



Coventry City Council's 2020-21 Statement of Accounts

This document presents the Council's financial performance for the year ending 31st March 2021.

| | | |
|----------|--|-----------|
| 1 | An Overview of the Council's Performance..... | 5 |
| 1.1 | Introduction..... | 5 |
| 1.2 | Narrative Report..... | 5 |
| 1.3 | Statement of Responsibilities..... | 18 |
| 1.4 | Annual Governance Statement..... | 19 |
| 2 | Main Financial Statements | 37 |
| 2.1 | Overview of Main Financial Statements..... | 37 |
| 2.2 | Comprehensive Income & Expenditure Statement..... | 38 |
| 2.3 | Movement in Reserves Statement..... | 39 |
| 2.4 | Balance Sheet..... | 41 |
| 2.5 | Cash Flow Statement..... | 42 |
| 3 | Notes to the Main Financial Statements | 43 |
| 3.1 | Note to the CIES..... | 43 |
| 3.2 | Expenditure and Funding Analysis..... | 44 |
| 3.3 | Note to the Expenditure and Funding Analysis..... | 45 |
| 3.4 | Revenue Outturn..... | 46 |
| 3.5 | Segmental Analysis..... | 47 |
| 3.6 | Income and Expenditure Analysis..... | 48 |
| 3.7 | Analysis of Capital Grants..... | 49 |
| 3.8 | Analysis of Revenue Grants..... | 50 |
| 3.9 | Deployment of Dedicated Schools Grant..... | 51 |
| 3.10 | Related Party Transactions..... | 53 |
| 3.11 | Pooled Budgets..... | 56 |
| 3.12 | External Audit Costs..... | 58 |
| 3.13 | Usable and Unusable Reserves..... | 59 |
| 3.14 | Adjustments between Accounting Basis & Funding Basis under Regulations | 62 |
| 3.15 | Property, Plant and Equipment..... | 63 |
| 3.16 | Heritage Assets..... | 66 |

| | | |
|----------|---|------------|
| 3.17 | Non-Operational Assets | 68 |
| 3.18 | Capital Expenditure and Capital Financing | 70 |
| 3.19 | Revaluation of Property, Plant and Equipment | 71 |
| 3.20 | Capital Commitments | 72 |
| 3.21 | Long Term Investments | 72 |
| 3.22 | Long Term Debtors | 74 |
| 3.23 | Short Term Debtors..... | 75 |
| 3.24 | Short Term Creditors..... | 76 |
| 3.25 | Provisions..... | 76 |
| 3.26 | Other Funds | 77 |
| 3.27 | Notes to the Cash Flow..... | 78 |
| 3.28 | Private Finance Initiative (PFI) | 80 |
| 3.29 | Leases..... | 85 |
| 3.30 | Pension Costs | 88 |
| 3.31 | Retirement Benefits..... | 89 |
| 3.32 | Officers' Remuneration (including exit packages)..... | 95 |
| 3.33 | Members' Allowances | 97 |
| 3.34 | Financial Instruments | 98 |
| 3.35 | Associated Company Interests & Holdings | 108 |
| 3.36 | Events after the Balance Sheet Date | 111 |
| 3.37 | Contingent Liabilities and Assets | 114 |
| 3.38 | Collection Fund Statement and Notes | 115 |
| 3.39 | Prior Period Restatement..... | 118 |
| 4 | Group Accounts | 121 |
| 4.1 | Overview of Group Accounts | 121 |
| 4.2 | Group Comprehensive Income and Expenditure Account..... | 122 |
| 4.3 | Group Movement in Reserves Statement..... | 123 |
| 4.4 | Group Balance Sheet..... | 125 |
| 4.5 | Group Cash Flow Statement..... | 126 |

| | | |
|----------|--|------------|
| 4.6 | Group Balance Sheet Reconciliation | 127 |
| 4.7 | Analysis of the movement in the Authority's share of the reserves of subsidiaries, associates and joint ventures | 129 |
| 4.8 | Group Surplus/Deficit Reconciliation | 130 |
| 4.9 | Reversal of adjustments made between group accounts and authority accounts..... | 131 |
| 4.10 | Group Property, Plant and Equipment | 132 |
| 4.11 | Consolidated Breakdown of Reserves | 134 |
| 4.12 | Group Tax Expense | 136 |
| 4.13 | Notes to the Group Cashflow | 136 |
| 4.14 | Group Companies Disclosure | 138 |
| 4.15 | Prior Period Restatement - Group Accounts..... | 140 |
| 5 | Statement of Accounting Policies..... | 142 |
| 5.1 | General..... | 142 |
| 5.2 | Significant Assumptions made in estimating Assets and Liabilities..... | 142 |
| 5.3 | Critical Judgements in Applying Accounting Policies | 143 |
| 5.4 | Accounting standards issued, but not yet adopted | 144 |
| 5.5 | Changes in Accounting Policies..... | 144 |
| 5.6 | Accounting Policies – Categories..... | 144 |
| 5.7 | Accounting Policies | 145 |
| 6 | Glossary of Terms..... | 159 |
| 7 | Audit Certificate..... | 163 |

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 2021. 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. For the 2020/21 financial year the statement also explains how the

Council has responded to the COVID-19 pandemic, the current status of its medium term financial plans and how it is securing its future financial resilience.

1.2 Narrative Report

Preface

This narrative report was largely written during, and from the perspective of, Summer 2021 with a small number of updates in a few key areas. Given the significant delay in completing these accounts there have been subsequent developments that have changed the status of issues referenced in this report. An updated section at the end of this narrative report summarises the key matters to help put the position reported into context.

Overview

The Council's overall strategy is set out in the Council Plan, "One Coventry", 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.

The One Coventry Plan sets out the vision, priorities and aspirations for the city to be: "globally connected", to promote the growth of a sustainable Coventry economy; and "locally committed", to improve the quality of life for Coventry people. Key

information about the city and measures of the Council's overall performance are provided separately in an annual performance report formally considered by Cabinet, Scrutiny Co-ordination Committee and presented at an all members seminar.

The coronavirus pandemic has contributed to an unprecedented level of demand for all kinds of Council services, for example: worries about money, school closures and other pandemic-related stresses on families increasing demand for children's services; increase in online deliveries leading to large increases in the demand for household waste and recycling services; and limits on social contact impacting on the effectiveness of a wide range of services to our most vulnerable residents. To address these challenges the Council has significantly transformed the way it works, resulting in more than a doubling of transactions completed through self-service channels. In addition, sickness absence reduced despite the pandemic, and the Council has

supported the city's most vulnerable residents through deliveries of essentials and assisted businesses in re-opening safely.

Globally connected

In 2020/21 the city continued to face significant headwinds from a very challenging economic climate as a result of Covid. This climate led to an increase in unemployment, fewer active enterprises and a decrease in the size of the city's gross domestic product per head of population. The Council has supported local businesses through the pandemic awarding £48m in direct cash grants to more than 4,000 businesses that were forced to close and £13.4m of discretionary cash grants to over 2,000 businesses in the city. There was only a small drop in the rateable value of the city's businesses in the year from £319m to £317m, but there was a significant fall in the in-year collection of Business Rate revenue to 91.3% of the collectable total compared with 98% in the previous year.

Locally committed

In July 2020 the Council's Cabinet approved a local air quality action plan which is enabling measures across a number of transportation routes to help reduce polluting emissions across the city. There have been evident challenges in delivering some services although the Council has maintained its performance in terms of keeping roads and pavements at a similar standard to previous years. There has been a significant increase in the amount of fly-tipping in the year (up 31%) and in response the Council increased the number of investigations and targeted resources towards locations where issues are occurring. The proportion of waste recycled and composted increased slightly in the year and, following a short period of closure, the Coventry Household Recycling and Reuse Centre (the tip) re-opened with a new booking system which has since been made permanent. The standard of overall city cleanliness fell in the year, with the percentage of sites falling below standard increasing from 2% to 5%. Five Coventry parks achieved a Green Flag Award for the ninth year running.

The city continues to face a multitude of challenges. The total number of crimes reported rose by 9.5% whilst there was also a slight increase in youth offending and a 37% increase in domestic abuse. There has been an increase in the number of looked after children in the city (from 701 to 747), a movement that reflects both regional and national trends. The Council launched the Family Valued model (April 2021), a programme for which one of the aims is to safely reduce the number of looked after children. In education, the cancellation of summer exams in 2020 and a replacement method of awarding grades has led to a set of pupil attainment statistics that are not comparable to previous years.

In adult social care, the number of people in long-term support has remained relatively stable and remains lower than comparators. The proportion of adult social care users placed in regulated services rated as inadequate is just under 4%. The adult social care survey was paused in 2020/21 meaning that the data collected on satisfaction and other measures is not available. The Council has worked with the care sector in Coventry throughout the pandemic to ensure adequate personal protective equipment was in place and additional funding to support infection control, testing and workforce resilience was provided.

The number of households classed as statutory homeless decreased from 913 to 722 in the year, but this is still well above previous years. The Council developed a number of projects during 2020/21 to reduce the spend on temporary accommodation including a new charging policy, increasing the number of private rented properties at local housing allowance rates and provision of a range of temporary accommodation options available to single people. An increase in the Council's rough sleepers team coincided with a Government directive to accommodate all people rough sleeping at the time of the first lockdown. Working with partners, the team accommodated over 350 individuals temporarily and moved over 250 into permanent accommodation.

Within 2020/21 COVID-19 has clearly had a significant effect on residents with 23,205 cases and 605 deaths - one fifth of all deaths in the city in the year. The Council's annual performance report approved by the Council's Cabinet on 31st August 2021 contains a significant amount of further information on the ongoing impact of Covid and the Council's response to it.

The activities of the main companies within the Council's Group arrangements are described below.

Coombe Abbey Park Limited's (CAPL) key business of operating a hotel and associated food and beverage trade within the Coombe Park was much disrupted by the impact of COVID-19 through 2020. Different elements of the business were only allowed to operate for limited periods through the year under restrictions applied by the Government.

The principal activity of the Coventry and Solihull Waste Disposal Company continued to be the generation of energy using waste materials as the energy source. The company operated largely unhindered by Covid as it increased the volumes of waste processed and electricity generated.

The Friargate JV Project Limited continued to progress the development of property for residential and commercial purposes within the Friargate business district of the city including plans for the construction of a hotel.

The principal activity of the UK Battery Industrialisation Centre Limited (UKBIC) is the development and manufacture of batteries, initially for the automotive sector but with wider application. The business was not operational by the end of the year although the building fit out and installation and commissioning of technical battery production equipment were substantially complete by the end of the year despite a significant Covid impact.

The core activities of Tom White Waste Limited (TWW) concern the collection, recycling and disposal of waste. The company's business was affected by COVID-19 although it continued to

trade through the year operating with a 14% reduction in turnover.

It is against this background that the Council's financial performance is examined below.

The Council's Financial Performance – Revenue Position and COVID-19

The 2020/21 financial year saw a significant impact on the Council as a result of COVID-19. This included costs incurred from the provision of additional services, reductions in income as citizens reduced usage of services that attracted fees and charges, the provision of reliefs and allowances for Business Rates and Council Tax, the passing on of financial support to the social care sector and the payment of grants to the business sector. In response, the Government made grant funding available to support this activity and impact.

Society experienced various levels of restrictions which were imposed and eased at different times throughout the year. The most impactful developments for Coventry included: the halting of universal schooling but with the maintenance of school opening for vulnerable children and those of workers in key sectors; the need to ensure food and other support for vulnerable groups; the ordering of large amounts of personal protective equipment; arrangements providing for a temporary sub-regional mortuary facility; responding to changes in the demand for and nature of adult and children's social care and homelessness provision; financial support for suppliers of goods and services to the Council; processing of cash grants and rate reliefs to business ratepayers and managing reliefs for Council Tax payers; ceasing many direct face to face services to the public; the wide-scale re-

location of several thousand Council employees from office based activity to working from home; and managing enforcement of and compliance with lockdown restrictions. Towards the latter part of the year focus switched to arranging testing facilities and encouraging the take-up of vaccinations.

Just as in other sectors, the delivery of every Council service and each individual employee was profoundly affected by Covid conditions. The Council's emergency response plans had already been enacted in March 2020 at operational, tactical and strategic levels with emphasis on daily briefings and regular communications to the wider organisation and the Council's partners. These continued through 2020/21, increasing and decreasing in intensity reflecting the public health conditions at different times of the year. To a large extent the Council has been successful in keeping many of its core services operating although there were closures and limitations on the ability to deliver some customer facing and discretionary activities.

In terms of the effect on local government accounting, extensions to reporting requirements have once again been granted for the 2020/21 accounts following a similar move in 2019/20. The revised requirements were for the draft accounts to be published by the end of July (previously May) with auditor sign-off by the end of September (previously July).

Due to delays in finalisation of Coventry's 2019/20 accounts and the impact on the starting balance sheet position, the 2020/21 accounts have been published beyond the deadline set. It is clear however that the impact of Covid, the more stringent than previous demands of local government audit and the current turmoil in the

audit sector have had an impact on the deadlines being missed across a large proportion of local authorities. There have been local issues that have contributed to delays to the Council's accounts. These include obtaining assurance from the auditors of several of the Council's companies, obtaining accurate valuation of elements of the Council's property portfolio, aspects of the accounting for the council's interest in UKBIC, the valuation of property assets held at Coombe Abbey Park Hotel, the structure of the Council's Group Accounts statements and determination of accounting for Highways Infrastructure assets.

The effects on Council activity described in the 2019/20 accounts have lasted across the full 12 months of the 2020/21 financial year. A wide range of Council services have been subject to financial consequences as have some partner organisations which have financial inter-dependencies with the Council. These additional costs and income reductions have been monitored and reported across the year. Together these totalled £31m. These costs were largely funded by the Government's COVID-19 Emergency Funding (£22.8m) received in-year and its Sales, Fees and Charges Compensation Scheme (£6m).

The Council has undertaken further assessment of the need to make additional provision for bad debts in the areas of Council Tax, Business Rates and its other outstanding debts, as well as impairment of other financial assets such as loans and financial leases to external organisations.

It was reported last year that there had been an impact on the Council's accounting statements relating to the volatility of financial and property markets and the wider economy. Conditions had increased the uncertainty of assumptions around the Council's pensions accounting, its property

valuations and those of other assets including its shareholding in arms-length companies. Whilst these effects have not subsided entirely, much of the uncertainty had been removed by 31st March 2021. Those informing the valuations of pensions and property are no longer reflecting a material uncertainty in their work. Where the effects of Covid remain within these accounts, the disclosures within the financial statements reflect them.

In February 2020, the Council set an overall budget for its revenue expenditure of £744m. The following table shows how it was planned that this expenditure would be funded.

| | Budget £m |
|----------------------------|----------------|
| Council Tax | (141.4) |
| Local Business Rates | (97.4) |
| Specific Government Grants | (404.6) |
| Fees and Charges | (100.9) |
| Total | (744.3) |

The impact of Covid has made it more difficult than normal to assess accurately the financial performance of some Council services. There is no doubt that the pandemic has affected a broad range of services which have reported budgetary overspends. These include the cost of supporting looked after children, income losses within car parking and bus lane enforcement, and increased costs of collecting and disposing of waste. It is difficult to know, however, the extent to which Covid has caused these and how much of any overspend is due to non-Covid budgetary trends or performance. Some Covid grants have been applied as specific grants (for instance the Contain

Outbreak Management Fund), funding the relevant expenditure in particular areas. Other general Covid grant funding has been retained within contingency and central budgets.

Within reasonable parameters of certainty, the Council's underlying financial performance continues to be strong. Measures taken to stabilise the Council's housing and homelessness budgets, in particular in relation to temporary accommodation, have resulted in a favourable budgetary outturn position. Further underspends have occurred in relation to corporately budgeted superannuation payments, Business Rates pooling income, and treasury management and capital financing costs. Each of these areas can be subject to volatility and were budgeted for on a prudent basis with each resulting in a final outturn position towards the high end of expectations.

The revenue outturn position is shown in section 3.4 which reflects Covid costs within each service and Covid emergency funding within Corporate and Contingency budgets. In overall terms, the Council is reporting a balanced position after taking into account unbudgeted year-end contributions to corporate reserve balances of £9.2m within corporate and contingency budgets.

Children and Young People's Services has reported an overspend caused both by the total number and higher average unit cost of placements plus continued reliance on agency staff to manage the increase in caseloads. Contain Outbreak Management Fund grant of £2.7m has been applied, leaving an overspend of £5.7m. The Council has assessed the balance that is judged to be the result of Covid. This has been estimated to be £5.5m, leaving a net overspend of £0.2m.

Covid lockdown conditions have had a detrimental impact on income performance in several areas. This includes a £5.4m shortfall within Transportation and Highways in respect of significantly reduced car parking, bus gate and parking enforcement activity and £1.8m potential rent losses and associated pressures in respect of the Council's commercial property portfolio. Other lower, but still significant, Covid related income shortfalls have been reported, including land charges, court costs, planning, commercial waste, parks, the Outdoor Education Service and other school traded services.

Covid has also resulted in estimated expenditure pressures across a range of other services including: waste disposal and safe working costs within Waste and Street Services of £3.5m; Personal Protective Equipment costs of £1.7m; Adult Social Care costs of £1.6m; and the provision of emergency mortuary capacity of £1.3m.

Before the year-end reserve contributions referenced above, the Council's corporate and contingency budgets were underspent by £8.5m. The key variances related to budgets that are hard to predict and for which the final position was towards the favourable end of a range of possible outcomes compared with prudent budget assumptions. The favourable variances incorporated superannuation costs payable to the West Midlands Pension Fund (£3.8m), treasury management and capital financing costs and income (£3m) and income from the Coventry and Warwickshire Business Rates Pool (£1.6m). The position excludes the impact of not receiving budgeted dividend income of £1.9m from Birmingham Airport and Coombe Abbey Park Limited (CAPL) as a result of the pandemic. Further dividend loss from these sources has been

planned for within the 2021/22 Budget. The Council's re-financing of CAPL agreed in March 2021 is designed to enable the company to continue on a secure financial basis and to honour its future rent and loan repayment commitments to the Council.

The Council has continued to take a balanced commercial approach to meeting its budgetary

pressures and maintain an appropriately prudent approach to managing the strength of its balance sheet. In 2020/21 this included measures such as developing a modest programme of activities resulting in new commercial income streams and developing plans alongside other local authorities for a new recycling facility in the city. Together with other measures identified in recent years, this approach has helped the Council to avoid some of

the worst effects of budget cuts experienced elsewhere across the country in recent years. However, they also added a degree of new risk exposure to the Council's operations, a subject that is discussed further in the Future Plans section of this Narrative Statement.

Summary of the Council's Revenue Outturn

| 2020/21 | Total Income | Total Expenditure (including reserve movements) | Net Expenditure | Budget | Overspend/ (Underspend) |
|--|----------------|---|-----------------|--------------|-------------------------|
| | £m | £m | £m | £m | £m |
| Legal & Governance Services | (1.8) | 6.6 | 4.8 | 3.6 | 1.2 |
| Public Health | (23.7) | 26.3 | 2.6 | 2.6 | 0.0 |
| People Directorate Management | (0.1) | 1.5 | 1.4 | 1.4 | 0.0 |
| Education and Skills | (195.2) | 209.9 | 14.7 | 15.2 | (0.5) |
| Children and Young People's Services | (16.0) | 92.8 | 76.8 | 71.1 | 5.7 |
| Adult Social Care | (62.2) | 142.1 | 79.9 | 79.0 | 0.9 |
| Housing & Transformation | (12.4) | 26.5 | 14.1 | 14.6 | (0.5) |
| Human Resources | (0.8) | 2.1 | 1.3 | 1.3 | 0.0 |
| Business, Investment & Culture | (19.1) | 27.9 | 8.8 | 7.2 | 1.6 |
| Transportation & Highways | (16.0) | 26.3 | 10.3 | 4.4 | 5.9 |
| Streetscene & Regulatory Services | (18.3) | 54.5 | 36.2 | 29.1 | 7.1 |
| Project Management and Property Services | (18.7) | 16.3 | (2.4) | (4.6) | 2.2 |
| Finance & Corporate Services | (95.3) | 100.1 | 4.8 | 3.2 | 1.6 |
| Contingency and Central Budgets | (234.4) | 219.5 | (14.9) | 10.3 | (25.2) |
| Total | (714.0) | 952.4 | 238.4 | 238.4 | 0.0 |

The Council's Financial Performance – Capital

The scale of the Council's ambition continues to be reflected in the size of its Capital Programme. Having delivered the largest programme for many years in 2019/20 (£216m) the Council's 2020/21 programme spend was £194m. The programme has incorporated several large schemes that are fundamental to the city's economic development and connectivity. This includes: the Whitley South highways infrastructure scheme to support a proposed research and development campus; build completion and equipping of the UK Battery Industrialisation Centre (UKBIC Ltd) to the south of the city; and development, approaching completion, of the Coventry (rail) Station Masterplan incorporating a remodelling of the city's major railway station. Elsewhere, the city has seen major enhancements in the form of city centre public realm works that have transformed areas of the city centre to accompany Coventry's City of Culture year. External grant funding has enabled a range of greener travel options to be developed including cycle-path schemes, clean bus and electric vehicle technology and on-street charging points. Also, initial development activity has begun for the Material Recycling Facility which will emerge in the form of Sherbourne Recycling Limited in 2021/22. Funding for the programme came largely from external grant or commercial business case based prudential borrowing, as set out in note 3.18 Capital Expenditure and Capital Financing.

Once completed the UKBIC project, which is wholly owned by the Council, will enable vital battery industrialisation technology to be provided to industry. Further expenditure of £29m has been incurred in 2020/21 out of the final expected scheme cost of £133m. This will be funded by £115m of Innovate UK grant and an £18m loan

from the West Midlands Combined Authority (WMCA). This loan was provided to the City Council at nil interest, subject to the repayment of principal in line with the agreement. In turn the City Council and UKBIC Ltd entered into an Indemnity and Guarantee 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 loan agreement (see section 3.34 Financial Instruments for further details). The Council's shareholding in the company is held at nil value, reflecting the nature of the entity, which exists to support the wider sector rather than as one established to provide a financial return.

The City Council's acquisition of a 100% stake in Tom White Waste Limited in March 2020 means that it has now traded for a full year under Council ownership. The purchase of this significant local waste collection, management and recycling company is designed to complement the Council's existing in-house commercial waste activities. Despite Covid, the £0.5m profit achieved in the year suggest positive signs for the company. This investment in strategic assets is an important part of the Council's long-term financial planning approach. This is due to take a further step with initial development expenditure for the Material Recycling Facility being incurred in the form of Sherbourne Recycling Limited. This new company was acquired by the Council on 1st April 2021, as explained in note 3.36 Events After the Balance Sheet Date.

In recent 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. Consistent with this, the purchase of Oak House – a property on Binley Business Park – was completed in 2020/21. 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.

In part as a result of this and due to the use of external grants (rather than receipts) to part fund 2020/21 capital expenditure, the Council has been able to carry forward capital resources. These resources are included within section 3.13 Usable and Unusable Reserves. 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 2020/21, which is discussed in the section on Treasury matters below.

The scale and ambition of the Council's overall Capital Programme carries the inherent risk that not all schemes will progress to plan. This applies to the construction of a second building in the Friargate district (a scheme that is now on site) and the plans both for a hotel within the Friargate district and the City Centre South development. These schemes have seen delays and been subject to re-assessment as a result of economic and societal changes having affected the financial models on which they are based. It will be important for the Council to continue to make realistic assessments of the best way to take such projects forward in the new circumstances that exist post-Covid.

The impact on the financial models for these prospective schemes is reflected broadly in the

effects on previous capital schemes and acquisitions. The Wave destination leisure facility, Tom White Waste Ltd (TWW) and Coombe Abbey Park Limited (CAPL) have commercial models that have been affected by the COVID-19 situation, requiring some re-assessment of the original business cases on which they were based. Although it would be easy to avoid future involvement in such schemes on the basis of the level of financial risk that they contain, the Council's view is that this would not be an appropriate response. The Council is already heavily exposed to risk on a regular basis through the impact of demand led services such as housing and social care putting pressure on its revenue budget. In response 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 is in a strong position to withstand this type of event. The Council remains vigilant to ensure that it maintains an appropriate level and balance of commercial activities but remains convinced that these remain an essential 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 show 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 have increased from £144m to £225m in 2020/21.

The Council's reserve balances include an extraordinary balance of £48m at the end of 2020/21. Government Covid Business Rates reliefs announced in 2020/21 had the effect of reducing the amount of Business Rates receivable in-year causing a deficit within the Business Rates Collection Fund. Accounting rules mean that the corresponding grant (from Government) cannot be applied to the Collection Fund until 2021/22 and must be carried forward within General Fund reserves. This treatment will be common to all billing authorities across England.

In addition to carrying forward this Business Rates related reserve balance, the total level of other reserves owned and controlled by the Council to support its revenue spending activities has gone up by £33m in 2020/21 and now stands at £123m. A further £27m of reserve balances either belong to or have been set aside to support the city's schools, an increase of £6m in the year. These school reserves are not available for the Council to use for other purposes. In addition, capital resources set aside to fund one-off capital schemes stand at £27m.

The revenue reserves are held for a variety of reasons listed in Note 3.13. These include: delivery of the Council's medium term Adult Social Care financial model; delivery of long-term Private Finance Initiative specific projects; amounts to enable the Council to restructure its workforce so that it can balance future budgets and to protect the Council from future Business Rates volatility. £13m has been set aside to respond to financial issues arising from COVID-19, £8m of direct Government funding provided for this purpose and £5m earmarked for the city's reset and recovery

following the pandemic. This, and a further £10m to provide for commercial developments and an Innovation and Development Fund, provide resources under the Council's Funding For The Future plans to pump-prime initiatives designed to enhance its financial resilience.

The global and national impact of Covid give clear justification for organisations such as the Council to protect their financial position by maintaining reserve balances. The Council's recent actions to increase its reserve 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 as a result of, or following, COVID-19. In addition, the Council's view is 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.

Treasury Management

Security continues to remain the primary factor in investment decisions (ahead of liquidity and return). In the early part of the year pandemic conditions caused treasury teams around the country to ensure that a higher than normal level of cash was held in the most liquid investment categories. This was to enable them to respond quickly to volatile spending and funding conditions. Circumstances returned to near-normal at a relatively early stage and have persisted since then. The Council's long-term borrowing reflected in the Balance Sheet has increased in the year from £313m to £325m.

It is worth noting that the capital value of the Councils Collective Investment Funds in section 3.34 is £28.9m compared with the Council's

original investment of £30m. These losses are held on the balance sheet and do not affect the Council's management accounts. The value at the start of the year (£27m) was heavily influenced by the prevailing COVID-19 situation at the valuation date but have since recovered, reflecting the overall trajectory, however patchy, of economic recovery since the beginning of the pandemic. Such investments are always advised as ones that are maintained over the long-term and as such the Council will not be seeking to dispose of them in the near future (only at which point is any gain or loss realised). The strong expectation is that the value of these investments will recover over time.

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.

Other Issues within the Accounts

The Covid pandemic has had a striking financial impact on the Council, taking a number of different forms.

The Council processed Business Rates reliefs in excess of £48m to Coventry businesses. These were granted by the government to provide some financial support to businesses affected by the pandemic. The treatment of these is described within the section on financial reserves above.

In response to the economic impact of the pandemic, the Government provided funding of £84m during the year to enable the Council to make grant payments to businesses. The Government specified the precise allocation methodology for the majority of these funds (over

80%) which meant that the Council was acting as an agent of the Government. As such neither the grant income nor the corresponding payments to businesses were reflected in these accounts.

A range of grants identified for specific purposes were received and applied by Council services during the year. These are reflected in the revenue outturn table shown earlier in this statement and in the Comprehensive Income and Expenditure Statement.

These accounts are being published over two years beyond the timescale originally envisaged due to a significant delay to the 2019/20 accounts following a protracted audit process.

The Council's Balance Sheet shows the value, at the balance sheet date, of the assets and liabilities recognised by the authority. This is summarised in the table below and set out in full in section 2.4 The Council's property assets represent £1,043m or 66% of the Long-Term Assets figure. Its pension liabilities represent £743m or 64% of its Long-Term Liabilities. Section 5.2 Significant Assumptions made in Estimating Assets and Liabilities captures any areas within the accounts that have a significant risk of material adjustment within the next financial year.

Pensions Accounting

The Council's pension deficit continues to represent the most striking single factor within these accounts. This has been calculated by the Council's actuary in line with guidelines from the Government Actuary's Department. The balance sheet shows a shortfall of £743m between the current value of amounts paid into the pension fund and the forecast cost of pensions that will need to be paid out in future. This is £170m higher

than the deficit recorded in the 2019/20 accounts and, when compared with the total value of everything the Council owns (£1,583m), the overall pension deficit remains a significant matter for consideration. The main reasons for the significant increase in the liability is a number of changes to the financial assumptions made by the actuary. These include a reduction in the discount rate applied to the value of expected future pension payments, as a result of the lower bond yield and also changes to the assumed future rates of the Retail Price Index (RPI) and the assumed gap between RPI and Consumer Price Index (CPI). These changes resulted in a net increase to the liability which more than cancelled out increases in the value of the pension fund assets.

Local government pension deficits have been at historically high levels in recent years driven by issues including people living longer and changes in financial conditions that have led to reductions in the pensions' discount rate. These factors both increase the estimated future costs of pensions and, as a result, the Council has previously had to increase employer contributions into the pension fund. These extra costs to the Council have been managed within its overall budget which means that the financial position of the authority remains sound.

The detailed effects of pensions' accounting for the local government and teachers' unfunded pension schemes are shown in sections 3.30 Pension Costs and 3.31 Retirement Benefits.

In line with the other West Midlands local authorities, the Council took the opportunity to pay a sum in 2020/21, equivalent to all of its employer pension contributions for the three year period 2020/21 to 2022/23, to the West Midlands Pension Fund. The nature and longevity of the investment

opportunities available to the Pension Fund mean that they can secure greater returns on their investments. As a result, the Fund was able to offer councils, including Coventry, a discount on their overall contributions and, in Coventry's case, these contributions totalled £98m. Accounting conventions allow the payments to be allocated across the period up to 2022/23. Therefore, the Council has only charged the in-year figure to its general fund. As a result, there will be a divergence between the Pension Liability and Pension Reserve, which is allowable under the circumstances described here, until the third year of the period.

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 2020/21 the Council has employed an external valuation company to undertake this work.

In overall terms the Council's asset value has been relatively stable and 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.

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. Some councils have given warnings about their future financial viability, required capitalisation directions to provide budget flexibility or issued Section 114 notices, suspending all but essential expenditure within their authority as a means of securing financial stability. For some councils, these concerns have gained greater weight following the COVID-19 outbreak and the significant impact that it has had on council finances.

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 COVID-19, the Council's financial monitoring and planning has continued focus on providing assurance that its financial position remains secure. This includes looking at the Covid related expenditure pressures, the direct impact on income, impairments required against existing debts and continued analysis of the Council's cashflow requirements. The Council estimated the financial impact due to Covid to be £31m in 2020/21 and that in-year Government emergency funding and compensation for lost sales fees and charges income was £2.2m less

than that figure. The pandemic has continued to affect local government services into 2021/22 and the Government has continued to provide further funding to help manage this cost to councils. The Council's view is that this funding and the carry forward of Covid funding in reserve balances will be sufficient to manage these costs as they are currently understood although some of the impact is likely to continue into 2022/23.

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 this respect the Council has further strengthened its position in 2020/21. In addition, the statutory environment in which local authorities operate means that the Government has obligations to support local authorities which encounter financial difficulties. During 2020/21 the Government has provided flexibilities to several councils, primarily in the form of capitalisation directions, to enable them to manage their respective budget pressures. In the light of this and in the opinion of the Director of Finance, 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 longer-term, the extent of recovery towards a more familiar post-Covid operational environment, and the continued work to redefine a new local government funding mechanism, provide significant uncertainty for the whole sector.

Exit From the European Union

The UK left the EU on 31 January 2020 and entered a further transition period on 31st December 2020 during which time it had effectively remained in the EU's customs union and single market and continued to be subject to EU rules.

The emergence of the Covid pandemic reduced some of the focus on EU exit and it is impossible to differentiate definitively between the financial and economic impact of the two events. At this stage, the position continues to be that there are no major discernible or demonstrable impacts of the exit process on these accounts. Therefore, EU exit is not specifically identified as a factor within the accounting position of the Council.

