reliable assessment of the validity, potential success or value of any claims at this stage.	We have: • continued to discuss developments in relation to equal pay claims with management and the Audit and Procurement Committee • considered all relevant events up to the point of signing our audit opinion and, if significant events are identified, consider management's judgement as to whether these are adjusting events or non adjusting events. Due to time limitations imposed by the backstop date, we have not: • received or reviewed management's assessment of the probability of the claims being successful and the estimation of any associated liabilities • tested the basis for related accounting treatment and disclosures	We have not received management's assessment of the probability of the claims being successful and the estimation of any associated liabilities. We have therefore been unable to conclude our work in this area. If we do not receive management's assessment and supporting evidence, we will consider whether additional reporting in our disclaimer of opinion is required.

Other risks

Risk identified	Audit procedures performed	Key observations
IFRS 16 Implementation IFRS 16 is now mandatory for all Local Government (LG) bodies from 1 April 2024. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.	We have: • Reviewed the Council's implementation plan and assessed the process followed to transition to IFRS 16, ensuring compliance with the standard's requirements. • Assessed the design effectiveness of internal controls related to the identification, measurement, and disclosure of leases under IFRS 16. • Verified the accuracy and completeness of lease data by performing substantive testing of lease agreements, lease payments, and related documentation. • Reviewed the application of judgement and estimation carried out by management • Reviewed the Council's disclosures related to leases under IFRS 16 to ensure completeness, accuracy, and compliance with the standard's disclosure requirements.	Arrangements that were previously accounted for as operating leases and expended through the CIES were brought into the balance sheet at 1 April 2024 resulting in recognition of right of use asset and a corresponding lease liability raised. This has resulted in the reclassification of PPE worth £21.6m as Right of use assets on 1 April 2024, £1.7m identified as additions to property, plant and equipment and an increase in lease liabilities of £1.6m. Exemptions have been applied for leases of low-value items and those expiring before 31 March 2025. The Council measured ROU assets by applying the cost model where this provides a proxy for current value. Where the cost model is not deemed appropriate, the valuation of the ROU assets was determined from a revaluation by an independent valuer using RICS guidance. The implementation of IFRS 16 followed a structured three-phase approach which involved the identification of leases, creation of a lease register, and development of standard calculation templates. Systems and processes established to capture lease data and maintain ongoing updates include staff training, transactional reviews of financial systems and engagement of service managers.

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Other risks

Risk identified	Audit procedures performed	Key observations
IFRS 16 Implementation (continued)		Our audit work in this area is complete. We have identified two disclosure misstatements as outlined at pages 58 and 59: - the “one to five years” category in the maturity analysis of lease liabilities disclosed at Note 3.28 is understated by £1.281m due to a formula error in the supporting working paper. - The debit impact of the transition to IFRS 16 within property plant and equipment has been recognised within additions. This should be presented in a separate line within the property, plant and equipment table after the opening balance. Management have confirmed that they will adjust for each of these findings. Our audit work has not identified any other issues relating to IFRS 16.

5 Other findings

Other findings

Issue	Commentary	Assessment
Potential equal pay liability	Refer to page 34 for commentary.	We have not received management's assessment of the probability of the claims being successful and the estimation of any associated liabilities. We have therefore been unable to conclude our work in this area.
Prior year adjustments identified	When preparing the 2024/25 draft accounts, management have identified several prior period adjustments as set out at note 3.38 and 4.15 of the draft financial statements. We have summarised the changes below: • Segmental Reporting Change – The Council revised its management structure in 2024/25, resulting in changes to the segmental categories within the Cost of Services. This is a structural reclassification rather than an error or change in accounting policy and this therefore does not meet the definition of a prior period adjustment. continued	We have requested that management remove the Segmental Reporting Change from the prior period adjustment section of the accounts, as it does not meet the definition of a prior period adjustment. This change in classification should instead be highlighted as a narrative disclosure in the note. We have reviewed management's rationale for the remaining prior period adjustments and consider them appropriate. Although we do not have assurance over the original opening balances, we have reviewed the journal adjustments processed during the year to confirm they are consistent with the stated rationale and compliant with accounting standards. Our work in this area could not be completed ahead of the backstop date. We have not identified any issues requiring reporting at this stage; however, uncertainties remain regarding the accounting treatment and adjustments applied, particularly relating to the UKBIC lease/loan. This work will be completed as part of the 2025/26 audit

Other findings

Issue	Commentary	Assessment
Prior year adjustments identified (continued)	• UKBIC lease/loan accounting treatment – In the 2023/24 audit findings report, we raised a significant issue in relation to the inconsistent accounting treatment of the Councils arrangement with its subsidiary (UKBIC). Following a detailed review of the arrangement, the Council and UKBIC have reached a consensus that it should be accounted for as a lease. The council have included a prior period adjustment in the 2024/25 accounts to reflect the change in accounting treatment. The net impact of the adjustment on the balance sheet is a £3.363m debit to long term debtors and a corresponding credit to unusable reserves. The net impact on the CIES is £0.278m. Despite the net impact to the core financial statements being immaterial, the gross adjustments made to the disclosure notes are material. Continued	

Other findings

Issue	Commentary	Assessment
Prior year adjustments identified (continued)	• PFI balance sheet change – The Council performed a review of balance sheet headings under which PFI project liabilities and developer contributions were held and identified that their treatment was previously not in line with the CIPFA Code. The adjustment has a net nil impact on the balance sheet and no impact on the CIES, however the reclassification between line items is material (current liabilities reclassifications of £3.8m and non-current liabilities reclassifications of £56.4m) and it is therefore appropriate for this to be recognised as a prior period adjustment. • Capital Grants Review – The Council performed a detailed review of grant conditions, which identified that certain grants held as receipts in advance at 31 March 2024 should have been recognised as restricted grants. The net impact on the CIES is £7.764m and the net impact on the balance sheet is £28.779m. A similar review was also performed for the other group entities and a £14.1m prior period adjustment was identified for the group accounts in respect of the UKBIC grant liability categorisation.	

Continued

Other findings

Issue	Commentary	Assessment
Prior year adjustments identified (continued)	• UKBIC AUC – UKBIC recognised £14.8m additions to AUC during 23/24. During group consolidation this was treated on the basis that the corresponding balance was held in government grant creditors. However, when the final audited UKBIC accounts were received, it was subsequently determined that the corresponding entry was held in short term debtors. The group accounts have therefore been restated to reflect this change. Although the net impact on the core financial statements is immaterial, the gross adjustments made to the disclosure notes do have a material impact and it is therefore appropriate for this to be recognised as a prior period adjustment.	

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Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings £715m at 31 March 2025	Other land and buildings comprise £428,957k of specialised assets. The remainder of OLB (£285,971k) are not specialised in nature. The Council have engaged Wilks, Heads and Eve to complete the valuation of properties as at 01/01/2025. The Council have engaged Wilks, Heads and Eve to complete the valuation of properties as at 01/01/2025 on a five yearly cyclical basis. 91% of assets were revalued during 2024/25. Management have considered the year end value of non revalued properties and the potential valuation change in the assets revalued at 01 January 2025 by applying appropriate indices to determine whether there has been a material change in the total value of these properties. We challenged the basis of management's assessment that this would not have a material effect and utilised our own estimate in order to form a view on the appropriateness of management's estimation technique. Our estimations were not materially different to management's (£4.5m understated) and therefore consider management's process and key assumptions are cautious.	We have • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • wrote to the valuer to confirm the basis on which the valuation is carried out to ensure that the requirements of the CIPFA Code are met • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • considered the appropriateness of alternative site assumptions adopted. • engaged our own valuer to assess the instructions to the Council's valuer, the Council valuer's report and the methodology and assumptions that underpin the valuation; • tested revaluations made during the year to see if they have been input correctly into the Authority's asset register • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.	Our audit work has not identified any issues in respect of the key judgements and estimates applied

Other findings – key judgements and estimates

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

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of Investment Properties £317m at 31 March 2025	The Council have engaged Wilks, Heads and Eve to complete the annual valuation of Investment property held at fair value as at 01/01/2025. Management have engaged Wilks, Heads and Eve to produce a market commentary to perform a market review of assets valued during the financial year. Management reviewed the market commentary and concluded that there have not been any significant changes which may impact the valuations reported by WHE. We challenged management's assessment and utilised our own estimate in order to form a view on the appropriateness of management's estimation technique. Our analysis identified a variance of £2,796k above our expected valuation and we therefore consider management's key assumptions are optimistic. The total year end valuation of investment property was £317,125k, a net increase of £15,316 from 2023/24 (£301,809).	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • written to the valuer to confirm the basis on which the valuation is carried out to ensure that the requirements of the CIPFA Code are met • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engaged our own valuer to assess the instructions to the Council's valuer, the Council valuer's report and the methodology and assumptions that underpin the valuation • tested revaluations made during the year to see if they had been input correctly into the Council's balance sheet • ensured that any RICS guidance in relation to material uncertainty around property valuations has been considered by the valuer and is appropriately reflected in the financial statements.	Our audit work has not identified any issues in respect of the key judgements and estimates applied

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of net pension liability/asset The value of the liability at 31 March 2025 is £30m. The Council has within its pension scheme an aspect of funded and unfunded members. IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Based on the IAS 19 review by the actuary the Council had assets of £1,652m and associated liabilities of £1,372m. Following the assessment of IFRIC 14 by the actuary the Council has determined none of this surplus position can be considered and therefore for the funded aspect of the scheme there is a nil balance. The Council also has an unfunded aspect to the scheme with associated liabilities of £30m.	The Authority uses Hymans Robertson LLP to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed as at 31st March 2022. Given the significant gross value of both the assets and liabilities small changes in the estimation basis could result in material changes to the estimate.	We have; • Undertaken an assessment of management's expert, • Assessed the reasonableness of the actuary's approach, • Used PwC as an auditor's expert to assess the assumptions made by the actuary (see table below), • Reviewed the completeness and accuracy of the underlying information used to determine the estimate, • Reviewed the reasonableness of the Council's share of LGPS pension assets, Our findings are detailed on pages 29 – 30.	Our audit work has not identified any issues in respect of the key judgements and estimates applied

Assumption	Actuary value	PwC range	Assessment
Discount rate	5.8%	5.8 – 5.85%	Reasonable
Pension increase rate	2.8%	2.7 – 2.8%	Cautious
Salary growth	3.8%	3.2 – 5.3%	Reasonable
Life expectancy – Males currently aged 45/65	20.6/21.3	Confirmed consistent	Reasonable
Life expectancy – Females currently aged 45/65	23.5/24.8	Confirmed consistent	Reasonable

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Fair value of financial instruments – Level 2 & 3 investments	The Council has long term investments in Birmingham Airport Holdings Ltd , The Coventry and Solihull Waste Disposal Company Ltd, Coventry Municipal Holdings Ltd, Friargate Joint Venture Project Ltd, Sherbourne Recycling Ltd, UK Battery Industrialisation Ltd, University of Warwick Science Park Innovation Centre Ltd and Coventry and Warwickshire Growth Hub. The investments are not traded on an open exchange/market and the valuation of the investment is subjective. To determine the value, management engage an external valuer and agree an approach for valuation. The Council's short-term investments at 31 March 2025 include Collective Investment Funds and Short-Term Deposits.	Our work on the valuation of the Council's long-term investments is complete, subject to final review procedures. See pages 32 - 33 for details. We have noted that the judgements and estimates used by management in determining the values are appropriate for the type of investments held. Our work on the Council's short-term investments is complete, subject to final review procedures. During our testing, we identified one adjusted misstatement relating to the classification of £24.98m of short-term temporary deposits. These deposits were classified as short-term investments; however, as they have a maturity of less than three months, they should be presented as cash and cash equivalents in accordance with the CIPFA Code (see adjustment outlined at page 56).	Our audit work has not identified any issues in respect of the key judgements and estimates applied
Minimum revenue provision £21.923m in 2024/25	The Authority is responsible on an annual basis for determining the amount charged for the repayment of debt known as its minimum revenue provision (MRP). The basis for the charge is set out in regulations and statutory guidance. The year end MRP charge was £21.923m, a net increase of £3.887m from 2023/24. This represents a 4.2% charge against the general fund capital financing requirement (CFR).	We have: Reviewed whether the MRP has been calculated in line with the statutory guidance Assessed whether the Authority's policy on MRP complies with statutory guidance. Assessed whether any changes to the Authority's policy on MRP have been discussed and agreed with those charged with governance and have been approved by full Council continued	Our audit work has not identified any issues in respect of the key judgements and estimates applied

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Minimum revenue provision (continued)		Considered the reasonableness of the increase/decrease in MRP charge Due to the lack of assurance over opening balances we are unable to confirm whether the capital expenditure and financing disclosure is accurate and complete. New statutory guidance takes full effect from April 2025, introducing new provisions for capital loans. This guidance also clarifies the practices that authorities should already be following. This guidance clarifies that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.	

Other findings – Information Technology

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

			ITGC control area rating			
IT application	**Level of assessment performed**	**Overall ITGC rating**	**Security management**	**Technology acquisition, development and maintenance**	**Technology infrastructure**	**Related significant risks/other risks**
Business World Unit 4 (financial ledger)	Design and implementation	🟡	🟡	🟢	🟢	N/A
Active Directory	Design and implementation	🟢	🟢	⚫	⚫	N/A

Assessment:

- 🔴 [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- 🟡 [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- 🟢 [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- ⚫ [Black] Not in scope for assessment

6 Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	• We have previously discussed the risk of fraud with the Audit and Procurement Committee. We have not been made aware of any significant incidents in the period, and no other issues have been identified during the course of our audit procedures. • We have not identified any issues regarding management's process for identifying and responding to the risks of fraud in the entity.
Matters in relation to related parties	• We are not aware of any related parties or related party transactions which have not been disclosed, however our work on this area is not complete.
Matters in relation to laws and regulations	• You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	• A letter of representation will be requested from the Council in January.

Other communication requirements

Issue	Commentary
Confirmation requests from third parties	• We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent. Confirmations were received for all the Council bank accounts, UKBIC and CSWDC. Confirmations were not received by this report date for one of the schools. Where confirmations were not received, alternative procedures were carried out to verify the balances disclosed.
Disclosures	• We identified several disclosure issues as detailed in section 7.
Audit evidence and explanations	• We have not received management's assessment of the probability of equal pay claims being successful and the estimation of any associated liabilities • Additional evidence or information is also required from management to conclude our work on the group consolidation, Private Finance Initiatives, financial instruments, prior period adjustments, related parties, impairment of assets under construction, credit loss allowances and the allowance for impaired debt. • All other information and explanations requested from management were provided.
Significant difficulties	• No significant difficulties were encountered during the audit.

Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.

(continued)

Other responsibilities

Issue	Commentary
Going concern	Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Authority and the environment in which it operates • the Authority's financial reporting framework • the Authority's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. However, as this year's audit will be disclaimed, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We have reviewed the other information for 2024/25, however due to the lack of assurance over comparative information, and the disclaimer of opinion that will be issued for the 2024/25 accounts, we will issue a disclaimer of opinion on this matter.
Matters on which we report by exception	We are required to report on matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. As a result of the disclaimer of opinion on the financial statements, we are required to disclaim our reporting on the Annual Governance Statement and are therefore unable to conclude on its compliance with CIPFA/SOLACE guidance or its consistency with audit information. We have nothing further to report on these matters

Other responsibilities

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. We note that work is not required as the Authority does not exceed the specified group reporting threshold.
Certification of the closure of the audit	Due to the timetable for the Whole of Government Accounts, we are unable to issue the certificate alongside the audit opinion.

