

	25/26 Question	25/26 Management Response
i)	General Enquiries of Management	
	<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2025/26?</p>	<p>Valuation of the Council's asset portfolio continues to be an area most subject to potential volatility, in addition there remains a need to continue to review the impact on the group accounts of the Council's activity in relation to the UKBIC, Sherbourne Recycling Ltd, and other subsidiaries. As we are yet to receive confirmation of audit opinion on both group and asset valuations, they remain active as key issues for our financial statements.</p> <p>The impact of potential equal pay claims is an ongoing event within the Council. We expect that there will be further clarity surrounding this position within the next financial year.</p>
	<p>2. Have you considered the appropriateness of the accounting policies adopted by Coventry City Council?</p> <p>Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>Following the successful implementation of IFRS 16 in 2024/25, management consider our adopted accounting policies to be appropriate.</p>
	<p>3. Is there any use of financial instruments, including derivatives?</p> <p>If so, please explain</p>	<p>The Council's financial instruments (both assets and liabilities) are reported annually in the notes to the main financial statements (latest year available at the time of writing is 2024-25 section 3.33)</p> <p>There is no use of financial derivative instruments.</p>
	<p>4. Are you aware of any significant transaction outside the normal course of business?</p> <p>If so, what are they?</p>	<p>The Council undertakes activity through companies which it owns in part or on a 100% basis. However, this is a delivery mechanism for business-as-usual operations</p>
	<p>5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?</p> <p>If so, what are they?</p>	<p>We are not aware at this stage of any changes of circumstances that would lead to an impairment of non-current assets. An annual impairment review of the Council's property assets is undertaken as a matter of course.</p>
	<p>6. Are you aware of any guarantee contracts?</p> <p>If so, please provide further details</p>	<p>The Council provides pension guarantees to a number of organisations. It does not have guarantor status for any other contractual purpose.</p>
	<p>7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?</p> <p>If so, please provide further details</p>	<p>A contingent liability currently exists in respect of Equal Pay Claims. Claims have been received which if successful, would result in a one-off revenue cost to the Council. However, the Council is robustly defending, so there is, yet, no reliable assessment of the validity, potential success, or value of any claims.</p> <p>We expect that there will be further clarity surrounding this position within the next financial year.</p>
	<p>8. Other than in house solicitors, can you provide details of those solicitors utilised by Coventry City Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?</p>	<p>No solicitors used on litigation which would have a significant impact on the Council's financial position other than the following:</p> <p><u>Equal Pay Claims (on-going):</u> Counsel: Betsan Criddle KC of Old Square Chambers</p>

	<p>9. Have any of the Coventry City Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?</p> <p>If so, please provide further details</p>	Not aware of any.
	<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>1) Right to work and Sponsorship Advisor: Mark Benton – Mills & Reeves No significant impact on financial position</p> <p>2) School HR provision by Employer Joanne Clement KC, 11KBW Outcome not expected to be financially significant</p>
	<p>11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments?</p> <p>If so, please provide further details</p>	Yes, this exercise is completed annually using payment information, communications received from borrowers and company performance information.
ii)	Fraud risk assessment Enquiries	
	<p>1. Has Coventry City Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>The authority's assessment is that the risk of material misstatement is low.</p> <p>The quarterly monitoring of service revenue and capital budgets, financial outturn results and the subsequent financial statements should identify any material misstatements, including where this could be due to fraud.</p> <p>These processes are key components of the annual financial cycle and as such are carried out as part of business as usual.</p> <p>In addition, the financial statements are subject to internal quality assurance control checks including analytical reviews with the objective of identifying any significant year on year variances.</p> <p>Further risk assessment processes related to the preparation of accounts will be completed based upon any audit issues raised by both Internal and External Audit.</p>
	<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	See above, the risk of fraud within the financial statements is considered to be low.
	<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Coventry City Council as a whole, or within specific departments since 1 April 2025?</p> <p>If so, please provide details</p>	<p>All concerns regarding fraud should be reported to the Chief Internal Auditor and defined processes are in place deal with any concerns raised. Since 1st April 2025 no concerns have been raised which would impact on the financial statements. In cases where fraud / error is identified through the work of Internal Audit</p> <p>as a result of third-party actions (i.e. the wider public) action is taken amend customer accounts / raise overpayments and recover monies wherever possible. In cases involving employees, these are dealt with through the Council's disciplinary procedures (including police investigation where appropriate.)</p>

