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.

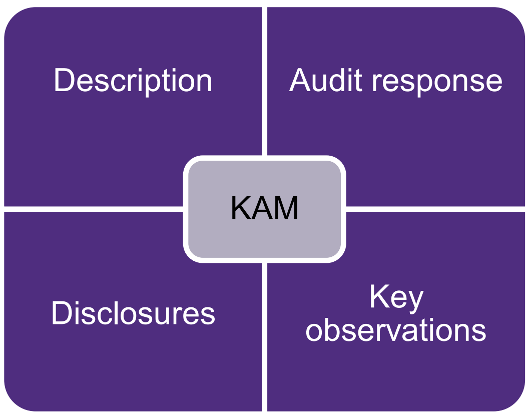
A full scope audit was planned for the Authority accounts for Coventry City Council and specified audit procedures were planned on the financial information of the UK Battery Industrialisation Centre Ltd and the Coventry and Solihull Waste Disposal Company Limited.

Value for money arrangements

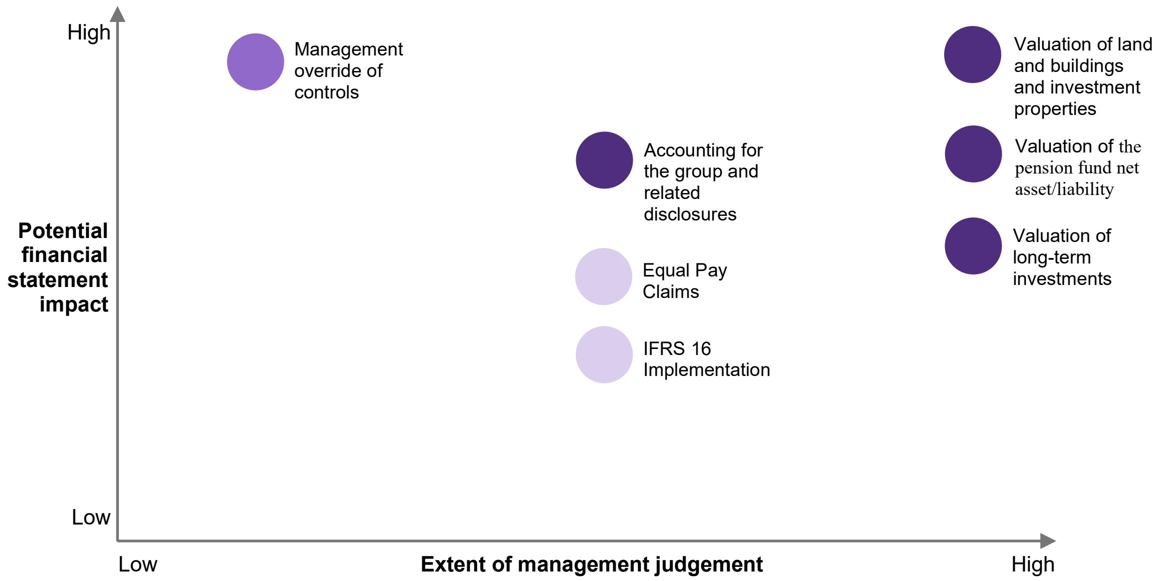
We are required to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025. Our approach to this work is set out in the 'Report on other legal and regulatory requirements – the Authority's 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.



●	**Key audit matter**	●	**Significant risk**	●	**Other risk**

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:

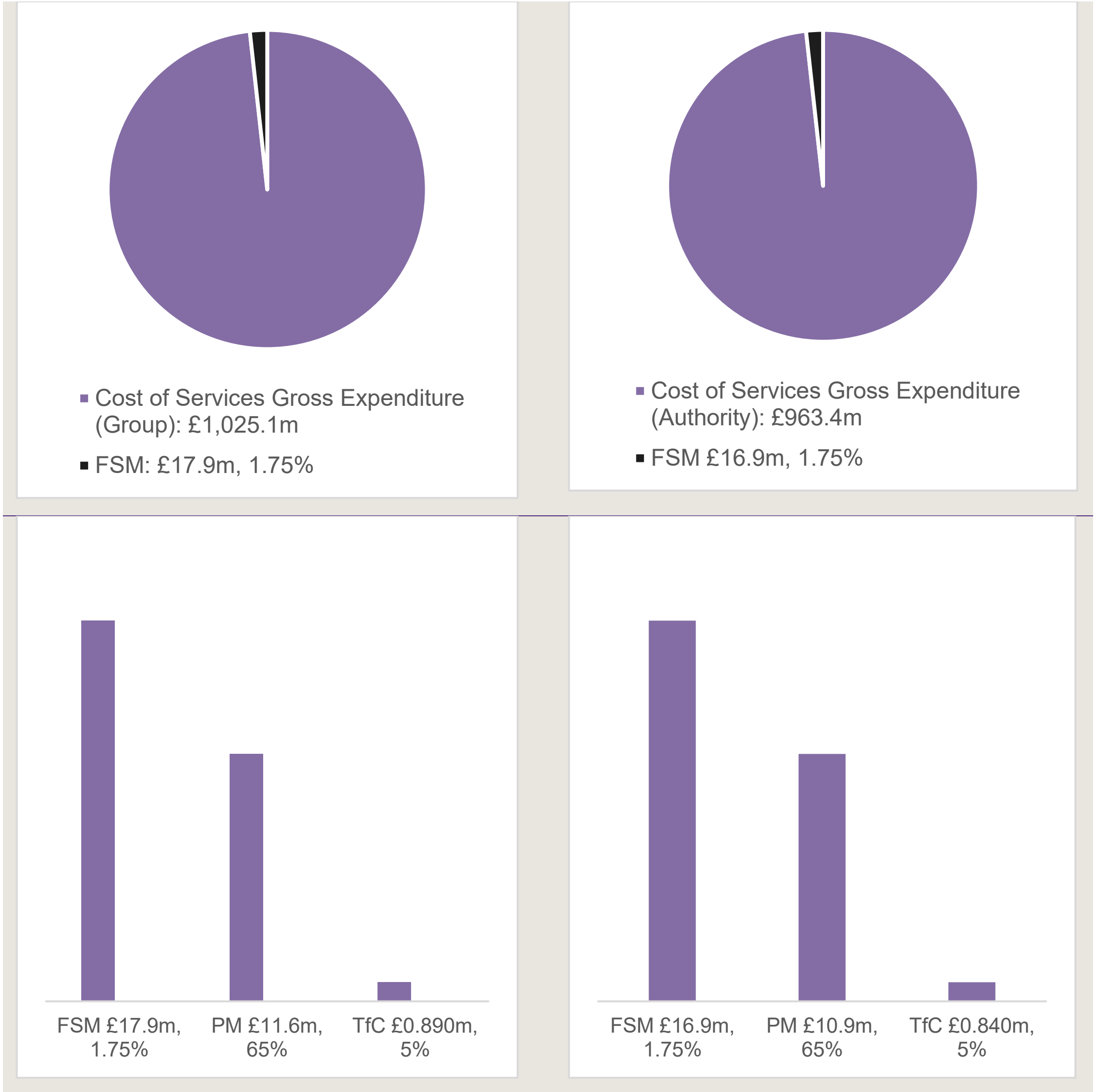
Materiality measure		
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. 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**]**