7 Audit adjustments

Audit adjustments

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

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Classification of short-term temporary deposits Temporary deposits with original maturities of less than three months had been classified as short-term investments. Under the CIPFA Code of Practice on Local Authority Accounting and IFRS requirements, such deposits should be classified as cash and cash equivalents, as they are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.	Nil	DR – Cash and Cash Equivalents 24,980 CR – Short-term Investments 24,980	Nil	Nil
Overall impact	0	0	0	0

Audit adjustments

Misclassification and disclosure changes

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

Disclosure	Misclassification or change identified	Adjusted?
Note 3.6 Income & Expenditure Analysis	£1.456m impairment of debtors has been classified within 'Depreciation, amortisation, and impairment' in Note 3.6. While the Code does not provide explicit definitions for the categorisation of impairments, Section 3.4.2.40 of the Code states that 'The income and expenditure allocated to services should reflect the segmental structure provided by the expenditure and funding analysis. Each service segment shall include the appropriate charges for the use of its non-current assets under Sections 2.3, 4.1, 4.5, and 4.7 of the Code, e.g. depreciation, impairment, impairment reversals, etc.' The different categories within this note should reflect transactions of a similar nature. Typically, the 'Depreciation, amortisation, and impairment' category is used for charges related to non-current assets. As the impairment of debtors does not relate to non-current assets, we consider it would be more appropriately classified within 'Other service expenditure,' which reflects transactions of a similar nature.	Yes
Note 3.11 Pooled Budgets – Better Care Fund	To enhance the clarity of the pooled budgets disclosure, we recommended that management - Include a footnote or additional narrative to explain the role of the ICB and the reason for excluded ICB expenditure. - Clarify the principal / agent relationship	Yes
Note 3.12 External Audit Costs	The Housing Benefit Grant Certification external audit fee for 2024/25 has been understated by £0.1m.	Yes

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Audit adjustments

Misclassification and disclosure changes (continued)

Disclosure	Misclassification or change identified	Adjusted?
Note 3.15 Property, Plant & Equipment	The debit impact of the transition to IFRS 16 for Private Finance Initiative (PFI) assets within property plant and equipment and infrastructure was not separately disclosed. The debit impact of the transition to IFRS 16 for right of use (ROU) assets was disclosed in section '3.28 Lease' (table Authority as Lessee, Right-of-use Assets). To resolve the missing IFRS 16 transition PFI disclosure, the debit impact should be presented in a separate line within the property, plant and equipment table after the opening balance. The total impact of the transition to IFRS 16 for all assets was £33.968m, of which £30.663m relates to Other Land & Buildings, £0.693m relates to Vehicles, Plant & Machinery and £2.612m relates to Infrastructure Assets.	Yes
Note 3.15 Property, Plant & Equipment	We identified £5.564m of research and development expenditure that was capitalised during the year and subsequently derecognised at year end. This occurred because the project remains in the development stage and there is uncertainty as to whether it will result in an operational asset. In our view, this expenditure should not have been capitalised, as capitalisation is only appropriate when there is reasonable certainty that an operational asset will result. As the capitalisation of expenditure has been derecognised at year end, there is no impact on the balance sheet, however both additions and disposals have been overstated by £5.564m.	No
Note 3.15 Property, Plant & Equipment	We identified that the land size apportionment applied by the external valuer was inconsistent with the information provided by the Council for the Browns Lane Residential Development Site. This resulted in a £1.57m undervaluation of the land asset.	No
Note 3.30 Retirement Benefits	A narrative disclosure should be included within the retirement benefits note to outline the recent developments of the Virgin Media Limited v NTL Pension Trustees II Limited legal case and the potential impact on the Council	Yes

Audit adjustments

Misclassification and disclosure changes (continued)

Disclosure	Misclassification or change identified	Adjusted?
Note 3.30 Retirement Benefits	The Council received a revised actuarial report for 2023/24 on 12 June 2025. The total impact of the changes to the report (£3.699m) are immaterial, meaning a prior period adjustment is not required and the Council appropriately decided to process the adjustments in the 2024/25 financial year. When reconciling the draft accounts to the updated actuarial report, we noted that some figures within the pension fund disclosure had not been updated to reflect the revised report. Management have also split the unfunded and funded benefits out to show these separately within the pension tables of the accounts.	Yes
Note 3.30 Retirement Benefits	We have identified an unadjusted misstatement relating to the interest element of the asset ceiling adjustment (see page 61 for details). Despite deciding not to adjust the classification within the core financial statements, management have agreed to split out the £4.304m interest element of the impact within the pension disclosure notes to provide clarity for the reader.	Yes
Note 3.30 Retirement Benefits	The reconciliation from the opening balance to the closing balance for the asset ceiling adjustment as required by Code 6.4.3.45 6 had been omitted from the draft accounts.	Yes
Note 3.28 Leases	The maturity analysis of lease liabilities category 'one to five years' is understated by £1.281m. The understatement is due to a formula error within the supporting working paper.	Yes
Note 3.33 Financial Instruments	The Cumulative Gain/(Loss) in FRR disclosed for the Coventry Municipal Holdings Ltd shareholding is understated by £4.751m as the figure has not been updated for the current valuation obtained as at 31 March 2025.	Yes

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Audit adjustments

Misclassification and disclosure changes (continued)

Disclosure	Misclassification or change identified	Adjusted?
Note 3.26 Notes to the Cash Flow	There are material 'other' entries for adjustments for non-cash items and investing activities. Further analysis should be provided here to detail what is included.	Yes
Note 3.25 Notes to the Cash Flow	The net gain/loss on the sale of fixed assets has been allocated to Other Non Cash items within the Adjustments for Non Cash Movements table, which is not compliant with the Code. The Other Non Cash items should include the carrying value of assets sold in year of £0.564m only. The £2.177m proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets should be included as an additional line within the table 'Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities'	Yes
Note 3.9, 3.20, 3.27 & 3.33	The Code requires that comparatives are included for all amounts reported in the draft accounts. Comparatives had been omitted in note 3.9 Deployment of Dedicated Schools Grant, Note 3.20 Capital Commitments, Note 3.27 Private Finance Initiative and Note 3.33 Financial Instruments	Yes
Note 5.2 Significant Assumptions made in estimating Assets & Liabilities	The disclosures within note 5.2 does not meet all requirements of IAS 1 and should be updated.	Yes
Note 5.7 Accounting Policies	The asset lives for non-current assets have not been disclosed within the Council's accounting policies	Yes
Throughout	A number of typographical, grammatical and formatting errors have been identified throughout the financial statements.	Yes

Audit adjustments

Impact of unadjusted misstatements

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

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Pensions Asset Ceiling Adjustment The full impact of the asset ceiling adjustment has been recognised within the 'remeasurement of the net defined benefit liability' line within the CIES. However, part of this adjustment relates to the interest impact, which should be reflected within 'net interest on the net defined benefit liability' under finance and investment income in the CIES. The interest impact is £4.304m, which is not material, and management have decided not to amend on this basis.	DR – Finance and Investment Income and Expenditure 4,304 CR – Remeasurement of the net defined benefit liability (4,304)	nil	nil	nil

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Audit adjustments

Impact of unadjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<u>Section 278/38 Creditors</u> S278/38 monitoring fees are charges set to recover the cost to the Council of undertaking technical approval and site inspection of highway works. Income is coded to the balance sheet as a receipt in advance (creditor) and income is drawn down at the end of each year depending on how much work has been performed on each scheme. Management have been unable to provide signed agreements or alternative supporting documentation for 4 sample items. As the issue is specific to S278/38 creditors, we can isolate the issue to this population. We have extrapolated the errors to give a projected potential overstatement of creditors of £3,234k.	CR – Income (3,234)	DR – Short Term Creditors 3,234	CR – Income (3,234)	CR – Income (3,234)
Overall impact of current year unadjusted misstatements	(4,234)	3,234	(3,234)	(3,234)

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Medium	<u>Valuation of land and buildings input data</u> As part of our audit procedures, we tested the input data used in the valuation of a sample of land and buildings assets against supporting documentation. For one item in our sample—the Browns Lane Residential Development—we identified inconsistencies between the land size apportionment provided by the Council and the data applied by the external valuer. We estimate the potential impact of this discrepancy to be an understatement of £1.57m (see page 58 for further detail).	We recommend that all data provided to external valuers is subject to robust review by management, confirming that input information is accurate, complete, and consistent with Council records. **Management response** The Council has significantly strengthened valuation governance in recent years, including clearer instructions to external valuers and enhanced internal review of valuation inputs and outputs. Management has reviewed the circumstances giving rise to this instance and will further refine existing data verification and reconciliation procedures with the aim of reducing the risk of inconsistencies in information provided to valuers. The Council considers this an area of ongoing process improvement rather than evidence of a systemic breakdown in valuation controls.

Key

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

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Action plan (continued)

Assessment	Issue and risk	Recommendations
● Low	<u>Long Term Investments Valuation Methodology</u> Whilst we are satisfied that the long-term investment balances are not materially misstated, we have identified three minor recommendations for management to consider in future years: • The valuation of the Council's long-term investment in Sherbourne Recycling Ltd is made on an income-based valuation approach and the net asset approach has been used as a cross-check. We consider this approach reasonable; however, the robustness of the valuation could be enhanced by also performing a cross-check using a market-based approach. • Our sensitivity analysis of the income approach applied to value Sherbourne Recycling Ltd implied a 2025/26 EBITDA multiple of approximately 13.0x, which is above the range observed for listed comparable companies (3.7x to 6.9x). We also performed an implied EBITDA multiple cross-check based on the valuation, which resulted in an EV/EBITDA multiple of 9.2x—again above the observed range. Whilst we are satisfied that applying a lower EV/EBITDA multiple would not change the value conclusion at the valuation date, this may not be the case in future years. • The valuations of Coombe Abbey Park Limited and Tom White Waste Limited use pre-IFRS 16 EBITDA, adjusted to include rental payments. We agree with this approach provided it is applied consistently. However, sourcing pre-IFRS 16 multiples is likely to become more challenging in future years, which may impact the reliability of future valuations.	We recommend that management review the EBITDA multiples applied in the long-term investment valuations for future years and also consider a market-based valuation approach for the Authority's investment in Sherbourne Recycling Limited. **Management response** The Council agrees with the recommendation. The valuation of the Council's long-term investment in Sherbourne Recycling Limited has been undertaken using an income-based approach, with a net asset position used as a reasonableness cross-check, which management considers appropriate given the nature of the investment. For future valuations, management will review the EBITDA multiples applied and consider whether additional market-based benchmarking can be incorporated as a supplementary sense-check, where relevant and proportionate, to further enhance the robustness of the valuation methodology.

Action plan (continued)

Assessment	Issue and risk	Recommendations
● Medium	<u>Expenditure Capitalisation</u> We have identified instances where expenditure was initially capitalised as additions to assets but later derecognised at year end after management concluded that the expenditure did not extend the asset's useful life or enhance its service potential. While these derecognitions were correctly reflected in the CIES and balance sheet, the initial capitalisation was inappropriate, resulting in an overstatement of both additions and disposals within the Property, Plant & Equipment note (Note 3.14). Whilst we have satisfied ourselves that the total potential impact is not material in the current year, it is indicative of inappropriate classification and has the potential to become a larger issue in future years.	We recommend that management strengthen their review process for capital expenditure and ensure that only costs meeting the requirements for capitalisation are recorded as additions. **Management response** The Council agrees with the recommendation and has already taken steps to embed reviews into the initial capital work-order (project) set-up process and as part of regular team meeting discussions.
● Low	<u>Accumulated Absences Accrual</u> Management currently calculates the accumulated absences accrual using percentage assumptions derived from a budget holder survey undertaken when the requirement to accrue for accumulated absences was first introduced. Whilst we are satisfied that the accrual is not materially misstated, the methodology is based on outdated information and may not reflect current working patterns.	We recommend that management update the approach used to calculate the accumulated absences accrual by incorporating more up-to-date data, including actual annual leave carried forward per payroll records. **Management response:** The Council agrees with the recommendation and will be updating the information upon which the accrual is based for the 2025/26 accounts

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Action plan (continued)

Assessment	Issue and risk	Recommendations
● Medium	<u>IT audit findings</u> The IT audit identified two risks in relation to inadequate specification and approval of user access requests (rated medium) and Password requirements on Active Directory and Business World not aligning with the Council's password policy (rated low). The issues and risks are detailed within the separate IT Audit Findings Report.	Management should: • Consider establishing a formal document that outlines the levels of access and roles to be assigned to users based on their specific levels and grades. This document should include detailed information on data and menu permissions required by budget holders. • Consider establishing that prohibits users from approving their own access requests. Ensure that all access requests are reviewed and approved by an appropriate independent individual who is not the requester or the associated user. • Ensure that all user access requests are fully documented and approved by the designated approver before any permissions are granted. • Review and update the password policies in Active Directory and the system to ensure they comply with the entity's established password standards. This includes setting minimum password length and enforcing password history requirements • Conduct regular audits of password policies to ensure ongoing compliance with the entity's standards and to identify any discrepancies promptly. • Review the Council's password standards to ensure they are up-to-date and align with industry best practices Please refer to our separate IT audit findings report for more details and management responses.

Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2023/24 financial statements, which resulted in six recommendations being reported in our 2023/24 Audit Findings Report. An update on actions taken by management to date is included below.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Audit trail in relation to schools' income & classification** In the context of schools' income, they receive funds from the Council and other external sources. To determine the income to be recorded in the CIES for schools, management compares the trial balances from the schools to payments made by the Council and records the difference as income. For 2023/24, we identified this amount to be £8.073m. However, there is a risk due to the lack of a clear audit trail for external income received by schools, which means there is no confirmation that the balancing figure truly represents external income, and whether it should all be classified as fees and charges income (as it currently is in note 3.6),or should be split into various classifications of income. We suggest implementing controls to verify that the balancing amount credited to income accurately represents true external income for schools and is classified correctly in the accounts. Additionally, a transactional breakdown of the amounts credited should be provided for auditing purposes	We have obtained managements workings for schools income for the 2024/25 financial year and confirmed that further analysis has been performed to align each account code to the appropriate category.

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Group accounts- consistent financial reporting** We have highlighted issues on page 11 where there appears to be mismatched interpretations of significant transactions between the Council and UKBIC. The Council is the 100% shareholder of UKBIC, and we would therefore expect the Council to ensure alignment of accounting; or demonstrate full understanding and oversight of the company's chosen accounting and discrepancies. There is a risk that if the Council's companies are incorrectly accounting for transactions, there could be tax liabilities to the group which are not provided for, and other regulatory consequences. We recommend the Council reaches consensus with UKBIC on the nature of the transactions entered into for the £18m arrangement and the transfer of assets under lease. Where valid accounting differences exist, these should be understood and verified by the Council and demonstrated to the auditor.	Following a detailed review of the arrangement, the Council and UKBIC have reached a consensus that this arrangement should be accounted for as a lease. The council have included a prior period adjustment in the 2024/25 accounts to reflect the change in accounting treatment.

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Valuation of long-term investments in companies** Upon review of management's rationale for including the Council's investment in UKBIC at nil valuation, we found the basis of the judgement to be a valuation report received from BDO in 2021. The report highlighted that the valuation was based on latest information and disclaims judgement for events after the date of issue. We requested an updated paper from management which took account of events after the valuation report. Our work in this area is not concluded. We recommend the Council revise their valuation assessments for long term investments in companies at each year end, setting out relevant events, conditions and judgements made.	The Council have obtained updated valuations as at 31 March 2025 for all long term investments in companies except for the University of Warwick Science Park Innovation Centre Limited and Coventry and Warwickshire Growth Hub. Both companies have nominal income, immaterial assets and do not function for the purpose of generating shareholder profit. We are therefore satisfied that the Councils assessment of a nil valuation for these companies at 31 March 2025 is reasonable.

Assessment

✓ Action completed

X Not yet addressed

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Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	**Access controls to group ledger** The group consolidation working papers are kept on a shared drive which can be accessed by all members of the corporate finance team, there is therefore a risk that this could be edited in error and there is an increased risk of fraudulent financial reporting. We recommend that access to these workings, particularly the double entry consolidation adjustments and intra-group adjustments are restricted to the appropriate individuals.	Access controls have not ben implemented in the 2024/25 financial year. Management response Management does not recognise a material fraud risk arising from access to the group consolidation working papers. The group ledger is maintained by a single officer with specialist knowledge of the consolidation process, and any inappropriate or inconsistent amendments should be identifiable through reconciliation checks within the working papers and against supporting primary ledgers. While management considers the primary risk in this area to be inadvertent error rather than fraudulent manipulation, additional assurance will be introduced through a formal peer review. As part of the year-end closedown process, a separate Lead Accountant within Corporate Finance will carry out a documented review of the group consolidation working papers, with particular focus on key reconciliations and consistency across supporting schedules. On this basis, management does not consider that restricting access or introducing password protection to the group working papers is currently a proportionate control enhancement.

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
	IT audit findings report We draw your attention to the recommendations made in our separate IT audit findings report, which was presented to the Audit and Procurement Committee at the 26th November 2024 meeting. Please refer to our separate IT audit findings report for recommendations and management responses.	Please refer to our separate IT audit findings report for recommendations and management responses.

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	**Lack of journal authorisation control** We found that there is no authorisation process for journal postings in the finance system. The control environment relies on budgetary processes (i.e. management account review) and access controls, which do not fully mitigate against the risk of fraud or error due to the lack of authorisation controls. This presented a heightened opportunity risk for fraud. We recommended the Council introduce a journal authorisation control with segregation of duty between preparer and authoriser. We recommended authorisation privileges are limited to appropriate finance managers	There is still a lack of journal authorisation controls in te 2024/25 financial year. Management response Management does not consider that the absence of formal pre-authorisation for journal postings gives rise to a significant fraud risk in the same manner as may arise in the private sector. Journal posting and financial authorisation processes operate separately, and budget holders routinely review their cost centres as part of normal financial management processes. However, management recognises the benefit of strengthening oversight in this area. Accordingly, during 2025/26, additional post-posting review procedures will be introduced to supplement existing budget holder reviews. These will focus on higher-risk and higher-value journals (for example year-end accruals and other significant manual adjustments), using defined value and risk-based criteria. Reviews will be carried out by Finance Managers on a retrospective basis, with confirmation of review forming part of the year-end process. This approach is intended to strengthen assurance in a proportionate and practical manner without introducing excessive operational constraints.

8 Value for Money arrangements

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Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our draft AAR was reported to you at the 24 November 2025 meeting of the Audit and Procurement Committee.

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

Improving economy, efficiency and effectiveness

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

Financial sustainability

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

Governance

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

In undertaking this work we have not identified any significant weaknesses in arrangements.

9 Independence considerations

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Independence considerations

As we are Statutory Auditors of the Council in the United Kingdom ("UK"), we are required to follow International Standard on Auditing (UK) 260 and the Ethical Standard (December 2019) issued by the UK Financial Reporting Council (the "FRC Ethical Standard" or "The Standard").

We have determined that Coventry City Council is a public interest entity for the 2024/25 financial year and therefore the relevant requirements of the FRC Ethical Standard have been applied and have been included in this report. The Council disposed of its listed debt in March 2025, and as a result will not meet the definition of a public interest entity for financial periods subsequent to 2024/25.

All the above referenced standards require that we communicate at least annually with you regarding all relationships between Grant Thornton UK LLP in the UK ('Grant Thornton UK') and other Grant Thornton firms and associated entities ('Grant Thornton') and covered persons (as defined in the FRC Ethical Standard) and the Authority, its directors and senior management and its affiliates (the 'group') that, in our professional judgement, may reasonably be thought to bear on our integrity, independence and objectivity. In this context, there are no independence matters that we would like to report to you.

Independence considerations

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We report the following matters to you:

Matter	Threats	Safeguards	Conclusion
Under the FRC's ES 2019, PIE clients non-audit services are subject to a cap of 70% of the audit fee (taking the average over the previous three years). The audit fees for the Council have been significantly reduced during the previous three periods as full audit procedures were not complete ahead of the government imposed back-stop dates. The non audit fees for 2024/25 (£172,500) therefore exceed the 70% threshold applicable to PIE audits, compared to the average audit fees of the three previous periods 2021/22 – 2023/24 (£119,000).	Self Interest	We have contacted the FRC and have been granted an exception to this rule, due to the unusual circumstances of the backstop date reducing the audit fees chargeable in prior years.	We have concluded that our independence is not impaired due to unusual circumstances owing to the backstop. We have obtained the required exemptions from the FRC to charge non-audit fees up to a cap of £180,000. As non-audit fees are below this cap, we do not consider there to be a threat to our independence.