		<p>In 2025/26 to date there have been the following cases of actual, suspected or alleged fraud: 9 cases relating to external fraud against the Council. 15 cases involving employees of the Council. Of these, 8 were not substantiated / were impractical to pursue. Of the other 7:</p> <ul style="list-style-type: none"> - In one case the employee resigned during the disciplinary process - Five cases are ongoing - In one case, a formal re-setting of standards took place. <p>There are 2 cases from previous years which have been concluded in 2025-26: 1 relates to an external grant fraud of ERDF monies against the Council. Whilst the businesses involved did not accept any liability, £139k was recovered as a result of the investigation and returned to central government as per the grant conditions. 1 relates an employee theft. The employee was dismissed in 2023, but the criminal prosecution was not concluded until July 25. This involved the theft of ICT equipment. The employee received a suspended prison sentence. The Council made an insurance claim and received a sum of £190k from this.</p>
	<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>The Council's corporate risk register is subject to regular review and is reported to the Audit and Procurement Committee twice a year. The Committee also receives a half yearly report on anti-fraud and corruption activity.</p>
	<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Coventry City Council where fraud is more likely to occur?</p>	<p>A fraud risk register is maintained by Internal Audit and specific fraud risk assessments are undertaken where appropriate. Most risks around fraud relate to actions undertaken by third parties (i.e the wider public) to commit fraud against the Council. The risk of fraud in relation to financial reporting is assessed as low.</p>
	<p>6. What processes do Coventry City Council have in place to identify and respond to risks of fraud?</p>	<p>The work of Internal Audit which specifically relates to fraud focuses on three areas: the National Fraud Initiative, referrals and investigations considered through the Council's Fraud and Corruption Strategy and proactive work (e.g fraud awareness). Separate arrangements are in place in relation to the risk of council tax fraud which is managed by the Revenues and Benefits Service.</p> <p>In addition to this, a fraud risk register is maintained by Internal Audit and specific fraud risk assessments are undertaken where appropriate. The risk of fraud is considered in individual audits, including an assessment of the controls in place to mitigate this.</p>
	<p>7. How do you assess the overall control environment for Coventry City Council, including:</p> <ul style="list-style-type: none"> • the existence of internal controls, including segregation of duties; and • the process for reviewing the effectiveness the system of internal control? 	<p>The Internal Audit Annual Report details the process for reviewing the effectiveness of the system of internal control and the results of this review. The last formal assessment of the Council's control environment was for the financial year 2024-25. The Chief Internal Auditor's opinion was that reasonable assurance could be provided that there is generally a sound system of internal control in place. This means that there is generally an appropriate level of control for managing the majority of the significant inherent risks to the Council's objectives to a reasonable level. Nothing has come to light in 2025-26 to materially impact on this opinion.</p> <p>No risk areas have been identified in relation to the financial statements.</p>