The Better Care Fund

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 £54m in this area as part of an overall pooled budget of £127m. These arrangements will become increasingly 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.

University Hospital Business Rates Appeal

The Council received a request in February 2016 for mandatory Business Rates relief for the University Hospitals Coventry and Warwickshire NHS Trust, replicating similar claims made across the country. The significant risk that this posed has led it to be a contingent liability in the Council's accounts over recent years. The legal case supporting the claims came to a conclusion in 2020/21, deciding that the claims were not valid. As a result this contingent liability does not figure in these accounts

City of Culture 2021

The Council agreed in December 2017 to become a guarantor for the UK City of Culture 2021 programme. The culture and leisure sectors are amongst those that have been hardest hit by COVID-19 and the City of Culture Trust had a very challenging year in which it was forced to delay the launch of the City of Culture until May 2021. Even then it faced numerous scenarios dictating what events it could put on, how these would operate (with some being delivered remotely) and how many people would be able to attend. These conditions remained fluid for much if not all of the City of Culture year providing an ongoing challenge in terms of delivery but also in terms of the Trust's financial position. The Council's assessment continues to be that the guarantee does not represent a significant financial risk given its nature and the governance and management structures surrounding the Trust's activities.

Future Plans

The Council's key priorities incorporate a need 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 2021/22 in particular, have been focussed on schemes that complement the forthcoming City of Culture programme in relation to significant highways and public realm works, the Station Masterplan, and plans for a hotel within the Friargate district. It also includes the planned refurbishment and investment in a range of cultural assets including the city's medieval St Mary's Guildhall. 2021/22 should also see a large programme of works on the city's schools as part of the Education One Strategic Plan, completion of the National Battery

Manufacturing facility and significant construction works on Friargate building 2.

Both the Friargate project and the Council's long-standing intentions for development of the City Centre South project are plans that are supported by the Council's membership of the West Midlands Combined Authority (WMCA), formed in 2016/17 alongside the other six West Midlands councils. The purpose of the WMCA is to draw together strategic work across transport, economic development, employment, skills and housing, improving outcomes for the region. The WMCA established a Devolution Deal which represents a funding package totalling £8bn to deliver major projects across the West Midlands. Some projects within the Deal have not yet begun and will ultimately rely upon funding streams being confirmed in the future. The Council continues to work with the WMCA and the other West Midlands councils to secure this funding.

Anticipated changes to the funding arrangements for local government remain unfulfilled. Hoped for announcements of a multi-year spending review, a revised fair funding review for local government, and redesign of the Business Rates system are still awaited. The Council's 2021/22 funding settlement was ultimately pegged at that for 2020/21, a level that represented approximately £120m less than the equivalent figure for 2010. Concern remains that the need to re-balance national finances will further affect future local government settlements although the degree of complexity involved mean that the position remains impossible to forecast with any degree of confidence.

The challenges to making robust plans for the Council's future financial position are compounded by the difficulty of estimating the medium term impact of Covid. Although it is expected that the

worst effects of the pandemic will continue to reduce during 2021/22, it is still expected that some areas of activity, particularly the achievement of certain income budgets, such as for car parking, may have seen a structural shift. The Council's reserve balances, set out above, provide some partial short-term flexibility, should it be needed, to help manage budgetary issues. The General Fund Balance has been set at a higher level than has been the case historically and there is a specific Business Rates reserve to manage volatility in this area. If worse 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. This tariff was nearly £20m in 2020/21 and is a similar figure in 2021/22. The Council's participation in the Pilot and in the Coventry and Warwickshire Business Rates Pool will prolong the optimisation of its financial position within the existing arrangements for local government finance.

Subject to the UK's ability to manage any future pandemic related developments, it is probably a fair assessment to say that the Council is coming to terms with the medium impact of Covid. It has balanced its budget for 2021/22, strengthened the financial resilience it has built up through its reserve balances and is set to be able to manage the pressures caused by Covid in the current year.

Whilst it is already starting to look forward to what 'reset and recovery' might look like, both for its own services and for the wider city, it is likely that some services will retain a legacy of needing to respond to new demand pressures and more expensive ways of working. Others are likely to experience income reductions as wider society becomes aligned to new patterns of behaviour. It is certain as well that both Business Rates and Council Tax income will be depressed in the short to medium term at least. This and the uncertainty of future revenue resources means that the Council continues to face a significant challenge to manage its Medium Term Financial Strategy. It will need to build a significant degree of flexibility into its financial plans to allow it to respond to a range of financial scenarios.

It is difficult to draw any firm conclusions from the 2020/21 outturn position which has been affected so much by the pressures caused by, and the funding response to, the Covid pandemic. Whilst the Council has appeared to manage well within these extra-ordinary circumstances it will be important as it proceeds through the new financial year that it refocuses on those areas where control of demographic and service financial pressures has brought challenges in recent years, such as children's services and waste collection and management. As well as identifying new ways of balancing its budget, it will continue to be vital for core services to be well managed with a view to operating within their financial parameters.

The Council has been able to stabilise the budgetary pressure within adult social care in recent years. However, in common with the wider funding arrangements for local government, the position beyond 2021/22 remains unclear. Upper tier local authorities continue to seek the security from Government of a medium term funding

strategy and its much delayed Adult Social Care Green Paper, to enable this sector to be put on a firm financial footing. Until these are delivered it remains likely that the sector will be subject to difficult to manage late funding announcements and continued pressure to implement adult social care precepts, which are endorsed by Government but implemented and paid for locally.

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 through the Coventry and Warwickshire Local Enterprise Partnership and the West Midlands Combined Authority to implement major transport infrastructure and regeneration schemes. In February 2021 the council approved a proposal to enter an arrangement with Coventry Airport Limited to promote the Coventry Airport site for use as a battery Gigafactory on the outskirts of the city, a complementary development to the nearby UKBIC research facility and a potential major asset to the city's economic and employment offer.

The Council moved to protect its company shareholding interests in March 2021. It approved a shareholder loan facility to Birmingham Airport Holdings Limited although this has not been required to date. It also approved a loan to Coombe Abbey Park Limited which refinances existing loans and provides an additional working capital loan facility which is included in the note on events after the balance sheet date.

Further developments described in the note on events after the balance sheet date relate to the establishment of Sherbourne Recycling Limited – a new company set up with other councils to

provide a materials recycling facility in the city, and the reorganisation of some of the Council's wholly owned companies under a holding company entitled Coventry Municipal Holdings.

Reference is made elsewhere in this Narrative Report to the significance of the cost of pensions to the Council's financial position. 2021/22 will be the second year of the current triennial review period for which it has made an up-front payment, covering an estimate of employer contributions for the next three years. This should continue to deliver a financial benefit to the Council to help relieve some of the pressure elsewhere within its budget.

The Council has ambitious plans to support public realm improvement, develop key areas of the city, support private investment in city centre developments, and facilitate capital projects linked to the City of Culture. Work continues in earnest to develop the next stages of the Friargate project and bring forward 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.

Given the financial challenges that face the Council and the desire to avoid further cuts to services, the Council continues to seek to explore and pursue new commercial opportunities and to maximise the financial return that it is able to achieve from its assets. Although the regulatory environment is now discouraging further investment in commercial properties, the Council is still pursuing ambitious but measured plans to strengthen its portfolio of external company shareholdings designed to secure financial returns over the long-term as well as broadening the Council's strategic mix of assets. The Council's activity will continue to be aligned with guidance

from the Government and the Chartered Institute of Public Finance and Accountancy (CIPFA) and designed to stay within prudent and reasonable parameters of activity. The Council is clear that the risk of not pursuing such opportunities is that it will need to make additional cuts to services, a risk that it is keen to avoid. What is clear, above all, is that the Council's financial plans will need to maintain a degree of flexibility and ensure that some additional resilience is incorporated to protect the Council's medium-term financial position.

The Council's response to the key governance issues that it faces in 2020/21 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. Apart from some of the existing financial and service challenges that are referred to within the AGS, it is worth noting that the Council has added actions in relation: to the internal control environment around IT and Cyber Security; information risks; the Financial Management Code; governance over group activities; consultation and engagement methods; and refreshing the One Coventry Plan.

March 2024 Update

Given the significant delay in completing these accounts there have been subsequent developments that have changed the status of issues reported in the Summer of 2021. This updated section summarises the key matters to help put the position reported into context.

The COVID-19 pandemic persisted at differing levels of intensity through 2021 and into the early part of 2022. Subsequent to 2020/21, a wide range of Council services continued to be subject to financial consequences, with further additional costs and income reductions within the general fund estimated at £43m. These costs were funded by the Government's COVID-19 Emergency Funding and its Sales, Fees and Charges Compensation Scheme. In addition, the Government provided grant funding for specific Covid related spending programmes including The Covid Winter Grant Scheme (which at different times was referred to as the Local Support Grant or Household Support Fund) and Lateral Flow Test Funding. Whilst Government grants funded all of the Council's direct costs of managing the pandemic, other long-term (but difficult to quantify) impacts on areas like car park income, the number and cost of children's social care, and depressed valuations of some of the Council's company shareholdings have arguably persisted. With the vast majority of life now having returned to business as usual, any such financial impacts now probably need to be considered as the new normal.

Any impact of Covid on the Council's assessment of its going concern status has reduced over time and as of March 2024 is no longer a factor. It continues to be the case that councils can only be discontinued under statutory prescription and should, therefore, prepare their financial statements on a going concern basis of accounting and on the assumption that the functions of the authority will continue in operation for the foreseeable future. However, in recent months the Council has incurred a £6.7m overspend in 2022/23 and is reporting a further £8.5m overspend within its third quarter monitoring report for 2023/24. This reflects significant pressure from

inflation and in particular the costs of adults' and children's social care, a pattern reflected in many councils across the country. This trend presents a likelihood of more councils issuing Section 114 notices (a self-imposed limit on making any non-statutory expenditure as result of financial distress) although even where this has occurred, the intervention of Government provides a backstop which means that going concern status is preserved. In the immediate future, the level of the Council's reserve balances, and its record of proactive and decisive action enable its Section 151 Officer to continue to have confidence in Coventry's going concern position but the justifications for this will need to be kept under regular review over the coming period.

The local government sector continues to be in dialogue with Government over the need for fundamental reform of the financial settlement mechanism. Like many other councils, Coventry now faces a challenge in setting balanced budgets going forwards, with the prospect of needing to identify service cuts and/or policy changes in a manner that it has avoided in recent years.

In terms of an overall impact on the Council's balance sheet, the largest single change has come about within the reporting of the improvement in pensions accounting. The pensions deficit reported in note 3.31 stood at £743m as at 31st March 2021. The indicative (and subject to audit) position for 31st March 2023 is a much reduced deficit of £25m – an unprecedentedly low figure since pensions accounting was overhauled in the early part of the 21st Century. The improved position is mainly down to high UK corporate bond yields, resulting in high accounting discount rates, which place a significantly lower value on the pension liability. There is every expectation that

this position will continue to behave in a volatile pattern going forward.

The Council's capital plans have continued to progress, perhaps most visibly around the Friargate regeneration district, where the newly remodelled Coventry railway station has been completed and the second Friargate office block and new Indigo Hotel are in their final build phases. Elsewhere the Council completed the purchase of the closed down IKEA retail unit, which is now part of a wider Cultural Gateway project, with partners providing for the creation of a Collections Centre for nationally significant cultural, arts and historical artefacts, along with the development of a new cultural hub.

The Events After the Balance Sheet Date disclosure note (section 3.36) reports a £1m loan made by the Council to the City of Culture Trust in October 2022, designed to meet what was assessed at that time as a short-term cash-flow shortfall faced by the Trust. In February 2023 the Trust announced that it had gone into administration with both the £1m loan and further amounts totalling £0.6m owed by the Trust to the Council, in addition to c.£2.6m owed to other organisations. Although the Council had previously agreed to be a guarantor for the UK City of Culture 2021 programme the Council's view is clear that it is not legally accountable for the remaining balance of debt. An administrator has been appointed to manage the Trust's affairs. As such any previous guarantee provisions have now passed.

The note on Contingent Liabilities (section 3.37) has been updated to reflect the fact that the Council has received a number of Equal Pay Claims from employees which would, if successful, result in a financial liability to the Council. This

issue is at an early stage and 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.

Given the passage of time, the Events After the Balance Sheet note reports a number of other matters that have arisen since Summer 2021 in addition to those referenced above.

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;
- 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' Responsibilities

The Director of Finance 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 has:

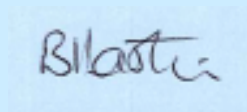
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting;

The Director of Finance 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 2021 and its income and expenditure for the year ended 31st March 2021, and that the accounts are authorised for issue.



Barry Hastie, CPFA
Director of Finance and Resources
25th November 2024

This Statement of Accounts was approved by the Audit and Procurement Committee of Coventry City Council on 25th November 2024



Cllr Ram P. Lakha OBE
Chair of Audit and Procurement Committee
25th November 2024

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 our website at:

http://www.coventry.gov.uk/downloads/file/3639/code_of_corporate_governance_2017

or can be obtained from Governance Services.

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 2021.

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 2021 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 Council Plan. These high-level plans are supported by a range of thematic policies, strategies and delivery plans, service plans, and detailed work programmes.

Coventry's Council Plan sets out the Council's long-term vision and priorities for the city for the period 2016-2024. In 2018, the Plan was reviewed and rebranded in line with the Council's emerging One Coventry approach and a revised performance management framework has been introduced to improve transparency and streamline performance reporting with more regular information updates about the performance of the city. To deliver the Council's long-term vision and priorities, the Council Plan affirms the Council's commitment to do this by maximising the use of its assets and reducing its operating costs, and through active communities and empowered citizens. The Council Plan is part of the Council's overall performance management framework designed to help the Council deliver its services and use its resources effectively in a planned and systematic way. A copy of the plan is available on our website at www.coventry.gov.uk/councilplan/ and the performance management framework is at http://www.coventry.gov.uk/downloads/download/5245/performance_management_framework

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 proposed 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.

In December 2017, it was announced that Coventry had been named the UK City of Culture for 2021. The aim of this programme is to encourage the use of culture and creativity as a catalyst for change, to promote the development of new partnerships and to encourage ambition, innovation and inspiration in cultural and creative activity. This activity will make significant contributions to the delivery of the Council Plan and corporate priorities. Coventry City of Culture Trust has been set up to organise and deliver this activity and has been formally incorporated and received charitable status. Financial responsibility for the Trust's activities lie with the Chair and Trustees, with an independent Audit Committee providing scrutiny and oversight. As accountable body and guarantor for delivery of the UK City of Culture 2021 programme, Coventry City Council is a principal partner in supporting the work of the Trust and ensuring that there is good governance around the Trust meeting the City of Culture programme delivery and legacy ambitions.

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 at <http://www.coventry.gov.uk/howthecouncilworks>

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 website at: [equality, diversity and inclusion commitment](#). 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 Council Plan. In 2020, a new set of equality objectives were approved and are available on our website at: [Equality Objectives | Equality and Diversity | Coventry City Council](#). Progress is monitored and reported to the Cabinet Member (Policing & Equalities).

In 2020, a large scale EIA was carried out to assess the local impact of the coronavirus pandemic on the delivery of Council services and can be viewed on our website at: [pre-budget report Covid EIA](#).

The Council's Risk Management Strategy defines processes for identifying, assessing, managing and monitoring financial and operational risks. The Strategy recognises the need for risk registers at directorate and corporate level which are updated and reviewed regularly. The Council is looking for continuous improvement throughout the Council in the management of risks, and this is being monitored through the Strategic Management Board.

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 2020-21, the Director of Finance 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 April 2021. 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 S151 Officer is a key member of the Council's Strategic Management Board with a critical role in strategic planning for the organisation. The Board also includes the Chief Executive and Monitoring Officer, who, along with the S151 Officer, collectively have leadership responsibility for good governance as principal statutory officers. The CFO is also part of the Council's Corporate Leadership Team which consists of all of the Directors of the Council.

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 2021:

- The Coventry and Solihull Waste Disposal Company Limited is owned jointly by Coventry City Council, Solihull Metropolitan Borough Council, Warwickshire County Council and Leicestershire County Council. A formal agreement sets out the governance arrangements between the shareholders. The Company is subject to the Industrial Emissions Directive and the conditions of its Environmental Permit issued by the Environment Agency. Furthermore, the Company monitors its activities through an Environmental Management System accredited to the ISO 14001 standard, its Health and Safety Management System which is certified to the OHSAS ISO45001 standard and the Cyber Essentials accreditation it has achieved for its IT systems. The Company has appointed Ernst & Young LLP as its external auditors. The last published Annual Report and Financial Statements, for the year ended 31st March 2020, did not highlight any concerns. The accounts contain an auditor emphasis of matter note referencing the consequences the company is facing as a result of coronavirus but there is no indication that the coronavirus outbreak represents a likely threat to the Company's ability to continue as a going concern.
- North Coventry Holdings (NCH) Limited is a wholly owned subsidiary of the Council. All the Directors of the Company are senior officers of Coventry City Council. All transactions are processed using the Council's financial systems and such activities are subject to an annual audit by the Council's Internal Audit Service. The Company has LDP Luckmans as its external auditors. There was an unqualified audit opinion for the last published Annual Report and Accounts, for the year ended 31st March 2020. The company's main purpose is to hold shares in Coventry North Regeneration Limited, although it is also engaged in providing business development services to the City Council.
- Coventry North Regeneration (CNR) Limited is a wholly owned subsidiary of NCH Limited. The main activity of the Company was the construction of the Ricoh Arena. All the Directors of the Company are also senior officers of Coventry City Council. All transactions are processed using the Council's financial systems and such activities are subject to an annual audit by the Council's Internal Audit Service. The Company has LDP Luckmans as its external auditors. There was an unqualified audit opinion for the last published Annual Report and Accounts, for the year ended 31st March 2020.
- Coombe Abbey Park Limited (CAPL) is a wholly owned subsidiary of the Council, which acquired 100% of the ordinary share capital of the company in December 2017. The purpose of the company is to operate Coombe Abbey Hotel. The three directors of the Company are senior officers of Coventry City Council. The Company has appointed RSM UK Audit LLP as its external auditors. The last published Annual Report and Financial Statements, for the year ended 31st December 2019, did not highlight any significant concerns. The financial statements were prepared on a going concern basis notwithstanding a reported loss within the accounts. This position was based on an undertaking that the parent entity (Coventry City Council) will continue to make such funds as are needed by the company. The Council approved a report in March 2021 which provided for the company's outstanding liabilities to the Council to be refinanced and further cash-flow support to be made available to the company in the light of the impact of the Covid-19 pandemic.

- The UK Battery Industrialisation Centre Ltd was incorporated on 27th February 2018 and the Council is currently the sole shareholder with 1 share which has a nominal value of £1. The purpose of the company is to run the proposed National Battery Development Facility for which the final part of fit-out is expected to be complete in the early Summer of 2021. The Council has appointed two of its officers as directors on the board. The company will ultimately become a Joint Venture Private Limited Company with the Warwick Manufacturing Group. The City Council is initially purchasing all land and equipment in relation to the facility with funding coming from Innovate UK which is a Government backed agency and the West Midlands Combined Authority. The Company has appointed RSM UK Audit LLP as its external auditors. The notes to the most recent audited accounts to 31st December 2019 state that delays in the start of commercial operation and in securing contracted revenue represent issues of material uncertainty that may cast significant doubt on the ability of the company to continue as a going concern. However, the directors have stated a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future through further grant funding if needed and they continue to adopt the going concern basis of accounting in preparing the financial statements.
- The Friargate Joint Venture Project Ltd 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. In this regard, construction works have now begun on a second new office building and preparations are well developed to enable the provision of a new hotel within the Friargate district. Each of, Coventry City Council and Friargate Holdings 2 Ltd have been issued 1 Ordinary Share for a value of £10m each. The Council has appointed three of its officers as directors of the board.
- Tom White Waste Ltd is a wholly owned subsidiary of the Council, having acquired 100% of the shares in the company in March 2020. Two of the three Directors of the Company are senior officers of Coventry City Council, the third being a senior officer of North Coventry Holdings, another wholly owned subsidiary of the City Council. During the first year of ownership, the board have reviewed and implemented a new management structure, appointing to key strategic positions including the Managing Director and Financial Controller. It has also during the first year of ownership implemented a robust financial and operational performance reporting process and taken the initiative to ensure full compliance with key legislative requirements in particular Health and Safety. This together with the Covid-19 pandemic, has made 2020/21 a challenging year with a number of one off adverse financial implications, however the Company has continued in overall terms to trade relatively strongly and have proven to be resilient. The Board of Directors is currently considering its business plan for the next 3 years which will be growth focused and could include the integration of the Council's existing commercial waste function. The company's existing auditors, Azets (formerly Baldwins) have been retained for the audit of 2020/21 financial accounts. Their previous audit for the published Annual Report and Financial Accounts dated 31 March 2020 delivered an unqualified opinion.
- 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. In addition to Coventry City Council, the other seven authorities each have a representative who is a Council officer on the Board of Directors. Each council has voting rights in proportion to their shareholding. The construction of the facility is being funded by debt and equity finance being provided by the local authorities. The facility is expected to be operational in the summer 2023. 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 Board of the Directors for the two companies is the same as is the voting rights.

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 Strategic Management Board and Members against targets and objectives set out in the Council's Plan.
- Regular meetings of the Council's Governance Steering Board to consider on-going and emerging governance issues and co-ordinate actions required. Updates on this work are provided to Strategic Management Board every month.
- 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 against the principles and best practice set out in the Code of Corporate Governance and which is used to identify improvements to strengthen the Council's governance arrangements. In 2020-21, the review has focused on considering the impact of Covid-19 on governance arrangements and assessment of the effectiveness where the Council has been required to adapt its arrangements.

The review of effectiveness has also been informed by:

- Reports from the external auditors and other inspection agencies.
- The Council's Corporate Risk Register and Covid-19 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 initial 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. Whilst 2021-22 is the first full year of compliance, CIPFA have recognised the additional burdens placed on local authorities as a result of the pandemic and have allowed for further flexibility in progressing plans for implementation during 2021-22.
- The work of the Internal Audit Service during 2020-21. 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. The report identifies those issues, which in the opinion of the Chief Internal Auditor, should be considered when producing the Annual Governance Statement.

4.4 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 2019-20 Annual Governance Statement. It is clear that for some issues, the coronavirus pandemic has created challenges in delivering the planned actions in the timescales originally envisaged and re-shaped the focus of activity. However, the Council remains committed to enhancing its governance arrangements and where actions have been delayed, revised timescales have been agreed and are reflected in the action plan for 2021-22.

Table one

| No | Governance issues identified in 2019-20 | 2020-21 update |
|-----------|---|--|
| 1 | Sustainable improvement in Children’s Services | The Local Safeguarding Partnership is now embedded and established as business as usual. It receives quarterly reports on progress. There are number of further transformational projects underway under the banner of continuous improvement. Quality Assurance visits have continued and involve the cabinet member and the Children’s Senior Leadership Team. Service performance reviews did not take place this year due to the pandemic however a reduced but full program of quality assurance activity did take place. The workforce strategy action plan has been delivered on and a new strategy and action plan has been implemented for this year. |
| 2 | Ensuring delivery of the Council’s vision and corporate objectives, in line | The financial outturn position for 2020/21 reflects a better than balanced position including taking account of the costs and grant funding relating to COVID-19. The Council has approved a balanced 2021/22 budget managed without the need to make additional service savings. |

| | | |
|---|---|--|
| | with the Medium-Term Financial Strategy | |
| 3 | Raising educational standards | <p>Key stage 1 and 2 SATs, and Key stage 4 assessments did not take place in the 19/20 or 20/21 academic year, although we will have teacher assessment for Key Stage 4. In addition, OFSTED graded inspections have not taken place since March 2020. The co-created annual actions and key principles for the 20/21 academic year were:</p> <ul style="list-style-type: none"> • Implement and manage proportionate Covid-19 protective measures for children and staff, which also ensure that all pupils receive a high-quality education that enables them to thrive and progress. • Improve educational outcomes for children and young people with Special Educational Needs and Disabilities (SEND) across all key stages, including in the early years. • Develop children and young people’s emotional resilience and mental health and well-being to support both a successful return to learning and continued home/remote learning. • Develop an approach to remote education that: <ul style="list-style-type: none"> ➢ provides targeted support for young people who have limited digital and internet access to ensure they can engage in remote education ➢ is integrated into school curriculum planning ➢ ensures pupils are given the support they need to master the curriculum and so make good progress ➢ ensures online activity is monitored in order to keep children safe |
| 4 | Implementation of the Information Management Strategy | <p>Following the appointment of the new Senior Information Risk Owner, the Information Management Strategy Group (IMSG) was reconvened, and the Terms of Reference and Information Management Strategy were approved at the meeting held in April 2021.</p> <p>The Training Strategy is in final draft and with IMSG for consultation.</p> <p>The Council’s response to the pandemic has taken the priority from embedding data security and information risk management, however it has subsequently brought information security to the forefront with remote working/new ways of carrying out job roles.</p> <p>Once the Council’s recovery plan is felt across the organisation more focus can be given to imbedding information risk management, however progress is being made behind the scenes and Head of Information Governance is consulting with external partners on tried and tested best practice.</p> <p>New mandatory training has not been put to Strategic Management Board as they have been conducting their own review of all mandatory training offered. The opportunity was taken to separate Data Protection training from this review as training content and delivery method are being considered to ensure that all employees may be offered suitable and relevant training on the subject matter.</p> |
| 5 | Delivery of the People Plan | <p>The Councils values were formally launched in April. The values have been publicised in several ways and have been embedded into the appraisal process for 21/22. An engagement plan has been developed in conjunction with the Communication Team to further build the values into the processes such a recruitment as well as undertaking</p> |

| | | |
|---|--|---|
| | | <p>greater employee engagement. The plan has a survey timescale built in, so we do seek and listen to the employee experience.</p> <p>The Diversity and Inclusion Strategy has been developed in partnership with the Employee Networks and the Trades Unions, with a launch week of the 21st June 2021 with a week of related learning and engagement.</p> <p>An electronic casework system was introduced in March and has improved the recording and management information of casework. Plus, a new reward platform was introduced in January and we are now able to offer cars, discount vouchers, cycle to work scheme, bikes, technology and lifestyle goods. We continue to look to review and revise our offer to ensure we are competitive.</p> <p>Several policies and procedures have been reviewed and revised including; Lifelong Learning, Recruitment and Selection, Continuing to work flexibly and Family Friendly Policies. This also includes the provision of related training where appropriate. We continue to review and revise the remaining policies.</p> <p>The last year has seen health and well-being initiatives increase to support Covid-19 but also in response to the feedback received from staff surveys. We have developed and introduced a Health and Well-Being Plan for staff which details the activity for this year which includes investing in a podiatry clinic, MSK direct support and a Health and Well-Being lead nurse for a year. Examples of initiatives introduced in the last year include the introduction of a health and well-being app – Kaido which included team challenges, yoga classes online, a number information sources and workbooks for mental health and Mental Health First Aid Training. We have also provided ‘Resilience’ and Managing a Remote Workforce’ training. It should be noted absence has reduced during the pandemic and we are working to sustain this reduced level going forward.</p> <p>Health and Safety have been very focussed on supporting the pandemic and ensuring we work safely as the volume of work has been high. Well-being services have concentrated on support to employees with an increase in the counselling service specifically.</p> <p>There are now four strategy documents namely the People Plan, Employee Health Well-Being Strategy, Diversity and Inclusion Strategy and Engagement Pan that detail the work of the HR service. All these documents have measurable outcomes, stated timelines, with accountable officers which are now being delivered. Progress and achievement can be evidenced, thus making this business as usual. As a result, this governance issue has not been carried forward to the 2021-22 action plan.</p> |
| 6 | <p>Management of increasing demand in relation to homelessness and the associated costs of housing families in temporary accommodation</p> | <p>The Service has managed to secure a £2.5m million underspend for 2020/21 by delivering on the following actions:</p> <ul style="list-style-type: none"> • The overall number of households in Temporary Accommodation has reduced during 2020/21 • Cornerstone Temporary Accommodation and Caradoc Hall have been close to 90% occupancy • 72 properties through the Private Rented Scheme have been secured and let • The Council has now purchased 7 Houses of Multiple Occupation (HMO) with an additional 3 in the pipeline • No families in B&B (except a short-term emergency) since Sept 2019 and no singles in B&B (except rough sleepers under ‘Everyone -In) since Sept 2020 • Homeless Preventions and reliefs were successful for 1100 households which exceeded corporate target of 750 • Agreement with a national Temporary Accommodation provider to provide 120 units of HMOs for single people at a significant saving. • Temporary Accommodation charging policy implemented, and savings secured • Accommodated over 330 people through the Government Everyone in initiative |

| | | |
|-----------|--|---|
| | | <ul style="list-style-type: none"> • Although Covid-19 has seen a decrease in the number of families in temporary accommodation the demand from single people has continued to increase • Working with Future Gov to implement self-service tools and interventions for those with complex needs • Implemented new Supported Housing Contracts |
| 7 | Development of a corporate data access standard | The impact of Covid-19 has meant that this has not been progressed. |
| 8 | Governance over relationships with partners and outside bodies | <p>Our continuing response to Covid-19 has reinforced the importance of a city wide One Coventry Partnership response. The One Coventry Partnership meetings held with senior officers from key partners were stepped down whilst a city wide IMT was established to manage a coherent response to Covid-19. It is envisaged that the One Coventry partnership will be refreshed and stepped up again as part of the transition out of emergency planning and national lockdown.</p> <p>Reset and recovery plans take into account City Council priorities and the changing economic geography post pandemic, levelling up, devolution and health and care integration.</p> <p>An Anchor Alliance collaboration has been established across Coventry and Warwickshire, key commitments agreed and specific actions for collaboration are under development.</p> <p>One Coventry plan refresh is underway.</p> |
| 9 | Governance over the programme of capital projects | Governance arrangements continue to be in place and embedded, including the City of Culture Readiness Board and the Council's Programme Delivery Board which meet regularly. |
| 10 | City of Culture legacy | <p>Direct investment secured for the city through being awarded the title of UK City of Culture 2021 has continued to grow – now reaching in excess of £115m. Of this funding, £45million is being invested in the city's infrastructure (improving public realm and highways) and £41m is being invested in the city's cultural assets (performance spaces, heritage venues and creative hubs.) Work on both these investment programmes has significantly progressed, despite the challenges presented for construction programmes through the COVID-19 pandemic. The Box at FarGo, Belgrade Theatre Phase 1 and 2, Daimler Powerhouse and Herbert Art Gallery and Museum project works have already achieved completion, along with public realm projects.</p> <p>The accommodation offer for visitors to the city has further been enhanced, through the completion of Telegraph Hotel development, which opened to the public in May 2021.</p> <p>Culture Change Coventry - the city's Cultural Compact, continues to meet regularly. The Compact is in the process of refreshing the cultural strategy, a process closely linked to a consultancy project commissioned by the City of Culture Trust to investigate the routes to a sustainable and impactful legacy from City of Culture 2021. A draft legacy plan is planned for the Summer of 2021, with strategic consultation on the draft plan due in Autumn 2021.</p> |
| 11 | Acting on the outcomes of the review of the | Appropriate recommendations were built into the scrutiny approach for the year including stronger scoping and prioritisation of items and more engagement of Cabinet Members. A Scrutiny Protocol and approach to work planning is being developed and training for chairs and scrutiny members has been scheduled for the start of the new municipal |

| | | |
|----|--|---|
| | Council's Scrutiny function | year and built into the new Member Development and Training programme. As appropriate actions have been completed, this governance issue has not been carried forward to the 2021-22 action plan. |
| 12 | Strengthening arrangements linked to the programme of health and safety audits undertaken | The pandemic has continued to impact on the delivery of the Audit programme. Priority and resources have been focused on mitigating the risks from COVID 19. The Audit Programme will remain under review during 2021. Embedding new arrangements will remain on hold till 'normal' working arrangements are re-established. |
| 13 | Further development of the Council's IT disaster recovery plans and processes | Various technical improvements have been made during the past twelve months such as improvements to the Council's network resilience and patching and also commissioning a new secondary data centre. Alongside this we have made improvements to remote access technologies and have been running several infrastructure modernisation programmes which have been making progress throughout the year. However, Covid-19 has impacted on the organisations capacity to be able to focus on a cross organisation working group with regards to business continuity and ICT disaster recovery. This element of this action will therefore be carried forward to 2021/22. |
| 14 | Review and update of the Social Value and Sustainability Policy | This was delayed due to the impact of Covid-19 and further consultation which was undertaken. |
| 15 | Implementation of the Local Government Ethical Standards Best Practice from the Committee on Standards in Public Life | Work is continuing to establish an overarching governance framework for devolved bodies. This will have an enhanced ability to promote best practice and to hold to account any non-compliance. |
| 16 | Implementation of the Redmond Review into the oversight of local audit and the transparency of local authority financial reporting | The Government issued an update on the Redmond Review's findings on 19 th May 2021. For nearly all the recommendations work is still in progress at the Government level to determine how these will be implemented. The recommendations that will require Councils to act at a local level related to (i) the governance for responding to audit findings and (ii) improving the transparency of local authority accounts. In both areas Government guidance is awaited on how Councils should implement these. |

The Council acknowledges that the coronavirus pandemic has had an impact throughout 2020-21 in respect of governance, both in terms of existing arrangements and new areas of activity linked to the Council's response to the situation. This has included arrangements to support decision making, managing risk, maintaining internal controls and robust financial management. The Council has assessed the impact of Covid-19 on its arrangements as part of the work undertaken to prepare the Annual Governance Statement. This has concluded that taken as a whole, our arrangements have continued to be effective in delivering against the principles of good governance as outlined in the Local Code of Governance. Examples of this effectiveness include:

- The financial outturn position for 2020/21 reflects a better than balanced position including taking account of the costs and grant funding relating to Covid-19.
- The Chief Internal Auditor's annual opinion that moderate assurance can be given that Council's risk, control and governance arrangements are adequate and effective, which is consistent with previous opinions.
- Providing access to public meetings through webcast facilities, which also enables meetings to be viewed after the event.
- Effective delivery of elections in May 2021.
- Ensuring transparency over emergency decisions taken through formal reporting to Council, regular briefings to members and publishing decisions on the Council's website.