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

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

Non-audit fees

A schedule of our fees and non-audit services is set out further in this report, including an assessment of any perceived or actual threats to our independence and, where relevant, safeguards applied.

Independence considerations

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

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

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

Fees and non-audit services

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

Audit fees	£
Coventry City Council and group audit	510,656
IFRS 16 implementation – fee variation	10,000 (TBC)*
Total	520,656

*The fee variation is subject to approval by PSAA. The Council should report this fee within the 2025/26 financial statements once the amount is confirmed.

Fees and non-audit services

The non-audit services below are consistent with the group and Authority's policy on the allotment of non-audit work to your auditor [or explain exceptions] [including where the service(s) are provided by Grant Thornton International Limited network member firms who are aware of that policy] and have been approved by the Audit and Procurement Committee.

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

For the purposes of our audit, we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Coventry City Council and its group. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees.

Audit-related Non-Audit Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of Housing Benefit Subsidy Claim	2024/25: 160,000 2023/24: 140,987* 2022/23: 106,150*	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is low in comparison to the total fee for the audit of £510,656 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, grants work is carried out by a Grant Thornton team who are different to the audit team. The timing of certification work is carried out after the audit has completed where possible. Housing Benefit subsidy is a material figure in the accounts, however the level of errors identified have not been, and are not expected to be material.
		Management (because GT report to DWP)	The Council has informed management who decide whether to amend returns for our findings and agree the accuracy of our reporting. Any changes to subsidy payable will be determined by DWP and we have no involvement in the decision. These factors mitigate the perceived threats to an acceptable level.

*The 2023/24 and 2022/23 fees were disclosed in the 2023/24 and 2022/23 financial statements respectively

Fees and non-audit services

Audit-related Non-Audit Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of Teachers Pensions Return	2024/25: 12,500 2023/24: 12,500*	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is low in comparison to the total fee for the audit of £510,656 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, grants work is carried out by a Grant Thornton team who are different to the audit team. The timing of certification work is carried out after the audit has completed where possible. Teachers Pension is a material figure in the accounts, however the level of errors identified have not been, and are not expected to be material.
		Management (because GT report to DWP)	The Council has informed management who decide whether to amend returns for our findings and agree the accuracy of our reporting These factors mitigate the perceived threats to an acceptable level.

Total audit and non-audit fee

Audit fee: £520,656	Non-audit fees: £172,500

The above fees are exclusive of VAT and out of pocket expenses. The fees agree to the financial statements following agreed audit adjustments to note 3.12 External Audit Costs.

*The 2023/24 fee was disclosed in the 2023/24 accounts.

Fees and non-audit services

Other non-audit services

Service	£	Threats Identified	Safeguards applied
Associated company work: Independent review of the West Midlands Rail Executive (WMRE) Blueprint for rail devolution	40,000	Self-Interest (Grant Thorton are also the auditors of Coventry City Council, who jointly own WMRE with other local authorities in the region. It may be perceived that there is an incentive for Grant Thornton to provide a clean audit report to ensure the non audit service is awarded to them)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is estimated to be £40,000 in comparison to the total fee for the audit of £510,656 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-Review (Coventry City Council's interest in WMRE may form part of the VfM conclusion so there is the perceived threat that the auditors will be reviewing work performed by Grant Thornton)	Grant Thorton are not producing any reports etc that would lead to figures in the financial statements. The work these services will cover is purely at the preliminary stage before any decision making that would be subject to review as part of the VfM conclusion would take place. Additionally, there is a separate team that does this work and that team would not work on the audit and the audit team would not work on the advisory piece of work.
Total	**40,000**		

The above fee is not disclosed in the financial statements of the Council.

This covers all services provided by us and our network to the group/Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

10 Appendices

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A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Confirmation of independence and objectivity of the firm and senior engagement team members	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern including support measures when making the going concern assessment	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Key audit partners involved in the audit		●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Methodology used to perform the current year's audit and details of any substantial variation between system and compliance testing from the previous year		●
Quantitative level of materiality determined and qualitative factors considers in its determination		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit and whether that deficiency has been resolved by management		●
Significant matters arising in connection with related parties		●
Other matters that are significant to the oversight of the financial reporting process		●
Confirmation of independence of external experts or other auditors used as part of the audit		●
Valuation methods employed and impact of changes to methods		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Confirm all requested explanation and documents have been provided		●
Distribution of tasks amongst auditors where more than one auditor has been appointed		●
Identify work performed by component auditors outside of the GTIL network in relation to consolidated financial statements		●
Scope of consolidation and compliance with financial reporting framework		●
Expected modifications to the auditor's report, or emphasis of matter		●

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A. Communication of audit matters with those charged with governance

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

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

Respective responsibilities

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

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

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

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Independent auditor's report to the members of Coventry City Council

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Coventry City Council (the 'Authority') and its subsidiaries, associates and joint ventures (the 'group') for the year ended 31 March 2025**,** which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and Notes, the Group Comprehensive Income and Expenditure Account, the Group Movement in Reserves Statement, the Group Balance Sheet and the Group Cash Flow Statement and the notes to the financial statements, including material accounting policy information. The notes to the financial statements include the Overview of Main Financial Statements, Notes to the Main Financial Statements, Notes to the Collection Fund Statement, Overview of Group Accounts and Notes to the Group Accounts (Notes 4.6 to 4.15) and the Statement of Accounting Policies**.** The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

We do not express an opinion on the accompanying financial statements of the Authority or the group. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

We have been unable to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's and group's financial statements for the year ended 31 March 2025 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence over the corresponding figures or whether there was any consequential effect on the Authority and Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2025 for the same reason.

In addition, under the Equality Act 2010, employees are entitled to equal pay for the work of equal value. The Authority has received claims in respect of equal pay. Due to the limitations imposed by the backstop date we have not received management's assessment of the probability of the claims being successful and the estimation of any associated liabilities.

We have concluded that the possible effects on the financial statements of undetected misstatements arising from these matters could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2025 by the backstop date.

Our approach to the audit

	Overview of our audit approach **Financial statements audit**
	Overall materiality: Group: £17.9 million which represents 1.75% of the group's cost of services gross expenditure. Authority: £16.9million which represents 1.75% of the Authority's cost of services gross expenditure.

Key audit matters were identified as:

- Valuation of land and buildings and investment properties (same as previous year);
- Valuation of the pension fund net asset/liability (same as previous year);
- Accounting for the group and related disclosures (same as previous year); and
- Valuation of long-term investments (same as previous year).

Our auditor's report for the year ended 31 March 2024 included the same key audit matters as those reported as key audit matters in our current year's report.

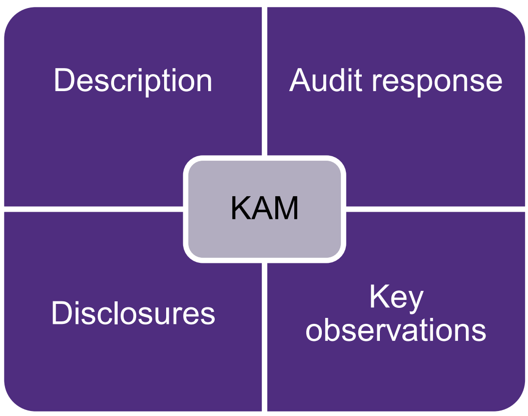
A full scope audit was planned for the Authority accounts for Coventry City Council and specified audit procedures were planned on the financial information of the UK Battery Industrialisation Centre Ltd and the Coventry and Solihull Waste Disposal Company Limited.

Value for money arrangements

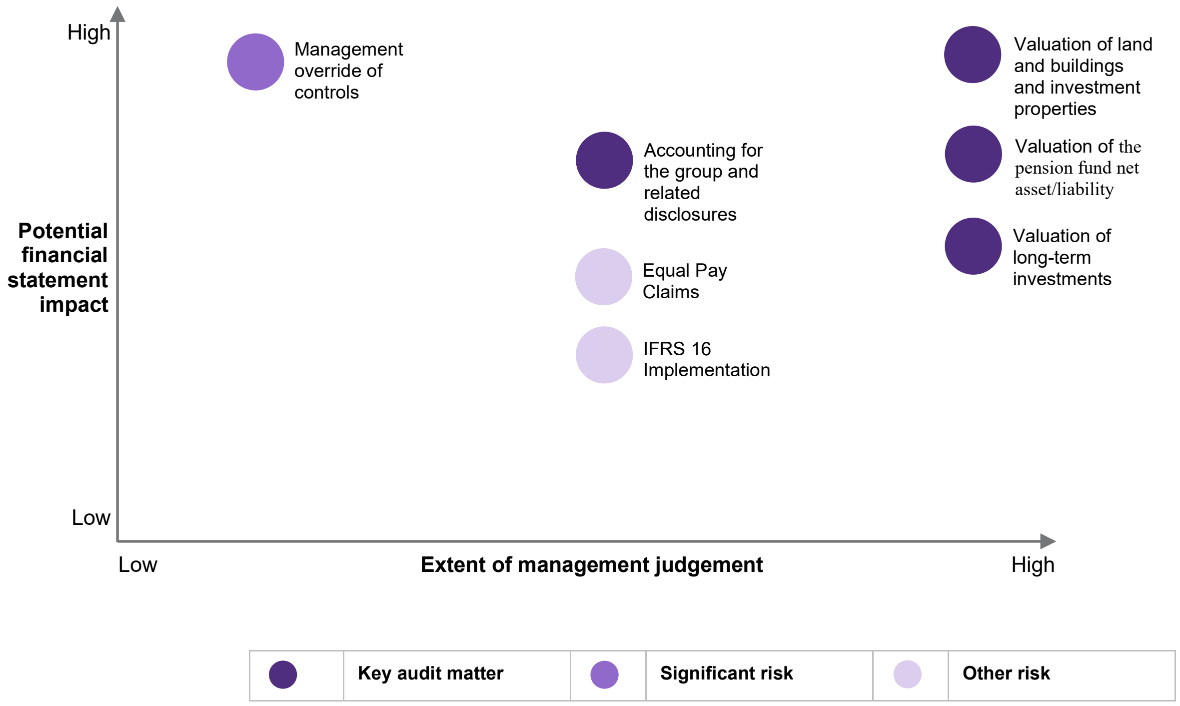
We are required to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025. Our approach to this work is set out in the 'Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources' section of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group and Authority's financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



We had planned to undertake further audit procedures in addition to those set out in the table below. However, because of the matters described in the basis for disclaimer of opinion section we were unable to do so.

Key Audit Matter - Group	How our scope addressed the matter - Group
Valuation of land and buildings and investment properties We identified the valuation of land and buildings and investment properties as one of the most significant assessed risks of material misstatement due to error. The Authority values its land and buildings as a minimum on a rolling five-yearly basis. Interim reviews are carried out on this basis: if the value of an asset class is projected to materially change since the last valuation, a further valuation is instructed. The Authority also hold a range of investment properties which comprise commercial units, office units, agricultural assets, residential and other assets. These assets are included in the balance sheet at fair value, and the Authority values them each year. These valuations represent a significant estimate by management in the financial statements due to the size of the balances involved (£749.1 million land and buildings; £308.3 million investment properties as at 31 March 2025), and the sensitivity of this estimate to changes in key assumptions. Within the other group entities further material land and buildings are held. Under FRS 102, (the accounting basis on which the other group	In responding to the key audit matter, we performed the following audit procedures: • Evaluated management's processes and assumptions for the calculation of the estimates, the instructions issued to external valuation experts and the scope of their work; • Evaluated the competence, capabilities and objectivity of the valuation expert; • Obtained confirmation from the valuer regarding the basis on which the valuations were carried out to ensure that the requirements of the CIPFA code were met; • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • Engaged our own valuer to assess the instructions issued by the Authority to their valuer, the scope of the Authority's valuer's reports and the assumptions that underpin the valuations; • Tested, on a sample basis, revaluations made during the year to see if they had been input correctly into the Authority's asset register and accounted for correctly and where appropriate

Key Audit Matter - Group	How our scope addressed the matter - Group
entities prepare their individual financial statements) these assets are held at depreciated historical cost. In preparation of the group accounts, the Authority is therefore required to obtain a valuation compliant with the IFRS-based CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ('CIPFA Code') and make appropriate consolidation adjustments for the asset balance and revaluation movements. We therefore identified valuation of land, buildings, and investment properties, particularly revaluations and impairments, as a significant risk of material misstatement, and a key audit matter.	consulted with our valuation expert (Auditors expert); and • Evaluated the assumptions made by management for those assets not revalued during the year and assessed how management have satisfied themselves that these are not materially different to current value at year end.
Relevant disclosures in the Statement of Accounts • Accounting Policy: Note 5.7, Accounting Policies - Property, Plant & Equipment, Investment Property and Assets Held for Sale. • Financial statements: Note 3.15, Property, plant and equipment; note 3.17 Investment Property, Assets Held for Sale and Heritage Assets; note 3.19 Revaluation of Property, Plant and Equipment; note 4.10 Group Property, Plant & Equipment. • Narrative Report: note 1.2, Asset Valuations.	**Key observations** As a result of our disclaimer of opinion on the financial statements as a whole, we have not reported any key observations. To include such key observations in the same report in these circumstances may contradict our disclaimer of opinion on the financial statements as a whole.
Valuation of the pension fund net asset/liability We identified the valuation of the pension fund net asset/liability as one of the most significant assessed risks of material misstatement due to error. The pension fund balance, as reflected in the balance sheets of both the Authority and group as the "net pension liability", represents a significant estimate in the financial statements due to the sensitivity of the estimate to changes in key assumptions, and due to the size of the balance and remeasurements involved (£35.4 million net liability at 31 March 2024 decreasing to £30.5 million net liability at 31 March 2025). For 2024/25, the Authority's actuaries have determined a net surplus on the pension fund. In this situation, further accounting consideration is required under IFRIC 14 in relation to asset ceiling caps. The methods applied in the calculation of the IAS 19 estimate are routine and commonly applied by all actuarial firms in accordance with the requirements of the CIPFA Code. We have therefore concluded that there is not a significant risk of material misstatement due to the methods and models used. The source data used by the actuary to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a source of significant risk as this data	In responding to the key audit matter, we performed the following audit procedures: • Updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • Assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • Assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and • Undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reading the report of the consulting actuary (as auditor's expert) and performed

Key Audit Matter - Group	How our scope addressed the matter - Group
can be easily corroborated and is predominantly factual in nature. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increases and life expectancy) can have a significant impact on the estimated balance. We therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in the actuarial calculation, and due to the application of IFRIC 14 for pension funds in surplus, and hence a key audit matter is identified in these areas.	any additional procedures suggested within the report.
Relevant disclosures in the Statement of Accounts • Accounting Policy: note 5.7 - Accounting Policies - Employee Benefits – Post Employment Benefits – Pensions. • Financial statements: note 3.30 - Retirement Benefits. • Narrative report: note 1.2 - Pensions Accounting.	**Key observations** As a result of our disclaimer of opinion on the financial statements as a whole, we have not reported any key observations. To include such key observations in the same report in these circumstances may contradict our disclaimer of opinion on the financial statements as a whole.
Accounting for the group and related disclosures We identified accounting for the group and related disclosures as one of the most significant assessed risks of material misstatement due to error. Over recent years, the Authority has increased the number and value of interests it has in associated companies. For the group accounts, the Authority is required to assess the level of control or significant influence it has over its company interests and apply the appropriate accounting treatment. For companies where the Authority has control, these are consolidated into the group accounts line-by-line; for entities where there is joint control or significant influence, the interest is accounted for using the equity method. The Authority has both types of interest. Group accounting has further complexities where the accounting policies and accounting frameworks are different to those of the group. This has been the case for the majority of the Authority's interests. The Authority must apply adjustments to the financial information reported by the group entities prior to inclusion in the group accounts. We therefore identified group accounting and related disclosures as a significant risk of material misstatement and a key audit matter.	In responding to the key audit matter, we performed the following audit procedures: • We updated our understanding of the processes and controls put in place by management to ensure that group accounting is not materially misstated and evaluated the design of the associated controls. • We obtained the Authority's assessment of its group boundary, that is the entities included within the Authority's group accounts. **Key observations** As a result of our disclaimer of opinion on the financial statements as a whole, we have not reported any key observations. To include such key observations in the same report in these circumstances may contradict our disclaimer of opinion on the financial statements as a whole.
Relevant disclosures in the Statement of Accounts	

Key Audit Matter - Group	How our scope addressed the matter - Group
• Accounting Policy: note 5.7 – Accounting Policies – Group Accounts. • Financial statements: notes 4.1 – 4.15 Group Accounts and notes to the Group Accounts. • Narrative report: note 1.2 - Group Activity. • Annual Governance Statement: note 1.4.	

Key Audit Matter - Group

Valuation of long-term investments

We identified valuation of long-term investments as one of the most significant assessed risks of material misstatement due to error.

The Authority's long term investment balance is comprised of interests in subsidiaries, associates and joint ventures. The material investments are in the Coventry and Solihull Waste Disposal Company Limited and Birmingham Airport Holdings Limited.

In the accounts, the Authority has elected to report the value of these long-term investments at the balance sheet date at fair value, which is allowable under the CIPFA Code. The fair value method requires a valuation of each company at the balance sheet date. The Authority instruct external experts to, in some cases, determine appropriate valuations, or in other cases, to issue an opinion on the Authority's in-house determination.

The valuation of long-term investments is considered a significant estimate due to the size of the balance involved (£106.6 million at 31 March 2025) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of long-term investments and related disclosures as a significant risk of material misstatement and a key audit matter.