	<p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Roles and responsibilities in relation to systems of control are defined in various places such as the Constitution and Contract Procedure Rules and are enforced as far as practicable through ICT system controls and monitoring. This includes controls enforced through the BusinessWorld system, which limits the potential for override of controls over the financial reporting process. Service area controls, e.g segregation of duties of officers to mitigate fraud are in place to support the Councils Fraud and Corruption Strategy and Whistleblowing Policy.</p>
	<p>8. Are there any areas where there is potential for misreporting?</p> <p>If so, please provide details</p>	<p>None known</p>
	<p>9. How does Coventry City Council communicate and encourage ethical behaviours and business processes of its staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>The Council has a Code of Conduct which sets out the expected behaviours of its staff. In addition, all staff and agency workers are required to undergo an induction process. Policies linked to ethical behaviour and business processes are available on the Council's Intranet site. This includes an "I have a concern" page which provides details of how employees can raise concerns, including those linked to fraud.</p> <p>Contracts include terms and conditions around the behaviours etc of contractors and a Supplier Code of Conduct is also now in place.</p> <p>The Council has a Fraud and corruption Strategy, a Whistleblowing Policy and an e-learning fraud awareness tool in place. Other mechanisms are also used to encourage staff to report concerns, including the Finance and Audit school newsletter and face to face fraud awareness sessions.</p> <p>Staff are expected to raise all concerns about fraud with the Chief Internal Auditor. In 2025-26 to date, no issues have been reported which have led to significant fraud being identified.</p> <p>Two significant frauds which related to previous years have been concluded in 2025-26: 1 relates to an external grant fraud of ERDF monies against the Council. Whilst the businesses involved did not accept any liability, £139k was recovered as a result of the investigation and returned to central government as per the grant conditions. 1 relates an employee theft. The employee was dismissed in 2023, but the criminal prosecution was not concluded until July 25. This involved the theft of ICT equipment. The employee received a suspended prison sentence. The Council made an insurance claim and received a sum of £190k from this.</p>
	<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Any postholder with responsibilities for handling income, particularly cash, or who have budget holder responsibilities could be considered to be high-risk. However, levels of cash income are not significant and appropriate checks and balances are in place, including budget monitoring, scheme of delegation and segregation of duties, which are also enforced through the BusinessWorld system.</p> <p>In 2025-26 to date, there have been four cases where cash discrepancies were highlighted. In three cases, the amounts involved were < £30 and in one case (£600) the investigation is ongoing.</p>

	<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Most of the related party transactions that could give rise to potential fraud are those in which Councillors have a direct interest. Risks are mitigated by Councillor's declaration of interests and non-participation in debates.</p> <p>All postholders grade 9 and above are required to complete an annual declaration of interests and provide details of how any potential conflicts of interests are managed.</p> <p>In addition, the Council receives and reviews data matches via the National Fraud Initiative linked to this area of risk.</p> <p>Officers who have a role in Coventry Municipal Holdings complete an additional declaration of interest in relation to that role and a separate register of interests is maintained for each company which is subject to regular review.</p>
	<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The Audit and Procurement Committee receive half yearly reports on anti fraud and corruption activity. The Committee also receive quarterly Internal Audit progress reports which provides details of key audits undertaken. Where appropriate this would include issues relating to management processes for mitigating the risk of fraud and internal control issues.</p> <p>The Chief Internal Auditor's annual audit conclusion on the adequacy and effectiveness of the internal control environment also highlights any significant control issues to the Committee.</p> <p>Where appropriate, significant issues would be included in the Annual Governance Statement.</p>
	<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers?</p> <p>If so, what has been your response?</p>	<p>The Council has a Whistleblowing Policy and a defined process in place to deal with concerns raised by whistleblowers. In 2025-26 to date three whistleblowing complaints linked to potential fraud were raised. Of these:</p> <ul style="list-style-type: none"> - In 1 case, which related to an officer having secondary employment which was not declared, the officer resigned during the disciplinary process. - in 1 case the matter was not substantiated - in 1 case, the matter is still under investigation. <p>None of the concerns relate to misstatement within the financial statements / financial reporting due to fraud.</p>
	<p>14. Have any reports been made under the Bribery Act?</p> <p>If so, please provide details</p>	<p>One of the whistleblowing concerns reported in 2025-26 to date related to potential bribery / corruption in the award of a contract. The matter was subject to an investigation, and no evidence was found to substantiate the concern (which was raised anonymously.)</p>
iii)	Law and regulations	
	<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Coventry City Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Through effective governance processes and review mechanisms such as internal audit.</p> <p>The Monitoring Officer and the Council's legal team advise the Council's leadership, councillors and departments on changes to the legal and regulatory environment that impact on the Council. For example, in light of new procurement regulations the Council's contract procedure rules have been updated and the new requirements disseminated to the organisation</p>