- Implementing a number of initiatives to maintain the health and wellbeing of the workforce. There has also been a reduction in sickness absence in the last year.
- Significant progress has been made in relation to the Council's programme of capital investment to maximise outcomes from the City of Culture.

Notwithstanding this, the Council recognises that currently we are not in a position to fully understand all of the longer term impacts of Covid-19 on the Council's priorities and achievement of sustainable outcomes and will need to ensure that this remains a key area of focus during the forthcoming year.

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, including consideration of the impact of the coronavirus pandemic on the Council's arrangements has informed identification of the following key challenges for 2021-22 (table two), along with the actions planned to address these matters to further enhance our governance arrangements.

Table Two

| Ref | Governance issue | Planned actions 2021-22 | Responsible officer | Timescale |
|-----|--|---|---------------------------------|------------|
| 1 | Sustainable improvement in Children's Services | The following actions are planned in 2021-22: <ul style="list-style-type: none"> • Program of quality assurance activity • Quality Assurance Visits • Service Performance reviews (six monthly) • Establishing a framework of feedback from the front line (Innovation and improvement forum) | Director of Children's Services | March 2022 |

| | | | | |
|----------|---|---|--|---------------------------|
| | | <ul style="list-style-type: none"> • Delivering the development plan in response to the 2021 Ofsted visit • Implementing the Continuous Improvement Plan • Delivery of this year's workforce plan | | |
| 2 | Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium-Term Financial Strategy | <p>The 2021/22 budgetary control position will be closely monitored to ensure that the legacy financial impact of COVID-19 can be managed alongside the other financial pressures being experienced by the Council and the need to continue to pursue a reset and recovery phase for the city.</p> <p>Work has begun to assess the range of financial scenarios facing the Council for the period from 2022/23. Once again this is likely to be undertaken without any intelligence on future local government funding plans until relatively late in the budget setting cycle. The proposals will incorporate the next stage of transformation programmes that will form part of implementing the One Coventry Plan. These proposals will be formalised through the 2022/23 Pre-Budget Report.</p> | Director of Finance | July 2021 to January 2022 |
| 3 | Raising educational standards | We will refresh the school improvement principles for the 21/22 academic year and agree with the Coventry Education Partnership in early Autumn. Improving educational outcomes for children and young people with SEND and developing children and young people's emotional resilience and mental wellbeing are likely to continue to be key principles, and we will need to consider what we need in relation to education recovery, and return of OFSTED graded inspections which will be two very significant parts of the School Improvement strategy moving forward. | Interim Head of Education Improvement & Standards | 2021/22 academic year |
| 4 | Implementation of the Information Management Strategy | <p>A review of Data Protection training and delivery will take place to provide up to date, user friendly Data Protection training and delivery to suit various roles. Following this the new training strategy will be finalised and approved.</p> <p>Action will be taken to drive the embedding of information risk management across the organisation, including implementing the agreed actions from the Internal Audit review and implementing an appropriate information asset management solution.</p> | Head of Information Governance / Information Management Strategy Group / Senior Information Risk Owner | March 2022 |
| 5 | Management of increasing demand in relation to homelessness and the | <p>The service secured a £2.5million underspend during 20/21 which included expenditure of over £1m on accommodating rough sleepers. A number of mitigations were put in place over the previous 2 years that have resulted in this improved position and will continue to have a positive impact moving forward.</p> <p>However, the homelessness service is demand led and it is anticipated that there will be a significant increase in demand during 2021/22. The mitigations that have been put in</p> | Director of Housing & Transformation / | March 2022 |

| | | | | |
|---|---|--|----------------------------------|---------------|
| | associated costs of housing families in temporary accommodation | <p>place ensures that the service is in a good position to deal with any increase however this will be dependent on wider Covid-19 impacts. The following actions are planned for 2021-22:</p> <ul style="list-style-type: none"> • Continue to purchase HMO temporary accommodation for single people • Seek to increase the number of homeless households accommodated by Lets Rent Coventry • Further increase number of homeless prevention and reliefs – Annual target of 1,150 • Investigate undertaking a Private Sector Leasing procurement to commence in 2022 • Work \covserv1\work with supported housing providers to secure alternative accommodation for single people in Temporary Accommodation • Continue to seek reductions in Temporary Accommodation costs • Implement a rent accounting IT system to ensure maximisation of income • Continue to minimise voids in Temporary Accommodation and meet target of 90% occupancy | Head of Housing & Homelessness | |
| 6 | Development of a corporate data access standard | Development and implementation of a corporate access standard and protocol for all systems that hold personal data. | Members & Elections Team Manager | December 2021 |
| 7 | Governance over relationships with partners and outside bodies | <p>Refresh of the One Coventry partnership as part of exit from Covid-19 emergency planning.</p> <p>Further development of system working across Coventry and Warwickshire through Anchor Alliance collaboration.</p> | Deputy Chief Executive | December 2021 |
| 8 | Governance over the programme of capital projects | The Council has an ambitious programme of capital projects, which in 2021/22 will not only see Coventry becoming UK City of Culture in Spring 2021 but will provide long term legacy benefits for the people of Coventry. Whilst providing ongoing regeneration and redevelopment of the city and supporting business rate growth, the scale of the programme requires robust governance and strategic control to ensure that the programme is delivered successfully. This is particularly important as we deal with the effects of the Covid-19 epidemic. Governance arrangements are established with delivery overseen by project boards who report to the responsible cabinet members via established briefing and reporting mechanisms. Governance is also provided via the City of Culture Readiness Board and the Council's Capital Programme Delivery Board which is chaired by the Chief Executive. In 2021/22 the focus will be on ensuring that as the programme continues to move at pace, governance arrangements remain embedded and robust and programme delivery supports the Council's wider aspirations as well as supporting the local economy as we emerge from the Pandemic. | Chief Executive | Ongoing |

| | | | | |
|-----------|--|---|--|----------------|
| 9 | City of culture legacy | <p>Current capital investment programmes focused on enhancing public realm, city spaces and cultural assets in readiness for Coventry's year as UK City of Culture will complete, with a new focus developed on legacy capital projects and the role of culture in stimulating and supporting wider city regeneration.</p> <p>Work to secure legacy programmes and investment from private and public sector sponsors and partners will continue across the City of Culture year.</p> <p>Coventry will launch a new Destination Management Organisation to market and promote the city to business and leisure tourism sectors, representing a partnership between the city's public and private sectors.</p> <p>Culture Change Coventry, the city's Cultural Compact, will refresh the City's Cultural Strategy in close consultation with the Coventry City of Culture Trust and a wide range of stakeholders. The new strategy will aim to secure a targeted, sustainable and impactful legacy from UK City of Culture 2021.</p> | Strategic Lead, City of Culture / Head of Service Sports, Culture, Destination & Business in-conjunction with key stakeholders /colleagues | On-going |
| 10 | Strengthening arrangements linked to the programme of health and safety audits undertaken. | <p>There will be a continued focus on mitigating the risks from Covid-19 and the changing requirements in the workplace during 2021.</p> <p>It is planned to review the Audit, Inspection and Monitoring Programme in March 2022, with the expectation that a new 'normal' will have been established by then.</p> | Occupational Health, Safety & Wellbeing Services Manager / Health & Safety Team Leader | March 2022 |
| 11 | Further development of the Council's IT disaster recovery plans and processes | <p>A working group will be established to enhance understanding between ICT and the Resilience Team of business needs / ICT capabilities, which will support the development of robust and realistic plans and ensure that the disaster recovery and business continuity processes are more integrated and aligned. To support this, we have recently relaunched our business engagement function within ICT & Digital to help better understand service's needs.</p> <p>ICT disaster recovery processes will be enhanced, with supporting documents formalised and testing arrangements agreed.</p> | Head of ICT & Digital | March 2022 |
| 12 | Review and update of the Social Value and Sustainability Policy | It is planned that the updated policy will go to Cabinet for approval during 2021/22. | Head of Procurement & commissioning | September 2021 |
| 13 | Implementation of the Local | Separate bodies which have been set up or are owned by the Council will be advised around the application of the Nolan principle of openness and requested to consider | Director of Law & Governance | March 2022 |

| | | | | |
|----|--|---|--|------------|
| | Government Ethical Standards Best Practice from the Committee on Standards in Public Life | publication of their board agendas / minute and annual reports in an accessible place, whilst understanding any wider implications arising from this. | | |
| 14 | Implementation of the Redmond Review into the oversight of local audit and the transparency of local authority financial reporting | The Council awaits Government guidance on the review's recommendations and will seek to implement these in the manner and to the timetable established by Government. | Strategic Management Board / Corporate Governance Group in-conjunction with key stakeholders | Ongoing |
| 15 | To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security | Alongside the implementation of Internal Audit recommendations in relation to reviews undertaken linked to IT / Cyber Security, the Council will be working towards Cyber Essentials Plus accreditation, increasing awareness of cyber security across the organisation and taking steps to ensure sufficient resources are in place to manage associated risks. | Director of Housing and Transformation / Head of ICT and Digital. | March 2022 |
| 16 | Compliance with the Financial Management Code | An initial self-assessment of the Council's compliance with the Financial Management Code has concluded that the Council is in a relatively strong position with regards to having good and sustainable financial management. This position will be reviewed in 2021/22 to enable the Council to clarify and document how it meets the Code's key standards. This might include demonstrating clearly: the extent to which services provide value for money; the degree to which it is financially resilient and how well financial sustainability is reported to members; the consistency of medium term plans with service plans; the degree to which it engages with stakeholders in developing its financial strategy; the strength of its use of option appraisal methodologies; and how robustly it monitors key risks within its balance sheet monitoring. | Director of Finance | March 2022 |

| | | | | |
|----|--|---|--|----------------|
| | | | | |
| 17 | Ensuring robust governance over group activities / investments | The Council will continue work to ensure that robust financial governance exists in respect of council owned companies and other investments, including further development of its arrangements where required, both within individual activities and from a corporate perspective. This includes consideration of a new overarching governance structure for some or all of the Council's wholly and partly owned companies and consideration of CIPFA guidance which will be issued in 2021/22. | Director of Finance / Director of Law and Governance | Ongoing |
| 18 | Embedding new methods of consultation and engagement | The council's approach to communications and engagement will continue to be developed, guided by lessons learnt from the trial of a new online engagement platform, methods used by partners, and new approaches established as a result of covid-19, including the establishment of a public health multi-agency engagement and participation cell and greater use of visual communications to overcome language barriers and provide key messages on a timely basis. | Director of Public Health | March 2022 |
| 19 | Refresh of the One Coventry Plan | The One Coventry Plan will be refreshed during 2021/22 to reflect the Covid-19 situation and other priorities which have emerged since the last update such as City of Culture, climate change, Brexit and housing and homelessness. | Chief Executive | March 2022 |
| | November 2023 update | Planned actions 2023-24 | | |
| 20 | Implementation of Action Plan – Statement of Accounts for 2020/21, 2021/22 and 2022-23 | <p>The following actions have been agreed with the Auditors:</p> <ul style="list-style-type: none"> • Undertake a root cause analysis of the delays in the 2019/20 financial statements audit and prepare an appropriate action plan in response to these delays. These should particularly focus on the valuation process. • Prepare its 2020/21 group accounts for audit as soon as possible. • Review the Council's (single entity) financial statements for 2020/21 applying additional quality checks to the accounts and land and property valuations. • Put in place the additional capacity needed to prepare and complete the 2020/21, 2021/22 and the 2022/23 financial statements. • Agree a timetable with Grant Thornton for the completion of the open accounts. Progress against this timetable should be reported to the Audit and Procurement Committee. Where there is slippage against the programme arrangements should be made to resolve these issues. | Chief Operating Officer (Section 151 Officer) | September 2024 |

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

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. Changes have been made to improve and simplify the presentation to the Movement in Reserves Statement in accordance with recommendations in the Code of Practice. Details of the movements in usable revenue 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

| 2019/20 | | | Service segment | 2020/21 | | | Section Ref. |
|--|-----------------------------------|--------------------------------------|---|---------------------------|----------------------|-------------------------|--------------|
| Gross Expenditure *restated £000 | Gross Income *restated £000 | Net Expenditure *restated £000 | | Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 | |
| 7,287 | (2,413) | 4,874 | Legal & Governance Services | 6,698 | (1,485) | 5,213 | 3.2 |
| 25,764 | (24,506) | 1,258 | Public Health | 25,913 | (23,696) | 2,217 | 3.2 |
| 1,571 | (127) | 1,444 | People Directorate Management | 4,292 | (121) | 4,171 | 3.2 |
| 203,706 | (191,138) | 12,568 | Education and Skills | 210,372 | (195,182) | 15,190 | 3.2 |
| 86,701 | (11,380) | 75,321 | Children and Young People's Services | 91,716 | (15,988) | 75,728 | 3.2 |
| 128,704 | (49,164) | 79,540 | Adult Social Care | 120,051 | (62,170) | 57,881 | 3.2 |
| 26,422 | (7,814) | 18,608 | Housing & Transformation | 27,999 | (12,391) | 15,608 | 3.2 |
| 2,743 | (977) | 1,766 | Human Resources | 2,322 | (837) | 1,485 | 3.2 |
| 56,499 | (7,511) | 48,988 | Business, Investment & Culture | 62,944 | (19,079) | 43,865 | 3.2 |
| 39,667 | (16,741) | 22,926 | Transportation & Highways | 52,655 | (15,934) | 36,721 | 3.2 |
| 50,079 | (18,572) | 31,507 | Streetscene & Regulatory Services | 60,045 | (18,282) | 41,763 | 3.2 |
| 8,300 | (3,162) | 5,138 | Project Management and Property Services | 11,662 | (3,638) | 8,024 | 3.2 |
| 100,203 | (96,356) | 3,847 | Finance & Corporate Services | 98,496 | (95,174) | 3,322 | 3.2 |
| 48,102 | (38,979) | 9,123 | Contingency and Central Budgets | 55,686 | (47,075) | 8,611 | 3.2 |
| 785,748 | (468,840) | 316,908 | Cost of Services | 830,851 | (511,052) | 319,799 | |
| | | 19,461 | Other Operating Expenditure | | | 9,991 | 3.1 |
| | | (19,761) | Finance and Investment Income and Expenditure | | | (4,907) | 3.1 |
| | | (378,357) | Taxations and Non-Specific Grant Income | | | (417,522) | 3.1 |
| | | (61,749) | (Surplus)/Deficit on the Provision of Services | | | (92,639) | |
| | | (14,025) | Sub-total of other comprehensive Income and Expenditure | | | 200,544 | 3.1 |
| | | (75,774) | Total Comprehensive Income and Expenditure (Surplus)/Deficit | | | 107,905 | |

* These amounts have been restated as detailed in section 3.39.

2.3 Movement in Reserves Statement

Usable/Unusable Reserves and Overall Position 2020/21

| | 31st March 2020 | Total Comprehensive Income and Expenditure | Adjustments between Accounting Basis & Funding Basis under regulations | Net (increase)/ decrease | 31st March 2021 |
|---|------------------|--|--|--------------------------|------------------|
| | £000 | £000 | £000 | | £000 |
| Usable Reserves | | | | | |
| General Fund Balance* | (111,227) | (92,639) | 5,532 | (87,107) | (198,334) |
| Capital Grants Unapplied | (1,834) | 0 | 6 | 6 | (1,828) |
| Capital Receipts Reserve | (31,099) | 0 | 6,363 | 6,363 | (24,736) |
| Total Usable Reserves | (144,160) | (92,639) | 11,901 | (80,738) | (224,898) |
| Unusable Reserves | | | | | |
| Capital Adjustment Account | (733,686) | 0 | (80,021) | (80,021) | (813,707) |
| Revaluation Reserve | (185,592) | (23,604) | 9,914 | (13,690) | (199,282) |
| Deferred Capital Receipts Reserve | 0 | 0 | (12,886) | (12,886) | (12,886) |
| Financial Inst. Adjust Acc | 10,531 | 0 | (384) | (384) | 10,147 |
| Financial Instruments Revaluation Reserve | (64,087) | 16,517 | 0 | 16,517 | (47,570) |
| Collection Fund Adjust | (308) | 0 | 45,537 | 45,537 | 45,229 |
| Pensions Reserve (local government) | 572,506 | 207,631 | 27,674 | 235,305 | 807,811 |
| Accumulated Absences | 4,082 | 0 | 338 | 338 | 4,420 |
| Pooled Investment Funds Adj. Acc. | 3,185 | 0 | (2,073) | (2,073) | 1,112 |
| Total Unusable Reserves | (393,369) | 200,544 | (11,901) | 188,643 | (204,726) |
| Total Single Entity Reserves | (537,529) | 107,905 | 0 | 107,905 | (429,624) |

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

Usable/Unusable Reserves 2019/20 Comparatives

| | 31st March 2019 | Total Comprehensive Income and Expenditure | Adjustments between Accounting Basis & Funding Basis under regulations | Net (increase)/ decrease | 31st March 2020 |
|---|-------------------|--|--|--------------------------|-------------------|
| | *restated £000 | *restated £000 | *restated £000 | *restated | *restated £000 |
| Usable Reserves | | | | | |
| General Fund Balance | (108,161) | (61,749) | 58,683 | (3,066) | (111,227) |
| Capital Grants Unapplied | (1,894) | 0 | 60 | 60 | (1,834) |
| Capital Receipts Reserve | (21,467) | 0 | (9,632) | (9,632) | (31,099) |
| Total Usable Reserves | (131,522) | (61,749) | 49,111 | (12,638) | (144,160) |
| Unusable Reserves | | | | | |
| Capital Adjustment Account* | (645,285) | 0 | (88,401) | (88,401) | (733,686) |
| Revaluation Reserve* | (195,062) | 6,733 | 2,737 | 9,470 | (185,592) |
| Deferred Capital Receipts Reserve | (2,629) | 0 | 2,629 | 2,629 | 0 |
| Financial Inst. Adjust Acc | 10,916 | 0 | (385) | (385) | 10,531 |
| Financial Instruments Revaluation Reserve | (79,441) | 15,354 | 0 | 15,354 | (64,087) |
| Collection Fund Adjust | (7,177) | 0 | 6,869 | 6,869 | (308) |
| Pensions Reserve (local government) | 585,005 | (36,112) | 23,613 | (12,499) | 572,506 |
| Accumulated Absences | 3,491 | 0 | 591 | 591 | 4,082 |
| Pooled Investment Funds Adj. Acc. | (51) | 0 | 3,236 | 3,236 | 3,185 |
| Total Unusable Reserves | (330,233) | (14,025) | (49,111) | (63,136) | (393,369) |
| Total Single Entity Reserves | (461,755) | (75,774) | 0 | (75,774) | (537,529) |

* These amounts have been restated as detailed in section 3.39.

2.4 Balance Sheet

| 31 March 2019 | 31 March 2020 | Balance Sheet | 31 March 2021 | |
|-------------------|-------------------|------------------------------------|--------------------|--------------|
| *restated £000 | *restated £000 | | £000 | Section Ref. |
| 915,114 | 1,015,405 | Property, Plant and Equipment | 1,085,843 | 3.15 |
| 25,893 | 25,900 | Heritage Assets | 25,893 | 3.16 |
| 287,123 | 302,734 | Investment Property | 317,073 | 3.17 |
| 110,809 | 110,092 | Long Term Investments | 98,562 | 3.21 |
| 24,883 | 28,058 | Long Term Debtors | 55,903 | 3.22 |
| 1,363,822 | 1,482,189 | Long Term Assets | 1,583,274 | |
| 37,285 | 37,245 | Short Term Investments | 39,282 | 3.34 |
| 363 | 303 | Inventories | 363 | |
| 75,870 | 85,262 | Short Term Debtors | 106,050 | 3.23 |
| 26,621 | 24,593 | Cash and Cash Equivalents | 30,209 | 2.5 |
| 2,938 | 1,340 | Assets held for Sale | 1,588 | 3.17 |
| 143,077 | 148,743 | Current Assets | 177,492 | |
| 0 | 0 | Bank Overdraft | (2,771) | 2.5 |
| (65,572) | (67,426) | Short Term Borrowing | (62,272) | 3.34 |
| (74,388) | (85,463) | Short Term Creditors | (108,315) | 3.24 |
| (1,946) | (1,674) | Short Term Provisions | (1,837) | 3.25 |
| (141,906) | (154,563) | Current Liabilities | (175,195) | |
| (12,329) | (19,757) | Long Term Provisions | (18,645) | 3.25 |
| (317,344) | (313,422) | Long Term Borrowing | (324,700) | 3.34 |
| (553,905) | (572,506) | Net Pension Liability | (742,911) | 3.31 |
| (1,447) | (1,566) | Donated Assets Account | (1,603) | 3.28 |
| (8,256) | (21,808) | Capital Grants Receipts in Advance | (57,053) | 3.7 |
| (9,957) | (9,781) | Other Long Term Liabilities | (11,035) | 3.26 |
| (903,238) | (938,840) | Long Term Liabilities | (1,155,947) | |
| 461,755 | 537,529 | Net Assets | 429,624 | |
| (131,522) | (144,160) | Usable Reserves | (224,898) | 2.3 |
| (330,233) | (393,369) | Unusable Reserves | (204,726) | 2.3 |
| (461,755) | (537,529) | Total Reserves | (429,624) | |

* These amounts have been restated as detailed in section 3.39.

The unaudited accounts were authorised for issue on 28th March 2024 and the audited accounts were authorised for issue on 25th November 2024.

Bilal

2.5 Cash Flow Statement

| 2019/20 *restated £000's | Cash Flow Statement | 2020/21 £000's |
|--------------------------------|---|-------------------|
| (61,749) | Net (Surplus) or Deficit on the Provision of Services | (92,639) |
| (57,996) | Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements | (4,907) |
| 133,324 | Adjust items included in Net Surplus/Deficit on the Provision of Services that are Investing & Financing Activities | 103,277 |
| 13,579 | Net Cash Flows from Operating Activities | 5,731 |
| (12,579) | Investing Activities | (54,666) |
| 1,028 | Financing Activities | 46,090 |
| 2,028 | Net (Increase) or Decrease in Cash and Cash Equivalents | (2,845) |
| (26,621) | Cash and Cash Equivalents at the Beginning of the Reporting Period (including bank overdrafts) | (24,593) |
| (24,593) | Cash and Cash Equivalents at the End of the Reporting Period (including bank overdrafts) | (27,438) |

* These amounts have been restated as detailed in section 3.39.

Section 3.27 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

| 2019/20 | | 2020/21 | |
|--------------------------------------|--|----------------------------|-----------------|
| Net Expenditure *restated £000 | Category of Income or Expenditure | Net Expenditure £000 | Section Ref. |
| 3,698 | (Gain)/Loss on Disposal of Fixed Assets** | (6,133) | |
| 15,728 | Levy Payments to Other Bodies | 16,083 | |
| 35 | Precepts of Local Precepting Authorities | 41 | |
| 19,461 | Other Operating Expenditure | 9,991 | |
| 17,519 | Interest Payable and Similar Charges | 18,553 | 3.34 |
| (3,635) | External Investment Income | (3,438) | 3.34 |
| 13,086 | Net interest on the net defined benefit liability | 12,247 | 3.31 |
| (16,941) | Commercial Property Income | (16,579) | |
| 6,792 | Commercial Property Expenditure | 8,034 | |
| (31,174) | Changes in the fair value of investment properties | (16,116) | |
| (8,561) | Dividends and Interest Receivable | (6,020) | 3.34 |
| 0 | (Gain)/loss on impairment of assets | 477 | 3.34 |
| 3,153 | (Gain)/loss on revaluation of financial instruments | (2,065) | 3.34 |
| (19,761) | Finance and Investment Income and Expenditure | (4,907) | |
| (134,449) | Council Tax | (143,953) | 3.38 |
| (114,732) | Retained Business Rates | (70,700) | 3.38 |
| 17,916 | Business Rates Top-up | 17,920 | 3.38 |
| (14,165) | General Government Grants | (65,463) | |
| (132,842) | Capital Grant | (155,228) | 3.7 |
| (85) | Donated Assets – amortised credits | (98) | |
| (378,357) | Taxations and Non-Specific Grant Income | (417,522) | |
| 6,733 | (Gain)/loss on revaluation of non current assets | (23,604) | 3.13 |
| 15,354 | (Gain)/loss on revaluation of financial instruments | 16,517 | 3.34 |
| (36,112) | Remeasurement of the net defined benefit liability | 207,631 | 3.31 |
| (14,025) | Sub-total of other comprehensive Income and Expenditure | 200,544 | |

* These amounts have been restated as detailed in section 3.39.

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).

| 2019/20 | | | 2020/21 | | | |
|--|--|---|--|--|--|---|
| 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 |
| 4,874 | 0 | 4,874 | Legal & Governance Services | 5,213 | 0 | 5,213 |
| 1,368 | (110) | 1,258 | Public Health | 2,217 | 0 | 2,217 |
| 1,444 | 0 | 1,444 | People Directorate Management | 1,364 | 2,807 | 4,171 |
| 15,676 | (3,108) | 12,568 | Education and Skills | 6,345 | 8,845 | 15,190 |
| 75,478 | (157) | 75,321 | Children and Young People's Services | 75,895 | (167) | 75,728 |
| 76,536 | 3,004 | 79,540 | Adult Social Care | 68,780 | (10,899) | 57,881 |
| 16,811 | 1,797 | 18,608 | Housing & Transformation | 14,211 | 1,397 | 15,608 |
| 1,766 | 0 | 1,766 | Human Resources | 1,485 | 0 | 1,485 |
| 9,073 | 39,915 | 48,988 | Business, Investment & Culture | 8,327 | 35,538 | 43,865 |
| (261) | 23,187 | 22,926 | Transportation & Highways | (262) | 36,983 | 36,721 |
| 28,324 | 3,183 | 31,507 | Streetscene & Regulatory Services | 35,563 | 6,200 | 41,763 |
| 4,525 | 613 | 5,138 | Project Management and Property Services | (69,979) | 78,003 | 8,024 |
| 3,845 | 2 | 3,847 | Finance & Corporate Services | 3,320 | 2 | 3,322 |
| 10,347 | (1,224) | 9,123 | Contingency and Central Budgets | 69,203 | (60,592) | 8,611 |
| 249,806 | 67,102 | 316,908 | Net Cost of Services | 221,682 | 98,117 | 319,799 |
| (252,872) | (125,785) | (378,657) | Other Income and Expenditure | (308,789) | (103,649) | (412,438) |
| (3,066) | (58,683) | (61,749) | (Surplus) or Deficit | (87,107) | (5,532) | (92,639) |
| (108,161) | | | Opening General Fund | (111,227) | | |
| (3,066) | | | Plus (Surplus)/Deficit on General Fund | (87,107) | | |
| (111,227) | | | Closing General Fund at 31 March | (198,334) | | |

* These amounts have been restated as outlined in section 3.39.

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.

| 2019/20 | | | | | 2020/21 | | | | |
|---|---|---|--------------------------------|--|--|---|----------------------------|-------------------|--|
| 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 | |
| 0 | 0 | 0 | 0 | Legal & Governance Services | 0 | 0 | 0 | 0 | |
| (110) | 0 | 0 | (110) | Public Health | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | People Directorate Management | 2,807 | 0 | 0 | 2,807 | |
| (3,108) | 0 | 0 | (3,108) | Education and Skills | 8,845 | 0 | 0 | 8,845 | |
| (157) | 0 | 0 | (157) | Children and Young People's Services | (167) | 0 | 0 | (167) | |
| 3,004 | 0 | 0 | 3,004 | Adult Social Care | (10,899) | 0 | 0 | (10,899) | |
| 1,797 | 0 | 0 | 1,797 | Housing & Transformation | 1,397 | 0 | 0 | 1,397 | |
| 0 | 0 | 0 | 0 | Human Resources | 0 | 0 | 0 | 0 | |
| 39,915 | 0 | 0 | 39,915 | Business, Investment & Culture | 35,538 | 0 | 0 | 35,538 | |
| 23,187 | 0 | 0 | 23,187 | Transportation & Highways | 36,983 | 0 | 0 | 36,983 | |
| 3,183 | 0 | 0 | 3,183 | Streetscene & Regulatory Services | 6,200 | 0 | 0 | 6,200 | |
| 579 | 0 | 33 | 612 | Project Management and Property Services | 77,970 | 0 | 33 | 78,003 | |
| 2 | 0 | 0 | 2 | Finance & Corporate Services | 2 | 0 | 0 | 2 | |
| (28,399) | 10,527 | 3,562 | (14,310) | Contingency and Central Budgets | (74,609) | 15,427 | (1,411) | (60,593) | |
| 39,893 | 10,527 | 3,595 | 54,015 | Net Cost of Services | 84,067 | 15,427 | (1,378) | 98,116 | |
| (132,653) | 13,086 | 6,869 | (112,698) | Other Income and Expenditure | (161,432) | 12,247 | 45,537 | (103,648) | |
| (92,760) | 23,613 | 10,464 | (58,683) | Surplus or Deficit | (77,365) | 27,674 | 44,159 | (5,532) | |

* These amounts have been restated as outlined in section 3.39.