How our scope addressed the matter - Authority

In responding to the key audit matter, we performed the following audit procedures:

- Updated our understanding of the processes and controls put in place by management to ensure that the long-term investments are not materially misstated and evaluated the design of the associated controls;
- Evaluated the instructions issued by management to their management experts for this estimate and the scope of the experts' work;
- Assessed the competence, capabilities and objectivity of the experts who carried out the valuations;
- Assessed the accuracy and completeness of the information provided by the Authority to the experts to estimate the fair values;
- Engaged our own valuer to assess the instructions issued by the Authority to their valuers, the scope of the Authority's valuers' reports and the assumptions that underpin the valuations; and
- Tested the consistency of the values and disclosures in the notes to the core financial statements with the valuation report from the experts.

Relevant disclosures in the Statement of Accounts

- Accounting Policy: Note 5.7 - Accounting Policies – Investments; Financial Assets Measured at Fair Value; and Group Accounts.
- Financial statements: note 3.21 Long Term Investments; note 3.33 Financial Instruments; and note 3.34 Associated Company Interests and Holdings.
- Narrative Report: note 1.2 - Group Activity.
- Annual Governance Statement: note 1.4.

Key observations

As a result of our disclaimer of opinion on the financial statements as a whole, we have not reported any key observations. To include such key observations in the same report in these circumstances may contradict our disclaimer of opinion on the financial statements as a whole.

Key Audit Matter - Group	How our scope addressed the matter - Authority

We did not identify any key audit matters relating to the audit of the financial statements of the Authority only.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

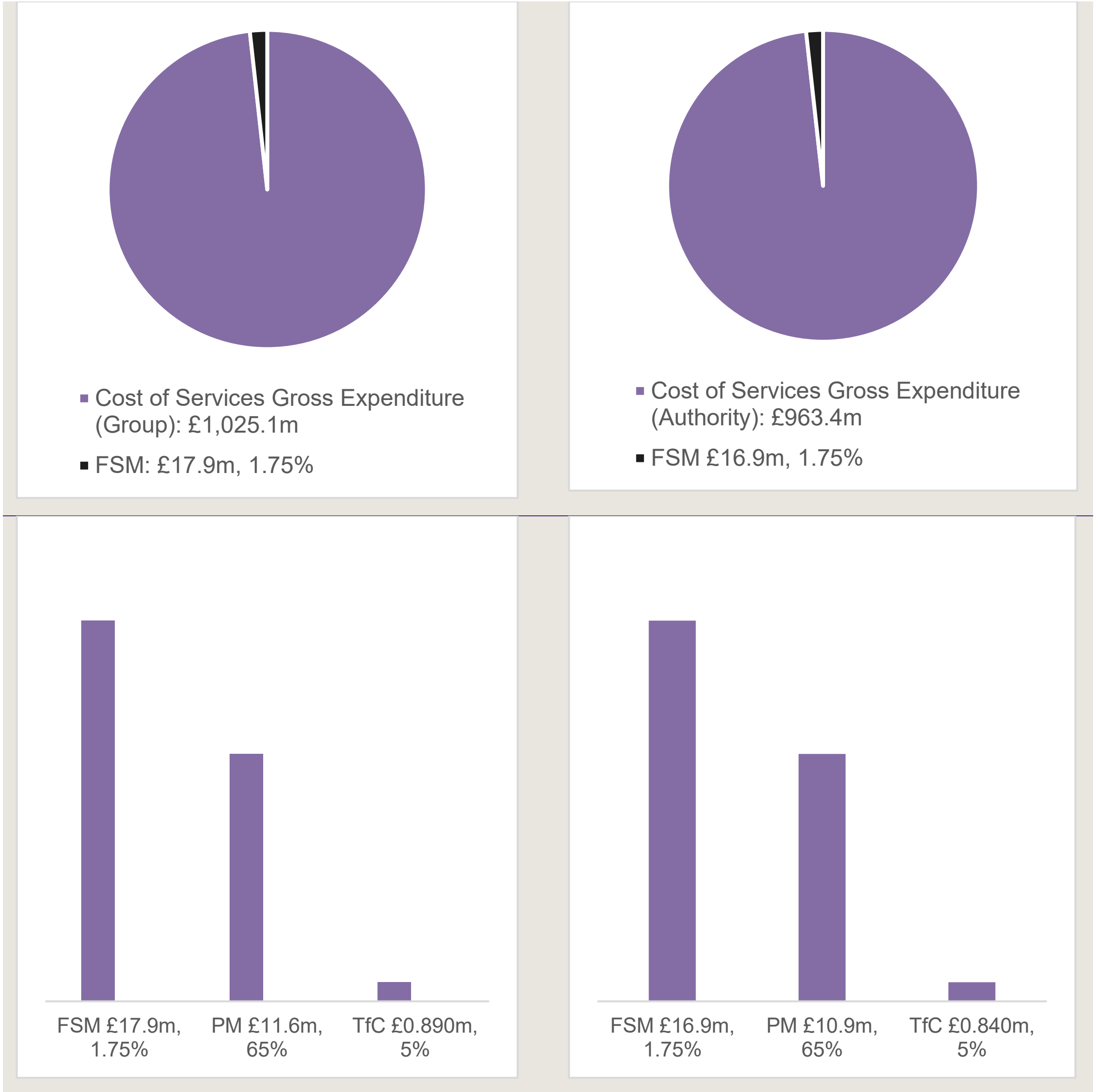
Materiality was determined as follows:

Materiality measure		
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
	Group	**Authority**
Materiality threshold	£17.9 million (2023/24: £11.7million) which represents 1.75% of the Group's cost of services gross expenditure (2023/24: 1.25%)	£16.9 million (2023/24: £11.0 million which represents 1.75% of the Authority's cost of services gross expenditure (2023/24: 1.25%)
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • regarding selection of an appropriate benchmark, we determined gross expenditure to be most appropriate as the group's performance, including the Authority as the parent and most significant component of the group, is assessed based on its spend. • regarding selection of an appropriate percentage to apply to that benchmark, we considered the heightened public interest in the group including the Authority which is a Public Interest Entity. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2024 to reflect an increase in the level of group gross expenditure year-on-year, as well as a sector-wide review of appropriate materiality percentages.	In determining materiality, we made the following significant judgements: • regarding selection of an appropriate benchmark, we determined gross expenditure to be most appropriate as the Authority's performance is assessed based on its spend. • regarding selection of an appropriate percentage to apply to that benchmark, we considered the heightened public interest in the Authority which is a Public Interest Entity. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2024 to reflect an increase in the level of Authority gross expenditure year-on-year, as well as a sector-wide review of appropriate materiality percentages.
Performance materiality used to	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the	

Materiality measure		
drive the extent of our testing	probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£11.600 million(2023/24: £7.605 million which is 65% (2023/24: 65%) of financial statement materiality.	£10.900 million (2023/24: £7.150 million), which is 65% (2023/24: 65%) of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: • Our understanding of the group, updated during the performance of risk assessment procedures; • Our experience with auditing the financial statements of the group in previous years; and • The time elapsed since our last full audit.	In determining performance materiality, we made the following significant judgements: • Our understanding of the Authority, updated during the performance of risk assessment procedures; • Our experience with auditing the financial statements of the Authority in previous years; and • The time elapsed since our last full audit.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We did not determine a lower level of specific materiality for any areas in the group accounts audit.	We determined a lower level of specific materiality for the following areas: • senior officer remuneration disclosures.
Communication of misstatements to the Audit and Procurement Committee	We determine a threshold for reporting unadjusted differences to the Audit and Procurement Committee	
Threshold for communication	£890,000 (2023/24: £585,000), which represents 5% of group financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£840,000 (2023/24: £550,000), which represents 5% of Authority financial statements materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the Audit and Procurement Committee.

Overall materiality - Group	Overall materiality - Authority



FSM: Financial statement materiality, PM: Performance materiality, TfC: Threshold for communication to the Audit and Procurement Committee

An overview of the scope of our audit

Understanding the group, the Authority and its other components, and their environments, including group-wide controls

- the engagement team obtained an understanding of the group and the Authority, their environment, and its system of internal control, including the nature and extent of common controls and centralised activities relevant to financial reporting, and assessed the risks of material misstatement at the group level and the Authority level.

Identifying components at which to perform audit procedures

- the engagement team determined the components at which to perform further audit procedures, by considering:
  - components in scope for further audit procedures due to individually including a risk of material misstatement to the group financial statements due to the component’s nature or circumstances;
  - components in scope for further audit procedures due to the nature and size of assets, liabilities and transactions at the component (being of financial significance to one or more scoped items that it is required to be in scope); and

- components in scope for further audit procedures to obtain sufficient appropriate audit evidence for significant classes of transactions, account balances and disclosures, or for unpredictability.

Type of work to be performed on financial information of the Authority and other components (including how it addressed the key audit matters)

- the engagement team determined that a full-scope audit of the Authority was required as Coventry City Council was the only significant component of the group. For two other components, namely the UK Battery Industrialisation Centre Ltd and the Coventry and Solihull Waste Disposal Company Limited, specific audit procedures were designed by the engagement team.. The audit of the Authority and group was designed to incorporate the procedures to address the key audit matters set out earlier in this report. For other components, financial information was subject to analytical procedures performed by the engagement team.

Performance of our audit

Because of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to conclude our performance of the audit.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Our opinion on other matters required by the Code of Audit Practice

The Director of Finance and Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's and group's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Director of Finance and Resources

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance and Resources. The Director of Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance and Resources is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's and the group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

Other matters which we are required to address

We were appointed by Public Sector Audit Appointments Ltd on 19 December 2022 to audit the financial statements for the year ending 31 March 2024 and subsequent financial periods to 31 March 2028. Our total uninterrupted period of engagement is fourteen years, covering the years ending 31 March 2012 to 31 March 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group and Authority and we remain independent of the group and Authority in conducting our audit.

We have provided the following services in addition to the audit of the group and Authority since 1 April 2024 that have not been disclosed separately as being carried out by us in the Statement of Accounts:

- Agreed-upon procedures in relation to both the Housing Benefit Subsidy Claim (for years 2022/23, 2023/24 and 2024/25) and the Teachers' Pension return (for years 2023/24 and 2024/25).
- Independent review of the blueprint for rail devolution produced by the West Midlands Rail Executive, which is an associated company to the Authority.

Once the Financial Reporting Council's Ethical Standard is applied to the fourth accounting period, the permitted level of non-audit fees for that period cannot exceed 70% of the three-year average audit fees for preceding periods. Due to backstop limitations on work carried out in previous periods, the audit fee for those periods is significantly lower than originally planned. This would have an impact on the non-audit services that we would be able to provide to the Authority. Grant Thornton applied for an exemption on this matter to the FRC given the unusual circumstances of the backstop. The exemption was granted.

Our audit opinion is consistent with the additional report to the Audit and Procurement Committee.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Coventry City Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to the Authority's consolidation returns and we have received confirmation from the National Audit Office that the audit of Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature**]**

Andrew J Smith, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

[Date**]**

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Coventry City Council

Public report
Cabinet

Cabinet
Audit and Procurement Committee

16th December 2025
2nd February 2025

Name of Cabinet Member:
Cabinet Member for Strategic Finance and Resources - Councillor R Brown

Director Approving Submission of the report:
Director of Finance and Resources (Section 151 Officer)

Ward(s) affected: All

Title:
2025/26 Second Quarter Financial Monitoring Report (to September 2025)

Is this a key decision?
No

Executive Summary:

The purpose of this report is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of September 2025. The net revenue forecast position after management action is for spend in 2025/26 of **£3.3m over budget**. Whilst not a wholly comparable position, at the same point in 2024/25, there was also a projected overspend of £10.2m.

The Council continues to face budget pressures within Adults Social Care, Property Services & Development, City Services and Regeneration & Economic Development. These financial pressures are being caused by a combination of continued service demand, complexity & market conditions in social care, legacy inflation impacts, and income shortfalls due largely to the economic climate.

The Council's capital spending is projected to be £184m and includes major schemes progressing across the city. The size of the programme and the nature of the projects within it continue to be fundamental to the Council's role within the city. Although prevailing inflation rates look to be stabilising, legacy inflationary pressures continue to affect capital projects. We will continue to monitor this position and ensure projects are delivered within available resources.

Recommendations:

The Cabinet is requested to:

1) Approve the Council's second quarter revenue monitoring position.

2) Approve the revised forecast capital outturn position for the year of £184m incorporating: £1.4m net increase in spending relating to approved/technical changes and £5m of net programme rescheduling of expenditure to future years.

Audit and Procurement Committee is requested to:

1) Consider the proposals in the report and forward any recommendations to Cabinet.

List of Appendices included:

Appendix 1 - Revenue Position: Detailed Service breakdown of forecast outturn position
Appendix 2 - Capital Programme: Analysis of Budget/Technical Changes
Appendix 3 - Capital Programme: Analysis of Programme Acceleration/(Rescheduling)
Appendix 4 - Prudential Indicators

Background papers:

None

Other useful documents

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

Yes - Audit and Procurement Committee, 2nd February 2026

Will this report go to Council?

No

Report title:
2025/26 Second Quarter Financial Monitoring Report (to September 2025)

1. Context (or background)

1.1 Cabinet approved the City Council's revenue budget of £296.7m on 25th February 2025 and a Capital Programme of £171.6m. This is the second quarterly monitoring report for 2025/26. The purpose is to advise Cabinet of the forecast outturn position for revenue and capital expenditure, recommending any action required, and to also report on the Council's treasury management activity.

1.2 The current 2025/26 revenue forecast is for net expenditure to be **£3.3m over budget** (after management action). The reported forecast at the same point in 2024/25 was an overspend of £10.2m which reflected pressures relating primarily to social care activity and price. Capital spend in 2025/26 is projected to be £184m.

1.3 Whilst it is not unusual to experience a forecast overspend at this point, it is essential that the Council maintains strict financial discipline to operate within approved budgets.

2. Options considered and recommended proposal.

2.1 This is a budget monitoring report and as such there are no options.

Table1 Revenue Position - The revenue budgets and forecast positions are shown below analysed by service area.

Total Over / (Under) spend at Q1	**Service Area**	**Revised Net Budget**	**Total Forecast Spend**	**Total Over/ (Under) Spend at Q2**	*Swing from Q1 to Q2*
£m		**£m**	**£m**	**£m**	***£m***
2.1	Adult Services and Housing	144.2	146.4	**2.2**	*0.1*
(0.3)	Childrens and Education	123.1	123.5	**0.4**	*0.7*
0.8	City Services	39.0	40.5	**1.5**	*0.7*
(4.1)	Contingency & Central Budgets	(43.8)	(48.3)	**(4.5)**	*(0.4)*
0.4	Digital Services	0.1	0.6	**0.5**	*0.1*
0.0	Finance and Resources	13.3	14.0	**0.7**	*0.7*
0.5	Legal and Governance Services	11.5	11.6	**0.0**	*(0.5)*
0.2	People and Organisation Development	3.0	3.2	**0.3**	*0.1*
(0.5)	Planning and Performance	7.7	7.2	**(0.5)**	*(0.0)*
0.0	Policy and Communication	0.4	0.3	**(0.1)**	*(0.1)*
1.5	Property Services and Development	(10.7)	(8.9)	**1.9**	*0.4*
0.0	Public Health	(1.3)	(1.7)	**(0.4)**	*(0.4)*
1.0	Regeneration and Economy Development	10.3	11.6	**1.3**	*0.3*
1.6	Total	**296.7**	**300.0**	**3.3**	1.7

2.2 The overspend position has worsened by £1.7m since the first quarter report. An explanation of the major forecast variances and reason for this swing are provided below. Further details are provided in **Appendix 1** to the report.

Directorate

Adult Services & Housing: £2.2m overspend

This overspend is mainly due to the costs of purchasing packages of care for adults and older people of £4.1m, which is partially offset by increased client fee income of £0.7m. Growth in costs for packages of care reflects sustained and emerging pressures across several areas. Primary drivers are the higher costs of new packages of care, the complexity and associated costs of cases in Mental Health, growth in residential & nursing care, and pressure in Learning Disabilities with a greater number of cases requiring intensive 1:1 support to manage complex needs safely within community settings. The service continues to scrutinise all areas of authorisation to ensure value for money while maintaining safe and effective care for those with the most complex needs.

These pressures are being offset at a directorate level by an underspend in Housing and Homelessness of £0.9m which is mainly due to an increase in grant funding for 2025/26 although this has been partly eroded by a pressure against the target for delivering additional temporary accommodation provision due to delays in opening some projects.

Property Services and Development: £1.9m overspend

The increase is primarily due to residual holding costs for the City Centre South project, especially void NNDR costs at a forecast of £1.3m. Demolition is progressing, and it's anticipated that the Valuation Office will remove the properties of the rating list acknowledging the lack of beneficial occupation, leading to cost reduction over the year. Other costs include the management of the deteriorating commercial property assets such as the market and void levels within the portfolio. Operationally the Commercial property team continues to actively manage its portfolio to mitigate this impact.

City Services: £1.5m overspend

Environmental Services & Environmental: £1.1m overspend

The forecast reports both a decline in mortality rates and the purchase of memorialisation items alongside a shift to cremation services rather than burials impacting our income against budget to a value of circa £0.8m. Additional pressures in our Parks and Open spaces for works on mandatory tree surveys; reduced activities in parks that also impact on car park income and the Travellers Inclusion work concluding to stay with existing provision has meant some existing targets will not be met due to the commercial viability of new proposals.

Waste Disposal: £0.9m overspend

This relates to costs associated with non-recyclable waste being put into recycling bins, leading to contamination charges. We are engaging with our residents through social media campaigns to improve recycling behaviours. Other costs within Waste are associated with the costs of transport and management fees at the Civic Amenity sites and the partial non-achievement of Food Waste Savings which is partly offset by additional Garden Waste income.

Highways 0.5m underspend
This relates to reduced income being forecast against both penalty charge notices and residents parking scheme income of £0.5m which is more than offset by energy price reductions of £1m.

Regeneration and Economic Development (£1.3m overspend)
Pressures continue in our Planning Services division where we see a reduction in planning activities resulting in reduced fee income, as well as underperformance in our cultural commercial activities.