	2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	The Annual Governance Statement presented to the Committee provides assurance that arrangements are in place for facilitating effective exercise of the Council's functions. This includes ensuring that its business is conducted in accordance with the law and proper standards. The review which underpins development of the Annual Governance Statement includes assurance from Directors that there have been no significant breaches of laws and regulations.
	3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2025 with an on-going impact on the 2025/26 financial statements? If so, please provide details	No
	4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	As stated above, Equal Pay claims have been received which if successful, would result in a one-off revenue cost to the Council. However, the Council is robustly defending, so there is, as yet, no reliable assessment of the validity, potential success, or value of any claims.
	5. What arrangements does Coventry City Council have in place to identify, evaluate and account for litigation or claims?	Legal Services maintain a risk register containing a list of high-risk matters (financial and reputational) which are constantly kept under review by the Legal and Procurement Management Team for potential litigation. Any of these matters which have a significant financial implication to the Council would be included and identified in the Corporate Risk Register.
	6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	Prior to 2025/26 we made a small number of self-reports to HMRC regarding IR35. Following discussions with the HMRC they agreed for CCC to complete an internal audit of all off payroll workers across schools. Once completed feedback will be provided to HMRC and a final disclosure (if applicable) will be required. This approach removes the burden required for HMRC to conduct a full employment status review and this decision was made due to the fact that CCC were carrying out an internal audit. Documents and internal audit outcomes have been sent to HMRC along with payment details for centrally based contractor. Work is still ongoing with individual school reviews over a 4-year period which could result in further non-compliance disclosure once this work is complete.
iv)	Related Parties	
	1. Have there been any changes in the related parties including those disclosed in Coventry City Council's 2025/26 financial statements? If so, please summarise: <ul style="list-style-type: none"> • the nature of the relationship between these related parties and Coventry City Council • whether Coventry City Council has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions 	There have been no changes to the Council's related parties in 2025/26.
	2. What controls does Coventry City Council have in place to identify, account for and disclose related party transactions and relationships?	Related parties are assessed by materiality by applying the following criteria: 1) The Council holds shares in a company;

		<p>2) The Council has a material financial relationship (identified via a transactional review) with a company over which it has influence; and</p> <p>3) any other considerations that indicate materiality by nature.</p>
	3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	No specific controls relating to related parties' transactions. Relevant controls for approval and delegation form part of our business-as-usual practices.
	4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	Per above. No transactions expected outside of normal business.
v)	Going Concern	
	1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Coventry City Council will no longer continue?	The Council has several controls in place to establish and manage any threat to statutory service delivery. A Corporate Risk register is in place, which is reviewed regularly at senior officer level, as well as being presented to members periodically. Service risk registers are also maintained which are managed by service Directors and their management teams. Performance boards also exist, together with budgetary control arrangements/reporting to identify any financial threat to service delivery. Officer/member relations are also very strong in terms of financial strategy and budget planning. Suitable governance arrangements are also in place for non-financial performance, and major project specific delivery.
	2. Are management aware of any factors which may mean for Coventry City Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	The Council has a robust MTFs and budget setting strategy with a healthy officer/member relationship. The national Fair Funding Review has provided the Council with additional resources, these arrangements place the Council in a good position to respond to challenges such that statutory service delivery will not be placed at risk.
	3. With regard to the statutory services currently provided by Coventry City Council, does Coventry City Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Coventry City Council to cease to exist?	It is expected that Coventry City Council will continue to deliver statutory services for the foreseeable future.
	4. Are management satisfied that the financial reporting framework permits Coventry City Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Management is satisfied that financial statements can be prepared on a going concern basis, and that they will provide a faithful representation of the financial position of the Council in doing so.
vi)	Accounting Estimates	
	1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	See Appendix A