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.

| 2020/21 | 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 |
| Legal & Governance Services | 5,213 | (340) | (25) | 4,848 | 3,612 | 1,236 |
| Public Health | 2,217 | 24 | 320 | 2,561 | 2,587 | (26) |
| People Directorate Management | 1,364 | 0 | 0 | 1,364 | 1,396 | (32) |
| Education and Skills | 6,345 | 1,967 | 6,368 | 14,680 | 15,158 | (478) |
| Children and Young People's Services | 75,895 | 147 | 709 | 76,751 | 71,090 | 5,661 |
| Adult Social Care | 68,780 | 1,214 | 9,916 | 79,910 | 79,002 | 908 |
| Housing & Transformation | 14,211 | (1) | (150) | 14,060 | 14,576 | (516) |
| Human Resources | 1,485 | 16 | (151) | 1,350 | 1,303 | 47 |
| Business, Investment & Culture | 8,327 | 460 | 90 | 8,877 | 7,248 | 1,629 |
| Transportation & Highways | (262) | 6,085 | 4,406 | 10,229 | 4,381 | 5,848 |
| Streetscene & Regulatory Services | 35,563 | (13) | 640 | 36,190 | 29,084 | 7,106 |
| Project Management and Property Services | (69,979) | 62,902 | 4,685 | (2,392) | (4,577) | 2,185 |
| Finance & Corporate Services | 3,320 | (169) | 1,648 | 4,799 | 3,159 | 1,640 |
| Contingency and Central Budgets | 69,203 | (142,715) | 58,651 | (14,861) | 10,347 | (25,208) |
| Net Cost of Services | 221,682 | (70,423) | 87,107 | 238,366 | 238,366 | 0 |
| Other Income and Expenditure | (308,789) | 70,423 | 0 | (238,366) | (238,366) | 0 |
| Surplus or Deficit | (87,107) | 0 | 87,107 | 0 | 0 | 0 |

| 2019/20 | 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 |
| Legal & Governance Services | 4,874 | (337) | (321) | 4,216 | 3,844 | 372 |
| Public Health | 1,368 | 20 | 516 | 1,904 | 2,572 | (668) |
| People Directorate Management | 1,444 | 0 | 0 | 1,444 | 1,501 | (57) |
| Education and Skills | 15,676 | 5,430 | (5,351) | 15,755 | 14,477 | 1,278 |
| Children and Young People's Services | 75,478 | (67) | (664) | 74,747 | 72,280 | 2,467 |
| Adult Social Care | 76,536 | 1,217 | (287) | 77,466 | 77,466 | 0 |
| Housing & Transformation | 16,811 | (9) | (561) | 16,241 | 13,221 | 3,020 |
| Human Resources | 1,766 | 27 | (152) | 1,641 | 1,319 | 322 |
| Business, Investment & Culture | 9,073 | (302) | (469) | 8,302 | 8,101 | 201 |
| Transportation & Highways | (261) | 4,473 | 523 | 4,735 | 4,585 | 150 |
| Streetscene & Regulatory Services | 28,324 | 1,414 | (153) | 29,585 | 28,484 | 1,101 |
| Project Management and Property Services | 4,525 | (13,409) | 2,091 | (6,793) | (5,738) | (1,055) |
| Finance & Corporate Services | 3,845 | 0 | (977) | 2,868 | 3,564 | (696) |
| Contingency and Central Budgets | 10,347 | (19,879) | 8,871 | (661) | 5,774 | (6,435) |
| Net Cost of Services | 249,806 | (21,422) | 3,066 | 231,450 | 231,450 | 0 |
| Other Income and Expenditure | (252,872) | 21,422 | 0 | (231,450) | (231,450) | 0 |
| Surplus or Deficit | (3,066) | 0 | 3,066 | 0 | 0 | 0 |

* These amounts have been restated as a result of service segment changes, as outlined in section 3.39.

3.5 Segmental Analysis

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

| 2020/21 | Income from Grants and Contributions | Tax Income | Income from Fees and Charges | 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 |
| Legal & Governance Services | (309) | 0 | (1,516) | (1,825) | 6,698 | 4,873 | (25) | 4,848 |
| Public Health | (23,704) | 0 | 8 | (23,696) | 25,937 | 2,241 | 320 | 2,561 |
| People Directorate Management | (121) | 0 | 0 | (121) | 1,485 | 1,364 | 0 | 1,364 |
| Education and Skills | (191,095) | 0 | (4,087) | (195,182) | 203,494 | 8,312 | 6,368 | 14,680 |
| Children and Young People's Services | (13,895) | 0 | (2,093) | (15,988) | 92,030 | 76,042 | 709 | 76,751 |
| Adult Social Care | (44,309) | 0 | (17,860) | (62,169) | 132,163 | 69,994 | 9,916 | 79,910 |
| Housing & Transformation | (4,166) | 0 | (8,225) | (12,391) | 26,601 | 14,210 | (150) | 14,060 |
| Human Resources | (4) | 0 | (833) | (837) | 2,338 | 1,501 | (151) | 1,350 |
| Business, Investment & Culture | (18,446) | 0 | (633) | (19,079) | 27,866 | 8,787 | 90 | 8,877 |
| Transportation & Highways | (9,411) | 0 | (6,919) | (16,330) | 22,153 | 5,823 | 4,406 | 10,229 |
| Streetscene & Regulatory Services | (1,451) | 0 | (16,831) | (18,282) | 53,832 | 35,550 | 640 | 36,190 |
| Project Management and Property Services | (20) | 0 | (18,742) | (18,762) | 11,685 | (7,077) | 4,685 | (2,392) |
| Finance & Corporate Services | (95,355) | 0 | 11 | (95,344) | 98,495 | 3,151 | 1,648 | 4,799 |
| Contingency and Central Budgets | (262,930) | 41,633 | (13,102) | (234,399) | 160,887 | (73,512) | 58,651 | (14,861) |
| Net Cost of Services | (665,216) | 41,633 | (90,822) | (714,405) | 865,664 | 151,259 | 87,107 | 238,366 |
| Other Income and Expenditure | 0 | (238,366) | 0 | (238,366) | 0 | (238,366) | 0 | (238,366) |
| Surplus or Deficit | (665,216) | (196,733) | (90,822) | (952,771) | 865,664 | (87,107) | 87,107 | 0 |

| 2019/20 | Income from Grants and Contributions* | Tax Income | Income from Fees and Charges* | 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 |
| Legal & Governance Services | (966) | 0 | (1,784) | (2,750) | 7,287 | 4,537 | (321) | 4,216 |
| Public Health | (24,499) | 0 | (7) | (24,506) | 25,894 | 1,388 | 516 | 1,904 |
| People Directorate Management | (127) | 0 | 0 | (127) | 1,571 | 1,444 | 0 | 1,444 |
| Education and Skills | (185,434) | 0 | (5,704) | (191,138) | 212,244 | 21,106 | (5,351) | 15,755 |
| Children and Young People's Services | (9,932) | 0 | (1,448) | (11,380) | 86,791 | 75,411 | (684) | 74,747 |
| Adult Social Care | (31,440) | 0 | (17,724) | (49,164) | 126,917 | 77,753 | (287) | 77,466 |
| Housing & Transformation | (1,597) | 0 | (6,226) | (7,823) | 24,625 | 16,802 | (561) | 16,241 |
| Human Resources | (30) | 0 | (947) | (977) | 2,770 | 1,793 | (152) | 1,641 |
| Business, Investment & Culture | (6,351) | 0 | (1,160) | (7,511) | 16,282 | 8,771 | (469) | 8,302 |
| Transportation & Highways | (6,765) | 0 | (10,061) | (16,826) | 21,038 | 4,212 | 523 | 4,735 |
| Streetscene & Regulatory Services | (963) | 0 | (17,639) | (18,602) | 48,340 | 29,738 | (153) | 29,585 |
| Project Management and Property Services | (12) | 0 | (18,286) | (18,298) | 9,414 | (8,884) | 2,091 | (6,793) |
| Finance & Corporate Services | (95,226) | 0 | (1,130) | (96,356) | 100,201 | 3,845 | (977) | 2,868 |
| Contingency and Central Budgets | (162,560) | 185 | (34,955) | (197,330) | 187,798 | (9,532) | 8,871 | (661) |
| Net Cost of Services | (525,902) | 185 | (117,071) | (642,788) | 871,172 | 228,384 | 3,066 | 231,450 |
| Other Income and Expenditure | 0 | (231,450) | 0 | (231,450) | 0 | (231,450) | 0 | (231,450) |
| Surplus or Deficit | (525,902) | (231,265) | (117,071) | (874,238) | 871,172 | (3,066) | 3,066 | 0 |

* These amounts have been restated as a result of service segment changes, as outlined in section 3.39.

3.6 Income and 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 | 2019/20 *restated £000 | 2020/21 £000 |
|--|------------------------------|------------------|
| Income | | |
| Fees, charges and other service income | (87,481) | (63,756) |
| Interest and investment income | (29,590) | (27,066) |
| Income from council tax and non-domestic rates | (231,265) | (196,733) |
| Government grants and contributions | (525,902) | (665,216) |
| Total Income | (874,238) | (952,771) |
| Expenditure | | |
| Employee benefits expenses | 298,064 | 297,212 |
| Other services expenses | 403,311 | 417,778 |
| Service Support charges | 0 | 0 |
| Depreciation, amortisation, impairment | 57,895 | 106,416 |
| Interest payments | 30,605 | 30,800 |
| Precept and levies | 15,763 | 16,124 |
| (Gain)/Loss on Disposal of Assets | 3,698 | (6,133) |
| (Gain)/Loss on Revaluation of Financial Instruments | 3,153 | (2,065) |
| Total Expenditure | 812,489 | 860,132 |
| Surplus/ Deficit on the Provision of Services | (61,749) | (92,639) |

* These amounts have been restated as a result of service segment changes, as outlined in section 3.39.

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.

| 2019/20 | | | 2020/21 | | | |
|---|-----------------------------------|---|--|--|----------------------|--|
| Income from service recipients *restated £000 | Other income *restated £000 | Total fees, charges and other service income *restated £000 | Service Segment | Income from service recipients £000 | Other income £000 | Total fees, charges and other service income £000 |
| (1,446) | 0 | (1,446) | Legal & Governance Services | (1,175) | 0 | (1,175) |
| (7) | 0 | (7) | Public Health | 7 | 0 | 7 |
| 0 | 0 | 0 | People Directorate Management | 0 | 0 | 0 |
| (5,607) | (1) | (5,608) | Education and Skills | (4,017) | 0 | (4,017) |
| (1,448) | 0 | (1,448) | Children and Young People's Services | (2,093) | 0 | (2,093) |
| (17,709) | 0 | (17,709) | Adult Social Care | (17,846) | 0 | (17,846) |
| (5,994) | (232) | (6,226) | Housing & Transformation | (8,002) | (223) | (8,225) |
| (825) | (122) | (947) | Human Resources | (723) | (109) | (832) |
| (1,160) | 0 | (1,160) | Business, Investment & Culture | (633) | 0 | (633) |
| (6,720) | (3,340) | (10,060) | Transportation & Highways | (4,751) | (1,870) | (6,621) |
| (17,455) | 0 | (17,455) | Streetscene & Regulatory Services | (16,668) | 0 | (16,668) |
| (889) | (7) | (896) | Project Management and Property Services | (981) | (17) | (998) |
| (1,131) | 0 | (1,131) | Finance & Corporate Services | 12 | (1) | 11 |
| (10,019) | (13,369) | (23,388) | Contingency and Central Budgets | (4,810) | 144 | (4,666) |
| (70,410) | (17,071) | (87,481) | Total | (61,680) | (2,076) | (63,756) |

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 £2m.

| 2019/20 *restated '£000 | Grant / Grant Body | 2020/21 £000 |
|-------------------------------|---|-----------------|
| 8,290 | UK Central plus Connectivity** | 43,297 |
| 11,586 | Local Growth Fund | 16,348 |
| 68,019 | Innovate UK – Faraday Scale Up Facility (Battery Plant) | 12,276 |
| 0 | Getting Building Fund | 11,590 |
| 14,031 | Whitley South | 10,222 |
| 4,514 | Coventry Centre Regeneration | 9,285 |
| 681 | Basic Need Allocation (School places) | 8,156 |
| 723 | Arts Council – Managed Funds | 6,822 |
| 1,770 | A46 Link Road (Coventry Connectivity) | 5,432 |
| 2,846 | Highways Maintenance Block | 2,918 |
| 3,597 | Disabled Facilities Grant | 2,776 |
| 0 | Ultra Low Emission Bus Scheme | 2,255 |
| 0 | Challenge Fund: WM Network Renewal Project | 2,061 |
| 2,102 | Capital Maintenance Grant | 1,932 |
| 2,493 | Contribution - Whitefriars | 1,388 |
| 12,190 | Other Capital Grants & Contributions | 18,470 |
| 132,842 | Total | 155,228 |

* 2019/20 figures have been restated to reflect updated grant categories and also to change the basis upon which amounts are included. In previous accounts the equivalent table gave the details for the capital grants applied (including reserve transfers from the capital grants unapplied account). The table above focuses solely on the capital grant income receivable for the year in question and, as such, is consistent with the revenue grant information provided in section 3.8.

** The increase in the UK Central plus Connectivity grant was as a result of a significant increase in the activity for schemes funded through the West Midlands Combined Authority (WMCA) devolution deal, such as the Station Masterplan and work on the A46.

3.8 Analysis of Revenue Grants

The following table provides an analysis of revenue grant income, separately identifying all grants with a value above £2m.

| 2019/20* £000 | Grant | 2020/21 £000 |
|------------------|---|-----------------|
| 156,375 | Dedicated schools grant** | 158,303 |
| 91,763 | Housing Benefits | 86,008 |
| 2,495 | Business Rates Tax Base Compensation | 52,878 |
| 10,407 | COVID-19 Additional Funding | 22,783 |
| 21,389 | Dept of Health - Public Health | 22,307 |
| 12,241 | Better Care Fund | 20,827 |
| 11,579 | Improved Better Care Fund | 15,323 |
| 2,650 | Social Care Grant | 9,431 |
| 0 | Additional Restrictions Grant ARG | 8,486 |
| 8,289 | Pupil Premium - Free School Meals | 7,838 |
| 6,589 | Small Business Rates Relief Compensation | 7,508 |
| 0 | Sales Fees and Charges Support Grant (COVID-19) | 6,024 |
| 3,313 | Adult Education Budget (WMCA) | 5,279 |
| 4,990 | Private Finance Initiative - Street Lighting | 4,990 |
| 5,036 | New Homes Bonus | 4,857 |
| 2,421 | Teachers Pension Employer Contribution Grant (TPECG) | 4,093 |
| 952 | Air Quality Feasibility Studies | 4,000 |
| 0 | COVID-19 Council Tax Hardship Fund/Support Grant | 3,732 |
| 0 | Contain Outbreak Management Fund | 3,198 |
| 3,190 | Universal Free School Meals | 2,869 |
| 0 | COVID-19 Local Authority Discretionary Grant Fund (LADGF) | 2,647 |
| 2,323 | Independent Living Fund | 2,323 |
| 0 | UKBIC contribution (loan related) | 2,204 |
| 2,889 | Grant for Migration Project B (TBD) | 1,915 |
| 2,579 | Business Rates Multiplier Cap | 1,338 |
| 2,377 | Adult Skills | 234 |
| 2,193 | DCLG – Additional Better Care Fund | 0 |
| 37,019 | Other Grants and Contributions | 48,593 |
| 393,059 | Total | 509,988 |

*2019/20 figures have been restated 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.

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 2020/21 are as follows:

| Notes | Schools Budget Funded by Dedicated Schools Grant | Central Expenditure £000 | Individual Schools Budget £000 | Total £000 |
|-------|---|-----------------------------|-----------------------------------|----------------|
| A | Final DSG for 2020/21 before Academy Recoupment | 39,132 | 279,419 | 318,551 |
| B | Academy figure recouped for 2020/21 | 0 | 160,033 | 160,033 |
| C | Total DSG after Academy Recoupment 2020/21 | 39,132 | 119,386 | 158,518 |
| D | Plus: Brought forward from 2019/20 | 3,297 | 0 | 3,297 |
| E | Less Carry Forward to 2020/21 agreed in advance | 2,847 | 0 | 2,847 |
| F | Agreed initial budgeted distribution in 2020/21 | 39,582 | 119,386 | 158,968 |
| G | In year adjustments | 0 | 71 | 71 |
| H | Final budgeted distribution for 2020/21 | 39,582 | 119,457 | 159,039 |
| I | Less: Actual central expenditure | 37,623 | 0 | 37,623 |
| J | Less: Actual ISB deployed to schools | 0 | 119,457 | 119,457 |
| K | Plus: Local authority contribution for 2020/21 | 0 | 0 | 0 |
| L | Carry forward to next year agreed in advance | 1,959 | 0 | 4,806 |

Notes

A: Final DSG figure before any amount has been recouped from the authority excluding the January 2021 early years block adjustment.

B: Figure recouped from the authority in 2020/21 by the DfE for the conversion of maintained

schools into Academies and for High Needs payments made by ESFA.

C: Total DSG figure after Academy and high needs recoupment for 2020/21.

D: Figure brought forward from 2019/20, positive or negative.

E: Any amount which the authority decided after consultation with the schools forum to carry forward to 2021/22 rather than distribute in 2020/21.

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

G: Changes to the initial distribution, for example, adjustments for exclusions, or 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 2020/21.

J: Amount of ISB actually distributed to schools (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 2020/21 which will have the effect of substituting for DSG in funding the Schools Budget.

L: Carry forward to 2020/21, ie:

- For central expenditure, difference between budgeted distribution of DSG and actual expenditure, plus any local authority contribution.
- For ISB, difference between final budgeted distribution and amount actually deployed to schools, plus any local authority contribution.
- Total is carry-forward on central expenditure plus carry-forward on ISB plus/minus any carry-forward to 2021/22 already agreed.

3.10 Related Party Transactions

The authority is required to disclose 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. Transactions with related parties are disclosed to allow users of the financial statements to judge their impact on the accounts.

| Key Management Personnel & Members | | | | | | | | | |
|---|-----------------------------------|-----------|----------------------------------|--|--------------|-----------------------------------|---|----------------------------------|---|
| Transactions with Related Party 2019/20 | | | Related Parties | | | | Transactions with Related Party 2020/21 | | |
| Expenditure* | Outstanding Balances Creditors ** | Income*** | Outstanding Balances Debtors**** | Related Party | Expenditure* | Outstanding Balances Creditors ** | Income*** | Outstanding Balances Debtors**** | |
| £ | £ | £ | £ | | £ | £ | £ | £ | £ |
| 0 | 0 | (205) | 0 | A&M Metals & Waste Ltd | 0 | 0 | (1,870) | 0 | |
| 0 | 0 | 0 | 3,786,556 | Belgrade Plaza | 0 | 0 | 0 | 3,786,382 | |
| 2,172,366 | (357,984) | (55,111) | 306,768 | Belgrade Theatre Trust (Coventry) Ltd | 2,782,688 | (11,876) | (51,849) | 325,539 | |
| 1,325,947 | (11,833) | (30,319) | 86 | Carers Trust Heart Of England | 1,581,425 | (42,441) | (40,934) | 86 | |
| 682,683 | (10,578) | (4,625) | 2,783 | Central England Law Centre | 610,449 | (29,272) | (4,509) | 2,751 | |
| 241,798 | (284) | (730,945) | 5,198,602 | Coombe Abbey Park Limited | 307,279 | (553) | (748,551) | 5,330,622 | |
| 1,100,772 | (80,261) | 0 | 0 | Coventry & Warwickshire LEP | 795,244 | 0 | 0 | 0 | |
| | | | | Coventry & Warwickshire Reinvestment Trust | | | | | |
| 264,637 | 0 | 0 | 2,806,644 | Ltd | 4,800,200 | 0 | 0 | 2,811,873 | |
| 487,275 | (70,776) | 0 | 0 | Coventry and Warwickshire Growth Hub Ltd | 988,518 | (92,310) | (300) | 150 | |
| 439,154 | (108,833) | (3,873) | (0) | Coventry Cathedral | 1,100,266 | (307,970) | (3,337) | (4) | |
| 0 | (2,106) | (10,792) | 0 | Coventry Church (Municipal) Charities | 0 | 0 | (10,221) | (2,106) | |
| 0 | (216) | (8,901) | 2,961 | Coventry Citizens Advice Bureau | 0 | (222) | (6,103) | 2,072 | |
| 2,000,000 | 0 | (33,837) | 7,620 | Coventry City Of Culture Trust | 3,102,018 | (917) | (120,359) | (539) | |
| 685,901 | (347,318) | 0 | 4,110,713 | Coventry College | 418,066 | (343,626) | 0 | 3,859,090 | |
| 0 | 0 | (260) | 0 | Coventry General Charities | 0 | 0 | (265) | 0 | |
| 569,705 | 0 | (60) | 0 | Coventry Haven | 703,608 | (5,350) | (85) | 0 | |
| 322,287 | 0 | (764) | 61 | Coventry Independent Advice Service Ltd | 322,287 | 0 | 0 | 0 | |
| 1,822,108 | (123,877) | (11,491) | (1,531) | Coventry Mind | 1,847,481 | (31,914) | (11,406) | 706 | |
| 2,162 | 0 | 0 | 5,000 | Coventry North Regeneration Ltd | 2,528 | 0 | 0 | 5,000 | |
| 792,320 | (100,618) | (24,421) | 884 | Coventry Refugee And Migrant Centre | 804,632 | (162,740) | (32,072) | 884 | |
| 2,052,490 | (21,271) | (88,777) | 16,088 | Culture Coventry Ltd | 3,041,888 | (131,055) | (478,002) | 362,257 | |
| 1,797 | (1,797) | 0 | 0 | Feeding Coventry | 264,869 | (151,238) | 0 | 0 | |
| 303,717 | (418) | (367,000) | 58,404 | Finham Park Academy | 523,044 | (36,447) | (358,184) | 97,398 | |
| 858,879 | (669,827) | (3,039) | 0 | Friargate JV Project Ltd | 6,957,262 | (683,515) | (35,920) | 38,400 | |
| 0 | 0 | 0 | 5,298,825 | Friargate LLP | 0 | 0 | 0 | 5,565,972 | |
| 1,236,641 | (989) | (45,879) | 2,404 | Hereward College | 1,724,556 | (2,514) | (14,004) | 1,021 | |

| Key Management Personnel & Members | | | | | | | | | |
|--|---|---------------------|--|---|-------------------|--|---------------------|--|--|
| Transactions with Related Party 2019/20 | | | | Related Parties | | Transactions with Related Party 2020/21 | | | |
| Expenditure* | Outstanding Balances Creditors ** | Income*** | Outstanding Balances Debtors**** | Related Party | Expenditure* | Outstanding Balances Creditors ** | Income*** | Outstanding Balances Debtors**** | |
| £ | £ | £ | £ | | £ | £ | £ | £ | |
| 5,003 | 0 | (136) | 0 | Holbrooks Community Association | 10,000 | 0 | (1,295) | 346 | |
| 12,000 | 0 | 0 | 0 | Holbrooks Community Care Association | 12,000 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 46 | Living Environment Trust | 0 | 0 | 38 | (0) | |
| 400 | 0 | 0 | 0 | Maya Solicitors | 0 | 0 | (127) | 127 | |
| 1,800 | 0 | 0 | 0 | Midland Academies Trust | 800 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | Sahara (Coventry) Ltd | 2,410 | 0 | 0 | 0 | |
| 204,766 | (436) | (27,158) | 10,208 | Shearer Property C Limited | 833,434 | 172,367 | (25,747) | 1,050,539 | |
| 179,581 | 0 | (285,671) | 39,014 | Sidney Stringer Academy | 254,667 | (3,444) | (151,993) | 31,038 | |
| | | | | The Coventry And Solihull Waste Disposal | | | | | |
| 6,911,252 | (794,870) | (163,290) | 8,146,365 | Company | 6,898,046 | (1,114,185) | (106,242) | 8,250,833 | |
| 93,362 | 0 | (1,099) | 199,255 | The Godiva Awakes Trust | 1,837,315 | (1,050) | (1,244) | 0 | |
| 1,889,624 | (148,508) | (12,900) | 0 | Tom White Waste Ltd | 1,825,726 | (87,596) | (506,223) | 121,480 | |
| 9,320,000 | 0 | 0 | 4,431,154 | Uk Battery Industrialisation Centre Ltd | 6,431,154 | 0 | (241,400) | 12,400,618 | |
| | | | | University Of Warwick Science Park Business | | | | | |
| 0 | 0 | (24,207) | 1,027,406 | Innovation Centre Limited | 0 | 0 | (24,400) | 1,043,997 | |
| 240,125 | 0 | 0 | 0 | Voluntary Action Coventry | 253,667 | 0 | 0 | 0 | |
| 144,900 | 0 | (170,214) | 32,496 | West Coventry Academy | 79,552 | (33,332) | (104,595) | 55,984 | |
| 16,179,212 | 19,250 | (8,472,769) | 9,809,452 | West Midlands Combined Authority | 16,488,115 | (173,340) | (25,408,195) | 35,623,599 | |
| (41,066) | (189,586) | 0 | 0 | West Midlands Fire Service | (189,586) | 0 | 0 | 0 | |
| 31,385 | (12,000) | (30,415) | 0 | West Midlands Growth Company Ltd | 75,643 | (5,468) | 0 | 0 | |
| 82,409 | (5,089) | (4,740) | (259) | Willenhall Community Forum | 83,255 | (3,631) | (11,027) | (259) | |
| 52,617,393 | (3,040,225) | (10,612,900) | 45,298,003 | Total | 67,574,504 | (3,283,637) | (28,500,421) | 80,765,856 | |

Notes

* Where there is a credit expenditure amount recorded, this is due to a technical adjustment between financial years.

** Where there is a debit creditor amount recorded, this is due to a technical adjustment between financial years.

*** Where there is a debit income amount recorded, this is due to a technical adjustment between financial years.

**** Where there is a credit debtor amount recorded, this is due to a technical adjustment between financial years.

The following entities are related parties, over which Coventry City Council may have control; but there have been no financial transactions in either 2019/20 or 2020/21.

| | | |
|------------------------------|-----------------------------|-----------------------------------|
| Ascot Property Development | Jayne Innes Consultant | Quinton Street Management Company |
| Avon Fish Bar | Logan Berry's Café | South Ave Properties Ltd |
| Butts Development Ltd | Mastgrove Ltd | Southam Water Sytems Ltd |
| Centre For The New Midlands | Nexstone Ltd | St Paul's Law Centre |
| Coventry Vacuum Services Ltd | No Ordinary Hotels Ltd | Tridon Ltd |
| Craven Point Ltd | North Coventry Holdings Ltd | VML Services |
| Delta8 Ltd | One Care Midlands Ltd | |
| Fellgreen Investments Ltd | Peter Male | |

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 and the NHS Business Service Authority. Further details are included in section 3.30.
- 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 3.38).
- Levy payments are made to the Environment Agency.
- The Council has a pooled budget arrangement with Coventry and Rugby Clinical Commissioning group to operate a Better Care Fund (BCF). Transactions and balances are detailed in section 3.11.

3.11 Pooled Budgets

Better Care Fund

Coventry City Council and Coventry and Rugby Clinical Commissioning Group (CCG) drew up an agreement to operate a Better Care Fund (BCF) pooled budget from 1st April 2015. This was established under Section 75 of the NHS Act 2006 with the purpose of further integrating the health and social care services within Coventry.

There are a number of separate work-streams within the BCF pooled budget arrangements. These work-streams, together with the respective contributions from the two partner organisations and an analysis of the expenditure made by the City Council, are outlined in the table below. The City Council's expenditure is analysed according to the nature of the resourcing and decision making involved.

| Better Care Fund 2020/21 Workstreams | Coventry City Council | Coventry and Rugby CCG | Total | Coventry City Council | Coventry City Council | Coventry City Council | Coventry City Council |
|--|--------------------------|---------------------------|------------------|--------------------------------------|---|------------------------------------|--------------------------|
| | Contribution | Contribution | Contribution | Expenditure Internal ¹ | Expenditure Lead Commissioner ² | Expenditure Shared ³ | Expenditure Total |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Urgent Care | 0 | (6,900) | (6,900) | 0 | 0 | 0 | 0 |
| Out of Hospital & Nursing Care | (8,944) | (35,680) | (44,624) | 8,944 | 0 | 0 | 8,944 |
| Voluntary Sector Review | (1,331) | (943) | (2,274) | 1,320 | 0 | 0 | 1,320 |
| Community Support Services | (1,881) | (2,908) | (4,789) | 752 | 0 | 868 | 1,620 |
| Reablement / Discharge to Assess | (2,819) | (3,455) | (6,274) | 1,627 | 2,021 | 0 | 3,648 |
| Dementia | (7,845) | (3,534) | (11,379) | 7,845 | 0 | 0 | 7,845 |
| Care Act Implementation | (494) | (797) | (1,291) | 0 | 723 | 0 | 723 |
| Disabled Facility Grants | (5,538) | 0 | (5,538) | 2,830 | 0 | 0 | 2,830 |
| Protecting Social Care | (14,078) | (7,735) | (21,813) | 13,617 | 7,735 | 0 | 21,352 |
| Integrating Commissioning | (65) | 0 | (65) | 64 | 0 | 0 | 64 |
| Whole System Prevention | (276) | 0 | (276) | 257 | 0 | 0 | 257 |
| Mental Health Resource Centre | (7) | (183) | (190) | 0 | 0 | 184 | 184 |
| LD Homes | (1,736) | (2,165) | (3,901) | 0 | 0 | 3,107 | 3,107 |
| LD Compact | (1) | (311) | (312) | 0 | 0 | 311 | 311 |
| Winter Pressures | (1,551) | 0 | (1,551) | 816 | 0 | 0 | 816 |
| Total | (46,566) | (80,109) | (126,675) | 39,427 | 10,479 | 4,470 | 54,376 |

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.

3 - Resources are pooled and the City Council and CCG 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 2019/20 Workstreams | Coventry City Council | Coventry and Rugby CCG | Total | Coventry City Council | Coventry City Council | Coventry City Council | Coventry City Council |
|--|--------------------------|---------------------------|------------------|--------------------------|----------------------------------|--------------------------|--------------------------|
| | Contribution | Contribution | Contribution | Expenditure Internal | Expenditure Lead Commissioner | Expenditure Shared | Expenditure Total |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Urgent Care | 0 | (6,712) | (6,712) | 0 | 0 | 0 | 0 |
| Out of Hospital & Nursing Care | (8,680) | (34,304) | (42,984) | 8,680 | 0 | 0 | 8,680 |
| Voluntary Sector Review | (1,332) | (943) | (2,275) | 1,332 | 0 | 0 | 1,332 |
| Short Term Care | (1,990) | (2,757) | (4,747) | 739 | 100 | 913 | 1,752 |
| Dementia | (3,764) | (2,337) | (6,101) | 2,670 | 1,638 | 0 | 4,308 |
| Care Act Implementation | (7,666) | (3,437) | (11,103) | 7,666 | 0 | 0 | 7,666 |
| Disabled Facility Grants | (523) | (796) | (1,319) | 0 | 825 | 0 | 825 |
| Acceleration Fund | (4,899) | 0 | (4,899) | 3,597 | 0 | 0 | 3,597 |
| Protecting Social Care | (14,091) | (7,587) | (21,678) | 11,682 | 7,587 | 0 | 19,269 |
| Community Promoting Independence | (130) | 0 | (130) | 116 | 0 | 0 | 116 |
| Discharge to Assess Support | (364) | 0 | (364) | 356 | 0 | 0 | 356 |
| Improving System Flow | 0 | (186) | (186) | 0 | 0 | 179 | 179 |
| Integrating Commissioning | 0 | (2,816) | (2,816) | 0 | 0 | 1,265 | 1,265 |
| Whole System Prevention | 0 | (311) | (311) | 0 | 0 | 311 | 311 |
| Winter pressures | (1,551) | 0 | (1,551) | 1,051 | 0 | 0 | 1,051 |
| Total | (44,990) | (62,186) | (107,176) | 37,889 | 10,150 | 2,668 | 50,707 |

3.12 External Audit Costs

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

| 2019/20 £000 | Audit Fees | 2020/21 £000 |
|-----------------|---|-----------------|
| 353 | Fees payable to the external auditors in respect of statutory external audit services | 211 |
| 60 | Fees payable in relation to other services | 56 |
| 413 | Total Fees | 267 |

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

The fees in respect of other services provided by Grant Thornton in 2020/21 relate to certification of the Teachers' Pension return (£5,000), the Innovate UK Grant claim for UK BIC (£6,000) and the certification of the Housing Benefit Subsidy Claim (£45,000). The comparative figure for 2019/20 related to certification of the Teachers' Pension return (£4,200), the Innovate UK Grant claim for UK BIC (£15,800), and the certification of the Housing Benefit Subsidy Claim (£40,000).