Corporate

Underspends supporting the overspend position are primarily within Contingency and Central Budgets:

Contingency and Central: £4.5m underspend
There is a £3.8m surplus forecast on Asset Management Revenue Account, relating to increased expected income from both Coventry & Solihull Waste Disposal Company (CWSDC) and Birmingham Airport dividend income, above that assumed in the base budget.

Other favourable variances (£3.1m), include contingencies held in lieu of inflation on contracts. This is being offset by an adverse variance of £2.4m, which is due to a forecast underachievement of 2025/26 savings targets relating to the One Coventry Programme and Senior Management savings targets.

2.3 **Capital**
The quarter 2 2025/26 capital outturn forecast is £184m compared with the first quarterly outturn of £187.6m. Table 3 below updates the budget at quarter 2 to take account of £1.4m of new approved/technical changes and £5m of programme rescheduling into future years.

The resources available section of Table 3 explains how the Capital Programme will be funded in 2025/26. It shows 60.9% of the programme is funded by external grant monies, whilst 28.4% is funded from borrowing. The programme also includes funding from capital receipts of £18.4m.

Table 3 – Movement in the Capital Budget

CAPITAL BUDGET 2025/26 MOVEMENT	**Qtr 2 Reporting £m**
Revised Programme (Reported at Q2)	187.6
Approved / Technical Changes (see Appendix 2)	1.4
“Net” (Rescheduling) into future years (See Appendix 3)	(5.0)
Revised Estimated Outturn 2025-26	**184.0**

RESOURCES AVAILABLE:	Qtr 2 Reporting £m
Prudential Borrowing (Specific & Gap Funding)	52.2
Grants and Contributions	112.1
Capital Receipts	18.4
Revenue Contributions and Capital Reserve	1.3
Total Resources Available	**184.0**

The inflationary pressures affecting the Council's revenue budget are also present within capital schemes although the pattern with which this takes affect can be different due to the way in which expenditure is incurred. All existing and future schemes are required to be delivered within existing agreed contractual sums and will continue to be monitored and managed within the available resources.

2.4 Treasury Management

External Context
The first quarter of the year was dominated by the fallout of the US trade tariffs and their impact on financial markets. Equity markets declined sharply which was subsequently followed by bond markets as investors were increasingly concerned about US fiscal policy. The second quarter is still rife with uncertainty, equity markets made gains and a divergence in US and UK government bond yields started to occur, which had been moving relatively closely together. From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer-term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.

UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down 0.2% from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.

The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.

Having started the financial year at 4.5%, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to cut Bank Rate by 25bpts to 4.0% in September, with the 2 members preferring to cut the rate by 50bps to 3.75%. As predicted at quarter 1 the committee continue with a dovish approach to reducing rates although another reduction is expected there is now uncertainly whether that will be in quarter 3 or early in quarter 4 with some thinking it may not reduce until April 2026.

Long Term (Capital) Borrowing
The net long-term borrowing requirement for the 2025/26 Capital Programme is £34.5m, considering borrowing set out in Section 2.3 above (total £51.7m), less

amounts to be set aside to repay debt, including non PFI related Minimum Revenue Provision (£17.2). In the current interest rate climate, the Council has no immediate plans to take any further new long-term borrowing although this will continue to be kept under review.

The Public Works Loan Board (PWLB) remains the main source of loan finance for funding local authority capital investment. In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more details and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Under the Treasury Management Strategy 2025/26 approved by Cabinet on 25 February 2025 it was agreed the Council will not purchase investment assets primarily for yield.

Interest rates for local authority borrowing from the Public Works Loans Board (PWLB) between 1st April and 30 September 2025 have varied within the following ranges:

PWLB Loan Duration (maturity loan)	Minimum 2025/26 to Q2	Maximum 2025/26 to Q2	As at the end of Q2
5 year	4.86	5.17	5.15%
20 year	6.02	6.50	6.34%
50 year	5.85	6.34	6.18%

The PWLB allows qualifying authorities, including the City Council, to borrow at 0.2% below the standard rates set out above. This “certainty rate” initiative provides a small reduction in the cost of future borrowing.

Regular monitoring continues to ensure identification of any opportunities to reschedule debt by early repayment of more expensive existing loans replaced with less expensive new loans. The premiums payable on early redemption usually outweigh any potential savings.

During quarter 2, the Council have not had a need to take out any new borrowing and have not made any further capital repayments since the repaying £10m of LOBO loans during the first quarter. Towards the end of quarter 3 it may be necessary to take-out some borrowing. Arlingclose advise to borrow short term as long term rates have been at their highest for a long time, this is being closely monitored to ensure the timely drawdown of any funds required.

Short Term (Temporary) Borrowing and Investments
The Council’s Treasury Management Team acts daily to manage the City Council’s day-to-day cash-flow, by borrowing or investing for short periods. By holding short term investments, such as money in call accounts, authorities help ensure that they have an adequate source of liquid funds.

Returns provided by the Council’s short-term investments yielded an average interest rate of 4.5% in the second quarter. This rate of return reflects low risk investments for short to medium durations with UK banks, Money Market Funds, Certificates of

Deposits, other Local Authorities, Registered Providers, and companies in the form of corporate bonds.

Although the level of investments varies from day to day with movements in the Council's cash-flow, investments held by the City Council identified as a snapshot at the reporting stages were: -

	As at 31st Mar 2025 £m	As at 30th Jun 2025 £m	As at 30th Sept 2025 £m
Banks and Building Societies	0.0	0.0	0.0
Local Authorities	22.5	41.5	10.8
Money Market Funds	18.7	24.6	39.0
Corporate Bonds	0.0	0.0	0.0
HM Treasury	2.5	0.0	0.0
Total	**43.7**	**66.1**	**49.8**

External Investments
In addition to the above in-house investments, a mix of Collective Investment Schemes or "pooled funds" is used, where investment is in the form of sterling fund units and not specific individual investments with financial institutions or organisations. The pooled funds are generally AAA rated; are highly liquid, as cash can be withdrawn within two to four days; and have a short average duration. These investments include Certificates of Deposit, Commercial Paper, Corporate Bonds, Floating Rate Notes, Call Account Deposits, Property and Equities. However, they are designed to be held for longer durations allowing any short-term fluctuations in return due to volatility to be smoothed out. To manage risk these investments are spread across several funds (CCLA, Schroders, Ninety-One Investec, Columbia Threadneedle and M&G Investments).

Returns provided by the Council's pooled funds yielded an average interest rate of 5.39% over the last 12 months. At 30th September 2025 the pooled funds had a capital value of £28.2m (£27.6m at 31 March 2025), against an original investment of £30m (a deficit of £1.8m). All seven pooled funds show a deficit value but returns remain strong. Although the world economy has shown volatility over the last 9 months, the value of the funds is recovering. The property market still hasn't bottomed out, but the CCLA fund is being actively managed to provide good returns. There remains an expectation that the full value for each pooled fund will be recovered over the medium term - the period over which this type of investment should always be managed. Current accounting rules allow any 'losses' to be held on the Council's balance sheet and not counted as a revenue loss. These investments will continue to be monitored closely.

Prudential Indicators and the Prudential Code
Under the CIPFA Prudential Code for Capital Finance authorities are free to borrow, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against Prudential Indicators relating to capital, treasury management and revenue issues. These indicators are designed to ensure that

borrowing for capital purposes is affordable, sustainable and prudent. The purpose of the indicators is to support decision making and financial management, rather than illustrate comparative performance.

The indicators, together with the relevant figures as at 30 September 2025 are included in **Appendix 4** to the report. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2025/26. Specific points to note on the ratios are:

- The Upper Limit on Variable Interest Rate Exposures (indicator 9) sets a maximum amount of net borrowing (borrowing less investments) that can be at variable interest rates. At 30 September 2025 the value is -£40.7m (minus) compared to £102.7m within the Treasury Management Strategy, reflecting the fact that the Council has more variable rate investments than variable rate borrowings at the current time.

- The Upper Limit on Fixed Interest Rate Exposures (indicator 9) sets a maximum amount of net borrowing (borrowing less investments) that can be at fixed interest rates. At 30 September 2025 the value is £227.0m compared to £513.6m within the Treasury Management Strategy, reflecting both the level of actual borrowing and that a significant proportion of the Council's investment balance is at a fixed interest rate.

2.5 Commercial Investment Strategy – Loans and Shares

The Council's Commercial Investment Strategy is designed to ensure there are strong risk management arrangements and that the level of commercial investments held in the form of shares, commercial property and loans to external organisations, are proportionate to the size of the Council. In doing this the Strategy includes specific limits for the total cumulative investment through loans and shares. The total combined limit for 2025/26 is £115m, against which there are £86.7m of existing commitments: -

	Limit	Actual 30th September 2025	Committed and Planned 2025/26	Total	Headroom
	£m	£m	£m	£m	£m
Shares	55.0	52.1	0.0	52.1	2.9
Loans	60.0	34.4	0.2	34.6	25.4
	115.0	**86.5**	**0.2**	**86.7**	**28.3**

The committed or planned total of £0.2m is predominantly for the balance of loan facility to Coombe Abbey Park Ltd which may not necessarily be taken up, although the Council is committed to provide the loan funds if requested.

The increase in headroom since budget setting is mainly due to the change in accounting treatment relating to the £18m to UKBIC which was previously treated as a loan (and was included in the limit) but is now accounted for as a lease and no longer shown within this table. We would expect the loans limit to be reduced to reflect this change in the next budget setting cycle.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision.

4.1 There is no implementation timetable as this is a financial monitoring report.

5. Comments from the Director of Finance and Resources (Section 151 Officer) and the Director of Law and Governance

5.1 Financial implications

Revenue
The net quarter 2 forecast is a **£3.3m revenue overspend.** Although not wholly comparable, this is a significant improvement of the position this time last year which was a £10.2m overspend (quarter 2, 2024/25) and is in part a reflection of the decisions made during budget setting to support areas with intractable ongoing issues.

Continuing difficulties in the external markets for adult's social care are well documented around issues including the cost of highly complex cases and higher than planned levels of inflationary increases in placement costs, which have persisted to apply pressure to the budgetary provision included within the Council's budget.

Although the Council had budgeted for significant levels of inflation based on current information, the 2025/26 pay offer accepted earlier in the year, is above the budgeted figure and will need to be managed out of contingency budgets.

Management Action
The difficult position seen in recent years has required the Council to balance its financial outturn position using reserves. This was avoided in 2024/25 and although such a solution would be the Council's backstop position for 2025/26, it is one that the Council should be anxious to avoid. The Council holds limited reserve balances and recognises that such an approach is not sustainable in the medium term. It is therefore imperative to identify and adopt approaches that help the Council to manage its short-term pressures, whilst at the same time supporting the outlook for 2026/27 and medium-term financial pressures.

The Council's Leadership Team will proactively work together to mitigate the underlying pressures that have been recognised within this forecast by:

- Robust challenge and review of forecasts
- Continuation of Recruitment controls
- Alternative funding opportunities from grants

The above gives sufficient assurance that the Director of Finance and Resources does not currently need to take any extra-ordinary action to respond to the financial position either in respect of 2025/26 or future years.

Capital

The Council's Capital Programme includes a range of strategically important schemes across the city. This continues to be a large and mostly grant funded programme continuing the trend of recent years. The Programme includes major scheme expenditure on secondary schools' expansion, Very Light Rail, disabled facilities grant (DfG), construction of Woodlands School, City Centre South and delivery of the City Centre Cultural Gateway development.

Legal implications

There are no legal implications arising at this stage.

The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables Cabinet to remain aware of issues and understand the actions being taken to maintain a balanced budget.

6. Other implications

6.1 How will this contribute to the One Coventry Plan

https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan

The Council monitors the quality and level of service provided to the citizens of Coventry and the key objectives of the One Coventry Plan. As far as possible it will try to deliver better value for money and maintain services in line with its corporate priorities balanced against the need to manage with fewer resources.

6.2 How is risk being managed?

The need to deliver a stable and balanced financial position in the short and medium term is a key corporate risk for the local authority and is reflected in the corporate risk register. Good financial discipline through budgetary monitoring continues to be paramount in managing this risk and this report is a key part of the process.

6.3 What is the impact on the organisation?

It remains important for the Council to ensure that strict budget management continues to the year-end. Any resources available at year-end will be managed to ensure the Council's financial resilience or used to fund future spending priorities.

6.4 Equalities / EIA

No current policy changes have been proposed but the possibility remains that the Council may need to consider changes to existing services through the year. If this is the case, the Council's equality impact process will be used to evaluate the potential equalities impact of any proposed changes.

6.5 Implications for (or impact on) Climate Change and the environment

No impact at this stage although climate change and the environmental impact of the Council's decisions are likely to feature more strongly in the future.

6.6 Implications for partner organisations?

No impact.

Report author:

Name and job title:
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Finance and Resources

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate	Date doc sent out	Date response received or approved
Contributors:				
Michelle Salmon	Governance Services Officer	Law and Governance	14/11/25	14/11/25
Sunny Singh Heer	Lead Accountant	Finance and Resources	02/10/25	07/11/25
Mike Revis	Lead Accountant	Finance and Resources	02/10/25	07/11/25
Lindsey Hughes	Lead Accountant	Finance and Resources	02/10/25	10/11/25
Names of approvers for submission: (officers and members)				
Barry Hastie	Director of Finance and Resources (Section 151 Officer)	-	14/11/25	14/11/25
Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	14/11/25	17/11/25
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	14/11/25	24/11/25

This report is published on the council's website: www.coventry.gov.uk/council-meetings

Appendix 1

Revenue Position: Detailed Directorate Breakdown of Forecasted Outturn Position

Table 1 below shows budget variations analysed between those that are subject to a centralised forecast variance and those that are managed at service level (termed "Budget Holder Variance" for the purposes of this report). The Centralised budget areas relate to salary costs – the Council applies strict control over recruitment such that managers are not able to recruit to vacant posts without first going through rigorous processes. In this sense managers have to work within the existing establishment structure and salary budgets are not controlled at this local level. The Centralised salaries and Overheads under-spend of £8m shown below is principally the effect of unfilled vacancies, often offset by agency staff costs shown within the budget holder variance.

Table 1

Service Area	Revised Net Budget	Forecast Spend	Centralised Variance	Budget Holder Variance	Total Variance Over / (under)
	£m	£m	£m	£m	£m
Adult Services and Housing	144.2	146.4	(2.0)	4.2	**2.2**
Childrens and Education	123.1	123.5	(2.4)	2.8	**0.4**
City Services	39.0	40.5	(2.0)	3.5	**1.5**
Digital Services	0.1	0.6	(0.1)	0.6	**0.5**
Finance and Resources	13.3	14.0	(0.3)	1.0	**0.7**
Legal and Governance Services	11.5	11.6	(0.5)	0.5	**0.0**
People and Organisation Development	3.0	3.2	(0.0)	0.3	**0.3**
Planning and Performance	7.7	7.2	(0.3)	(0.2)	**(0.5)**
Policy and Communication	0.4	0.3	(0.1)	0.0	**(0.1)**
Property Services and Development	(10.7)	(8.9)	(0.4)	2.2	**1.9**
Public Health	(1.3)	(1.7)	(0.0)	(0.4)	**(0.4)**
Regeneration and Economy Development	10.3	11.6	0.1	1.2	**1.3**
Contingency & Central Budgets	(43.8)	(48.3)	0.0	(4.5)	**(4.5)**
Total	296.7	300.0	(8.0)	11.3	**3.3**

Table 2:

Service Area	Reporting Area	Explanation	£m
Adult Social Care	Strategic Commissioning (Adults)	The underspend is due to New Homes for Old Private Finance Initiative additional client fee income above budget £0.7m and reduced transport costs £0.1m.	(0.8)
Adult Social Care	Internally Provided Services	There are salary underspends arising from vacancies of £0.4m off-set by overspends against overtime, agency, & casual pay of £0.7m. Contributing to the underspend is an over-achievement of social care fee income of £0.5m.	(0.2)