	2. How does the Council's risk management process identify and address risks relating to accounting estimates?	The relevant budget holders, supported by financial management officers, review the latest information feeding into, and outputs generated from, the estimation processes. This includes comparing the latest position with the estimates made at previous balance sheet dates.
	3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	See 2 above
	4. How do management review the outcomes of previous accounting estimates?	See 2 above
	5. Were any changes made to the estimation processes in 2025/26 and, if so, what was the reason for these?	In response to recommendations within the 2024/25 AFR we will be reviewing and updating the Annual Leave Accrual, which may involve a review of the estimation process. There may also be a need to make changes on review, per item 2 above
	6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	By considering the complexity and uncertainty of different aspects of the accounts.
	7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	The relevant budget holders, supported by financial management officers, consider what controls are required for particular aspects of the accounts where accounting estimates are required.
	8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	The impact of, and particularly any significant changes in, the accounting estimates are reviewed by Corporate Finance officers as part of the process for producing the statement of accounts.
	9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> • Management's process for making significant accounting estimates • The methods and models used The resultant accounting estimates included in the financial statements.	The Corporate Finance officers involved in 8 above, would review both the output and methodology adopted.
	10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	We are not aware of any transactions, events or conditions other than those identified.
	11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Yes. Where estimation is necessary, appropriate estimating methodology is utilised. Estimates will be prepared by those best qualified, e.g. pension fund actuary, professionally qualified asset valuer.
	12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Accounting estimates are an integral part of the statutory accounting and reporting process.

Appendix A - Accounting Estimates 2025/26

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
<p>Land and buildings valuations</p>	<p>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.</p>	<p>Property valuations have been performed by RICS (Royal Institute of Chartered Surveyors) qualified valuers in accordance with RICS valuation standards.</p> <p>Valuations are undertaken every five years as a minimum however a proportion of assets are revalued more frequently based on consideration of material factors.</p> <p>A review is also undertaken to ensure that the current value of an assets that haven't been revalued do not differ materially from their carrying amounts.</p> <p>The in-house property team review valuations and discuss and resolve queries prior to the final signed valuation report being submitted.</p>	<p>Yes, external valuers used: Wilkes Head and Eve</p>	<p>Degree of uncertainty inherent with any revaluation. We commission professional valuers and rely on expert opinion.</p>	<p>Yes. Following changes to the CIPFA code Authorities should apply a revaluation cycle once every 5 years. In intervening years, the carrying amount of assets will be updated using an appropriate index to ensure that carrying amounts are materially accurate. Where no index is available a desktop evaluation can be used in year 3.</p>

<p>Investment property valuations</p>	<p>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).</p> <p>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.</p> <p>All fair value measurements are classified at level 2 in the Fair Value Hierarchy.</p>	<p>Property valuations have been performed by RICS (Royal Institute of Chartered Surveyors) qualified valuers in accordance with RICS valuation standards.</p> <p>Valuations are performed annually to ensure that the current value/ fair value of a revalued asset does not differ materially from its carrying amount.</p>	<p>Yes, external valuers used: Wilkes Head and Eve</p>	<p>Degree of uncertainty inherent with any revaluation. We commission professional valuers and rely on expert opinion.</p>	<p>No</p>
<p>Depreciation</p>	<p>Assets with a determinable finite life are depreciated using the straight-line method, dividing net book value (NBV) by remaining useful economic life (UEL).</p>	<p>Consistent application of depreciation method across asset groups.</p> <p>Annual review with internal management.</p>	<p>Internal managers responsible for asset management are consulted on UELs including any changes to assets that may have affected the UEL.</p>	<p>Depreciation is calculated on a straight-line basis as this reflects consumption of assets and is a reasonable assumption.</p>	<p>No</p>