3.13 Usable and 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 2019 | Contributions from reserves 2019/20 | Contributions to reserves 2019/20 | 31st March 2020 | Contributions from reserves 2020/21 | Contributions to reserves 2020/21 | 31st March 2021 |
|---|--------------------|---|---|--------------------|---|--------------------------------------|--------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| General Fund Balance - Uncommitted * | (10,277) | 0 | 0 | (10,277) | 0 | 0 | (10,277) |
| Earmarked Revenue Reserves: | | | | | | | |
| Schools Reserves (specific to individual schools) | (20,308) | 2,300 | 0 | (18,008) | 0 | (4,289) | (22,297) |
| Schools Reserves (retained centrally) | (6,084) | 6,014 | (3,228) | (3,298) | 2,340 | (3,849) | (4,807) |
| Total Schools Reserves | (26,392) | 8,314 | (3,228) | (21,306) | 2,340 | (8,138) | (27,104) |
| Adult Social Care | (3,534) | 9,113 | (8,592) | (3,013) | 3,020 | (12,671) | (12,664) |
| Public Health | (788) | 225 | (793) | (1,356) | 2,117 | (2,515) | (1,754) |
| Air Quality | 0 | 0 | (641) | (641) | 0 | (3,876) | (4,517) |
| City of Culture Readiness | (252) | 0 | (1,590) | (1,842) | 0 | (3,122) | (4,964) |
| City of Culture | (4,750) | 750 | 0 | (4,000) | 1,500 | 0 | (2,500) |
| Potential Loss of Business Rates Income | (7,735) | 0 | 0 | (7,735) | 0 | 0 | (7,735) |
| Early Retirement and Voluntary Redundancy | (10,070) | 747 | 0 | (9,323) | 0 | 0 | (9,323) |
| Covid-19 Government Funding | 0 | 0 | (7,558) | (7,558) | 0 | 0 | (7,558) |
| Covid Business Rates Relief | 0 | 0 | 0 | 0 | 0 | (48,302) | (48,302) |
| Reset and Recovery | 0 | 0 | (5,467) | (5,467) | 0 | 0 | (5,467) |
| Commercial Developments | (4,000) | 281 | (700) | (4,419) | 0 | 0 | (4,419) |
| Innovation and Development Fund | (5,549) | 0 | 0 | (5,549) | 0 | 0 | (5,549) |
| Insurance Fund | (1,698) | 2,324 | (1,347) | (721) | 0 | (1,327) | (2,048) |
| Management of Capital | (5,399) | 2,313 | (2,478) | (5,564) | 1,872 | (336) | (4,028) |
| Private Finance Initiatives | (10,169) | 1,440 | (738) | (9,467) | 3,168 | (4,695) | (10,994) |
| Other Directorate | (14,508) | 9,508 | (6,192) | (11,192) | 6,915 | (10,874) | (15,151) |
| Other Corporate * | (3,040) | 1,360 | (117) | (1,797) | 1,386 | (13,569) | (13,980) |
| Revenue Earmarked Reserves (Non-School) | (71,492) | 28,061 | (36,213) | (79,644) | 19,978 | (101,287) | (160,953) |
| Total Revenue Earmarked Reserves | (97,884) | 36,375 | (39,441) | (100,950) | 22,318 | (109,425) | (188,057) |
| Other Usable Reserves: | | | | | | | |
| Usable Capital Receipts Reserve | (21,467) | 12,678 | (22,310) | (31,099) | 9,232 | (2,869) | (24,736) |
| Capital Grant Unapplied Account | (1,894) | 1,894 | (1,834) | (1,834) | 1,834 | (1,828) | (1,828) |
| Total Other Usable Reserves | (23,361) | 14,572 | (24,144) | (32,933) | 11,066 | (4,697) | (26,564) |
| Total Usable Reserves | (131,522) | 50,947 | (63,585) | (144,160) | 33,384 | (114,122) | (224,898) |

* This is a working balance that is maintained to assist in managing unforeseen financial challenges.

Unusable Reserves

| 2019/20 | | | Category of Reserve Movement | 2020/21 | | |
|----------------------------------|--------------------------|-------------------|---|----------------------------------|--------------------------|--------------------|
| Capital Adjustment Account [CAA] | Revaluation Reserve [RR] | CAA & RR Combined | | Capital Adjustment Account [CAA] | Revaluation Reserve [RR] | CAA & RR Combined |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| | | | | | | |
| (645,285) | (195,062) | (840,347) | Opening Balance | (733,685) | (185,592) | (919,277) |
| 22,146 | 0 | 22,146 | Depreciation | 26,284 | 0 | 26,284 |
| 3,423 | 0 | 3,423 | Derecognitions | 7,346 | 0 | 7,346 |
| (3,346) | 6,733 | 3,387 | Revaluations | 33,598 | (23,604) | 9,994 |
| (31,174) | 0 | (31,174) | Investment Property Revaluations | (16,437) | 0 | (16,437) |
| 898 | 0 | 898 | Intangibles | 735 | 0 | 735 |
| (132,902) | 0 | (132,902) | Capital grants and contributions applied | (155,150) | 0 | (155,150) |
| 69,370 | 0 | 69,370 | Revenue Expenditure funded from Capital | 61,760 | 0 | 61,760 |
| (8,202) | 0 | (8,202) | Capital receipts applied | (8,418) | 0 | (8,418) |
| 14,749 | 0 | 14,749 | Disposal of Assets | 1,497 | 0 | 1,497 |
| 730 | 0 | 730 | Repayment of Loans | 211 | 0 | 211 |
| (6,437) | 0 | (6,437) | Capital Expenditure funded from Revenue | (5,317) | 0 | (5,317) |
| (1,376) | 0 | (1,376) | Issue of Loans | (1,349) | 0 | (1,349) |
| (2,737) | 2,737 | 0 | Written out of the Revaluations Reserve | (9,914) | 9,914 | 0 |
| (11,464) | 0 | (11,464) | Revenue provision for the Repayment of Debt | (13,259) | 0 | (13,259) |
| (2,148) | 0 | (2,148) | Management of Capital Reserve | (1,842) | 0 | (1,842) |
| (85) | 0 | (85) | Deferred Capital - Amortised credit | (98) | 0 | (98) |
| 0 | 0 | 0 | Impairment of Financial Assets | 486 | 0 | 486 |
| (83) | 0 | (83) | Revaluation of Financial Assets | 9 | 0 | 9 |
| 238 | 0 | 238 | Other Gains and Losses | (164) | 0 | (164) |
| (733,685) | (185,592) | (919,277) | Closing Balance | (813,707) | (199,282) | (1,012,989) |

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 below, 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.

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.

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 3.31.

Accumulated Absences Account

The 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 the Account.

Available for Sale Financial Instruments Reserve

Prior to the adoption of IFRS9 this recorded unrealised revaluation gains arising from holding available for sale investments, plus any unrealised losses that had not arisen from impairment of the assets.

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.

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.

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 to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

| 2019/20 | 2020/21 |
|---|--------------|
| *restated £000 | £000 |
| Adjustments made to Comprehensive Income and Expenditure Statement (CIES) | |
| Reversal of items debited or credited to the CIES | |
| Usable Reserves | |
| (60) Capital grants & contributions unapplied movement to the CIES | (6) |
| Unusable Reserves | |
| (22,146) Charges for depreciation non-current assets | (26,284) |
| (7,087) Charges for derecognition of non-current assets | (7,100) |
| 3,345 Revaluation of Property, Plant & Equipment and Assets Held for sale | (17,161) |
| 31,174 Movements in the fair value of investment properties | 0 |
| (898) Amortisation of intangible assets | (735) |
| 132,902 Capital grants and contributions applied | 155,234 |
| (69,370) Revenue expenditure funded from capital under statute | (61,760) |
| 385 Movement in Debt Redemption Premia | 384 |
| (23,613) Retirement benefit Adjustment Account debited or credited to the CIES | (27,674) |
| (6,869) Collection Fund Adjustment Account (difference between amount credited to CIES & tax income for the year) | (45,537) |
| (590) Accumulated Absences Account (difference between remuneration charged to the CIES and remuneration paid for the year) | (338) |
| 3,664 Gain from lease recognition | 0 |
| 0 Other Movements | (84) |
| (274) Loss on Disposal funded from Capital Receipts | 347 |
| (236) Rescheduling of Finance Lease Repayments | (246) |
| 83 Amortised Deferred Receipts | 96 |
| 0 Loss on Impairment of Debtors | (486) |
| (3,153) (Gain)/Loss on Revaluation of Fair Value through P&L Financial Instruments | 2,065 |
| 0 Movement in Deferred Capital Receipts | 12,886 |
| 11,464 Statutory provision for the financing of capital investment | 13,259 |
| 1,376 Repayment of Transferred Debt Principal | 1,513 |
| 8,586 Capital expenditure charged against the General Fund balance. | 7,159 |
| 58,743 Sub Total of adjustments affecting Unusable Reserves | 5,538 |
| 58,683 Total Adjustments | 5,532 |

* These amounts have been restated as outlined in section 3.39.

3.15 Property, Plant and 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 2020 | 507,782 | 43,748 | 15,175 | 9,404 | 154,973 | 731,082 |
| Additions | 15,633 | 4,090 | 160 | 633 | 57,226 | 77,742 |
| Revaluation increase/(decreases) to Revaluation Reserve | 23,447 | 0 | 0 | 157 | 0 | 23,604 |
| Revaluation increase/(decrease) to the Surplus/Deficit on the Provision of Services | (58,068) | 0 | 0 | 3,340 | 0 | (54,728) |
| Disposals | (15) | (9,776) | 0 | 0 | 0 | (9,791) |
| Derecognition | (3,400) | 0 | (115) | (633) | 0 | (4,148) |
| Reclassifications | 67,762 | 0 | 0 | 1,178 | (68,255) | 685 |
| 31 March 2021 | 553,141 | 38,062 | 15,220 | 14,079 | 143,944 | 764,446 |
| Depreciation and Impairment | | | | | | |
| 01 April 2020 | 8,049 | 33,439 | 0 | 18 | 0 | 41,506 |
| Depreciation Charge | 14,476 | 1,887 | 0 | 0 | 0 | 16,363 |
| Disposals | 0 | (9,546) | 0 | 0 | 0 | (9,546) |
| Depreciation written out to the Revaluation Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | (20,575) | 0 | 0 | (18) | 0 | (20,593) |
| Impairment losses/reversals to 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 |
| Reclassifications | 2 | 0 | 0 | 0 | 0 | 2 |
| 31 March 2021 | 1,668 | 25,780 | 0 | 0 | 0 | 27,448 |
| Net Book Value | | | | | | |
| 31 March 2021 | 551,473 | 12,282 | 15,220 | 14,079 | 143,944 | 736,998 |
| 01 April 2020 | 499,733 | 10,309 | 15,175 | 9,386 | 154,973 | 689,576 |

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 *restated £000 | Vehicles, Plant & Equip't £000 | Community Assets £000 | Surplus Assets £000 | Under Construction *restated £000 | Total (excluding Infrastructure Assets) *restated £000 |
|---|---|-----------------------------------|--------------------------|------------------------|---|--|
| Cost or Valuation | | | | | | |
| 01 April 2019 | 490,712 | 38,962 | 15,982 | 7,102 | 103,053 | 655,811 |
| Additions | 5,896 | 4,786 | 696 | 0 | 91,306 | 102,684 |
| Revaluation increase/(decreases) to Revaluation Reserve | (6,903) | 0 | 0 | 0 | 0 | (6,903) |
| Revaluation increase/(decrease) to the Surplus/Deficit on the Provision of Services | (21,250) | 0 | 0 | 252 | 0 | (20,998) |
| Disposals | (22) | 0 | 0 | 0 | 0 | (22) |
| Derecognition | (7,000) | 0 | (1,503) | 0 | 0 | (8,503) |
| Reclassifications | 46,349 | 0 | 0 | 2,050 | (39,386) | 9,013 |
| 31 March 2020 | 507,782 | 43,748 | 15,175 | 9,404 | 154,973 | 731,082 |
| Depreciation and Impairment | | | | | | |
| 01 April 2019 | 21,924 | 31,526 | 0 | 18 | 0 | 53,468 |
| Depreciation Charge | 10,977 | 1,913 | 0 | 0 | 0 | 12,890 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation written out to the Revaluation Reserve | (72) | 0 | 0 | 0 | 0 | (72) |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | (23,363) | 0 | 0 | 0 | 0 | (23,363) |
| Impairment losses/reversals to 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 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 March 2020 | 8,049 | 33,439 | 0 | 18 | 0 | 41,506 |
| Net Book Value | | | | | | |
| 31 March 2020 | 499,733 | 10,309 | 15,175 | 9,386 | 154,973 | 689,576 |
| 01 April 2019 | 468,788 | 7,436 | 15,982 | 7,084 | 103,053 | 602,343 |

* These amounts have been restated as detailed in section 3.39.

| | Infrastructure Assets 2019/20 £000 | Infrastructure Assets 2020/21 £000 |
|------------------------|---|---|
| Net book value | | |
| Opening Balance | 312,771 | 325,829 |
| Additions | 22,314 | 34,105 |
| Depreciation Charge | (9,256) | (9,921) |
| Disposals | 0 | 0 |
| Derecognition | 0 | (623) |
| Reclassification | 0 | (545) |
| Closing Balance | 325,829 | 348,845 |

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) *restated £000 | Infrastructure Assets £000 | Total Property, Plant and Equipment *restated £000 |
|-------------------------|---|----------------------------------|--|
| Net book value | | | |
| 31st March 2021 | 736,998 | 348,845 | 1,085,843 |
| 31st March 2020* | 689,576 | 325,829 | 1,015,405 |
| 31st March 2019* | 602,343 | 312,771 | 915,114 |

* These amounts have been restated as detailed in section 3.39.

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 assets with a determinable finite life (except for land, community assets, heritage assets and non-operational properties), 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 external or internal insurance valuations. These valuations were last updated in 2007 and have not been reassessed during 2020/21 because the cost of carrying this out is considered to outweigh the benefits to users of the financial statements. As such, any change in the amounts recognised reflect additions or disposals rather than revaluations.

The table provides a breakdown of the brought forward balance of Heritage Assets on 1st April 2020 and the carried forward balance on 31st March 2021. There have been no significant or material additions or disposals over the last five years that warrant any further disclosure.

| Type of Heritage Assets | 31 March 2020 £000 | 31 March 2021 £000 |
|-----------------------------|-----------------------|-----------------------|
| Transport Museum Collection | 6,933 | 6,933 |
| Scientific | 20 | 20 |
| Clocks | 265 | 265 |
| Arms & Armour | 35 | 35 |
| Textiles | 5,035 | 5,035 |
| Silver | 375 | 375 |
| General | 139 | 132 |
| Natural History | 40 | 40 |
| Works of Art | 232 | 232 |
| Furniture | 140 | 140 |
| Visual Arts | 12,438 | 12,438 |
| Civic Regalia | 248 | 248 |
| Total | 25,900 | 25,893 |

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 based on market values 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 Non-Operational Assets

The tables below show the movement in the City Council's Non-Operational Assets during 2020/21, followed by comparative movements for the previous year.

| | Investment Property | Assets Held for Sale | Heritage Assets | Under Construction | Total |
|---|------------------------|-------------------------|--------------------|-----------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| 01 April 2020 | 302,734 | 1,340 | 25,900 | 0 | 329,974 |
| Additions | 1,609 | 0 | 0 | 0 | 1,609 |
| Revaluation increase/(decrease) to Revaluation Reserve | 0 | 0 | 0 | 0 | 0 |
| Revaluation increase/(decrease) to the Surplus/Deficit on the Provision of Services | 16,437 | 539 | 0 | 0 | 16,976 |
| Disposals | (963) | (291) | 0 | 0 | (1,254) |
| Derecognition | (2,613) | 0 | 0 | 0 | (2,613) |
| Reclassifications | (131) | 0 | (7) | 0 | (138) |
| 31 March 2021 | 317,073 | 1,588 | 25,893 | 0 | 344,554 |

| | Investment Property | Assets Held for Sale | Heritage Assets | Under Construction | Total |
|---|------------------------|-------------------------|--------------------|-----------------------|----------------|
| | *restated £000 | £000 | £000 | *restated £000 | £000 |
| 01 April 2019 | 276,757 | 2,938 | 25,893 | 10,367 | 315,955 |
| Additions | 5,500 | 0 | 7 | 0 | 5,507 |
| Revaluation increase/(decrease) to Revaluation Reserve | 98 | 0 | 0 | 0 | 98 |
| Revaluation increase/(decrease) to the Surplus/Deficit on the Provision of Services | 31,174 | 979 | 0 | 0 | 32,153 |
| Disposals | (14,200) | (527) | 0 | 0 | (14,727) |
| Derecognition | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 3,405 | (2,050) | 0 | (10,367) | (9,012) |
| 31 March 2020 | 302,734 | 1,340 | 25,900 | 0 | 329,974 |

Up until 2019-20 the Council adopted an approach of valuing 80% of its Investment Property portfolio and reviewing the other 20% to ensure that there were no material changes in their value. From 20-21 onwards the Council has adopted a new policy of valuing 100% of the portfolio annually.

There are some property interests held under operating leases 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. These are all valued at Level 2 of the fair value hierarchy.

| Type of Investment Property | 31 March 2020 | 31 March 2021 |
|-----------------------------|--------------------|----------------|
| | *restated '£000 | £000 |
| Commercial | 164,576 | 171,339 |
| Office Units | 26,723 | 28,055 |
| Agricultural | 10,362 | 9,491 |
| Residential | 98,210 | 104,557 |
| Other | 2,864 | 3,631 |
| Total | 302,735 | 317,073 |

* These amounts have been restated as detailed in section 3.39.

3.18 Capital Expenditure and Capital Financing

The table below shows how capital expenditure was financed in 2020/21 and in the previous year.

| 2019/20 | | 2020/21 |
|------------------|---|------------------|
| £000 | | £000 |
| 440,276 | Opening Capital Financing Requirement | 493,615 |
| | Capital Investment | |
| 121,048 | Property, Plant and Equipment | 111,847 |
| 9,459 | Investment Properties | 1,609 |
| 898 | Intangible Assets | 735 |
| 69,370 | Revenue Expenditure Funded from Capital Under Statute | 61,760 |
| 14,637 | Investments | 4,910 |
| 660 | Debtors | 14,369 |
| 216,072 | Total Capital Investment | 195,230 |
| | Sources of Finance | |
| (8,202) | Capital Receipts | (8,416) |
| (132,902) | Government Grants and Other Contributions | (155,150) |
| (8,586) | Revenue Contributions | (7,159) |
| (11,464) | Revenue Provision for Debt Repayment | (13,259) |
| (204) | Donated Assets | (135) |
| (1,375) | Other Adjustments | (1,513) |
| (162,733) | Total from Sources of Finance | (185,632) |
| 493,615 | Closing Capital Financing Requirement | 503,213 |
| | Explanation of movement in year | |
| (11,464) | Revenue Provision for Debt Repayment | (13,259) |
| (1,225) | Repayment of Transferred Debt Principal | (1,349) |
| 66,178 | Capital Investment funded by borrowing | 24,370 |
| (149) | Restatement of Historic Debt Liability | (164) |
| 53,340 | Increase/(decrease) in Capital Financing Requirement | 9,598 |

The Council's capital spending for the year, outlined in section 1.2 and identified in its management accounting reports (£194,075k) includes all the items recorded under capital investment above (£195,230k) less new assets recorded as part of the Street Lighting PFI contract (£135k) and additional technical adjustment to spend (£1,020k) see section 3.28.

3.19 Revaluation of Property, Plant and Equipment

The following statement shows the total value of the revaluations carried out in the financial years 2016/17 to 2020/21. 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 | 12,282 | 348,845 | 15,220 | 0 | 143,944 | 520,291 |
| Valued at current value as at: | | | | | | | |
| 31st March 2017 | 6,175 | 0 | 0 | 0 | 0 | 0 | 6,175 |
| 31st March 2018 | 2,750 | 0 | 0 | 0 | 0 | 0 | 2,750 |
| 31st March 2019 | 2,214 | 0 | 0 | 0 | 0 | 0 | 2,214 |
| 31st March 2020 | 2,607 | 0 | 0 | 0 | 0 | 0 | 2,607 |
| 31st March 2021 | 537,727 | 0 | 0 | 0 | 14,079 | 0 | 551,806 |
| Total Cost or Valuation | 551,473 | 12,282 | 348,845 | 15,220 | 14,079 | 143,944 | 1,085,843 |

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.

Valuation uncertainty has continued to be a factor this year due to the COVID-19 pandemic and this has been recognised by the Council's external valuer. Further details of this issue are provided in section 5.2.

3.20 Capital Commitments

The City Council approved a capital programme for 2020/21 of £232m and a provisional programme of £173m for both 2021/22 and £173m for 2022/23. The following are significant contracts legally committed to finish projects already started on 31st March 2021.

| Capital Commitments | Outstanding Commitment £000 |
|--|--------------------------------|
| Friargate Building Two | 38,200 |
| Coventry Station Masterplan Phase 2 | 9,400 |
| Barr's Hill School expansion plan | 6,100 |
| Public Realm 5 - City of Culture | 4,500 |
| Commonwealth Economic Legacy at Ricoh Arena Coventry | 3,900 |
| Whitley South Bridge | 3,500 |
| Swanswell Viaduct Phase 2 | 3,300 |
| Whitley Depot | 2,100 |
| Air Quality | 2,000 |
| Ernesford Grange School expansion | 2,100 |
| Other capital commitments | 22,000 |
| Total | 97,100 |

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 3.35 Associated Company Interests & Holdings.

| 31st March 2020 £000 | Long Term Investments | 31st March 2021 £000 |
|-------------------------|--|-------------------------|
| 57,000 | The Coventry and Solihull Waste Disposal Company Limited | 57,266 |
| 17,867 | Birmingham Airport Holdings Limited | 17,046 |
| 14,637 | Tom White Waste Limited | 14,637 |
| 10,495 | Friargate Joint Venture Project Limited | 4,106 |
| 7,390 | Coombe Abbey Park Limited | 2,804 |
| 2,703 | North Coventry Holdings Limited | 2,703 |
| 0 | UK Battery Industrialisation Centre Ltd | 0 |
| 0 | University of Warwick Science Park Innovation Centre Limited | 0 |
| 110,092 | Total Long Term Investments | 98,562 |

A valuation exercise undertaken jointly with BDO LLP in 2020 valued the Council's shareholding in the Coventry and Solihull Waste Disposal Company at £57.0m. A subsequent valuation exercise in 2021 again undertaken jointly with BDO LLP has resulted in an increased valuation at £57.3m.

A valuation exercise undertaken by BDO LLP in 2020 valued the Council's shareholding in Birmingham Airport Holdings Limited at £17.9m. A subsequent valuation in 2021 undertaken jointly with BDO LLP has resulted in a reduced valuation of £17.0m.

In March 2020 the Council purchased Tom White Waste Limited, a company which 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. The investment was held at a value of £14.6m consistent with the purchase value of the shareholding in 2020. A valuation exercise

undertaken by RSM in 2021 has maintained the value at £14.6m.

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. In 2020 the investment was held at a value of £10.5m consistent with the purchase value of the shareholding. A valuation exercise undertaken by RSM in 2021 has resulted in a reduced valuation of £4.1m.

The Council completed the purchase of a 100% shareholding in Coombe Abbey Park Limited 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. The fair value of the investment was calculated to be £7.4m in 2020. A valuation exercise undertaken by RSM in 2021 has resulted in a reduced valuation of £2.8m.

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 2021.

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 which is a government backed agency and the West Midlands Combined Authority. A valuation exercise undertaken by BDO LLP in 2021 has 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.

See the note on Associated Company Interests & Holdings for details of the Council's investment in North Coventry Holdings Limited and further details regarding 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 IFRS9 debtors are accounted for as either at amortised cost or fair value through profit and loss, with the former being assessed for impairment.

| 31st March 2020 | | Long Term Debtors | | 31st March 2021 | |
|-----------------|---|----------------------|---------------------|--------------------|--|
| £000 | | Gross Debtor £000 | Impairment £000 | Net Debtor £000 | |
| 81 | Museum of British Road Transport | 0 | 0 | 0 | |
| 67 | Housing Loans | 67 | 0 | 67 | |
| 1,023 | Binley Innovation Centre | 1,067 | (27) | 1,040 | |
| 648 | Residential Property Debts | 0 | 0 | 0 | |
| 5 | Coventry North Regeneration Limited | 5 | 0 | 5 | |
| 88 | Mortgages | 62 | 0 | 62 | |
| 208 | Belgrade Theatre | 194 | 0 | 194 | |
| 4,111 | City College Car Park | 3,900 | (41) | 3,859 | |
| 2 | Car Loans | 2 | 0 | 2 | |
| 3,545 | Coombe (2013) | 3,096 | (146) | 2,950 | |
| 3,787 | Belgrade Plaza | 3,786 | 0 | 3,786 | |
| 5,299 | Friargate LLP | 5,580 | (14) | 5,566 | |
| 643 | Coombe (2018) | 495 | 0 | 495 | |
| 1,097 | CAWAT | 1,116 | (14) | 1,102 | |
| 410 | CWRT- Duplex Facility | 410 | 0 | 410 | |
| 3,598 | Coventry and Solihull Waste Disposal Company Limited | 3,564 | 0 | 3,564 | |
| 0 | Shearer Property C Limited - Cathedral Lanes | 1,070 | (25) | 1,045 | |
| 0 | CWRT CBILS 2020 Loan | 2,009 | (19) | 1,990 | |
| 0 | CBILS scheme loan | 844 | 0 | 844 | |
| 0 | Residential Property - pre Care Act 2014 | 80 | 0 | 80 | |
| 0 | Residential Property - post Care Act 2014 | 234 | 0 | 234 | |
| 0 | UKBIC- WMCA loan | 12,064 | (312) | 11,752 | |
| 0 | Student Accommodation Finance Leases | 11,966 | 0 | 11,966 | |
| 0 | 18-19 Torrington Ave Finance Lease | 1,323 | 0 | 1,323 | |
| 24,612 | Total held at amortised cost | 52,934 | (598) | 52,336 | |
| | | | | | |
| 31st March 2020 | | Gross Debtor | | 31st March 2021 | |
| £000 | | £000 | Revaluation £000 | Net Debtor £000 | |
| 3,051 | Kickstart | 1,670 | 1,198 | 2,868 | |
| 395 | Pathways to Care Loans | 605 | 94 | 699 | |
| 3,446 | Total held at fair value through profit and loss | 2,275 | 1,292 | 3,567 | |
| 28,058 | Total Long Term Debtors | 55,209 | 694 | 55,903 | |

3.23 Short Term Debtors

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

| 31st March 2020 | | | | Debtors Classification | 31st March 2021 | | | |
|-----------------|--------------------|----------------------|---------------|----------------------------------|-----------------|--------------------|----------------------|----------------|
| Debtor | Payment In Advance | Impairment Allowance | Total | | Debtor | Payment In Advance | Impairment Allowance | Total |
| £000s | £000s | £000s | £000s | | £000s | £000s | £000s | £000s |
| 13,868 | 0 | 0 | 13,868 | Central Government Bodies | 8,698 | 0 | 0 | 8,698 |
| 13,524 | 394 | 0 | 13,918 | Other Local Authorities | 32,729 | 0 | 0 | 32,729 |
| 3,434 | 0 | 0 | 3,434 | NHS Bodies | 4,104 | 0 | 0 | 4,104 |
| 0 | 0 | 0 | 0 | Public Corporations | 0 | 0 | 0 | 0 |
| 44,643 | 16,182 | (13,993) | 46,832 | All Other Bodies | 51,536 | 10,089 | (16,769) | 44,856 |
| 18,440 | 0 | (11,230) | 7,210 | Debts Relating to Local Taxation | 29,262 | 0 | (13,599) | 15,663 |
| 93,909 | 16,576 | (25,223) | 85,262 | Total Debtors | 126,329 | 10,089 | (30,368) | 106,050 |

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 2020 | | | Debts Relating to Local Tax | 31st March 2021 | | |
|-----------------|----------------|--------------|-----------------------------|-----------------|----------------|---------------|
| Council Tax | Business Rates | Total | | Council Tax | Business Rates | Total |
| £000s | £000s | £000s | | £000s | £000s | £000s |
| 2,870 | 1,166 | 4,036 | Less than one year | 5,001 | 5,177 | 10,178 |
| 1,170 | 183 | 1,353 | 1-2 years | 1,579 | 1,517 | 3,096 |
| 1,469 | 62 | 1,531 | 2-6 years | 1,778 | 311 | 2,089 |
| 290 | 0 | 290 | More than 6 years | 300 | 0 | 300 |
| 5,799 | 1,411 | 7,210 | Total | 8,658 | 7,005 | 15,663 |

3.24 Short Term Creditors

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

| 31st March 2020 | | | Creditors Classification | 31st March 2021 | | |
|-----------------|---------------------|-----------------|------------------------------------|-----------------|---------------------|------------------|
| Creditors | Receipts in Advance | Total | | Creditors | Receipts in Advance | Total |
| £000s | £000s | £000s | | £000s | £000s | £000s |
| (8,258) | (13,904) | (22,162) | Central Government Bodies | (17,502) | (26,729) | (44,231) |
| (3,870) | (98) | (3,968) | Other Local Authorities | (4,159) | (1,059) | (5,218) |
| (1,454) | (60) | (1,514) | NHS Bodies | (700) | 0 | (700) |
| 0 | 0 | 0 | Public Corporations | (31) | 0 | (31) |
| (42,529) | (10,472) | (53,001) | All Other Bodies | (41,946) | (9,900) | (51,846) |
| (519) | (4,299) | (4,818) | Credits Relating to Local Taxation | (312) | (5,977) | (6,289) |
| (56,630) | (28,833) | (85,463) | Total Creditors | (64,650) | (43,665) | (108,315) |

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 2020/21 is explained below:

| Provisions | Self-Insurance | Business Rates Appeals | Other | Total |
|-------------------------|----------------|------------------------|--------------|-----------------|
| | £000 | £000 | £000 | £000 |
| 1st April 2020 | (6,465) | (14,700) | (266) | (21,431) |
| Increase in provision | 0 | (4,954) | 0 | (4,954) |
| Amounts used | 0 | 3,689 | 0 | 3,689 |
| Unused amounts reversed | 2,039 | 175 | 0 | 2,214 |
| 31st March 2021 | (4,426) | (15,790) | (266) | (20,482) |

The split between short and long term provisions, as at 31st March 2021, is provided in the following table:

| Provisions | Self-Insurance | Business Rates Appeals | Other | Total |
|-----------------------|----------------|------------------------|--------------|-----------------|
| | £000 | £000 | £000 | £000 |
| Short Term Provisions | 0 | (1,816) | (21) | (1,837) |
| Long Term Provisions | (4,426) | (13,974) | (245) | (18,645) |
| Total | (4,426) | (15,790) | (266) | (20,482) |

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 2020/21 and earlier financial years although the amount and timing of future payments are uncertain.

3.26 Other Funds

The City Council administers several funds that have been established from donations, contributions and bequests. The funds are set up to achieve specific objectives and are consolidated within the Council's accounts. The following table provides details of the balances held in these funds.

| Other Funds | 31st March 2020 £000 | 31st March 2021 £000 |
|---|-------------------------|-------------------------|
| Trust Funds: | | |
| Tenant Contributions | (1,629) | (1,700) |
| Social Services Client Funds | (166) | (191) |
| Trust Funds Total | (1,795) | (1,891) |
| Developer Contributions(e.g s106) | (16,871) | (15,831) |
| PFI refinancing gain | (1,225) | (1,150) |
| Other, including bequests and charity donations | (1,429) | (1,522) |
| Overall Total | (21,320) | (20,394) |
| Of which: | | |
| Short Term Creditors | (11,539) | (9,359) |
| Other Long Term Liabilities | (9,781) | (11,035) |

3.27 Notes to the Cash Flow

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

| 2019/20 *restated £000 | Adjustments for Non Cash Movements | 2020/21 £000 |
|------------------------------|---|-----------------|
| (22,146) | Depreciation | (26,284) |
| (7,086) | Derecognition of Non-current Assets | (7,100) |
| 34,519 | Revaluation of Non-current Assets | (17,161) |
| (898) | Amortisation | (735) |
| (1,499) | (Increase)/ Decrease in Impairment Provision for Bad Debts | (2,776) |
| (20,065) | (Increase)/ Decrease in Creditors and Provisions | (23,158) |
| 13,990 | Increase/ (Decrease) in Debtors | 35,238 |
| (62) | Increase/ (Decrease) in Inventory | 60 |
| (54,713) | Pension Liability | 37,226 |
| (36) | Other Non Cash items charged to Net Surplus or Deficit on Provision of Services | (217) |
| (57,996) | Total | (4,907) |

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

| £000 | Investing and Financing Activities | £000 |
|----------------|--|----------------|
| 132,842 | Net Application of grants to capital financing | 155,228 |
| 482 | Council Tax & Business Rates Adjustments | (51,951) |
| 133,324 | Total | 103,277 |

| 2019/20 £000 | Cash Flows from Investing Activities | 2020/21 £000 |
|-----------------|--|-----------------|
| 127,399 | Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets | 130,146 |
| 629,273 | Purchase of Short Term and Long Term Investments | 691,610 |
| 15,293 | Other Payments for Investing Activities | 4,875 |
| (14,749) | Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets | (1,253) |
| (629,416) | Proceeds from Short Term and Long Term Investments | (689,572) |
| (140,379) | Other Receipts from Investing Activities | (190,472) |
| (12,579) | Total | (54,666) |

| 2019/20 £000 | Cash Flows from Financing Activities | 2020/21 £000 |
|-----------------|--|-----------------|
| 134,536 | Repayments of Short and Long Term Borrowing | 119,895 |
| 2,532 | Cash Payment for Reduction of outstanding liability relating to Finance Lease & on Bal Sheet PFI Con | 2,409 |
| (135,565) | Cash Receipts of Short and Long Term Borrowing | (128,177) |
| 7 | Net Other Payment and Receipts for Financing Activities | 12 |
| (482) | Council Tax and NNDR Adjustments | 51,951 |
| 1,028 | Total | 46,090 |

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:

| 2019/20 £000 | Cash Flows from Interest and Dividends | 2020/21 £000 |
|-----------------|--|-----------------|
| (3,635) | Interest received | (3,438) |
| 17,519 | Interest paid | 18,553 |
| (8,561) | Dividends received | (6,020) |
| 5,323 | Total | 9,095 |

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

| 2019/20 £000 | Breakdown of Cash and Cash Equivalents | 2020/21 £000 |
|-----------------|--|-----------------|
| (54) | Cash held by the council | (12) |
| (17,664) | Bank current accounts | (12,426) |
| (6,875) | On call deposits | (15,000) |
| (24,593) | Total | (27,438) |

3.28 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.