Adult Social Care	Partnerships and Social Care Operational	The overspend relates to additional agency costs of £0.3m due to vacancies which is only partly offset by underspends due to staff vacancies of £0.2m. Recruitment processes are in place and not delivering prevention activity increases spend on long-term services.	0.1
Adult Social Care	Community Purchasing Mental Health	We continue to face sustained and emerging pressures across multiple areas of care provision. The main factors contributing to the Q2 overspend are largely consistent with those observed previously. 1. higher cost of new packages: During this period new care packages commissioned have on average, been more expensive than those concluded, leading to increased expenditure. 2. complexity and cost in mental health: There has been a marked rise in both the complexity of cases and the associated costs. These pressures are tied to the higher needs of individuals supported in the community, and complex long stay hospital or secure unit discharges, rather than an increase in volume. 3. learning disabilities supported living and 1:1 hour: We've experienced strain in supported living arrangements for individuals with learning disabilities. An increased number of cases require intensive 1:1 support to manage complex needs safely within community settings, resulting in higher costs. 4. growth in residential / nursing care: Numbers above anticipated predicted growth for this year. We remain committed to scrutinising all areas of authorisation to ensure value for money while maintaining the highest standards of care and safeguarding.	4.1
Housing	Housing and Homelessness	The underspend is mainly due to a £1.6m increase in Homeless Prevention Grant from the Ministry of Housing, Communities and Local Government to reflect the increased demand on homeless services nationally that is reflected in Coventry. This has been partially offset by delays in projects opening costing £0.8m including Ribbon Court and the Single Homelessness Accommodation Programme (SHAP project) which are both being progressed by external housing providers and the £0.6m continuing increase in temporary Accommodation cost. Staffing and other cost underspends total £0.7m.	(0.9)
TOTAL Adult Services & Housing			**2.2**
Children's Services	Corporate Parenting and Sufficiency	There is a £3.0m forecast overspend on homes for children in care. The overall number of children in residential care is lower than our financial planning assumptions, however a greater proportion are currently accommodated in more costly external spot placements which is	2.9

		offsetting the benefit of reduced activity. Alongside this, the level of external financial contributions towards care packages for children with disabilities and complex needs is forecast to be lower than budgeted.	
Children's Services	Help & Protection	Social work case holding teams are forecast to underspend by £1m due to reduced levels of agency staff and overall case numbers. Section 17 budgets are forecasting to underspend by £0.5m due to reduced expenditure on assessments and temporary accommodation. Family Hubs and Early Help are forecasting to underspend by £0.6m due to staffing vacancies and utilisation of grant funding where appropriate. These are being offset in part by a £0.5m overspend against the no recourse to public funds (NRPF) budget due to there being an increased number of families who require support. The remainder is a combination of smaller underspends across other parts of the service.	(2.0)
Children's Services	Children in Care, Children with Disabilities & Care Leavers	The Care Leavers budget is forecast to underspend by £0.3m, this in line with last year and is an area of budget which is being reviewed moving forwards. In addition, there are forecast staffing underspends of £0.1m in both the Children in Care and Edge of Care services.	(0.5)
Ringfenced Funding – Dedicated Schools Grant (DSG)	SEND	As is being seen nationally the number of children in Coventry with an Education, Health and Care Plan (EHCP) continues to increase. When setting the 2025/26 High Needs budget the Council was forecasting an in-year deficit (or overspend) of £2m. At Q2 budgetary control the forecast in-year deficit has increased to £2.4m. Expenditure against Special Schools, Other Local Authority Schools (OLA's), Independent Specialist Placements (ISP's) and Further Education is forecast to be £1.7m higher than budgeted. This is being offset in part by an underspend of £0.2m against Enhanced Resource Provisions (ERP's), due to the reprofiling of opening dates for new settings. There is also a forecast underspend of £0.7m across SEND Support Services, Personal Budgets, Education Other Than at School (EOTAS) and Speech & Language Therapy. The overall position is being supported by supplementary grant funding announced by the government to support with the cost of pay awards and national insurance contributions for	2.4

		centrally employed teachers which was unbudgeted.	
Ringfenced Funding – Dedicated Schools Grant (DSG)	Schools	There is a £0.6m forecast overspend against the Early Years block which is primarily due to clawback of funding received in financial year 2024/25 based on headcount data (the number of children accessing government funded childcare) as of January 2025. This is offset by a forecast £0.1m underspend against the Growth Fund and a forecast £0.1m underspend against the maintained school's maternity de-delegation budget.	0.4
Ringfenced Funding – Dedicated Schools Grant (DSG)	Financial Strategy	Technical adjustment to remove total Dedicated Schools Grant (DSG) variance from the General Fund position. The overspend will be funded from the DSG reserve.	(2.6)
Ringfenced Funding – Dedicated Schools Grant (DSG)		Variance below £100k	(0.2)
TOTAL Childrens and Education			**0.4**
Highways	Parking	This pressure is based on us not realising the predicted value of Penalty Charge Notice's, which has shown a financial underachievement, plus not realising the forecast number of residents' parking scheme applications. These figures have been partly offset by additional car park income	0.5
Highways	Traffic	This is primarily due to reduced energy costs on the Street Lighting PFI.	(1.0)
Transport Policy & Innovation	Transport Policy	Overspend mainly relates to overspend against energy budget and operation cost associated with operation of traffic signal and camera technology systems in operation across network.	0.2
Environmental Services	Street pride & Parks	Due to lower death rates (locally and nationally) and families choosing to cremate (rather than bury) along with fewer purchasing memorialisation items, income is reduced in Bereavement Services by c£589k. (This also includes the non-achievement of an historic MTFS target of £160k.) There are also pressures in Parks & Open Spaces: Mandatory Tree Surveys c£200k, reduced car park income	1.0

		c£169k, reduced income from activities c£162k and non-achievement of a savings target relating to Traveller Incursions of £150k which are being partly offset by Misc over/underspends.	
Environmental Services	Waste & Fleet Services	Pressures in this area include £720k relating to Waste Disposal. We have incurred charges for contamination within our recycling and are working with residents to understand what can be recycled to prevent this from re-occurring. There has also been an increase in the Civic Amenities site Management fees. There are also pressures in Domestic Refuse & Recycling: £185k relating to additional transport costs at the Waste Transfer Station; non-achievement of the savings re: Food Waste £362k; partly offset by additional garden waste income (£344k).	1.0
City Services		Variances below £100k	(0.2)
TOTAL City Services			**1.5**
Finance & Resources	Revenues and Benefits	In addition to the Q1 pressures related to an increase in the cost of card payment fees incurred when the Council receives payments, an increase in the cost of providing support to care leavers and an increase in our provision for bad debt, at Q2 uncontrollable increased costs of partially subsidised accommodation have caused further budget pressures within the housing benefits subsidy service.	1.0
Finance & Resources	Financial Mgt	Ongoing vacancies in the service area are under active recruitment but result in a forecasted Q2 underspend.	(0.1)
Finance & Resources		Variances below £100k	(0.2)
TOTAL FINANCE & Resources			**0.7**
Digital and Customer Services	ICT & Digital	The ICT overspend relates to an ongoing pressure arising from under-recovery of schools and academies income from our traded services. Work continues to have plans to try to improve the position, but this remains an area of challenge	0.5
TOTAL Digital Services			**0.5**
Legal and Governance Services	Legal Services	Legal Services forecasted agency staff costs has reduced from £680k in 24-25 to £308k in 25-26 and is fully funded by vacancy savings. However, the Service has a vacancy savings target of £350k and this is driving the overall adverse forecast variance.	0.1

Legal and Governance Services	Coroner & Register Office	25-26 forecasted one off costs of the extraordinary coroner's enquiry.	0.3
Legal and Governance Services	Procurement	Prompt payment rebates have increased and are expected to outperform targets in 25-26. Vacancies in the area are being held whilst the service undergoes a structure review to maximise these opportunities.	(0.2)
Legal and Governance Services	Regulatory Services	Service areas have undergone significant restructures in recent months and vacancies are actively being recruited the underspend reflects the timing to fill roles	(0.2)
TOTAL Legal and Governance Services			**0.0**
People and Organisation Development	Employment Services	To implement the payroll restructure vacancies have been held in posts that were considered to be at risk. The service will be looking to recruit to the agreed new structure throughout the year which will likely see a reduction in this forecasted underspend.	(0.1)
People and Organisation Development	Employment Policy & Practice	The unfunded Council Job Evaluation team continues to drive the overspend in the People Directorate.	0.2
People and Organisation Development	Facilities & Property Services	Facilities Management have had increases in income & savings targets whilst also receiving a reduction in the maintenance budget therefore currently forecasting an overspend of circa £150K. Management action is taking place to attempt to reduce this further	0.1
People and Organisation Development		Variance below £100k	0.1
TOTAL People and Organisation Development			**0.3**
Planning & Performance	Customer and Business Services	Staffing underspends of £0.6m due to the wider service actively managing vacancies which align to corporate change initiatives while future staffing models are determined.	(0.7)
Planning & Performance	Libraries, Advice, Health & Information Services	Libraries budget overspend relates principally to under delivery of anticipated income across Public Libraries and School Library Service. The variation from Q1 forecast relates to an unexpected accelerated £70k ICT commitment this financial year because of worldwide support for Windows 10 ending. We expect to deliver related underspends on ICT for the next two financial years creating a longer-term balanced budget position.	0.1

		Income Generation and Staff Turnover Savings Targets will continue to be monitored in Quarters 3 and 4 with a view to reduce the overspend.	
TOTAL Planning and Performance			**(0.5)**
Policy & Communication		Variance below £100k	(0.1)
TOTAL Policy and Communication			**(0.1)**
Property Services and Development	Commercial Property and Development	Variance relates to holding costs being charged to the service for example Business Rates and utilities associated with City Centre South properties awaiting demolition (demolition is now underway) and costs and foregone income from vacant commercial properties, including ever increasing costs associated with deteriorating property assets such as Coventry Market and older industrial estates	1.8
Property Services and Development		Variance below £100k	0.1
TOTAL Property Services and Development			**1.9**
Public Health	Migration	This represents an underspend on Our Coventry Programme contract due to utilisation of other grant funding	(0.4)
TOTAL Public Health			**(0.4)**
Regeneration and Economy Development	Culture, Sports & Events	We are currently forecasting a £542,000 deficit arising from a shortfall in commercial income for 2025/26. While some smaller positive adjustments have helped mitigate the position at the end of Quarter 2, further action will be needed in Quarters 3 and 4 to reduce the projected deficit and improve overall performance.	0.6
Regeneration and Economic Development	Economic Development service (EDS)	EDS (Economic Development service) has generated more surplus by maximisation of grant income to the service and earnings from delivery of contract programmes to external partners.	(0.2)
Regeneration and Economic Development	Regen & Ecy Mgt Support	Most of the variance relates to a shortfall against the income target for sponsorship and commercial activity. £154k is forecasted to be achieved by the end of 25/26 against a target of £375k leaving a shortfall of £221k. Opportunities for new income are being realised through partnership working with external organisations though this can mean delays can occur beyond the control of the City Council, for example, with external capital investment planning or design	0.2

		and installation works. Other opportunities are in the pipeline to be fulfilled during the year	
Transport Policy & Innovation	Transport Policy	Overspend mainly relates to overspend against energy budget and operation cost associated with operation of traffic signal and camera technology systems in operation across network.	0.2
Development Management	Planning Services	The income target for planning application fees in 2025/26 reflects an increase from 2024/25, in line with government changes to planning fees. However, the level of development interest—and therefore application volumes—is influenced by wider macroeconomic factors beyond the Council's control. The current forecast is based on extrapolating actual income received to date. Overall, planning application activity in Coventry remains broadly consistent with regional and national trends. Despite these challenges, the service is committed to maximizing income and working proactively with applicants to support delivery and achieve the target. In addition to income pressures, the service is required to deliver a Local Plan, and the associated costs contribute to the £531k overspend.	0.5
TOTAL Regeneration and Economy Development			**1.3**
Contingency & Central Budgets	Contingency & Central Budgets	Favourable variances (£3.1m), include contingencies held in lieu of contract inflation announcements. This is being offset by an adverse variance (£2.4m) which is due to a forecast underachievement of 2025/26 savings targets relating to the One Coventry programme and Senior Management savings targets.	(0.7)
Contingency & Central Budgets	Treasury Management	This surplus forecast on Asset Management Revenue Account, relates to increased expected income from both Coventry & Solihull Wast Disposal Company (CWSDC) and Birmingham Airport dividend income, above that assumed in the base budget.	(3.8)
TOTAL Contingency & Central Budgets			**(4.5)**
Total Outturn Variances			**3.3**

Appendix 2

Capital Programme Approved / Technical Changes

SCHEME	EXPLANATION	£m
Business Energy Advice Service	The Department of Energy Security and Net Zero (DESNZ) and the Department for Levelling Up Housing and Communities (DLUHC) are providing capital grant to support businesses in the West Midlands Region in mitigating the impact of energy cost rises and support their transition to net zero. The Business Energy Advice Service (BEAS) grant programme piloting is being extended until 31' March 2026. This is a £11m nationally funded grant programme to be delivered in the West Midlands region, administered by Birmingham City Council, with a view to expanding nationally. A report taken to Cabinet 13th February 2024 approves the acceptance of a further maximum up to £2.5m of capital grant for Business Energy Advice Service, of which we have been awarded £1.3m for 2025-26.	1.3
Miscellaneous	Schemes below £250k reporting threshold	0.1
TOTAL APPROVED / TECHNICAL CHANGES		**1.4**

Appendix 3

Capital Programme: Analysis of Programme Acceleration/(Rescheduling)

SCHEME	EXPLANATION	£m
Coventry Very Light Rail	The Investment Delivery Portfolio Committee (IPDC) at the Department for Transport have formally approved £12.24m for Stage Gate 3a. This capital grant funding is for the preparation to construct City Centre Demonstrator (CCD) and full implementation of City Centre Traffic Management Plan (CCTMP).	7.9
West Midlands Investment Zone	The forecasted spend for 2025/26 has been revised following detailed discussions with key suppliers regarding the anticipated scope of works and their programme, with some spend slipping into 2026/27. Project end date remains unaffected.	(2.3)
City Centre Regeneration - City Centre South	Now the scheme is in contract and demolition works have commenced, the developer has been able to more accurately profile spend. While we still expect construction works to start during 2025/26 these will be at an early stage, therefore some spend has slipped into 2026/27.	(5.2)
Friargate Masterplan	This reflects spend incurred on fit out costs for Two Friargate necessary for the occupation of floors that were previously built to shell and core standard only. This is funded from the £17m existing budget that was profiled in future years as part of budget setting.	4.2
Schools - Basic Need	The majority of the £1.8m rescheduling is due to the project at Howes Primary School not going ahead now which was estimated at £1.2m, we also had £1m in the programme as a contribution to the Condition Programme of £600k has been rescheduled into 26/27.	(1.8)
Woodlands School	Woodland's project was delayed from the original programme/cost plan due to complications related to the building listing status and planning consents. The agreed internal configuration and layout have required minor amendments which due to the above has required more approvals than previously anticipated. The impact of this has meant works have been rescheduled to ensure the council is compliant of planning and building regulations.	(3.5)
Residential Childrens Homes Strategy 2023-2026	"Children's with Disability Home 2 is currently in the feasibility stage. Despite CCC's efforts, there have been delays in acquiring land to build the home on. Conversations around land purchase are currently ongoing and it is programmed for the home to be completed and handed over by 2026/27.	(4.3)
TOTAL RESCHEDULING		**(5.0)**

Appendix 4

Prudential Indicators

Indicator	per Treasury Management Strategy 2025/26	As at 30 September 2025
Ratio of Financing Costs to Net Revenue Stream (Indicator 1), This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.	14.21%	14.32%
Gross Borrowing should not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) at 31st March 2025 plus the estimates of any additional CFR in the next 3 years (Indicator 2), illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme and is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.	Estimate / limit of £571.5m	£332.1m Gross borrowing within the limit.
Authorised Limit for External Debt (Indicator 5)*,* This statutory limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council. Borrowing at this level could be afforded in the short term but is not sustainable. The Authorised limit has been set on the estimated debt with sufficient headroom over and above this to allow for unexpected cash movements.	£591.5m	£332.1m is less than the authorised limit.
Operational Boundary for External Debt (Indicator 6*)*, This indicator refers to the means by which the Council manages its external debt to ensure it remains within the statutory Authorised Limit. It differs from the authorised limit as it is based on the most likely scenario in terms of capital spend and financing during the year. It is not a limit, and actual borrowing could vary around this boundary for short times during the year.	£571.5m	£332.1m is less than the operational boundary.
Upper Limit on Fixed Rate Interest Rate Exposures (Indicator 9), These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The Upper Limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could impact negatively on the overall financial position.	£513.6m	£227.0m
Upper Limit on Variable Rate Interest Rate Exposures (Indicator 9*)*, as above highlighting interest rate exposure risk.	£102.7m	-£40.7m
Maturity Structure Limits (Indicator 10*),* This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to		

interest rate changes in any one period, thereby managing the effects of refinancing risks. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment. < 12 months 12 months – 24 months 24 months – 5 years 5 years – 10 years 10 years +	 0% to 50% 0% to 20% 0% to 30% 0% to 30% 40% to 100%	 13% 0% 0% 22% 65%
Investments Longer than 364 Days (Indicator 11), This indicator sets an upper limit for the level of investment that may be fixed for a period greater than 364 days. This limit is set to contain exposure to credit and liquidity risk.	£30m	£0.0m

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Coventry City Council

Public report

Report to

Audit and Procurement Committee 2nd February 2026

Name of Cabinet Member:
Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:
Director of Finance and Resources

Wards affected:
City Wide

Title:
Internal Audit Plan 2025-26 – Half Year Progress Report

Is this a key decision?
No – this is a monitoring report

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with an update on the internal audit activity for the period April to September 2025, against the Internal Audit Plan for 2025-26.

Recommendations:

Audit and Procurement Committee is recommended to:

1) Note the performance as at quarter two against the Internal Audit Plan for 2025-26.

2) Consider the summary findings of the key audit reviews (attached at Appendix Two to the report).

List of Appendices included:

Appendix One - Audit Reviews Completed between April and September 2025

Appendix Two - Summary Findings from Key Audit Reports

Background papers:

None

Other useful documents:

None

Has it or will it be considered by scrutiny?

No other scrutiny consideration other than the Audit and Procurement Committee

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

Report title: Internal Audit Plan 2025-26 – Half Year Progress Report

1. Context (or background)

1.1 This report is the first monitoring report for 2025-26, which is presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

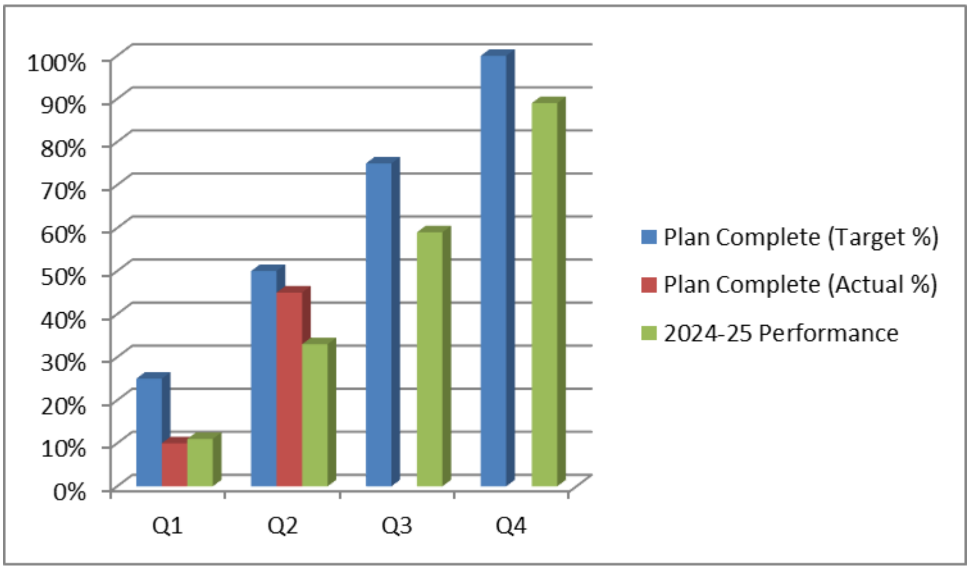
2. Options considered and recommended proposal

2.1 Delivering the Audit Plan

2.1.1 The Internal Audit Plan for 2025-26 was presented to the Audit and Procurement Committee at its meeting on 23rd June 2025. The Plan provided for 650 days of internal audit work in 2025-26. As the Plan is agreed at the start of the financial year, it is always likely to be subject to some amendments due to changes in the risk environment, requests from service areas to reschedule work, and other exceptions, with significant changes reported to the Audit and Procurement Committee. As a result of unplanned absence in the Service and the time taken to implement the agreed service redesign, it has been necessary to make changes to the Audit Plan given the reduction in available resources. As such, the Plan is now based on the provision of 550 days of internal audit work in 2025-26. This has been accommodated through re-programming some internal audit work into the 2026-27 Audit Plan and changes in the risk environment impacting on the requirement for audit involvement.