Valuation of defined benefit net pension fund liabilities	Hymans Robertson Actuarial Report	CCC check that the contributions used in the report tie back to the contributions made during the accounting period	An external actuary is used to calculate the value of the pension fund: Hymans Robertson	There is a degree of uncertainty in the assumptions used which include CPI, salary increase rate, discount rates, demographic and longevity assumptions. CCC rely on expert knowledge of the actuary. Where there have been changes in assumptions year on year these are picked up in the remeasurement section of the pension fund report.	
Level 2 investments	Following acquisition date, the Council uses a combination of Level 2 and Level 3 to value its investments in companies.	The advice of an external valuer is taken to identify comparable transactions for company sales.	Yes, external valuers for company investments.	There is a degree of uncertainty with using market multiples and performance / budget information from companies.	No.
Level 3 investments	Following acquisition date, the Council uses a combination of Level 2 and Level 3 to value its investments in companies.	Conversations with management to investigate any assumptions made in financial information provided by companies. Use of external valuation expert.	Yes, external valuers for company investments. The current contract is with Azets.	There is a degree of uncertainty with using market multiples and performance / budget information from companies.	No.
Fair value estimates	Methods compliant with IFRS 13 (market, income, cost and adjusted net assets) are used to value company investments.	Review by external valuation experts.	Yes, external valuers for company investments, including RICS surveyors where required.	There is a degree of uncertainty with using market multiples and performance / budget information from companies.	No.

Provisions	Provisions are identified through detailed monthly management accounts, legal case monitoring, and discussions with service departments, which flag potential present obligations to management.	Each provision is separately reviewed by Corporate Finance, with supporting workings prepared and reviewed to evidence the basis of the estimate and compliance with IAS 37.	As necessary on an individual basis.	Each provision is assessed on an individual basis to ensure that it meets the recognition criteria under IAS 37, including the existence of a present obligation and the probability of settlement. The degree of uncertainty is considered in determining both whether a provision is required or whether disclosure as a contingent liability is more appropriate, and in estimating the amount recognised.	No
Accruals of income and expenditures	Accruals are estimated by reviewing goods and services received prior to the end of the financial year for which an invoice has not been received, using contract values, service confirmations and known timing information where available.	Monthly management accounts provide regular analysis so that significant accruals are identified, reviewed and actioned throughout the year, including at year-end close.	No	The use of actual dates of receipt of goods and services, supported by contract and service information, gives a low degree of estimation uncertainty.	No
Credit loss and impairment allowances	Expected Credit Loss model (IFRS9). Long term debtors are assessed for impairment using payment information, company performance data, knowledge of the external environment and communications from companies.	Use of market data on loan default rates, review of communications with counterparties to determine if they indicate risk and using company accounts to inform financial performance of counterparties.	No.	There is a degree of uncertainty with any estimate of default, but the Council applies the suggested approach in IFRS 9.	No.

<p>Finance lease liabilities</p>	<p>Under the requirements of IFRS16 we are reviewing all our potential lease liabilities.</p> <p>In recent years the council's policy has been to purchase assets e.g vehicles/waste containers and resource these from borrowing rather than leasing the assets.</p>	<p>Review of leasing agreements and associated information against accounting requirements.</p>	<p>No However, as part of the introduction of IFRS16 the use of experts may be considered on a case-by-case basis.</p>	<p>The assumptions would be based on the legal agreements in place and the relevant market information e.g interest, asset values, etc.</p>	<p>No Impending changes due to IFRS16 are being considered and will impact at the relevant stage.</p>
<p>PFI Liabilities</p>	<p>Estimates are made at the outset of PFI schemes based on established models. The models are agreed with our external auditors who have reviewed this extensively in recent years. These are being updated to comply with IFRS16</p>	<p>Actual Increases in Contract Level taken from Invoices for the year.</p>	<p>Yes, at the outset of the schemes or where re-financing of PFI debt is considered experts are used in line with standard practice.</p>	<p>Alternative estimates are not generally considered once the model has been established, unless there are major changes in the scheme (e.g. re-financing)..</p>	<p>No</p>