These PFI arrangements have been classified and accounted for as 'service concessions' under IFRIC 12, recognising finance leases under IAS 17 'Leases'.

The Council's contracts under PFI arrangements are outlined in this disclosure note.

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 2020/21 expenditure on unitary charge payments to the contractor was £3,324k, compared with £3,200k in 2019/20. In each of these years £1,875k of PFI grant was received, giving a net cost of £1,449k in 2020/21 (£1,325k in 2019/20). The school contribution was £668k in 2020/21 (£654k in 2019/20). 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 £000 | Repayment of Liability £000 | Interest Charge £000 | Total Unitary Charge £000 |
|-------------------|------------------------|-----------------------------------|----------------------------|---------------------------------|
| 2021/22 | 1,624 | 611 | 533 | 2,768 |
| 2022/23 - 2025/26 | 6,624 | 2,663 | 1,675 | 10,962 |
| 2026/27 - 2030/31 | 9,971 | 3,109 | 473 | 13,553 |
| 2031/32 - 2034/35 | 7,321 | 3,113 | (262) | 10,172 |
| Total | 25,540 | 9,496 | 2,419 | 37,455 |

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 within 2020/21 are shown in the tables below.

| Loans | £000 |
|--|----------------|
| Liability brought forward | (10,130) |
| Unitary Charge (Lease repayment) | 634 |
| Liability carried forward (breakdown below) | (9,496) |
| Long term liability | (8,885) |
| Current liability | (611) |

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 2020/21 expenditure on unitary charge payments to the contractor was £7,564k, compared with £7,485k in 2019/20. 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 | Repayment of Liability | Interest Charge | Total Unitary Charge |
|-------------------|-----------------------|-------------------------------|------------------------|-----------------------------|
| | £000 | £000 | £000 | £000 |
| 2021/22 | 5,354 | 797 | 1,745 | 7,896 |
| 2022/23 - 2025/26 | 22,256 | 4,548 | 6,907 | 33,711 |
| 2026/27 - 2030/31 | 33,834 | 6,694 | 6,833 | 47,361 |
| 2031/32 - 2032/33 | 8,950 | 2,284 | 1,551 | 12,785 |
| Total | 70,394 | 14,323 | 17,036 | 101,753 |

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 2020/21 are shown in the tables below.

| Operational Assets Other Land & Buildings | £000 |
|--|-----------------|
| Cost or Valuation | |
| Brought forward | 21,758 |
| Adjustment to brought forward position | 0 |
| Carried forward | 21,758 |
| Depreciation and Impairments | |
| Brought forward | (15,032) |
| Revaluation | (177) |
| Carried forward | (15,209) |
| Balance Sheet carried forward | 6,549 |
| Balance Sheet brought forward | 6,726 |
| | |
| Long Term Loans | £000 |
| Liability brought forward | (14,739) |
| Unitary Charge (Lease repayment) | 416 |
| Liability carried forward (breakdown below) | (14,323) |
| Long term liability | (13,526) |
| Current liability | (797) |

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 2020/21 expenditure on unitary charge payments to the contractor was £7,837k, compared with £7,791k in 2019/20. 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 | Total Unitary Charge £000 |
|-------------------|------------------------|-----------------------------------|----------------------------|---------------------------------|
| 2021/22 | 2,051 | 1,446 | 3,999 | 7,496 |
| 2022/23 - 2025/26 | 9,905 | 6,321 | 14,503 | 30,729 |
| 2026/27 - 2030/31 | 13,560 | 12,594 | 14,079 | 40,233 |
| 2031/32 - 2035/36 | 13,235 | 18,617 | 7,037 | 38,889 |
| Total | 38,751 | 38,978 | 39,618 | 117,347 |

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 | £000 |
|--|---------------|
| Cost or Valuation | |
| Brought forward | 50,657 |
| Initial recognition - Donated Asset | 135 |
| Carried forward | 50,792 |
| Depreciation and Impairments | |
| Brought forward | (8,233) |
| Adjustment to brought forward position | 0 |
| Charged this year | (1,358) |
| Carried forward | (9,591) |
| Balance Sheet carried forward | 41,201 |
| Balance Sheet brought forward | 42,424 |

| Long Term Loans | £000 |
|--|-----------------|
| Liability brought forward | (40,336) |
| Adjustment to brought forward position | 0 |
| Unitary Charge (Lease repayment) | 1,358 |
| Liability carried forward (breakdown below) | (38,978) |
| Long term liability | (37,532) |
| Current liability | (1,446) |

| Donated Assets Account | £000 |
|--|----------------|
| Donated Assets account brought forward | (1,566) |
| Donated Assets recognised in year | (135) |
| Credited to Comprehensive Income & Expenditure account | 98 |
| Donated Assets account carried forward | (1,603) |

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

3.29 Leases

Authority as Lessee

Finance Leases

The Authority has acquired a number of properties, vehicles, plant and IT equipment under finance leases. The assets acquired under these leases are carried in the Balance Sheet at the following net amounts:

| | 31 March 2020 £000 | 31 March 2021 £000 |
|--|-----------------------|-----------------------|
| Other Land and Buildings | 2,065 | 2,065 |
| Vehicles, Plant, Furniture and Equipment | 0 | 0 |
| | 2,065 | 2,065 |

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

| | 31 March 2020 £000 | 31 March 2021 £000 |
|---------------------------------------|-----------------------|-----------------------|
| Finance lease liabilities : | | |
| - current | 0 | 0 |
| - non-current | 0 | 0 |
| Finance costs payable in future years | 11,886 | 11,659 |
| Minimum Lease Payments | 11,886 | 11,659 |

The minimum lease payments will be payable over the following periods:

| | 31 March 2020 £000 | 31 March 2021 £000 |
|---|-----------------------|-----------------------|
| Not later than one year | 228 | 228 |
| Later than one year and not later than five years | 833 | 807 |
| Later than five years | 10,825 | 10,624 |
| | 11,886 | 11,659 |

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 there were no contingent rents payable by the Authority.

Operating Leases

The Authority also has a number of properties, vehicles, plant and IT equipment under operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

| | 31 March 2020 £000 | 31 March 2021 £000 |
|---|-----------------------|-----------------------|
| Not later than one year | 67 | 96 |
| Later than one year and not later than five years | 132 | 105 |
| Later than five years | 64 | 40 |
| | 263 | 241 |

Authority as Lessor

Finance Leases

The Authority have gross investments in leases, made up of the minimum lease payments expected to be received over the remaining terms and the residual values anticipated for the properties when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the properties acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtors remain outstanding.

The gross investments are made up of the following amounts:

| | 31 March 2020 £000 | 31 March 2021 £000 |
|---|-----------------------|-----------------------|
| Finance lease debtor (net present value of minimum lease payments): | | |
| - current | 246 | 259 |
| - non-current | 11,508 | 24,537 |
| Unearned finance income* | 27,869 | 295,969 |
| Unguaranteed residual value of property | 0 | 0 |
| Gross Investment in the lease | 39,623 | 320,765 |

*The large increase in finance income is mainly due to a new lease for land for student accommodation at Cannon Park.

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

| | 31 March 2020 £000 | 31 March 2021 £000 |
|---|-----------------------|-----------------------|
| Not later than one year | 703 | 745 |
| Later than one year and not later than five years | 2,697 | 4,015 |
| Later than five years | 36,223 | 316,005 |
| | 39,623 | 320,765 |

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21, contingent rents receivable by the Authority totalled £105k.

Operating Leases

The Authority leases out land and buildings to third parties under operating leases. The minimum lease payments receivable under non-cancellable leases in future years are:

| | 31 March 2020 £000 | 31 March 2021 £000 |
|---|-----------------------|-----------------------|
| Not later than one year | 11,040 | 9,916 |
| Later than one year and not later than five years | 33,648 | 30,167 |
| Later than five years | 321,846 | 315,411 |
| Total | 366,534 | 355,494 |

3.30 Pension Costs

The Council currently participates in three post-employment pension schemes on behalf of its employees: the West Midlands Metropolitan Authorities Pension Fund in relation to the majority of Council employees; the NHS Pensions Scheme of which a small number of adult social care and public health employees are members; and the Teachers' Pension Scheme which covers Teachers employed by the Council.

The Council's pension deficit increased in 2020/21. When compared to the total value of everything the Council owns, the overall pension deficit remains a significant matter for consideration. Further details on pension liabilities are provided in note 3.31.

Officers

The overall position on pensions has required increases in Local Government Pension scheme pension contributions from employers and employees nationally. Coventry City Council has made year-on-year increases in employer pension contributions since 2014/15. Although these increases continue to represent extra costs to the Council, these are being managed within its overall budget and mean that the financial position of the authority remains sound.

In 2020/21 the City Council made an upfront payment of £97,800k to cover employer contributions up to and including 2022/23. The amount that would have been paid without this upfront payment was £33,429k, (£37,818k in 2019/20), representing 22.9% 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 Barnett Waddingham LLP as at March 2019.

The Council is also responsible for all pension payments relating to employees who retire early and additional pension contributions. In 2020/21, this amounted to £679k (£677k in 2019/20).

The stated pension position includes an allowance to reflect the Court of Appeal judgement regarding the McCloud and Sargeant cases relating to age discrimination within the judicial and fire pension schemes respectively. This allowance was incorporated into the accounting results as at 31 March 2019. These results have been rolled forward and remeasured for inclusion in the accounting results to 31 March 2021.

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.

Teaching Staff

In 2020/21, the City Council paid £12,525k (£11,338k in 2019/20) 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 2020/21, these amounted to £2,248k (£2,310k in 2019/20).

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 £12,500k although the actual level would be significantly affected in the event of transfers of schools to academy status.

NHS Staff

Staff who work for the public health service which transferred to the City Council on 1st April 2013 may be members of the NHS Pension Scheme, which is administered by the NHS Business Services Authority. 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 NHS Pension Scheme. In 2020/21 the City Council paid £35k to the NHS Pension Scheme in respect of former NHS staff retirement benefits (£30k in 2019/20), which represents 20.68% of pensionable pay.

3.31 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.

Barnett Waddingham 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 overall increase in the deficit is analysed as follows:

| LGPS £000 | 2019/20 Teachers £000 | Total £000 | | LGPS £000 | 2020/21 Teachers £000 | Total £000 |
|------------------|-----------------------------|------------------|---------------------------------|------------------|-----------------------------|------------------|
| (524,204) | (29,701) | (553,905) | Deficit b/fwd | (544,193) | (28,313) | (572,506) |
| (52,220) | 0 | (52,220) | Current Service Cost | (51,747) | 0 | (51,747) |
| 2,005 | 2,324 | 4,329 | Employer Contributions | 100,251 | 2,257 | 102,508 |
| 0 | 0 | 0 | Past Service Gain (Cost) | 0 | 0 | 0 |
| 29,263 | 0 | 29,263 | Return on Assets | 28,900 | 0 | 28,900 |
| (41,721) | (628) | (42,349) | Interest on Pension Liabilities | (40,522) | (625) | (41,147) |
| 36,420 | (308) | 36,112 | Remeasurements | (205,286) | (2,345) | (207,631) |
| 7,061 | 0 | 7,061 | Settlements and curtailments | (431) | 0 | (431) |
| (797) | 0 | (797) | Administration Expenses | (857) | 0 | (857) |
| (544,193) | (28,313) | (572,506) | Surplus/(Deficit) | (713,885) | (29,026) | (742,911) |

The liabilities show the underlying commitments that the authority has in the long term to repay retirement benefits. The total liability has a substantial impact on the net worth of the authority as recorded on the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy.

The LGPS deficit increased markedly in 2020/21 and there were some significant movements within the outcome which can largely be explained as follows:

- The Bank of England implied inflation curve may suggest a higher rate of inflation over longer terms than expected due to a willingness to accept a lower return on investments to ensure inflation linked returns. Therefore, the actuary has introduced an Inflation Risk Premium which has resulted in a gain of £96,330k (reflected in remeasurements in the table above)
- The above gain has been more than offset by a loss of £156,483k as future pension increases are expected to be based on Consumer Price Index (CPI) rather than Retail Price Index (RPI). The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the anticipated reform of RPI inflation following the UK Statistics Authority's proposal to change how RPI is calculated (reflected in remeasurements in the table above). This reform is now likely to take effect from 2030.
- A decrease in the discount rate also creates a liability increase. Every time there is a decrease in discount rates it drives up the value of pension benefits and increases current service costs.

The deficit on the local government scheme will be made good by increased contributions over the working life of the employees and other scheme changes, as assessed by the scheme's actuary.

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:

| 2019/20 | | | | 2020/21 | | |
|---|------------------|---------------|--|----------------|------------------|----------------|
| LGPS £000 | Teachers £000 | Total £000 | | LGPS £000 | Teachers £000 | Total £000 |
| Net Cost of Services | | | | | | |
| 52,220 | 0 | 52,220 | Current Service Cost | 51,747 | 0 | 51,747 |
| 0 | 0 | 0 | Past Service Costs (Gain) | 0 | 0 | 0 |
| (7,061) | 0 | (7,061) | Settlements and curtailments | 431 | 0 | 431 |
| 797 | 0 | 797 | Administration Expenses | 857 | 0 | 857 |
| 45,956 | 0 | 45,956 | Net Cost of Services sub-total | 53,035 | 0 | 53,035 |
| Financing and Investment Income and Expenditure | | | | | | |
| 41,721 | 628 | 42,349 | Interest cost | 40,522 | 625 | 41,147 |
| (29,263) | 0 | (29,263) | Expected return on scheme assets | (28,900) | 0 | (28,900) |
| 12,458 | 628 | 13,086 | Net Interest Cost | 11,622 | 625 | 12,247 |
| 58,414 | 628 | 59,042 | Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services | 64,657 | 625 | 65,282 |
| Other Post Employment Benefit Charged to CIES | | | | | | |
| (36,420) | 308 | (36,112) | Re-measurements | 205,286 | 2,345 | 207,631 |
| 21,994 | 936 | 22,930 | Total Post Employment Benefit Charged to the CIES | 269,943 | 2,970 | 272,913 |
| Movement in Reserves Statement | | | | | | |
| (58,414) | (628) | (36,112) | Reversal of net charges made to the surplus/deficit for the Provision of Services for post employment benefits in accordance with the Code | (64,657) | (625) | (65,282) |
| Actual amount charged against the General Fund for pensions in the year: | | | | | | |
| 33,105 | 0 | 33,105 | Employers contributions payable to scheme | 33,051 | 0 | 33,051 |
| | 2,324 | 2,324 | Retirement benefits payable to pensioners | | 2,257 | 2,257 |

The cumulative impact of re-measurements recognised in the Comprehensive Income and Expenditure Statement from 1st April 2010 to 31st March 2021 is a loss of £233.1m.

Reconciliation of fair value of the scheme (plan) assets:

| <u>Local Government Pension Scheme</u> | <u>2019/20</u> | <u>2020/21</u> |
|--|------------------|------------------|
| | <u>£000</u> | <u>£000</u> |
| Opening balance at 1st April | 1,245,807 | 1,203,185 |
| Expected rate of return | 29,263 | 28,900 |
| Re-measurements | (18,694) | 207,833 |
| Employer contributions | 2,005 | 100,251 |
| Contributions by scheme participant: | 8,931 | 9,229 |
| Benefits paid | (57,230) | (56,231) |
| Settlements | (6,100) | 150 |
| Administration Expenses | (797) | (857) |
| Closing balance at 31st March | 1,203,185 | 1,492,460 |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was a £236.7m gain (compared to a £50.0m loss in 2019/20).

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

| Reconciliation of present value of the scheme liabilities (defined benefit obligation): | 2019/20 £000 | 2020/21 £000 |
|---|------------------|------------------|
| LGPS & Teachers | | |
| Opening Balance at 1st April | 1,799,712 | 1,775,691 |
| Current Service Cost | 52,220 | 51,747 |
| Interest Cost | 42,349 | 41,147 |
| Contributions from scheme participants | 8,931 | 9,229 |
| Remeasurement (gains) and losses: | | |
| (Gain)/loss arising from changes in financial assumptions | (176,194) | 463,342 |
| (Gain)/loss arising from changes in demographic assumptions | 55,751 | (23,888) |
| Experience (gain)/loss | 65,637 | (23,990) |
| Past service cost | 0 | 0 |
| Losses/(gains) on curtailment | 184 | 393 |
| Liabilities assumed on entity combinations | 0 | 0 |
| Benefits paid | (59,554) | (58,488) |
| Liabilities extinguished on settlements | (13,345) | 188 |
| Closing balance at 31st March | 1,775,691 | 2,235,371 |

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about factors such as mortality rates and salary levels. The mortality tables have been updated to reflect the latest version of the Continuous Mortality Investigation's model which was released in March 2021 to take into account the coronavirus pandemic.

| The main assumptions used in the actuarial calculation are: | 31st March 2020 | 31st March 2021 |
|---|-----------------|-----------------|
| Rate of CPI inflation | 1.90% | 2.80% |
| Rate of increase in salaries | 2.90% | 3.80% |
| Rate of increase in pensions | 1.90% | 2.80% |
| Discount rate | 2.35% | 2.00% |
| Mortality Assumptions | | |
| Longevity at 65 for current pensioners | | |
| Men | 21.9 | 22.0 |
| Women | 24.1 | 24.2 |
| Longevity at 65 for future pensioners in 20 years time | | |
| Men | 23.8 | 23.9 |
| Women | 26.0 | 26.1 |

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 of the other assumptions remain constant.

| Sensitivity Analysis - LGPS | | | | |
|---|------|-----------------|-------------|-----------------|
| Adjustments to Discount Rate | | +0.1% | 0.0% | -0.1% |
| Present Value of Total Obligation | £000 | 2,163,978 | 2,206,345 | 2,249,583 |
| Projected Service Cost | £000 | 74,675 | 77,263 | 79,933 |
| Adjustment to long term salary increase | | +0.1% | 0.0% | -0.1% |
| Present Value of Total Obligation | £000 | 2,210,114 | 2,206,345 | 2,202,605 |
| Projected Service Cost | £000 | 77,305 | 77,263 | 77,221 |
| Adjustment to Pension increases & deferred valuation | | +0.1% | 0.0% | -0.1% |
| Present Value of Total Obligation | £000 | 2,245,431 | 2,206,345 | 2,168,003 |
| Projected Service Cost | £000 | 79,906 | 77,263 | 74,698 |
| Adjustment to life expectancy assumptions | | + 1 Year | None | - 1 Year |
| Present Value of Total Obligation | £000 | 2,316,618 | 2,206,345 | 2,101,620 |
| Projected Service Cost | £000 | 80,701 | 77,263 | 73,956 |
| Sensitivity Analysis - Unfunded Teachers | | | | |
| Adjustments to Discount Rate | | +0.1% | 0.0% | -0.1% |
| Present Value of Total Obligation | £000 | 28,782 | 29,026 | 29,272 |
| Adjustment to Pension increases & deferred valuation | | +0.1% | 0.0% | -0.1% |
| Present Value of Total Obligation | £000 | 29,269 | 29,026 | 28,784 |
| Adjustment to life expectancy assumptions | | + 1 Year | None | - 1 Year |
| Present Value of Total Obligation | £000 | 30,515 | 29,026 | 27,609 |

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

| Total £000 | 31st March 2020 | | | Asset Categories | Total £000 | 31st March 2021 | | |
|---------------|-----------------|---------------|------------|-----------------------|---------------|-----------------|---------------|------------|
| | Quoted % | Unquoted % | Total % | | | Quoted % | Unquoted % | Total % |
| 684,908 | 21.70% | 35.20% | 56.90% | Equities | 898,922 | 60.23% | 12.71% | 72.94% |
| 190,129 | 9.50% | 6.30% | 15.80% | Bonds | 218,882 | 14.67% | 12.71% | 27.38% |
| 107,018 | 8.90% | 0.00% | 8.90% | Property | 111,991 | 7.50% | 12.71% | 20.21% |
| 43,180 | 0.00% | 3.60% | 3.60% | Cash/Liquidity | 72,969 | 4.89% | 12.71% | 17.60% |
| 177,950 | 0.20% | 14.60% | 14.80% | Other | 189,696 | 12.71% | 12.71% | 25.42% |
| 1,203,185 | 40.30% | 59.70% | 100.00% | Total | 1,492,460 | 100.00% | 63.55% | 163.55% |

3.32 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 during 2019/20 exceeded £50,000. Remuneration includes salaries and wages (net of pension contributions) and other allowances. The table below shows the number of City Council employees whose remuneration fell within the relevant bands:

| 2019/20 | | | | Remuneration Band | 2020/21 | | | |
|----------------------------------|--|-------------|------------|---------------------|----------------------------------|--|-------------|------------|
| Local Authority Schools Staff | Voluntary Aided & Foundation Schools Staff | Other Staff | Total | | Local Authority Schools Staff | Voluntary Aided & Foundation Schools Staff | Other Staff | Total |
| *restated | *restated | *restated | | | | | | |
| 48 | 3 | 74 | 125 | £50,000 - £54,999 | 49 | 2 | 94 | 145 |
| 20 | 1 | 24 | 45 | £55,000 - £59,999 | 31 | 1 | 33 | 65 |
| 25 | 1 | 19 | 45 | £60,000 - £64,999 | 19 | 1 | 23 | 43 |
| 12 | 3 | 13 | 28 | £65,000 - £69,999 | 18 | 1 | 23 | 42 |
| 11 | 0 | 12 | 23 | £70,000 - £74,999 | 11 | 3 | 8 | 22 |
| 9 | 0 | 8 | 17 | £75,000 - £79,999 | 7 | 0 | 12 | 19 |
| 2 | 0 | 4 | 6 | £80,000 - £84,999 | 6 | 0 | 5 | 11 |
| 1 | 0 | 6 | 7 | £85,000 - £89,999 | 2 | 0 | 2 | 4 |
| 1 | 0 | 3 | 4 | £90,000 - £94,999 | 1 | 0 | 6 | 7 |
| 0 | 0 | 3 | 3 | £95,000 - £99,999 | 1 | 0 | 1 | 2 |
| 0 | 0 | 0 | 0 | £100,000 - £104,999 | 0 | 0 | 2 | 2 |
| 0 | 0 | 4 | 4 | £105,000 - £109,999 | 1 | 0 | 0 | 1 |
| 0 | 0 | 1 | 1 | £110,000 - £114,999 | 0 | 0 | 4 | 4 |
| 0 | 0 | 4 | 4 | £115,000 - £119,999 | 0 | 0 | 3 | 3 |
| 0 | 0 | 0 | 0 | £120,000 - £124,999 | 0 | 0 | 6 | 6 |
| 0 | 0 | 1 | 1 | £125,000 - £129,999 | 0 | 0 | 1 | 1 |
| 0 | 0 | 0 | 0 | £130,000 - £134,999 | 0 | 0 | 1 | 1 |
| 0 | 0 | 1 | 1 | £135,000 - £139,999 | 0 | 0 | 0 | 0 |
| 0 | 0 | 1 | 1 | £140,000 - £144,999 | 0 | 0 | 0 | 0 |
| 0 | 0 | 1 | 1 | £155,000 - £159,999 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | £165,000 - £169,999 | 0 | 0 | 1 | 1 |
| 0 | 0 | 0 | 0 | £175,000 - £179,999 | 0 | 0 | 1 | 1 |
| 0 | 0 | 0 | 0 | £200,000 - £204,999 | 0 | 0 | 1 | 1 |
| 0 | 0 | 1 | 1 | £210,000 - £214,999 | 0 | 0 | 0 | 0 |
| 0 | 0 | 1 | 1 | £220,000 - £224,999 | 0 | 0 | 0 | 0 |
| 129 | 8 | 181 | 318 | Total | 146 | 8 | 227 | 381 |

*These figures have been restated to include the impact of benefits in kind.

Senior Officer's Remuneration (including pension contributions)

The Council is required to disclose details of senior officer's remuneration. 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:

| Management Board and Statutory Post Holders | Salary Inc Fees & Allowances | Loss of Office | Pension Contributions Note 4 | Total Remuneration | |
|--|---|-----------------------|---|---------------------------|--------------|
| 2020/21 | £ | £ | £ | £ | Notes |
| Chief Executive - Martin Reeves | 201,700 | 0 | 41,147 | 242,847 | 1 |
| Deputy Chief Executive (People) - Gail Quinton | 167,781 | 0 | 34,227 | 202,008 | |
| Director of Health & Well-Being (Director of Public Health) | 117,783 | 0 | 16,937 | 134,720 | |
| Director of Finance and Corporate Services (Section 151 Officer) | 128,246 | 0 | 26,162 | 154,408 | |
| Director of Law and Governance (Monitoring Officer) | 100,622 | 0 | 20,527 | 121,149 | |
| Director of Children's Services (DCS) | 120,109 | 0 | 24,530 | 144,639 | |
| Director of Adults Services (DAS) | 120,246 | 0 | 24,530 | 144,776 | |
| Director of Human Resources | 104,290 | 0 | 21,275 | 125,565 | |
| TOTAL | 1,060,777 | 0 | 209,335 | 1,270,112 | |

| Management Board and Statutory Post Holders | Salary Inc Fees & Allowances | Loss of Office | Pension Contributions Note 4 | Total Remuneration | |
|--|---|-----------------------|---|---------------------------|---|
| 2019/20 | £ | £ | £ | £ | |
| Chief Executive - Martin Reeves | 214,769 | 0 | 38,658 | 253,427 | 1 |
| Deputy Chief Executive (Place) - Martin Yardley | 151,991 | 395,110 | 26,559 | 573,660 | 2 |
| Deputy Chief Executive (People) - Gail Quinton | 158,868 | 0 | 28,596 | 187,464 | |
| Director of Health & Well-Being (Director of Public Health) | 107,183 | 0 | 15,413 | 122,596 | |
| Director of Finance and Corporate Services (Section 151 Officer) | 125,597 | 0 | 22,607 | 148,204 | |
| Director of Law and Governance (Monitoring Officer) | 90,445 | 0 | 16,280 | 106,725 | |
| Director of Children's Services (DCS) | 117,001 | 0 | 21,065 | 138,066 | |
| Director of Adults Services (DAS) | 114,784 | 0 | 20,661 | 135,445 | |
| Director of Human Resources | 67,919 | 0 | 12,225 | 80,144 | 3 |
| TOTAL | 1,148,557 | 395,110 | 202,064 | 1,745,731 | |

Notes

1. In 19/20 the CEO Martin Reeves received Fees for his role as Acting Returning Officer at the General, Local and EU elections. He has received a payment in 2020/21 for the balance of these fees, where 25% of the Acting Returning Officers fee for the EU & Parliamentary elections is withheld until the election accounts have been submitted in accordance with the guidance issued by the Cabinet Office . There were no elections held in 2020/21
2. The Deputy Chief Executive (Place) left the Council in March 2020 and the loss of office amount represents the early retirement cost of this decision to the Council.
3. The Director of Human Resources joined the Council in July 2019.
4. Pension contributions have been recalculated using the Primary Rate.

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 | |
|-----------------------------------|-----------------------------------|-----------|-----------------------------------|-----------|--|-----------|--|--------------|
| | 2019/20 | 2020/21 | 2019/20 | 2020/21 | 2019/20 | 2020/21 | 2019/20 | 2020/21 |
| | *restated | | *restated | | *restated | | *restated | |
| | | | | | | | £000 | £000 |
| £0 - £20,000 | 8 | 8 | 12 | 14 | 20 | 22 | 162 | 182 |
| £20,001 - £40,000 | 2 | 2 | 2 | 2 | 4 | 4 | 116 | 92 |
| £40,001 - £60,000 | 1 | 3 | 0 | 1 | 1 | 4 | 41 | 198 |
| £60,001 - £80,000 | 1 | 2 | 0 | 0 | 1 | 2 | 68 | 136 |
| £80,001 - £100,000 | 2 | 3 | 0 | 1 | 2 | 4 | 184 | 362 |
| £100,000 - £150,000 | 1 | 2 | 0 | 0 | 1 | 2 | 129 | 218 |
| £350,001 - £400,000 | 0 | 0 | 1 | 0 | 1 | 0 | 395 | 0 |
| Total cost inc in bandings | 15 | 20 | 15 | 18 | 30 | 38 | 1,095 | 1,188 |

*These figures have been restated to exclude the impact of contractual elements which had been included in error.

3.33 Members' Allowances

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

| Financial Year | 2019/20 | 2020/21 |
|------------------|--------------|--------------|
| | £000s | £000s |
| Basic Allowances | 752 | 773 |
| Other Allowances | 313 | 290 |
| Expenses | 2 | 1 |
| Total | 1,067 | 1,064 |

3.34 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 3.28 and trade payables for goods and services received.

The Balance Sheet includes the following categories of financial instruments:

| | Long Term | | Current | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 31st March 2020 | 31st March 2021 | 31st March 2020 | 31st March 2021 |
| | £000 | £000 | £000 | £000 |
| Financial Liabilities | | | | |
| Loans at Amortised Cost | | | | |
| - principal sum borrowed | 240,464 | 258,464 | 60,426 | 54,414 |
| - accrued interest | 0 | 0 | 3,078 | 3,340 |
| - equivalent interest rate adjustment | 0 | (2,204) | 0 | 0 |
| Total Borrowing | 240,464 | 256,260 | 63,504 | 57,754 |
| - Cash Overdrawn | 0 | 0 | 0 | 2,771 |
| Other Long Term Liabilities at amortised cost: | | | | |
| - PFI arrangements | 62,797 | 59,943 | 2,408 | 2,854 |
| - Transferred Debt | 10,161 | 8,497 | 1,514 | 1,664 |
| Total Financial Liabilities (excluding creditors) | 313,422 | 324,700 | 67,426 | 65,043 |
| Creditors | 0 | 0 | 42,529 | 41,946 |

| | Long Term | | Current | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31st March 2020 £000 | 31st March 2021 £000 | 31st March 2020 £000 | 31st March 2021 £000 |
| Financial Assets | | | | |
| At amortised Cost | | | | |
| - Principal sum invested | 0 | 0 | 10,020 | 10,027 |
| - Accrued interest | 0 | 0 | 131 | 128 |
| - 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 | 110,092 | 98,562 | 0 | 0 |
| At Fair Value through profit & loss | | | | |
| - Fair value | 0 | 0 | 27,094 | 29,127 |
| Total Investments | 110,092 | 98,562 | 37,245 | 39,282 |
| At amortised Cost | | | | |
| - Principal sum invested | 0 | 0 | 17,718 | 15,209 |
| - Accrued interest | 0 | 0 | 0 | 0 |
| - Loss allowance | 0 | 0 | 0 | 0 |
| At Fair Value through profit & loss | | | | |
| - Fair value | 0 | 0 | 6,875 | 15,000 |
| Total Cash & Cash Equivalents | 0 | 0 | 24,593 | 30,209 |
| At amortised Cost | | | | |
| - Trade receivables | 0 | 0 | 43,386 | 48,024 |
| - Lease receivables | 0 | 0 | 0 | 0 |
| - Loans made for service purposes | 24,384 | 52,854 | 1,247 | 3,227 |
| - Accrued Interest | 0 | 0 | 43 | 285 |
| - Loss allowance | (89) | (598) | (33) | 0 |
| At Fair Value through profit & loss | | | | |
| - Fair value | 3,447 | 3,567 | 0 | 0 |
| Included in Debtors | 27,742 | 55,823 | 44,643 | 51,536 |
| Total Financial Assets | 137,834 | 154,385 | 106,481 | 121,027 |

* Only Debtors and Creditors held with non statutory companies are included in the Financial Instruments note

| 31st March 2021 | Included in Financial Instruments £000 | Other Debtors/ Creditors £000 | Total |
|----------------------|---|-------------------------------------|---------|
| Long term debtors | 55,823 | 80 | 55,903 |
| Short term debtors | 51,536 | 54,514 | 106,050 |
| Short term creditors | 41,946 | 66,369 | 108,315 |

| 31st March 2020 | Included in Financial Instruments £000 | Other Debtors/ Creditors £000 | Total |
|----------------------|---|-------------------------------------|--------|
| Long term debtors | 27,742 | 316 | 28,058 |
| Short term debtors | 44,643 | 40,619 | 85,262 |
| Short term creditors | 42,529 | 42,934 | 85,463 |

Current borrowings and investments represent amounts due to be settled within 12 months, including accrued interest. In 2020/21 borrowing costs of £1,602k on qualifying assets were capitalised (£2,460k in 2019/20).