2.1.2 The key target facing the Internal Audit Service is to complete 90% of its work plan by 31st March 2026. The chart overleaf provides analysis of progress against planned work for the period April to September 2025 based on the revised audit plan of 550 days.

Chart One: Progress against delivery of Internal Audit Plan 2025-26



As at the end of September 2025, the Service has completed 45% of the Audit Plan against a benchmark of 50% (which reflects delivery of 100% of the Plan.) Whilst this shows the Service to be on track to achieve the target of 90% by the end of 2025-26, the impact of the unplanned absence in particular will be visible in the quarter three performance (which is due to be reported to the Audit and Procurement Committee in March 2026.) Notwithstanding this, the Service remain committed to achieving the target by the end of the financial year.

2.1.3 Taking into account the points at 2.1.1 and 2.1.2 above, it is the view of the Chief Internal Auditor that these changes will not, in any significant respects, impact on the ability to deliver the annual internal audit conclusion.

2.2 Other Key Performance Indicators (KPIs)

At its meeting in November 2025, the Audit and Procurement Committee approved the performance indicators for the Internal Audit Service for 2025-26, in line with the Global Internal Audit Standards in the UK Public Sector. Whilst some of these indicators are measured on an annual basis, there are two (in addition to the indicator in 2.1 above) which are measured quarterly. The table below shows a summary of the performance for 2025-26 to date against these two performance indicators.

Table One: Internal Audit Quarterly Key Performance Indicators 2025-26

Performance Measure	Target	Performance Q2 2025/26
Average customer feedback score	4.8 out of 5	5

% of agreed audit recommendations implemented as planned	70%	57%

These are further expanded upon below:

Customer feedback - In addition to the high customer feedback scores, comments made by customers included:

- “The support provided from the initial meeting through to the final report stage was superb. As a large service, coordinating face-to-face meetings and compiling evidence throughout the investigation was no small task, yet it was managed seamlessly. We were kept well-informed at every stage of the process. The resulting action plan is thorough and will be invaluable in enhancing our processes, procedures, and practices for future enrolments.”
- “X's approachable and collaborative style created a positive environment that encouraged open and transparent discussions across all levels of the team. Her pragmatic and sensible attitude helped ensure the audit was not only thorough but also constructive. Rather than focusing solely on issues, she worked with us to identify practical improvements which has led to changes within the service. It has genuinely felt a valuable exercise.”
- “Both X and X were professional, approachable, and supportive throughout, offering clear advice and guidance whenever needed.”
- “X provided an excellent, fair, and reasonable assessment. She listened carefully and asked thoughtful questions about the processes.”
- “We were given fair opportunity for comment and discussion and felt listened to.”

Implementation of agreed audit recommendations - It should be noted that the indicator relating to the percentage of audit recommendations implemented as planned is not exclusively a reflection of Internal Audit performance as management are responsible for completing agreed actions. However, notwithstanding this, the Internal Audit Service are in the process of putting in place additional measures to support the gradual improvement of implementation rates. This includes further development of the directorate trackers, specific discussions at the draft report stage on the importance of the timely implementation of agreed actions, and enhancements to the follow up process to make officers more accountable for lack of progress.

2.3 Audits Completed to Date

Attached at Appendix One is a list of the audits finalised between April and September 2025, along with the level of assurance provided.

As at 30th September 2025, the following audits were in progress:

- **Audits at Draft Report Stage** – none

- **Audits On-going** – Property Disposals, Ransomware Threat, Our Lady of Assumption Catholic Primary School, Occupational Therapy Equipment, Commercial Property Rent, Purchasing Cards (Children's and Education), Noise Team Rotas.

Details of a selection of key reviews completed in this period are provided at Appendix Two. In all cases, the relevant managers have agreed to address the issues raised in line with the timescales stated. These reviews will be followed up in due course and the outcomes reported to the Audit and Procurement Committee.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

4.1 There is no implementation timetable as this is a monitoring report.

5. Comments from the Director of Finance and resources and the Director of Law and Governance

5.1 Financial Implications

There are no specific financial implications associated with this report. Internal audit work has clear and direct effects, through the recommendations made, to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

5.2 Legal implications

There are no legal implications arising from the recommendations in this report.

Reporting on progress in regards to the delivery of the Annual Audit Plan ensures that the Council meets its statutory obligations in respect of maintaining an internal audit function and represents good governance.

6. Other implications

6.1 **How will this contribute to achievement of the One Coventry Plan?**

Internal Auditing is defined in the Global Internal Audit Standards in the UK Public Sector as "an independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes". As such the work of Internal Audit is directly linked to the Council's key objectives / priorities with specific focus agreed on an annual basis and reflected in the annual Internal Audit Plan.

6.2 **How is risk being managed?**

In terms of risk management, there are two focuses:

- Internal Audit perspective - The main risks facing the Service are that the planned programme of audits is not completed, and that the quality of audit reviews fails to meet customer expectations. Both these risks are managed through defined processes (i.e. planning and quality assurance) within the Service, with the outcomes included in reports to the Audit and Procurement Committee. Delays in the delivery of individual audits could occur at the request of the customer, which could impact on the delivery of the plan. This risk is managed through on-going communication with customers to agree timing and identify issues at any early stage to allow for remedial action to be taken.

- Wider Council perspective - The key risk is that actions agreed in audit reports to improve the control environment and assist the Council in achieving its objectives are not implemented. To mitigate this risk, a defined process exists within the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Audit and Procurement Committee. Where progress has not been made, further action is agreed and overseen by the Audit and Procurement Committee to ensure action is taken.

6.3 **What is the impact on the organisation?**

None

6.4 **Equalities / EIA**

None

6.5 **Implications for (or impact on) Climate Change and the environment**

No impact

6.6 **Implications for partner organisations?**

None

Report author:

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate	Date doc sent out	Date response received or approved
Contributors:				
Michelle Salmon	Governance Services Officer	Law and Governance	16/1/2026	16/1/2026
Tina Pinks	Finance Manager, Corporate Finance	Finance and Resources	16/1/2026	20/1/2026
Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	16/1/2026	16/1/2026
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance and Resources	-	16/1/2026	21/1/2026
Councillor A Khan	Deputy Leader – Policing and Equalities	-	16/1/2026	22/1/2026
Councillor R Lakha	Chair of Audit and Procurement Committee	-	16/1/2026	16/1/2026

This report is published on the council's website: www.coventry.gov.uk/council-meetings

Appendix One – Audit Reviews Completed between April and September 2025

Audit Area	Audit Title	Assurance	Previous Assurance level (if applicable)
2024-25 B/Fwd	Corporate Income	Significant	Significant
	CareDirector	Reasonable	Reasonable
	Building Control	Reasonable	n/a
Corporate Risk	New working arrangements in Waste Services	Reasonable	Reasonable
	Return of ICT equipment	Significant	n/a
	Coventry Municipal Holdings – conflicts of interest	Reasonable	n/a
Regularity	Proactive invoice checks	Verification	n/a
	Turnaround Programme grant	Verification	n/a
	HUG 2 grant	Verification	n/a
	SHDF wave 2 grant	Verification	n/a
	Network North highways grant	Verification	n/a
	Homelessness grants	Verification	n/a
	Bus Subsidy grant	Verification	n/a
	Disabled Facility grant	Verification	n/a
	Annual Governance Statement	Reasonable	Reasonable
	Teachers Pension Statements	Verification	n/a
	Youth Justice grant	Verification	n/a
	Innovate UK grant	Verification	n/a
	Cannon Park Primary School	Significant	Significant
	Eastern Green Primary School	Reasonable	Significant
	Grangehurst Primary School	Significant	Significant
	Holbrook Primary School	Reasonable	Significant
	Joseph Cash Primary School	Reasonable	Significant

Audit Area	Audit Title	Assurance	Previous Assurance level (if applicable)
	Spon Gate Primary School	Reasonable	Significant
Directorate issues	Adult Education Enrolment	Limited	n/a
Follow ups	Management of Plant and Equipment	Limited	Limited

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
Adult Education Enrolment **October 2025** **Senior Curriculum & Operations Manager / Business Quality Manager / Partnerships Officer / MIS Manager**	**Overall Objective:** To provide assurance that processes in place to enrol adult education learners are fit for purpose and ensure that learners are processed accurately and on a timely basis. **Key controls assessed:** - Arrangements are in place to ensure enrolment forms are accurately completed for all learners and are passed to the Learner Services Team on a timely basis. - Enrolment forms are appropriately processed by the Learners Services Team with information passed to the MIS Team on a timely basis. - Arrangements ensure that learners are added to the Pro-Solutions System on a timely basis, with accurate data provided to the WMCA / ESFA. - Where learners are identified as not being enrolled, processes ensure that action is taken to resolve on a timely basis. - Where learners are required to pay for courses, arrangements ensure that payment is taken in advance. - **Opinion**: Limited Assurance The review highlighted that there are significant control weaknesses in the arrangements in place, which mean that when other factors arise, the system is not sufficiently robust to ensure it remains resilient and works effectively. In our view, the Service does need to move towards a digitised solution for enrolment. This would significantly reduce the administrative processes required and largely automate controls, resulting in risks being much more effectively managed. **Agreed Actions - risk level high (H) or medium (M):** • Ensure that documented procedures for the completion of enrolment forms are issued to all staff involved in the enrolment process. (M) • Ensure that annual refresher training is provided to all staff involved in the enrolment process. (M) • Where forms cannot be fully completed during the enrolment session, ensure they are passed to

Audit Review / Actions Due / Responsible Officer(s)	**Key Findings**
	Learner Services to resolve. This should include the clear allocation of responsibility for this action to Learner Services. (M) • Introduce a batch control process to ensure a chain of custody is maintained over enrolment forms. (H) • Introduce requirements for (a) when batches of forms should be passed to Learner Services and how this should be done and (b) the secure storage of batched forms until they are passed to Learner Services. (H) • Develop a documented procedure for the checking of forms by Learner Services. This should include clear instructions on what to do when an issue with an enrolment form is identified. Ensure the procedure is issued to all staff and training provided as appropriate. (M) • Within the batch control document include a column “Scanned In” which Learner Services officers can tick to provide an audit trail that each enrolment form has been scanned. (H) • Agree appropriate arrangements for staff within Learner Services Teams to move curriculum areas when backlogs arise. (M) • Improve control over the management of outstanding course fees. (M)

<table>
<tr><th>Audit Review /
Actions Due /
Responsible Officer(s)</th><th>Key Findings</th></tr>
<tr><td>Management of Plant and Equipment Formal Follow Up

March 2026

Fleet Workshop Manager / Assistant Fleet Manager / Strategic Manager, Street Pride and Environmental Enforcement / Bereavement Services Manager

A summary of progress made against the agreed actions is shown below:

<table>
<tr><td>Number of Actions</td><td>5</td></tr>
<tr><td>Implemented</td><td>1</td></tr>
<tr><td>No Progress</td><td>4</td></tr>
<tr><td>On-going</td><td>0</td></tr>
</table>
</td><td>Overall Objective: To provide assurance that agreed actions have been implemented as planned to ensure the Council has effective arrangements in place to safeguard small items of plant and equipment and ensure they can be accounted for.

Recommendations followed up:

• Introduce an asset disposal form / associated process for service areas to use to notify Fleet Services when an item of plant / equipment needs to be removed from the register.
• Take action to: (a) Undertake a specific exercise to update the register of plant and equipment to ensure it accurately reflects the assets held by the Council. (b) Following the above, request management to check the register on a quarterly basis to ensure it accurately reflects purchases / disposals made in the period.
• Introduce an appropriate record to ensure that assets can be traced when they are loaned to other service areas / go off site.
• Ensure that stock checks are undertaken on a bi-annual basis and in the event that plant / equipment cannot be accounted for, ensure this is appropriately investigated and followed up.
• Consider installing CCTV at London Road and Windmill Road Cemetery (taking into account the cost / benefits of doing this.)

Opinion: Limited Assurance
The lack of progress made in implementing the agreed actions is noted. As such, there remains a lack of control which could result in the theft / misuse of plant and equipment by employees going undetected and poor management of stock, both of which could have a financial impact on the Council.

Agreed Actions – risk level high (H) or medium (M):

• Introduce an asset disposal form / associated process for service areas to use to notify Fleet Services when an item of plant / equipment needs to be removed from the register. (M)
• Take action to: (a) Undertake a specific exercise to update the register of plant and equipment to ensure it accurately reflects the assets held by the Council. (b) Following the above, request management to check the register on a quarterly basis to ensure it accurately reflects purchases /</td></tr>
</table>

Audit Review / Actions Due / Responsible Officer(s)	**Key Findings**
	disposals made in the period. (H) • Introduce an appropriate record to ensure that assets can be traced when they are loaned to other service areas / go off site. (M) • Ensure that stock checks are undertaken on a bi-annual basis and in the event that plant / equipment cannot be accounted for, ensure this is appropriately investigated and followed up. (H)

Coventry City Council

Public report

Report to

Audit and Procurement Committee 2nd February 2026

Name of Cabinet Member:
Cabinet Member for Policy and Leadership - Councillor G Duggins

Director approving submission of the report:
Director of Finance and Resources

Wards affected:
City Wide

Title: Half Yearly Fraud and Error Report 2025-26

Is this a key decision?
No

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with a summary of the Council's anti-fraud and error activity undertaken by the Internal Audit Service during the first half of the financial year 2025-26.

Recommendation:

The Audit and Procurement Committee is recommended to note and consider the anti- fraud and error activity undertaken during the first half of the financial year 2025-26.

List of Appendices included:

None

Background papers:

None

Other useful documents:

None

Has it or will it be considered by scrutiny?

No other scrutiny consideration other than the Audit and Procurement Committee.

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

Report title: Half Yearly Fraud and Error Report 2025-26

1. Context (or background)

1.1 Fraud in the public sector has a national focus through the publication of “Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy". Whilst the national strategy states that the level of fraud in the public sector is significant, the current trends in fraud activity includes areas which Coventry City Council does not have responsibility for, for example, social housing, and the levels of identified / reported fraud against the Council remain at relatively low levels, in terms of both numbers and value.

1.2 This report documents the Council’s response to fraud and error during the first half of the financial year 2025-26 and is presented to the Audit and Procurement Committee in order to discharge its responsibility, as reflected in its terms of reference 'to monitor Council policies on whistle blowing and the fraud and corruption strategy'.

2 Options considered and recommended proposal

2.1 The Internal Audit Service is responsible for leading on the Council’s strategic response to the risk of fraud and error. The work of the team has focused on three main areas during 2025-26, namely:

- National Fraud Initiative
- Referrals and Investigations considered through the Council’s Fraud and Corruption Strategy
- Fraud awareness

A summary of the key activity that has taken place during 2025-26 to date is detailed below.

2.2 National Fraud Initiative –The NFI exercise is led by the Cabinet Office. The exercise takes place every two years and matches electronic data within and between public bodies, with the aim of detecting fraud and error. The follow up of matches can also provide assurance that the Council’s own arrangements for preventing and detecting fraud / error are effective. The results of the last exercise were released in January 2025 and form part of the planned programme of work for 2025-26. It should be noted that matches relating to Housing Benefit / Council Tax Support / Single Person Discounts fall under the responsibility of the Revenues and Benefits Service and are not reported here.

2.2.1 Given the number of matches released, a risk-based approach is used in following up the matches. To date, around 700 matches have been processed. Table one overleaf provides a breakdown of those areas where overpayments / forward savings have been identified to date (where overpayments are identified, these are subject to standard recovery arrangements.)

Table One – Breakdown of National Fraud Initiative results April to September 2025

Match Type	Purpose of Match	Number of errors / discrepancies	Overpayments	Cabinet Office Estimate of Forward Savings
Pensions to DWP deceased data	To identify instances where an occupational pensioner has died but the pension is still being paid	6	£5,498	£15,439
Blue Badges to DWP deceased data	To identify cases where a blue badge holder has died but the local authority has not been notified.	131	-	£104,014
Residents Parking Permits to DWP deceased data	To identify cases where the holder of a resident parking permit has died but the local authority has not been notified.	83	-	-
Waiting list to waiting list	To identify where an individual has registered on the housing list using two different addresses.	14	-	£59,962
Waiting list to DWP deceased data	To identify cases where an individual who is registered on the housing list has died but the local authority has not been notified.	34		£145,622
Duplicate invoices by amount and creditor reference	To identify duplicate payments to suppliers.	1	£1020	
Total		**269**	**£6518**	**£325,037**

2.3 Referrals and Investigations – From time to time, the Internal Audit Service receive referrals or are asked to assist with investigations relating to employee misconduct and other fraud against the Council involving external individuals. Table two overleaf indicates the number of referrals by source in 2025-26, along with figures for the previous three financial years.