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:

| | Fair Value | | Cumulative Gain/(Loss) in FIRR | | Dividends | |
|--|-------------------------|-------------------------|--------------------------------|-------------------------|-------------------------|-------------------------|
| | 31st March 2020 £000 | 31st March 2021 £000 | 31st March 2020 £000 | 31st March 2021 £000 | 31st March 2020 £000 | 31st March 2021 £000 |
| Shareholdings: | | | | | | |
| Coventry and Solihull Waste Disposal Company Limited | 57,000 | 57,266 | 57,000 | 57,266 | 6,920 | 6,020 |
| Birmingham Airport Holdings Limited | 17,867 | 17,046 | 6,217 | 5,396 | 1,641 | 0 |
| Tom White Waste Limited | 14,637 | 14,637 | 0 | 0 | 0 | 0 |
| Friargate JV Project Limited | 10,495 | 4,106 | 0 | (6,390) | 0 | 0 |
| Coombe Abbey Park Limited | 7,390 | 2,804 | (1,757) | (6,343) | 0 | 0 |
| North Coventry Holdings Limited | 2,703 | 2,703 | 2,703 | 2,703 | 0 | 0 |
| Coventry North Regeneration Limited | 0 | 0 | 0 | 0 | 0 | 0 |
| University of Warwick Science Park Innovation Centre Limited | 0 | 0 | (154) | (154) | 0 | 0 |
| UK Battery Industrialisation Centre Ltd | 0 | 0 | 0 | (4,910) | 0 | 0 |
| Total | 110,092 | 98,562 | 64,009 | 47,568 | 8,561 | 6,020 |

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 2021 totalled £1,112k (£3,185k in 2019/20).

The 2020/21 Comprehensive Income and Expenditure Statement include the following amounts in relation to financial instruments:

| | 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 | 18,553 | 0 | 0 | 0 | 18,553 |
| Impairment losses | 0 | 0 | 0 | 0 | 0 |
| Interest payable and similar charges | 18,553 | 0 | 0 | 0 | 18,553 |
| Interest & Dividend Income | 0 | (2,189) | (6,020) | (1,249) | (9,458) |
| Gains on Derecognition | 0 | 0 | 0 | 0 | 0 |
| Gains from changes in Fair Value | 0 | 0 | 0 | 9 | 9 |
| Impairment loss reversals | 0 | 0 | 0 | 0 | 0 |
| Interest and investment income | 0 | (2,189) | (6,020) | (1,240) | (9,449) |
| Net Impact on Surplus/deficit on provision of services | 18,553 | (2,189) | (6,020) | (1,240) | 9,104 |
| Gains on revaluation * | 0 | 78 | (267) | (2,074) | (2,263) |
| Losses on revaluation | 0 | 0 | 16,706 | 0 | 16,706 |
| Surplus arising on revaluation of financial assets | 0 | 78 | 16,439 | (2,074) | 14,443 |
| Net (gain) / loss for the year | 18,553 | (2,111) | 10,419 | (3,314) | 23,547 |

*The £78k represented within 'Gains on Revaluation'; 'At Amortised Cost' is a reversal and correction of an entry in a prior year.

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 2021, 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 2021.
- 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 using the appropriate corporate bond rate
- 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.

| | Fair Value Level | 31st March 2020 | | 31st March 2021 | |
|--|------------------|-----------------|----------------|-----------------|----------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| | | £000 | £000 | £000 | £000 |
| Financial Liabilities at amortised cost | | | | | |
| ▪ PWLB | 2 | 192,626 | 305,355 | 192,626 | 288,072 |
| ▪ Market Loans | 2 | 38,570 | 71,572 | 38,571 | 68,048 |
| ▪ Stock Issue | 2 | 12,248 | 16,657 | 12,248 | 16,376 |
| ▪ Other Local Authorities | 2 | 71,772 | 73,077 | 80,316 | 81,503 |
| ▪ PFI | 2 | 65,205 | 108,299 | 62,797 | 110,217 |
| ▪ Short Term Creditors | N/A | 42,529 | 42,529 | 41,946 | 41,946 |
| ▪ Cash Overdrawn | N/A | 0 | 0 | 2,771 | 2,771 |
| ▪ Other | N/A | 427 | 427 | 414 | 414 |
| Total Liabilities | | 423,377 | 617,916 | 431,689 | 609,347 |
| Financial Assets at fair value: | | | | | |
| ▪ Money Market Funds | 1 | 6,875 | 6,875 | 15,000 | 15,000 |
| ▪ Collective Investment Funds | 1 | 27,117 | 27,117 | 29,155 | 29,155 |
| ▪ Corporate and Government Bonds | 1 | 0 | 0 | 0 | 0 |
| ▪ Shares in Unlisted Companies | 3 | 110,092 | 110,092 | 98,562 | 98,562 |
| ▪ Long Term Debtors | 3 | 3,447 | 3,447 | 3,567 | 3,567 |
| Financial Assets at amortised cost: | | | | | |
| ▪ Short Term Cash Deposits | N/A | 10,129 | 10,129 | 10,128 | 10,128 |
| ▪ Long Term Debtors | 3 | 24,295 | 31,336 | 52,256 | 63,047 |
| ▪ Short Term Debtors | N/A | 44,643 | 44,643 | 51,536 | 51,536 |
| ▪ Bank Accounts | N/A | 17,717 | 17,717 | 15,208 | 15,208 |
| Total Financial Assets | | 244,315 | 251,356 | 275,412 | 286,203 |

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 & Stock Issue above have been calculated by the Council's treasury advisors, Arlingclose. The loan stock, which is listed on the London Stock Exchange, totals £12.004m, is at a fixed interest rate of 8.25% and is due to mature for repayment on 5th January 2026. 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 Indemnity and Guarantee 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 loan agreement between WMCA and the City Council.

The borrowing from WMCA is treated as a soft loan payable of £15,796k as at 1st April 2021, with the difference between the nominal and fair value being treated as a grant of £2,204k and the requirement for UKBIC to make payment under the Indemnity and Guarantee as a soft loan receivable of £12,064k as at 1st April 2021, with the difference between the nominal and fair value being treated as an investment of £4,910k in a subsidiary.

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 a market based discount rate or multiplier to the forecast earnings set out in the financial plans of the companies, or through a net asset based approach. A 5% variation in earnings or net asset value would alter the value of the shares by £6.6m.
- 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 2021. A 1% variation in the discount rate would alter the value of the loans by £9.9m.

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 2020/21 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 2021 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, based on experience of default and un-collectability over the last five financial years, adjusted to reflect the current market conditions.

| | Short Term | |
|----------------------------|----------------------|----------------------|
| | 31 March 2020 | 31 March 2021 |
| | £000 | £000 |
| AAA | 6,875 | 15,000 |
| AA+ | 0 | 0 |
| AA | 0 | 0 |
| AA- | 0 | 437 |
| A+ | 7,990 | 3,601 |
| A | 0 | 11,281 |
| A- | 19,727 | 10,000 |
| BBB+ | 0 | 0 |
| Unrated Local Authorities | 0 | 0 |
| Unrated Building Societies | 0 | 0 |
| Unrated Pooled Funds | 30,000 | 30,000 |
| Total Investments | 64,592 | 70,319 |

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

| Country | 31 March 2020 | 31 March 2021 |
|----------------|----------------------|----------------------|
| | £000 | £000 |
| United Kingdom | 59,592 | 70,319 |
| Ireland | 5,000 | 0 |
| Total | 64,592 | 70,319 |

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.

The Council has provided a Revolving Credit Facility Agreement with a charitable organisation providing social housing giving them access to borrow up to £5m at an agreed interest rate should this be demanded. The organisation has an "A" rating for credit scoring purposes. The credit facility was not activated in 2020/21.

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. £12,638k of the £51,536k trade debtor balance is past its due date for payment. The past due amount can be analysed by age as follows:

| | 31 March 2020 | 31 March 2021 |
|------------------------|---------------|---------------|
| Past Due Date | £000 | £000 |
| Less than three months | 3,145 | 5,562 |
| Three to six months | 726 | 2,480 |
| Six months to one year | 697 | 2,451 |
| More than one year | 1,175 | 1,875 |
| Total | 5,743 | 12,368 |

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 | 31/03/2020 | 31/03/2021 |
|-----------------------------------|----------------|----------------|
| | £000 | £000 |
| Less than one year | 61,934 | 56,073 |
| Between one and two years | 1,664 | 7,330 |
| Between two and five years | 15,802 | 28,912 |
| Between six and ten years | 14,441 | 7,500 |
| More than ten years | 218,718 | 223,218 |
| Total | 312,559 | 323,033 |

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 £84.5m in 2020/21. 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 2021, 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 £64.9m. This movement would be 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 2021 would result in a £594k (2020 £595k) 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 2021 would result in a £337k (2020 £280k) charge to Other Comprehensive Income and Expenditure would then be transferred to the Financial Instrument Revaluation Reserve.

In addition, the Council has shareholdings to the value of £99m 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 being recognised in the Comprehensive Income and Expenditure Statement for 2020/21.

Foreign Exchange Risk

The Council still holds €1,871k (€11,172k as at 31/3/20) which were purchased at an exchange change rate of 1.1657 euros to the pound. The purchase was made to enable certainty of project costs when paying suppliers in euros for UK Battery Industrialisation Centre (UKBIC) equipment. The full cost of the purchase of euros was reimbursed by Innovate UK who are the funders for the UKBIC project.

Due to the funding from Innovate UK the authority has no exposure to loss arising from movements in exchange rates.

3.35 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 Limited (Company Registration Number: 3312673) | | 31 March 2020 Audited | 31 March 2021 Audited |
| The principal activity of the BAHL is the operation and management of Birmingham International Airport. The figures included are the group accounts, which consolidates the results for BAHL's subsidiary undertakings. The seven local authority shareholders together hold 49% of the ordinary shares. | | | |
| The Council owns: - 5.8% of the 324m ordinary shares - £1.8 million preference shares - 6% of the 1,000 C Class shares of 0.01p | | | |
| | Net Assets (liabilities) | 119,161 | 39,434 |
| | Profit (loss) before taxation | 25,241 | (81,015) |
| | Profit (loss) after taxation | 18,487 | (67,613) |
| | Statement of changes in equity | (23,053) | (79,727) |
| Coombe Abbey Park Limited | | 31 December 2019 Audited | 31 December 2020 Audited |
| The principal activity of the company is the running of Coombe Abbey Hotel, Brinklow Road, Coventry. | | | |
| The City Council acquired 100% of the shares in the company on 22nd December 2017 . | | | |
| The figures as at 31st December 2019 have been restated to match the company accounts and correct a misstatement in the Council's 2019/20 disclosure note. | | | |
| | Net Assets (liabilities) | 4,389 | 2,271 |
| | Profit (loss) before taxation | (124) | (2,418) |
| | Profit (loss) after taxation | (778) | (2,418) |
| | Statement of changes in equity | (1,303) | (2,118) |
| Coventry North Regeneration Limited (Company Registration Number: 4523598) | | 31 March 2020 Audited | 31 March 2021 Audited |
| NCH holds 100% of the shares in Coventry North Regeneration Limited (CNR) and has 100% of the voting rights. CNR is included within the Council's group accounts as a subsidiary. | | | |
| The company's principal activity was to build Coventry Arena. The Arena, combines a sports stadium, conference and exhibition space, hotel, casino and other leisure and community facilities. | | | |
| | Net Assets (liabilities) | 0 | 0 |
| | Profit (loss) before taxation | 0 | 0 |
| | 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 Registration Number: 02690488) | | 31 March 2020 Audited | 31 March 2021 Audited |
| <p>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 at nil value. The company is included in Coventry's group accounts as a joint venture as voting rights are shared equally with SMBC.</p> <p>The Council owns 66% of the ordinary share capital.</p> | | | |
| | Net Assets (liabilities) | 23,613 | 26,974 |
| | Net Assets (liabilities) | 14,257 | 15,268 |
| | Profit (loss) before taxation | 11,383 | 12,326 |
| | Profit (loss) after taxation | 1,284 | 3,361 |
| Culture Coventry (Company Registration Number: 08359113) | | 31 March 2020 Audited | 31 March 2021 Audited |
| <p>The merger of Coventry Transport Museum and The Herbert Art Gallery Museum was completed in August 2013. Culture Coventry is the new Charitable Trust set up to run both museums and is also responsible for running the Lunt Roman Fort and the Priory Visitor Centre.</p> <p>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.</p> | | | |
| | Net Assets (liabilities) | 1,728 | 45 |
| | Net movement of funds | (1,221) | (1,683) |
| Friargate Project JV Limited (Company Registration Number: 11730348) | | 31 March 2020 Unaudited | 31 March 2021 Unaudited |
| <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> - an annual turnover of no more than £10.2m - assets worth no more than £5.1m - 50 or fewer employees on average | | | |
| | Net Assets (liabilities) | 20,016 | 19,522 |
| | Profit (loss) before taxation | 17 | (494) |
| | Profit (loss) after taxation | 14 | (494) |
| | Statement of changes in equity | 14 | (494) |

| Name and Nature of Business | Financial Results | Year ending £000 | Year ending £000 |
|---|--------------------------------|-------------------------------------|-------------------------------------|
| North Coventry Holdings Limited (Company Registration Number: 4931967) | | 31 March 2020 Audited | 31 March 2021 Audited |
| The Council holds 100% of the shares in North Coventry Holdings Limited (NCH) and has 100% of the voting rights. NCH is included within the Council's group accounts as subsidiary. | Net Assets (liabilities) | 2,753 | 2,758 |
| | Profit (loss) before taxation | 19 | 6 |
| | Profit (loss) after taxation | 15 | 5 |
| NCH's main activity is to hold 100% shares in Coventry North Regeneration Limited (CNR). NCH has not prepared group accounts as it qualifies as a small group under the Companies Act 2006 and the Council, as the ultimate parent company, prepares group accounts on an IFRS basis. In addition, NCH provides business development and commercialisation related services to the Council under a series of contracts. | Statement of changes in equity | 15 | 5 |
| University of Warwick Science Park Business Innovation Centre Limited (Company Registration Number: 03616665) | | 31 July 2019 Audited | 31 July 2020 Audited |
| The company was established by the University of Warwick Science Park, the Council and Coventry and Warwickshire Chamber of Commerce Training and Enterprise. It was set up in order to develop small business units for letting. | Net Assets (liabilities) | 2,753 | 2,758 |
| The Council holds: | Profit (loss) before taxation | 19 | 6 |
| - Just under 20% (value £2,000) of the ordinary share capital (total value £10,001) | Profit (loss) after taxation | 15 | 5 |
| - £152,166 of preference share capital | Statement of changes in equity | 15 | 5 |
| UK Battery Industrialisation Centre UK Ltd (Company Registration Number: 11227726) | | 31 December 2019 Audited | 31 December 2020 Audited |
| 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. | Net Assets/(liabilities) | 0 | 0 |
| | Profit (loss) before taxation | 0 | 0 |
| | Profit (loss) after taxation | 0 | 0 |
| The Council is the sole shareholder, holding a single share with a nominal value of £1.00. | Statement of changes in equity | 0 | 0 |
| Tom White Waste Limited (Company Registration Number: 1201361) | | 31 March 2020 Audited | 31 March 2021 Audited |
| The principal activity of the company is waste management and recycling. | Net Assets/(liabilities) | 6,644 | 7,035 |
| | Profit (loss) before taxation | 754 | 503 |
| The City Council acquired 100% of the shares in the company on 5th March 2020. | Profit (loss) after taxation | 722 | 391 |
| | Statement of changes in equity | (116) | 391 |

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

3.36 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 25/11/24. Where events taking place before this date provided information about conditions existing as at 31 March 2021, the figures in the financial statements and the notes have been adjusted to reflect the impact of this information.

COVID-19 Pandemic

The impact of COVID-19 continued to be significant beyond 31st March 2021. These accounts include the estimated financial effect on the Council's general fund impact of COVID-19 for 2020/21 and a further financial £43m impact has been estimated in 2021/22.

Net Pension Liability

The Council's pension actuaries have estimated that its net pension liability has reduced very significantly during the 2022/23 financial year, mainly as a result of an increase in corporate bond yields resulting in the application of high discount rates to the calculation of pension obligations. The latest actuarial report estimates a net liability of just £25m as at 31/3/23. By comparison, the net pension liability as at 31 March 2021 was estimated to be £743m.

Operational and Investment Property Asset Valuations

As indicated in section 5.2 'Significant Assumptions made in estimating Assets and Liabilities', property asset valuations are heavily assumption sensitive and are influenced by economic and financial circumstances which can change significantly from year to year. The value of the Council's property assets for balance sheet dates subsequent to the 31 March 2021 have yet

to be established, but given the current economic volatility there is likely to be significant movements since the balance sheet date. A change of 1% in the average valuation of property assets would have the effect of altering the carrying value of these assets by approximately £9m with a corresponding increase in the level of unusable reserves.

Birmingham Airport

Together, the 7 West Midland authorities own 49% of Birmingham Airport Holdings Limited (BAHL), and vote in one block at meetings. Coventry holds 5.8% of BAHL's ordinary shares and £1.8m preference shares with a combined reported fair value of £17.0 million as at 31 March 2021.

The COVID-19 pandemic and resulting travel restrictions had a significant impact on BAHL's trading. In 2022-23 BAHL and the wider aviation industry began recover from the severe impacts of COVID-19 following the easing of restrictions, with BAHL's passenger numbers returning to 86% of pre-pandemic levels.

The continued recovery of the air travel sector during 2023-24, and the associated positive outlook for a full recovery in the profitability of airports over the medium term, has resulted in a significant increase in the value of the Council investment in the airport. Its value has doubled since March 2021, increasing from £17m up to £34m as at March 2023, with the rise being dominated by the change in 2022/23.

Coventry Municipal Holdings

In September 2021, the Council approved a new overarching governance structure to apply across

all of its wholly and partly owned companies. This included the establishment of Coventry Municipal Holdings Ltd, a new wholly owned subsidiary to act as a holding company for all of its wholly owned companies. The Council took on legal ownership of the new company in the 2021/22 financial year and its impact on the structure of the Council's accounts will be incorporated into the 2021/22 Statement of Accounts.

Coombe Abbey Park Limited

In March 2021 the Council agreed to refinance its existing loans to Coombe Abbey Park Limited, providing a new long-term loan of up to £9.0m that extinguished existing loans to the company and leaving a net additional facility for working capital. Of this, £7.5m has been utilised to date. The purpose of the loan was to help the business to manage their costs through the period of uncertainty in relation to COVID-19 restrictions.

The company performance has been affected by higher staff costs due to shortages in the hospitality sector and inflationary cost pressures on food prices. This has impacted on the value of the Council's investment in the company which has fallen to £1.1m as at March 2023, which is lower than the £2.8m value as at March 2021.

Sherbourne Recycling Limited (SRL)

In April 2021, as one of eight Partner Councils, Coventry City Council purchased a 21.5% shareholding in Sherbourne Recycling Limited for £215k. It has also provided the company with a loan facility of up to £13.0m to be used for the design and construction of a material recycling facility (MRF). The MRF has been operational since October 2023 and the loan has been fully

utilised with the final advance made in December 2023.

The Council will receive revenue from the sale of materials recycled at the MRF, as well as a saving from reduced waste transport costs. Furthermore, as the landowner of the MRF site, the Council will receive ongoing rental income from leasing the site to SRL. An independent valuation has determined that the Council's investment is now worth £2.0m as at March 2023.

UKBIC

Between April 2021 and March 2024, the Council purchased further plant and machinery assets at a cost of £6m on behalf of its subsidiary company, the UK Battery Industrialisation Centre (UKBIC). These assets were transferred to UKBIC under a peppercorn lease. The total plant and machinery assets and development grant provided to UKBIC by March 2021 was £57m and the total by March 2024 was £63m.

The funding was provided via a £114.5m grant agreement with Innovate UK (formerly the Technology Strategy Board) and an £18m loan from the West Midlands Combined Authority. The profile of the spend at March 2021 was £69.0m on the building, £16.3m on development costs incurred by UKBIC and £40.5m on plant and equipment assets transferred to UKBIC under a peppercorn lease. By March 2024 the resources had been fully utilised with £69.4m spent on the building, £16.3m on development costs and £46.4m on plant and equipment. The Council is the grant recipient and the borrower, having managed this capital funding on behalf of UKBIC since the company was in the formation stage. The Council has an Indemnity & Guarantee agreement with UKBIC, where the company guarantees the loan repayments.

In September 2021 the Council approved the provision of a cash flow facility by way of a secured loan to UKBIC Ltd of up to £0.5m. This loan was offered on the condition that UKBIC secured additional funding commitments from the Government. This was subsequently achieved in February 2022, increasing the total of grant funding provided to offset operational costs up to £27.3m, covering the period 2019-2023. The £0.5m loan was drawn down by UKBIC in April 2022. The company subsequently secured a further £15.3m of additional grant funding from the Government to cover its operational costs until March 2025.

City of Culture

In February 2023 the City of Culture Trust announced that it had gone into administration. The Council had agreed in December 2017 to become a guarantor for the UK City of Culture 2021 programme, the activity for which was completed in May 2022 prior to the Trust entering administration. This was subject to a memorandum of understanding with the Department of Culture Media and Sport for delivery of the programme, but this included no liability in relation to the Trust and its financial commitments. In October 2022 the Council provided a loan of £1m to the City of Culture Trust, which at the time was designed to meet what was assessed as a short-term cash-flow shortfall. In addition to the £1m loan, further amounts totalling £0.6m were owed by the Trust to the Council. These sums have now been written off; however the Council continues to meet with the administrator to determine what sums may be recoverable.

CSWDC

The value of the City Council's investment in the Coventry and Solihull Waste Disposal Company (CSWDC) has risen to £72m as at March 2023, representing an increase of £15m since March

2021. This is mainly as a result of a switch to higher value input materials and additional revenue from generated electricity, due to energy price rises.

In May 2023, CSWDC's main turbine suffered a catastrophic failure which meant that it was out of service for a substantial period of time. The lost income generation during 2023/24 was originally estimated at approximately £15.5m, however although this initially provided concern over dividend levels, it was not a threat to the going concern of the company. Whilst there has been a degree of uninsured loss, positive outcomes from insurance claims together with strong trading have mitigated this such that strong dividends have been declared in February 2024, and as a result, it is not envisaged that there will be any significant impact on the valuation of the company which reflects both historic as well as future earnings potential.

Equal Pay

The Council has received a number of Equal Pay Claims from employees which have been recorded as a Contingent Liability within the Council's accounts. The first claims were received in February 2023 and could if successful represent a liability for the Council affecting 2020/21 and prior years. This matter incorporates conditions that may have existed at the Balance Sheet date, and which may be financially material. However, as a contingent liability this remains as a non-adjusting event at this stage.

Refuse Drivers Strike

HGV drivers working within the Council's refuse collection service were on strike for the first 7 months of 2022. This industrial action gave rise to significant additional costs of providing both waste drop sites and the collection of kerbside waste through a third-party provider (Tom White Waste).

This, together with lost contractual income within the commercial service resulted in additional costs of c.£8m.

City Centre South

In January 2022 the Council granted outline planning permission for the City Centre South scheme, which has the objective of delivering transformational improvements to the centre of the city, resourced by a £111m grant from the West Midlands Combined Authority and £5m of capital receipts. The scheme will include up to 1,500 new homes (including affordable housing of 20%), new retail, employment, health care and leisure space, all of which would result in a new sustainable city centre community.

City Centre Cultural Gateway (CCCG)

In March 2023 the Council approved the main construction works for the City Centre Cultural Gateway as it looks to repurpose the former IKEA building in the city centre, which it acquired in 2021. The CCCG is envisaged as a collections centre for nationally significant cultural, arts and historical artefacts, working in collaboration with the partners: Arts Council England, British Council, Culture Coventry Trust, and Coventry University. It is anticipated that construction works will commence during 2024-25, with the large majority of works to be funded from prudential borrowing, resourced from rental income.

Tom White Waste Ltd (TWW)

The Council's investment in TWW has reduced in value from £14.6m in March 2021 down to £10.4m in March 2023. This is mainly as a result of higher fuel, maintenance and staffing costs.

Coventry Station Master Plan

In March 2022, following the completion of the development work on the Coventry railway station and supporting infrastructure, the ownership of the station transferred over to Network Rail, in accordance with the agreed project plan. This resulted in the construction costs of £80m being derecognised from the Council's balance sheet (£57m of which were incurred prior to 31st March 2021). These project costs were funded from £69m of capital grant and £11m of prudential borrowing. The new station car park was then leased back to the Council on a peppercorn rent, with the income from the car park being used to service the costs of the borrowing.

Two Friargate

In September 2020 the Council approved the investment in Two Friargate, a second commercial office constructed within the Friargate business district funded from a combination of capital grant from the West Midlands Combined Authority and prudential borrowing. Construction work began in Autumn 2020 and £8m of the overall cost had been incurred by 31st March 2021. A further £39m has been incurred subsequently and the building is substantially complete, as of December 2023, subject to the fit out of individual floors as they are let.

Reinforced autoclaved aerated concrete (RAAC)

RAAC is a lightweight form of precast concrete, that was used in public sector buildings across the UK in the second half of the twentieth century. It is less durable than traditional concrete and recent incidents in schools in other authorities across the UK have highlighted the potential risk from failing RAAC.

The Council is currently working to establish if RAAC is present in any of its buildings. School inspections have been completed and have not identified any RAAC, and work is ongoing on the wider council estate. Although no instances of the use of RAAC have yet been identified within Council buildings, were it to be discovered then the cost of the necessary remedial work is likely to be significant. Given this uncertainty the Council has recognised a contingent liability in these accounts.

Friargate Hotel

In 2021, the Council approved the provision of a loan facility to Castlebridge Hotels Coventry Limited to support the delivery of a hotel at Friargate. The Loan Agreement was entered into in June 2022, for up to £2.5m. To date £2.1m has been drawn down. The Hotel opened in January 2024.

2023/24 Forecast Revenue Overspend

The financial monitoring position for 2023-24 was initially c.£12m, and by quarter 3 had been managed down to £8.5m. This reflects continued inflationary and activity pressures relating to social care and also homelessness, being driven by the economic climate and reflecting national pressures on the sector.

There will be a continued focus on managing these pressures, and this has been factored into 2024-25 budget setting.

The nature of these pressures together with the national economic position, is likely to continue to put pressure on the Council's budgetary position and the range of services it is able to deliver. This will not be relieved unless future financial settlements provided to Local Government improve markedly from current levels to reflect need in the sector.

3.37 Contingent Liabilities and Assets

Contingent Liabilities

Friargate Bridgedeck Claw-Back

As a result of a European Court of Auditors (ECA) audit on European Regional Development Fund (ERDF) spend on Friargate Bridge-deck the Council could face potential claw-back of ERDF grant. The key risk lies with the ECA's challenge over the validity of the procurement process, although having accessed a Highways England procurement framework, a widely used national procurement route, the Council maintains that it has observed the correct process in this regard. The Council has received support for its case previously from the former Ministry of Housing, Communities and Local Government.

Following the audit, the Council submitted supporting paperwork justifying its position. No further correspondence has been received over the past 12 months. The Council's continued stance is that the claw-back argument is based on a flawed understanding of the procurement process, form of contract and the contract management process in relation to grant funding claimed on the project. No current liability has been demonstrated and there is no indication of the size of any potential claw-back. However, given that the overall value of ERDF Bridgedeck expenditure amounts to £3.5m it is appropriate to record this as a contingent liability.

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. This issue is at an early stage and 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.

Reinforced autoclaved aerated concrete (RAAC)

RAAC is a lightweight form of precast concrete, that was used in public sector buildings across the UK in the second half of the twentieth century. It is mainly found in roofs, although occasionally in floors and walls. It is less durable than traditional concrete and there have been problems as a result, which could have significant safety consequences.

Following the collapse of a section of roof of a primary school in Kent, central government sent out a questionnaire, in March 2022, to responsible bodies for schools to determine the prevalence of RAAC across the school estate. Coventry City Council conducted surveys of its locally maintained schools to identify whether any of these buildings contained RAAC within their roof decking. The investigation was approved by the Department for Education to ensure the methodology of the study

was robust. No RAAC was identified in the construction of the school building roof decks.

Further incidents at other schools across the UK during the summer of 2023 have increased the priority of this issue and expanded the scope of the surveys requested by central government.

The Council is currently working to establish if RAAC is present in any of its buildings. School inspections have been completed and have not identified any RAAC, and work is ongoing on the wider council estate. Although no instances of the use of RAAC have yet been identified within Council buildings, were it to be discovered then the cost of the necessary remedial work is likely to be significant. As such it is appropriate to recognise a contingent liability.

3.38 Collection Fund Statement and 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 central government, 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, central government, and the Police and Fire organisations.

| Business Rates £000 | 2019/20 Council Tax £000 | Total £000 | Collection Fund | Business Rates £000 | 2020/21 Council Tax £000 | Total £000 |
|--|--------------------------------|------------------|--|------------------------|--------------------------------|------------------|
| INCOME | | | | | | |
| 0 | (157,504) | (157,504) | Council Tax Receivable | 0 | (165,316) | (165,316) |
| (126,770) | 0 | (126,770) | Business Rates Receivable | (76,542) | 0 | (76,542) |
| 2,149 | 0 | 2,149 | Transitional Relief | 1,515 | 0 | 1,515 |
| (124,621) | (157,504) | (282,125) | Total Income | (75,027) | (165,316) | (240,343) |
| EXPENDITURE: Precepts, Demands & Shares | | | | | | |
| 115,876 | 135,192 | 251,068 | Coventry City Council | 116,923 | 141,381 | 258,304 |
| 0 | 12,723 | 12,723 | West Midlands Police | 0 | 13,639 | 13,639 |
| 1,170 | 5,054 | 6,224 | West Midlands Fire | 1,181 | 5,186 | 6,367 |
| 117,046 | 152,969 | 270,015 | Total: Precepts, Demands & Shares: | 118,104 | 160,206 | 278,310 |
| Distribution of previous years' surplus/deficit | | | | | | |
| (2,050) | 7,032 | 4,982 | Coventry City Council | (26) | 1,913 | 1,887 |
| 0 | 574 | 574 | West Midlands Police | 0 | 180 | 180 |
| (21) | 263 | 242 | West Midlands Fire | 0 | 71 | 71 |
| (2,071) | 7,869 | 5,798 | Total: Distribution of previous years Surplus/(Deficit) | (26) | 2,164 | 2,138 |
| 114,975 | 160,838 | 275,813 | TOTAL EXPENDITURE | 118,078 | 162,370 | 280,448 |
| Charges to Collection Fund | | | | | | |
| 1,860 | 1,282 | 3,142 | Less: Write offs uncollectable amounts | (127) | 2,033 | 1,906 |
| 231 | 4,094 | 4,325 | Less: Increase/(Decrease) in Bad Debt Provision | 2,265 | 158 | 2,423 |
| 6,263 | 0 | 6,263 | Less: Increase/(Decrease) in Appeals Provision | 1,102 | 0 | 1,102 |
| 377 | 0 | 377 | Less: Costs of Collection | 373 | 0 | 373 |
| 8,731 | 5,376 | 14,107 | Total Charges to Collection Fund | 3,613 | 2,191 | 5,804 |
| (915) | 8,710 | 7,795 | (Surplus)/Deficit Arising During Year | 46,664 | (755) | 45,909 |
| 1,785 | (10,033) | (8,248) | (Surplus)/Deficit b/fwd | 870 | (1,323) | (453) |
| 870 | (1,323) | (453) | (Surplus)/Deficit c/fwd | 47,534 | (2,078) | 45,456 |
| Commitments | | | | | | |
| (26) | 2,164 | 2,138 | Surplus/(Deficit) committed in future year's budget setting | (49,616) | 301 | (49,315) |
| 844 | 841 | 1,685 | Excess (Surplus)/Deficit c/fwd to following year's tax setting. | (2,082) | (1,777) | (3,859) |

Income and Expenditure Account

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, the West Midlands Fire Authority and Central Government. 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 51.2p/£ of rateable value in 2020/21 (50.4p/£ in 2019/20). The Valuation Office Agency sets the rateable value of each property and the total was £317,409,534 at 31st March 2021 (£318,680,248 at 31st March 2020). The Government uses the total collected for the whole country to finance part of its contribution to the cost of local government. 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.