Table Two - Fraud Reports Received between 2022-23 and 2025-26

Source	Reports 2022-23	Reports 2023-24	Reports 2024-25	Reports 2025-26 April to September
Whistleblower	1	4	1	3
Manager	10	18	24	13
External	2	1	3	2
Total	**13**	**23**	**28**	**18**

It is important to note that there is no mechanism for determining the number of reports the Council should receive on an annual basis and it is very difficult to anticipate or identify the reasons behind fluctuations in numbers. It is worth noting that this information only reflects referrals made in respect of concerns relating to fraud and corruption and does not include other matters raised under the Whistleblowing Policy.

2.3.1 Of the 18 referrals received, eleven have led to a full investigation. The reasons for referrals not resulting in a full investigation include (a) initial assessment / fact finding does not find any evidence to support the allegations (b) appropriate action has already been taken, e.g. the fraud has been prevented, and (c) the nature of the event means it is impractical to pursue further.

In addition to the eleven investigations highlighted above, two further investigations were carried forward from 2024-25. All of the investigations related to fraud / theft or other activities linked to obtaining a financial benefit. Five out of the 13 investigations are still on-going, whilst of the remaining eight:

- In one case, the employee resigned during the disciplinary investigation.
- In three cases, the concern was not substantiated.
- In one case, a formal re-setting of standards took place.
- In one case involving a direct payment, the direct payment was ended.
- In one case involving the theft of ICT equipment, the employee was dismissed and was prosecuted by the police.
- In one case involving European grant funding provided to four local businesses (who were connected to each other), a sum of £138k was recovered and returned to central government.

2.4 Fraud Awareness – In 2025-26 to date, the Internal Audit Service have continued to support training sessions with employees from Adult Social Care to raise awareness of the types of fraud that can occur within the social care environment, and particularly within direct payments. The Service are also in discussion with colleagues from Customer Services around how the single resident record which is in development can be used to detect / prevent fraud in claims for financial assistance.

2.5 Significant frauds - Within auditing standards there are clear expectations around the level of oversight that the Audit and Procurement Committee should have in relation to the risk of fraud within the Council. This includes an expectation that appropriate detail is provided around significant fraud. We have applied the following principles when defining significant fraud:

- A financial impact in excess of £10,000.

- Frauds of under £10,000 can be included if the Chief Internal Auditor considers this justified by the nature of the fraud.

- In terms of establishing when a fraud has occurred, this is normally defined as occurring when the disciplinary process has been concluded, although in cases not involving employees, this will be linked to other management action, such as criminal prosecution.

In the period April 2025 to September 2025, two significant frauds have been concluded. Whilst in both cases, the investigations related to previous financial years, associated legal processes have not been concluded until 2025-26.

The specific details of these frauds are provided below.

2.5.1 Case One – Prior to leaving the European Union, the Council received European Regional Development grant funding from the Department of Housing, Communities and Local Government (DHCLG). The purpose of the funding was to provide grants to local businesses to support capital investment under a number of specific projects. In order to receive a grant, businesses were required to submit an application which provided specific details of the capital expenditure which they were looking to receive a contribution towards. Applications were subject to assessment and approval and once awarded, businesses had to provide evidence of the purchases made in order to receive the funding. The evidence included invoices and bank statements showing the purchases made.

Following a review by the service area, concerns were raised that four businesses had submitted fraudulent evidence in support of their grant applications and the matter was referred to Internal Audit. The investigation established that the four businesses were connected to each other and in three cases it was identified that the businesses had submitted fraudulent invoices to the Council, for which they received £138k in grant funding. Concerns were also identified that the transactions on the bank statements showing payments for the purchases were not legitimate and had been purposely fabricated to facilitate the fraudulent activity. In the other case, where the business received £50k in grant funding, whilst it was confirmed that the purchase had been made, it was suspected that it had not been purchased / was not being used for the intended purpose stated on the grant application.

The Council reported the matter to both the relevant government department and Action Fraud, but in this case, it was not accepted for criminal investigation by the police. Consequently, the Council undertook its own legal proceedings and was successful in recovering the £138k from three of the businesses (which was returned to central government.) However, it should be noted that in returning the funds, the businesses did not accept any liability. In the other case (£50k), the Council did not secure any recovery, and further legal action was not considered appropriate given that:

- Whilst fraudulent activity was suspected, the Council's powers to investigate are more limited than the police; and
- It was not possible to sufficiently prove the matter and as such would be improper to pursue such allegation as it would have resulted in the Council incurring further legal costs.

Under the terms of the grant funding received by the Council from DHCLG, the government can hold the Council accountable for losses incurred due to fraud and the Council has set out in correspondence with the government its legal position to mitigate this. Whilst there is a residual risk that the government could choose to pursue recovery of the £50k suspected fraud from the Council, we are of the of the view that due to the extended period this issue has existed with no such action having arisen, the risk is now considered to be minimal.

Frauds of this type are rare and clearly in this case, this involved considerable efforts by the businesses to portray the expenditure as legitimate. Notwithstanding this, the service area has taken action to review their processes for verifying grant claims and put in place additional measures to minimise risk.

2.5.2 Case Two – The Council holds a stock of laptops and associated items to enable equipment to be issued to employees and members on a timely basis when required, for example new starters, replacements for broken items, and refresh projects. As such, stock is moved on a frequent basis. In 2022, a concern was raised that some stock had been misappropriated and following a fact-finding investigation by Digital Services, a Council employee was identified as being responsible. The matter was reported to the police, and they undertook a criminal investigation which resulted in a prosecution. Alongside this, a disciplinary investigation was undertaken, which resulted in the employee being dismissed.

The prosecution was concluded in July 2025. The individual pleaded guilty to the theft of 210 laptops, for which they received a suspended 2-year prison sentence. (The associated proceeds of crime process is ongoing at the current time.) Separately, the Council made a claim to its insurers and received a payout of £190k.

From an audit perspective, whilst the officer was clearly in a position of trust, the controls in place to safeguard equipment from the risk of insider theft required strengthening. In saying this, it is recognised that risk cannot be mitigated entirely and consequently controls also need to be in place to detect discrepancies on a timely basis. Following identification of the issue, Digital Services took immediate steps to address this and have worked closely with Internal Audit to strengthen arrangements. Whilst initially this involved the introduction of a number of manual/ paper-based controls, the Service have now procured a specific software package which should provide a more efficient and robust solution in the longer term.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

4.1 There is no implementation timetable as this is a monitoring report.

5. Comments from the Director of Finance and Resources and the Director of Law and Governance

5.1 Financial Implications

All fraud has a detrimental financial impact on the Council. In cases where fraud / error is identified, recovery action is taken to minimise the impact that such instances cause. This also includes action, where appropriate, to make improvements to the financial administration arrangements within the Council as a result of frauds identified.

5.2 Legal implications

The Council has a duty under section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs. To effectively discharge this duty, these arrangements include Council policies and procedures which protect the public purse through managing the risk of fraud and error.

All cases are conducted in line with the Data Protection Act 2018 and if appropriate are referred to the Police for investigation.

6. Other implications

6.1 How will this contribute to achievement of the One Coventry Plan?
(https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan)

The scope and content of this report is not directly linked to the achievement of key Council objectives, although it is acknowledged that fraud / error can have a detrimental financial impact on the Council.

6.2 How is risk being managed?

The risk of fraud is being managed in a number of ways including:

- Through the Internal Audit Service's work on fraud which is monitored by the Audit and Procurement Committee.

- Through agreed management action taken in response to fraud investigations and / or proactive reviews.

6.3 What is the impact on the organisation?

Human Resources Implications

Allegations of fraud made against employees are dealt with through the Council's formal disciplinary procedure. The Internal Audit Service are involved in the collation of evidence and undertake, or contribute to, the disciplinary investigation supported by a Human Resources representative. Matters of fraud can be referred to the police concurrent with, or consecutively to, a Council disciplinary investigation.

6.4 Equalities / EIA

Section 149 of the Equality Act 2010 imposes a legal duty on the Council to have due regard to three specified matters in the exercise of their functions:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The "protected characteristics" covered by section 149 are race, gender, disability, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment. The duty to have due regard to the need to eliminate discrimination also covers marriage and civil partnership.

The Council acting in its role as Prosecutor must be fair, independent, and objective. Views about the ethnic or national origin, gender, disability, age, religion or belief, political views, sexual orientation, or gender identity of the suspect, victim or any witness must not influence the Council's decisions.

6.5 Implications for (or impact on) Climate Change and the environment

No impact

6.6 Implications for partner organisations?

None

Report author:

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Coventry City Council

Public report

Report to

Audit and Procurement Committee — 2nd February 2026

Name of Cabinet Member:
Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:
Director of Finance and Resources

Wards affected:
City Wide

Title:
Whistleblowing Annual Report 2024-25

Is this a key decision?
No – this is a monitoring report

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with a summary of the concerns raised under the Council's Whistleblowing Policy during 2024-25 and the Council's response to the issues, including any organisational learning to prevent similar reoccurrences.

Recommendations:

Audit and Procurement Committee is recommended to note and consider the summary of whistleblowing concerns raised during 2024-25 and confirm its satisfaction with the actions taken to respond to the issues raised.

List of Appendices included:

None

Background papers:

None

Other Useful Documents:

Whistleblowing Policy 2017

https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=553&MID=11091

Has it or will it be considered by Scrutiny?

No other scrutiny consideration other than the Audit and Procurement Committee

Has it, or will it be considered by any other Council Committee, Advisory Panel, or other body?

No

Will this report go to Council?

No

Report title: Whistleblowing Annual Report 2024-25

1. Context (or background)

1.1 Whistleblowing is the making of a protected disclosure as found in Part IVA of the Employment Rights Act 1996 (and as amended by the Public Interest Disclosure Act 1998) and is reflected in the Council's Whistleblowing Policy 2017. This qualifies employees (including agency workers) for legal protection against detriment or unfair dismissal if they make a disclosure in the public interest. To qualify, the disclosure must also fall within one of the following grounds:

- A criminal offence
- Breach of any legal obligation
- Miscarriages of justice
- Danger to health and safety
- Damage to the environment
- The deliberate concealing of information about any of the above

1.2 The Council's Whistleblowing Policy makes it clear that all concerns raised about actual or potential misconduct or wrongdoing in the Council are taken seriously. For matters relating to fraud and corruption, these are considered by the Chief Internal Auditor. All other concerns which fall under one of the grounds listed above are considered by the Council's Monitoring Officer.

1.3 This report provides a summary of the concerns raised under the Council's Whistleblowing Policy during 2024-25 and the Council's response to the issues and is presented to the Audit and Procurement Committee in order to discharge its responsibility, as reflected in its terms of refence "to monitor Council policies on whistleblowing and the fraud and corruption strategy".

1.4 In order to protect the confidentiality of whistleblowers and other parties involved, no information is included in this report that could lead to the identification of a whistleblower or the subject of the whistleblowing or compromise the confidentiality of an on-going investigation.

2. Options considered and recommended proposal

2.1 During 2024-25, the Council received ten whistleblowing disclosures. Of these:

- Three were made by a third party and as such, the legal protection afforded to employees who raise concerns does not extend to these individuals. However, the Council considers that any disclosure made by members of the public should be treated in the same way as disclosures made by employees and consequently have made every reasonable effort to protect all individuals under the whistleblowing process.

- Four did not satisfy the grounds for whistleblowing as they did not relate to one of the prescribed concerns required in order to qualify under the Council's policy. In such cases, the individual is advised of the appropriate route to raise their concern.

2.2 It is worth noting that employees do not have to use the Whistleblowing Policy to raise concerns and are able to resolve matters using other routes if they wish to do so, for example through discussion with their line manager or reporting concerns to one of the "prescribed persons" set out in the Public Interest Disclosure (Prescribed Persons) Order 2014, such as the Health and Safety Executive.

2.3 A summary of the disclosures made by type and service area is provided in Table One below.

Table One – Whistleblowing Disclosures 2024-25

Number	Nature of concern (grounds for whistleblowing)	Service area
1	Other	Facilities Management
2	Health and Safety	Facilities Management
3	Other	Education Services (School)
4	Breach of legal obligations	Bereavement Services
5	Other	Environmental Services
6	Breach of legal obligations	Waste Services
7	Breach of legal obligations	Adult Social Care
8	Breach of legal obligations	Children's Services
9	Other	Children's Services
10	Bribery and Corruption	Environmental Services

2.4 Whilst all concerns are taken seriously, the response will differ on a case-by-case basis. In some cases, if the disclosure has been made anonymously and insufficient details have been provided, the Council may be restricted in the action it can take. However, typically a preliminary fact-finding investigation will be undertaken which if required, will result in a full investigation and formal action being considered. A summary of the responses to the disclosures made in 2024-25 are provided in Table Two below.

Table Two – Responses to Whistleblowing disclosures 2024-25

Number	Response
1	No further action – did not satisfy grounds for whistleblowing.
2	Partially substantiated – management action taken to address issues / implement recommendations
3	No further action – did not satisfy the grounds for whistleblowing.
4	Preliminary fact-finding investigation – not substantiated.

5	No further action – did not satisfy the grounds for whistleblowing.
6	Preliminary fact-finding investigation – not substantiated.
7	Preliminary fact-finding investigation – not substantiated.
8	Preliminary fact-finding investigation – not substantiated.
9	No further action – did not satisfy the grounds for whistleblowing.
10	Disciplinary investigation – employee resigned during the process.

2.5 **Learning from disclosures** – Where appropriate, responsible officers will identify learning points from any issues raised and ensure that they are acted upon to prevent similar issues recurring. If required, this includes consideration of whether there are any systematic improvement actions for the wider organisation. As detailed above, in one case considered in 2024-25 management action was agreed. Whilst these actions were specific to the concerns raised, rather than organisation wide improvements, opportunities to learn from disclosures will continue to be considered as part of the investigation process.

3. Results of consultation undertaken

None

4. Timetable for implementing this decision

There is no implementation timetable as this is a monitoring report.

5. Comments from the Director of Finance and Resources and the Director of Law and Governance

5.1 Financial Implications

There are no specific financial implications associated with this report. Effective whistleblowing arrangements assists the Council to ensure that any misconduct / wrongdoing which could have a detrimental financial impact on the Council is appropriately dealt with.

5.2 Legal implications

Review of the Council's arrangements for whistleblowing on an annual basis ensures that the organisation continues to meet its statutory obligations in respect of whistleblowing legislation and represents good governance.

6. Other implications

6.1 How will this contribute to achievement of the One Coventry Plan?
(https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan)

The Whistleblowing Policy assists in contributing to the objective of improving outcomes and tackling inequalities within our communities. The policy helps to achieve this by encouraging the raising of concerns in order to help to protect our most vulnerable people.

6.2 How is risk being managed?

The legislation gives all employees protection from suffering any detriment as a result of making a protected disclosure. Whilst members of the public are not protected by law, the Council treats all whistleblowers in the same way. Information is available to employees and members of the public on how they can access the Council's whistleblowing process and the Council considers actions to raise awareness. Assurance that concerns are dealt with effectively is provided to the Council's Audit and Procurement Committee through this annual report.

6.3 What is the impact on the organisation?

Where an investigation establishes that misconduct / wrongdoing has taken place, appropriate action would be taken, including, where appropriate use of the Council's formal disciplinary procedure and / or referring matters to third party organisations including the police.

6.4 Equalities / EIA

Section 149 of the Equality Act 2010 imposes a legal duty on the Council to have due regard to three specified matters in the exercise of their functions:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The "protected characteristics" covered by section 149 are race, gender, disability, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment. The duty to have due regard to the need to eliminate discrimination also covers marriage and civil partnership.

The Council acting in its role as investigator / Prosecutor must be fair, independent, and objective. Views about the ethnic or national origin, gender, disability, age, religion or belief, political views, sexual orientation, or gender identity of the suspect, victim or any witness must not influence the Council's decisions.

6.5 **Implications for (or impact on) climate change and the environment**

None

6.6 **Implications for partner organisations**

None

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Tina Pinks	Finance Manager Corporate Finance	Finance and Resources	16/1/2026	20/1/2026
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance and Resources	-	16/1/2026	21/1/2026
Julie Newman	Director of Law and Governance	-	15/1/2026	22/1/2026
Councillor A Khan	Deputy Leader – Policing and Equalities	-	16/1/2026	22/1/2026
Councillor R Lakha	Chair of Audit and Procurement Committee	-	16/1/2026	16/1/2026

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Audit and Procurement Committee

Work Programme 2025/26

23rd June 2025

Annual Governance Statement 2024/25
Internal Audit Annual Report 2024/2025
Internal Audit Plan 2025-26 and Internal Audit Strategy 2025-2028

21st July 2025

Revenue and Capital Outturn 2024/2025
Audit and Procurement Committee Annual Report to Council 2024/2025
2024 Annual Compliance Report - Regulatory & Investigatory Powers Act (RIPA) 2000

22nd September 2025

2024/25 External Audit Plan (Grant Thornton)
First Quarter Revenue and Capital Monitoring Report (to June 2025)
Annual Fraud and Error Report 2024/2025
Local Code of Corporate Governance 2025/26
Corporate Risk Report
Six Monthly Procurement Progress Report (Private)
Consideration of Approval of Severance Package (Private)

24th November 2025

Treasury Management Update 2025/26 – Half Year Progress Report
Internal Audit Professional Standards Update
Information Governance Annual Report 2024
Coventry Municipal Holdings Limited - Compliance with Group Governance Agreement
Complaints to the Local Government and Social Care Ombudsman 2024/2025

2nd February 2026

2024/25 Statement of Accounts (Grant Thornton)
Quarter Two Revenue and Capital Monitoring Report 2025/2026 (to September 2025)
Internal Audit Plan 2025/26 – Half Year Progress Report
Half Year Fraud and Error Report 2025/2026
Whistleblowing Annual Report 2024/2025

16th March 2026

Corporate Risk Report
Internal Audit Recommendation Tracking Report
Quarter Three Revenue and Capital Monitoring Report 2025/2026 (to December 2025)
Quarter Three Internal Audit Progress Report 2025/2026
Six Monthly Procurement Progress Report (Private)

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