In response to the pandemic the Government granted a significant level of additional Business Rate reliefs for 2020/21, increasing the scope for small business rate reliefs and mitigating the damaging economic impact of the pandemic in the retail and hospitality sectors. These increased reliefs resulted in a significant Collection Fund deficit during the year. The Government compensated billing authorities for this lost tax income through additional grant income.

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 98.3%. The total number of dwellings on the valuation list is 145,431 of which 9,794 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 | 152 | 66.4 |
| A | 53,748 | 27,071.5 |
| B | 41,034 | 25,080.3 |
| C | 22,988 | 16,271.0 |
| D | 9,369 | 7,544.2 |
| E | 4,613 | 4,602.2 |
| F | 2,264 | 2,684.8 |
| G | 1,366 | 1,873.3 |
| H | 103 | 162.9 |
| Total | 135,637 | 85,356.6 |
| Estimated eventual collection rate | | 98.3% |
| Total Council Tax Base Band D 2020/21 | | 83,905.5 |
| Total Council Tax Base Band D 2019/20 | | 83,400.1 |

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 | (2,956) | (9,395) | (14,848) |
| Written off in year | (127) | 2,033 | 3,726 |
| Increase/Decrease in provision | (2,138) | (2,191) | (4,828) |
| Provision Carried Forward | (5,221) | (9,553) | (15,950) |

* 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 | 4,382 | 15,956 |
| Gross Debtors carried forward | 12,298 | 19,363 |

Precepts and Demands on the Collection Fund

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

| 2019/20 | | 2020/21 | | |
|----------------|----------------------------|-----------------|-------------------------------------|----------------|
| Total £000 | Council Tax | Precept £000 | Share of surplus /(deficit) £000 | Total £000 |
| 134,449 | Coventry City Council | 141,381 | 2,572 | 143,953 |
| 12,543 | West Midlands Police | 13,639 | 254 | 13,893 |
| 5,135 | West Midlands Fire Service | 5,186 | 93 | 5,279 |
| 152,127 | Total | 160,206 | 2,919 | 163,125 |

| 2019/20 | | 2020/21 | | | Total £000 |
|---------------|----------------------------|-----------------|-------------------------------------|-------------------------|---------------|
| Total £000 | Business Rates | Precept £000 | Share of surplus /(deficit) £000 | Top-up/(Tariff) £000 | Total £000 |
| 0 | Central Government | 0 | 0 | 0 | 0 |
| 96,816 | Coventry City Council | 116,923 | (46,223) | (17,920) | 52,780 |
| 1,158 | West Midlands Fire Service | 1,181 | (467) | 0 | 714 |
| 97,974 | Total | 118,104 | (46,690) | (17,920) | 53,494 |

3.39 Prior Period Restatement

Prior period restatements of the single entity accounts have been required, as outlined below:

- 1st Restatement – The segmental categories used for the Cost of Services have been altered to reflect the Council’s management structure which was revised during 2020/21.
- 2nd Restatement – A review of asset valuations has identified that a number of adjustments were required to the 31st March 2019 brought forward balances and valuation movements during 2019/20.

1st Restatement – The following table provides the details of the impact of this restatement on the 2019/20 gross expenditure and gross income amounts in the Comprehensive Income and Expenditure Statement (section 2.2).

| Comprehensive Income & Expenditure Statement 2019/20 | 2019/20 Structure Gross Expenditure | 2020/21 Structure Gross Expenditure | Impact of Restatement Gross Expenditure | 2019/20 Structure Gross Income | 2020/21 Structure Gross Income | Impact of Restatement Gross Income |
|---|--|--|--|---------------------------------------|---------------------------------------|---|
| Service Segment | £000 | £000 | £000 | £000 | £000 | £000 |
| Legal & Governance Services | 0 | 7,287 | 7,287 | 0 | (2,413) | (2,413) |
| Public Health | 26,318 | 25,764 | (554) | (24,857) | (24,506) | 351 |
| People Directorate Management | 1,571 | 1,571 | 0 | (127) | (127) | 0 |
| Education and Skills | 202,753 | 203,706 | 953 | (190,786) | (191,138) | (352) |
| Children and Young People's Services | 86,701 | 86,701 | 0 | (11,380) | (11,380) | 0 |
| Adult Social Care | 128,704 | 128,704 | 0 | (49,164) | (49,164) | 0 |
| Housing & Transformation | 26,819 | 26,422 | (397) | (7,814) | (7,814) | 0 |
| Human Resources | 2,743 | 2,743 | 0 | (977) | (977) | 0 |
| Business, Investment & Culture | 55,610 | 56,499 | 889 | (6,588) | (7,511) | (923) |
| Transportation & Highways | 39,667 | 39,667 | 0 | (16,741) | (16,741) | 0 |
| Streetscene & Regulatory Services | 50,079 | 50,079 | 0 | (18,572) | (18,572) | 0 |
| Project Management and Property Services | 6,490 | 8,207 | 1,717 | (3,162) | (3,162) | 0 |
| Finance & Corporate Services | 107,490 | 100,203 | (7,287) | (98,769) | (96,356) | 2,413 |
| Contingency and Central Budgets | 48,105 | 48,102 | (3) | (38,980) | (38,979) | 1 |
| Place Directorate Management | 2,605 | 0 | (2,605) | (923) | 0 | 923 |
| Net Cost of Services | 785,655 | 785,655 | 0 | (468,840) | (468,840) | 0 |

2nd Restatement - The following tables provide details of the impact of this restatement on each of the main statements (sections 2.2 to 2.5).

| Comprehensive Income & Expenditure Statement 2019/20 | | | | | | |
|--|--------------------------|------------------------------|-----------------|------------------------|------------------------------|-----------------|
| | Gross Expenditure | | | Net Expenditure | | |
| | Original | Impact of restatement | Restated | Original | Impact of restatement | Restated |
| Cost of Services | £000 | £000 | £000 | £000 | £000 | £000 |
| Project Management and Property Services | 8,207 | 93 | 8,300 | 5,045 | 93 | 5,138 |
| Net Cost of Services | 785,655 | 93 | 785,748 | 316,815 | 93 | 316,908 |
| Changes in the fair value of investment properties | | | | (19,547) | (11,627) | (31,174) |
| Finance and Investment Income and Expenditure | | | | (8,134) | (11,627) | (19,761) |
| (Surplus)/Deficit on the Provision of Services | | | | (50,215) | (11,534) | (61,749) |
| (Gain)/loss on revaluation of non current assets | | | | 5,864 | 869 | 6,733 |
| Sub-total of other comprehensive Income & Expenditure | | | | (14,894) | 869 | (14,025) |
| Total Comprehensive Income & Expenditure | | | | (65,109) | (10,665) | (75,774) |

| Balance Sheet | 31st March 2019 | | | 31st March 2020 | | |
|-------------------------------|------------------------|------------------------------|------------------|------------------------|------------------------------|------------------|
| | Original | Impact of restatement | Restated | Original | Impact of restatement | Restated |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Property, Plant and Equipment | 900,538 | 14,576 | 915,114 | 990,586 | 13,614 | 1,004,200 |
| Investment Property | 287,123 | 0 | 287,123 | 302,312 | 11,627 | 313,939 |
| Long Term Assets | 1,349,246 | 14,576 | 1,363,822 | 1,456,948 | 25,241 | 1,482,189 |
| Net Assets | 447,179 | 14,576 | 461,755 | 512,288 | 25,241 | 537,529 |
| Unusable Reserves | (315,657) | (14,576) | (330,233) | (368,128) | (25,241) | (393,369) |
| Total Reserves | (447,179) | (14,576) | (461,755) | (512,288) | (25,241) | (537,529) |

| Movement in Reserves Statement 2019/20 | Capital Adjustment Account | | | Revaluation Reserve | | | Total Unusable 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 2019 | (641,212) | (4,073) | (645,285) | (184,559) | (10,503) | (195,062) | (315,657) | (14,576) | (330,233) |
| Total Comprehensive Income and Expenditure | 0 | 0 | 0 | 5,864 | 869 | 6,733 | (14,894) | 869 | (14,025) |
| Adjustments between Accounting Basis and Funding Basis under Regulations | (76,867) | (11,534) | (88,401) | 2,737 | 0 | 2,737 | (37,577) | (11,534) | (49,111) |
| Net (Increase)/ Decrease | (76,867) | (11,534) | (88,401) | 8,601 | 869 | 9,470 | (52,471) | (10,665) | (63,136) |
| 31st March 2020 | (718,079) | (15,607) | (733,686) | (175,958) | (9,634) | (185,592) | (368,128) | (25,241) | (393,369) |

| Movement in Reserves Statement 2019/20 | 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 2019 | (131,522) | 0 | (131,522) | (315,657) | (14,576) | (330,233) | (447,179) | (14,576) | (461,755) |
| Total Comprehensive Income and Expenditure | (50,215) | (11,534) | (61,749) | (14,894) | 869 | (14,025) | (65,109) | (10,665) | (75,774) |
| Adjustments between Accounting Basis and Funding Basis under Regulations | 37,577 | 11,534 | 49,111 | (37,577) | (11,534) | (49,111) | 0 | 0 | 0 |
| Net (Increase)/ Decrease | (12,638) | 0 | (12,638) | (52,471) | (10,665) | (63,136) | (65,109) | (10,665) | (75,774) |
| 31st March 2020 | (144,160) | 0 | (144,160) | (368,128) | (25,241) | (393,369) | (512,288) | (25,241) | (537,529) |

| Cash Flow Statement 2019/20 | Original | Impact of restatement | Restated |
|---|---|--------------------------|----------|
| | £000s | £000s | £000s |
| | Net Surplus or Deficit on the Provision of Services | (50,215) | (11,534) |
| Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements | (69,530) | 11,534 | (57,996) |

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, together with details of changes in the presentation of the Movement in Reserves Statement.

Note 3.35 to Coventry City Council's balance sheet shows details of the various companies in which it has an interest. Coombe Abbey Park Limited (CAPL), Coventry North Regeneration Limited (CNR), North Coventry Holdings Limited (NCH), Tom White Waste Limited (TWW) and UK Battery Industrialisation Centre Ltd (UKBIC) are included as subsidiaries within the Group, and The Coventry and Solihull Waste Disposal Company Limited (CSWDC) and Friargate JV Project Limited (FJVP) are included as joint ventures.

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.

IFRS require that the financial statements of the reporting authority (Coventry City Council) and its subsidiaries, associates and jointly controlled entities shall be prepared as of the same date.

Where this does not happen, for consolidation purposes, additional financial statements, as of the same date as the reporting authority shall be prepared unless it is impracticable to do so. For consolidation purposes statutory accounts as at 31st March 2020 for CNR, NCH, FJVP, CSWDC and TWW have been used. Due to the differences in year end dates, management accounts up to 31st March 2020 have been used for CAPL and UKBIC.

Subsidiaries have been consolidated into the Group Accounts on a line by line basis incorporating their income and expenditure fully in the relevant service revenue accounts. The Group Accounts do not contain any minority interests related to subsidiaries owned by the Council. Joint ventures and associates have been consolidated into the group accounts under the equity method.

4.2 Group Comprehensive Income and Expenditure Account

| Gross Expenditure *restated £000 | 2019/20 | Net Expenditure *restated £000 | Service segment | Gross Expenditure £000 | 2020/21 | Net Expenditure £000 |
|--|-----------------------------------|--------------------------------------|--|---------------------------|----------------------|-------------------------|
| | Gross Income *restated £000 | | | | Gross Income £000 | |
| 7,287 | (2,413) | 4,874 | Legal & Governance Services | 6,698 | (1,485) | 5,213 |
| 25,764 | (24,506) | 1,258 | Public Health | 25,913 | (23,696) | 2,217 |
| 1,571 | (127) | 1,444 | People Directorate Management | 4,292 | (121) | 4,171 |
| 203,706 | (191,138) | 12,568 | Education and Skills | 210,372 | (195,182) | 15,190 |
| 86,701 | (11,380) | 75,321 | Children and Young People's Services | 91,716 | (15,988) | 75,728 |
| 128,704 | (49,164) | 79,540 | Adult Social Care | 120,051 | (62,170) | 57,881 |
| 26,422 | (7,814) | 18,608 | Housing & Transformation | 27,999 | (12,390) | 15,609 |
| 2,743 | (977) | 1,766 | Human Resources | 2,322 | (837) | 1,485 |
| 20,271 | (7,511) | 12,760 | Business, Investment & Culture | 65,703 | (32,928) | 32,775 |
| 39,667 | (16,741) | 22,926 | Transportation & Highways | 52,655 | (15,905) | 36,750 |
| 59,804 | (28,421) | 31,383 | Streetscene & Regulatory Services | 77,089 | (32,618) | 44,471 |
| 8,300 | (3,162) | 5,138 | Project Management and Property Service: | 10,995 | (3,625) | 7,370 |
| 100,187 | (96,339) | 3,848 | Finance & Corporate Services | 98,956 | (95,167) | 3,789 |
| 48,102 | (38,979) | 9,123 | Contingency and Central Budgets | 55,683 | (46,834) | 8,849 |
| 759,229 | (478,672) | 280,557 | Cost of Services | 850,444 | (538,946) | 311,498 |
| | | 19,461 | Other Operating Expenditure | | | 10,996 |
| | | (10,433) | Finance and Investment Income and Expenditure | | | 1,126 |
| | | 0 | Profit or Loss on Discontinued Operations | | | 0 |
| | | (378,357) | Taxations and Non-Specific Grant Income | | | (417,522) |
| | | (88,772) | (Surplus) / Deficit on the Provision of Services | | | (93,902) |
| | | (9,514) | Associates and JVs accounted for on Equity Basis | | | (5,306) |
| | | 2,575 | Tax Expenses | | | 2,093 |
| | | (95,711) | Group (Surplus) or Deficit | | | (97,115) |
| | | 6,294 | (Gain)/loss on revaluation of non current assets | | | (23,261) |
| | | (3,969) | (Gain)/loss on revaluation of financial instruments | | | 899 |
| | | (593) | Remeasurement of the net defined benefit liability | | | (43) |
| | | (36,112) | Share of other comprehensive income and expenditure of associates & joint ventures | | | 207,631 |
| | | (19,026) | Sub-total of other Comprehensive Income and Expenditure | | | 185,226 |
| | | (114,737) | Total Comprehensive Income and Expenditure (Surplus)/Deficit | | | 88,111 |

* These amounts have been restated as outlined in section 3.39.

4.3 Group Movement in Reserves Statement

| 2020/21 | Authority Reserves | | | | | | Authority's share of the reserves of subsidiaries, associates and joint ventures | | | Group | | |
|--|--------------------|--------------------------|--------------------------|------------------|-------------------|------------------|--|-------------------|-----------------|------------------|-------------------|------------------|
| | General Fund | Capital Grants Unapplied | Capital Receipts Reserve | Usable Reserves | Unusable Reserves | Sub total | Usable Reserves | Unusable Reserves | Sub total | Usable Reserves | Unusable Reserves | Total Reserves |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance Brought forward | (111,227) | (1,834) | (31,099) | (144,160) | (337,534) | (481,694) | (16,404) | (61,593) | (77,997) | (160,564) | (399,127) | (559,691) |
| Total Comprehensive Income and Expenditure | (87,197) | 0 | 0 | (87,197) | 185,116 | 97,919 | (619) | (9,189) | (9,808) | (87,816) | 175,927 | 88,111 |
| Adjustments between group accounts and authority accounts | (5,442) | 0 | 0 | (5,442) | 0 | (5,442) | 5,442 | 0 | 5,442 | 0 | 0 | 0 |
| Net (increase) or decrease before transfers | (92,639) | 0 | 0 | (92,639) | 185,116 | 92,477 | 4,823 | (9,189) | (4,366) | (87,816) | 175,927 | 88,111 |
| Adjustments between Accounting Basis and Funding Basis under Regulations | 5,532 | 6 | 6,363 | 11,901 | (11,901) | 0 | 0 | 0 | 0 | 11,901 | (11,901) | 0 |
| Net (Increase) / Decrease | (87,107) | 6 | 6,363 | (80,738) | 173,215 | 92,477 | 4,823 | (9,189) | (4,366) | (75,915) | 164,026 | 88,111 |
| Balance Carried forward | (198,334) | (1,828) | (24,736) | (224,898) | (164,319) | (389,217) | (11,581) | (70,782) | (82,363) | (236,479) | (235,101) | (471,580) |

Group Movement in Reserves – Comparatives

| 2019/20 | Authority Reserves | | | | | | Authority's share of the reserves of subsidiaries, associates and joint ventures | | | Group | | |
|--|--------------------|--------------------------|--------------------------|-------------------|-------------------|-------------------|--|-------------------|-----------------|-------------------|-------------------|-------------------|
| | General Fund | Capital Grants Unapplied | Capital Receipts Reserve | Usable Reserves | Unusable Reserves | Sub total | Usable Reserves | Unusable Reserves | Sub total | Usable Reserves | Unusable Reserves | Total Reserves |
| | *restated £000 | £000 | £000 | *restated £000 | *restated £000 | *restated £000 | £000 | £000 | £000 | *restated £000 | *restated £000 | *restated £000 |
| Balance Brought forward | (108,161) | (1,894) | (21,467) | (131,522) | (270,944) | (402,466) | (7,031) | (35,457) | (42,488) | (138,553) | (306,401) | (444,954) |
| Total Comprehensive Income and Expenditure | (54,718) | 0 | 0 | (54,718) | (17,479) | (72,197) | (16,404) | (26,136) | (42,540) | (71,122) | (43,615) | (114,737) |
| Adjustments between group accounts and authority accounts | (7,031) | 0 | 0 | (7,031) | 0 | (7,031) | 7,031 | 0 | 7,031 | 0 | 0 | 0 |
| Net (increase) or decrease before transfers | (61,749) | 0 | 0 | (61,749) | (17,479) | (79,228) | (9,373) | (26,136) | (35,509) | (71,122) | (43,615) | (114,737) |
| Adjustments between Accounting Basis and Funding Basis under Regulations | 58,683 | 60 | (9,632) | 49,111 | (49,111) | 0 | 0 | 0 | 0 | 49,111 | (49,111) | 0 |
| Net (Increase) / Decrease | (3,066) | 60 | (9,632) | (12,638) | (66,590) | (79,228) | (9,373) | (26,136) | (35,509) | (22,011) | (92,726) | (114,737) |
| Balance Carried forward | (111,227) | (1,834) | (31,099) | (144,160) | (337,534) | (481,694) | (16,404) | (61,593) | (77,997) | (160,564) | (399,127) | (559,691) |

* These amounts have been restated as detailed in sections 3.39 and 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 2019 | | | 31st March 2020 | | | Group Balance Sheet | 31st March 2021 | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---|--------------------|-------------------|--------------------|
| Single Entity | Group Adjustments | Total | Single Entity | Group Adjustments | Total | | Single Entity | Group Adjustments | Total |
| *restated £000 | £000 | *restated £000 | *restated £000 | £000 | *restated £000 | | £000 | £000 | £000 |
| 915,114 | 30,004 | 945,118 | 1,015,405 | 77,379 | 1,092,784 | Property, Plant and Equipment | 1,085,843 | 103,309 | 1,189,152 |
| 25,893 | 0 | 25,893 | 25,900 | 0 | 25,900 | Heritage Assets | 25,893 | 0 | 25,893 |
| 0 | 0 | 0 | 0 | 0 | 0 | Surplus Assets | 0 | 0 | 0 |
| 287,123 | (7,333) | 279,790 | 302,734 | (7,848) | 294,886 | Investment Property | 317,073 | (7,482) | 309,591 |
| 0 | 3,648 | 3,648 | 0 | 11,641 | 11,641 | Intangible Assets | 0 | 11,641 | 11,641 |
| 110,809 | (81,557) | 29,252 | 110,092 | (92,225) | 17,867 | Long Term Investments | 98,562 | (81,517) | 17,045 |
| 0 | 40,488 | 40,488 | 0 | 41,757 | 41,757 | Investment in Associates and Joint Ventures | 0 | 37,315 | 37,315 |
| 24,883 | (4,609) | 20,274 | 28,058 | (4,188) | 23,870 | Long Term Debtors | 55,903 | (15,202) | 40,701 |
| 0 | 654 | 654 | 0 | 0 | 0 | Deferred Tax Assets | 0 | 0 | 0 |
| 1,363,822 | (18,705) | 1,345,117 | 1,482,189 | 26,516 | 1,508,705 | Long Term Assets | 1,583,274 | 48,064 | 1,631,338 |
| 37,285 | 0 | 37,285 | 37,245 | 0 | 37,245 | Short Term Investments | 39,282 | 0 | 39,282 |
| 363 | 47 | 410 | 303 | 40 | 343 | Inventories | 363 | 25 | 388 |
| 75,870 | -217 | 75,653 | 85,262 | 4,267 | 89,529 | Short Term Debtors | 106,050 | 1,354 | 107,404 |
| 26,621 | 3563 | 30,184 | 24,593 | 3,923 | 28,516 | Cash and Cash Equivalents | 30,209 | 3,660 | 33,869 |
| 2,938 | 0 | 2,938 | 1,340 | 0 | 1,340 | Assets held for Sale | 1,588 | 0 | 1,588 |
| 0 | 0 | 0 | 0 | 0 | 0 | Current Tax Asset | 0 | 0 | 0 |
| 143,077 | 3,393 | 146,470 | 148,743 | 8,230 | 156,973 | Current Assets | 177,492 | 5,039 | 182,531 |
| 0 | 0 | 0 | 0 | 0 | 0 | Bank Overdraft | (2,771) | 0 | (2,771) |
| (65,572) | 0 | (65,572) | (67,426) | (199) | (67,625) | Short Term Borrowing | (62,272) | (290) | (62,562) |
| (74,388) | (1,316) | (75,704) | (85,463) | (6,805) | (92,268) | Short Term Creditors | (108,315) | (6,550) | (114,865) |
| (1,946) | 0 | (1,946) | (1,674) | 0 | (1,674) | Short Term Provisions | (1,837) | 0 | (1,837) |
| 0 | 0 | 0 | 0 | 0 | 0 | Liabilities in Disposal groups | 0 | 0 | 0 |
| 0 | (3) | (3) | 0 | (181) | (181) | Current Tax Liability | 0 | (170) | (170) |
| (141,906) | (1,319) | (143,225) | (154,563) | (7,185) | (161,748) | Current Liabilities | (175,195) | (7,010) | (182,205) |
| 0 | 0 | 0 | 0 | 0 | 0 | Long Term Creditors | 0 | 0 | 0 |
| (12,329) | 0 | (12,329) | (19,757) | 0 | (19,757) | Long Term Provisions | (18,645) | 0 | (18,645) |
| (317,344) | (11) | (317,355) | (313,422) | (3,108) | (316,530) | Long Term Borrowing | (324,700) | (2,857) | (327,557) |
| (553,905) | 0 | (553,905) | (572,506) | 0 | (572,506) | Net Pension Liability | (742,911) | 0 | (742,911) |
| (1,447) | (159) | (1,606) | (9,781) | (1,558) | (11,339) | Other Long term Liabilities | (11,035) | (585) | (11,620) |
| (8,256) | 0 | (8,256) | (1,566) | 0 | (1,566) | Donated Assets Account | (1,603) | 0 | (1,603) |
| (9,957) | 0 | (9,957) | (21,808) | 0 | (21,808) | Capital Grants Receipts in Advance | (57,053) | 0 | (57,053) |
| 0 | 0 | 0 | 0 | (733) | (733) | Deferred Tax Liability | 0 | (695) | (695) |
| (903,238) | (170) | (903,408) | (938,840) | (5,399) | (944,239) | Long Term Liabilities | (1,155,947) | (4,137) | (1,160,084) |
| 461,755 | (16,801) | 444,954 | 537,529 | 22,162 | 559,691 | Net Assets | 429,624 | 41,956 | 471,580 |
| (131,522) | (7,031) | (138,553) | (144,160) | (16,404) | (160,564) | Usable Reserves | (224,898) | (11,581) | (236,479) |
| (330,233) | 23,832 | (306,401) | (393,369) | (5,758) | (399,127) | Unusable Reserves | (204,726) | (30,375) | (235,101) |
| (461,755) | 16,801 | (444,954) | (537,529) | (22,162) | (559,691) | Total Reserves | (429,624) | (41,956) | (471,580) |

* These amounts have been restated as detailed in sections 3.39 and 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.

| 2019/20 | 2019/20 | 2019/20 | | 2020/21 | 2020/21 | 2020/21 |
|----------------------|------------------|----------------------|--|-----------------|------------------|-----------------|
| Single Entity | Group Adjustment | Total | Cash Flow Statement | Single Entity | Group Adjustment | Total |
| *restated '£000's | '£000's | *restated '£000's | | £000's | £000's | £000's |
| (61,749) | (27,023) | (88,772) | Net (Surplus) or Deficit on the Provision of Services | (92,639) | (1,263) | (93,902) |
| (57,996) | (7,554) | (65,550) | Adjust Net (Surplus) or Deficit on the Provision of Services for Non Cash Movements | (4,907) | (11,980) | (16,887) |
| 133,324 | 0 | 133,324 | Adjust for items included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities | 103,277 | 0 | 103,277 |
| 0 | 3 | 3 | Income tax paid | 0 | 181 | 181 |
| 13,579 | (34,574) | (20,995) | Net Cash Flows from Operating Activities | 5,731 | (13,062) | (7,331) |
| (12,579) | 34,765 | 22,186 | Investing Activities | (54,666) | 25,488 | (29,178) |
| 1,028 | (551) | 477 | Financing Activities | 46,090 | (12,163) | 33,927 |
| 2,028 | (360) | 1,668 | Net (Increase) or Decrease in Cash and Cash Equivalents | (2,845) | 263 | (2,582) |
| (26,621) | (3,563) | (30,184) | Cash and Cash Equivalents at the Beginning of the Reporting Period | (24,593) | (3,923) | (28,516) |
| (24,593) | (3,923) | (28,516) | Cash and Cash Equivalents at the End of the Reporting Period | (27,438) | (3,660) | (31,098) |

* These amounts have been restated as detailed in sections 3.39.

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 entity abbreviations are as defined in section 4.1.

| Group Balance Sheet 31st March 2021 | Group Adjustments to authority | Coombe Abbey Park Ltd | Coventry North Regeneration | Coventry & Solihull Waste Disposal Company | Friargate Joint Venture | North Coventry Holdings | Tom White Waste | UKBIC | Total |
|---|--------------------------------|-----------------------|-----------------------------|--|-------------------------|-------------------------|-----------------|-----------------|-----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Property, Plant and Equipment | 804 | 29,547 | 0 | 0 | 0 | 0 | 11,103 | 61,855 | 103,309 |
| Heritage Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Surplus Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Property | (7,482) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (7,482) |
| Intangible Assets | 11,641 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,641 |
| Long Term Investments | (81,517) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (81,517) |
| Investment in Associates and Joint Ventures | 0 | 0 | 0 | 32,715 | 4,600 | 0 | 0 | 0 | 37,315 |
| Long Term Debtors | (15,202) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (15,202) |
| Deferred Tax Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long Term Assets | (91,756) | 29,547 | 0 | 32,715 | 4,600 | 0 | 11,103 | 61,855 | 48,064 |
| Short Term Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventories | 0 | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 25 |
| Short Term Debtors | (3,493) | 99 | 2 | 0 | 0 | 19 | 3,021 | 1,706 | 1,354 |
| Cash and Cash Equivalents | 0 | 398 | 5 | 0 | 0 | 2,750 | 363 | 144 | 3,660 |
| Assets held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Tax Asset | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Assets | (3,493) | 522 | 7 | 0 | 0 | 2,769 | 3,384 | 1,850 | 5,039 |
| Bank Overdraft | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Short Term Borrowing | 0 | 0 | 0 | 0 | 0 | 0 | (290) | 0 | (290) |
| Short Term Creditors | 175 | (1,379) | (2) | 0 | 0 | (46) | (3,689) | (1,609) | (6,550) |
| Short Term Provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Liabilities in Disposal groups | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Tax Liability | 0 | 0 | 0 | 0 | 0 | (1) | (169) | 0 | (170) |
| Current Liabilities | 175 | (1,379) | (2) | 0 | 0 | (47) | (4,148) | (1,609) | (7,010) |
| Long Term Creditors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long Term Provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long Term Borrowing | 0 | 35 | 0 | 0 | 0 | 0 | (2,892) | 0 | (2,857) |
| Net Pension Liability | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Long term Liabilities | 0 | (13) | 0 | 0 | 0 | 0 | (572) | 0 | (585) |
| Donated Assets Account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Grants Receipts in Advance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Tax Liability | 0 | 0 | 0 | 0 | 0 | 0 | (695) | 0 | (695) |
| Long Term Liabilities | 0 | 22 | 0 | 0 | 0 | 0 | (4,159) | 0 | (4,137) |
| Net Assets | (95,074) | 28,712 | 5 | 32,715 | 4,600 | 2,722 | 6,180 | 62,096 | 41,956 |
| Usable Reserves | 0 | 3,941 | 0 | (17,310) | 4,086 | (2,757) | 459 | 0 | (11,581) |
| Unusable Reserves | 40,407 | (20,446) | 0 | (5,455) | 0 | 0 | 0 | (44,881) | (30,375) |
| Total Reserves | 40,407 | (16,505) | 0 | (22,765) | 4,086 | (2,757) | 459 | (44,881) | (41,956) |

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

Comparative year:

| Group Balance Sheet 31st March 2020 | Group Adjustments to authority | Coombe Abbey Park Ltd | Coventry North Regeneration | Coventry & Solihull Waste Disposal Company | Friargate Joint Venture | North Coventry Holdings | Tom White Waste | UKBIC | Total |
|---|--------------------------------|-----------------------|-----------------------------|--|-------------------------|-------------------------|-----------------|-----------------|-----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Property, Plant and Equipment | 0 | 30,250 | 0 | 0 | 0 | 0 | 12,560 | 34,569 | 77,379 |
| Heritage Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Surplus Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Property | (7,848) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (7,848) |
| Intangible Assets | 11,641 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,641 |
| Long Term Investments | (92,225) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (92,225) |
| Investment in Associates and Joint Ventures | 0 | 0 | 0 | 31,254 | 10,503 | 0 | 0 | 0 | 41,757 |
| Long Term Debtors | (4,188) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (4,188) |
| Deferred Tax Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long Term Assets | (92,620) | 30,250 | 0 | 31,254 | 10,503 | 0 | 12,560 | 34,569 | 26,516 |
| Short Term Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventories | 0 | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 40 |
| Short Term Debtors | (607) | 483 | 2 | 0 | 0 | 31 | 2,315 | 2,043 | 4,267 |
| Cash and Cash Equivalents | 0 | 423 | 5 | 0 | 0 | 2,741 | 617 | 137 | 3,923 |
| Assets held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Tax Asset | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Assets | (607) | 946 | 7 | 0 | 0 | 2,772 | 2,932 | 2,180 | 8,230 |
| Bank Overdraft | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Short Term Borrowing | 0 | 0 | 0 | 0 | 0 | 0 | (199) | 0 | (199) |
| Short Term Creditors | 28 | (1,373) | (2) | 0 | 0 | (46) | (3,793) | (1,619) | (6,805) |
| Short Term Provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Liabilities in Disposal groups | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Tax Liability | 0 | 0 | 0 | 0 | 0 | (4) | (177) | 0 | (181) |
| Current Liabilities | 28 | (1,373) | (2) | 0 | 0 | (50) | (4,169) | (1,619) | (7,185) |
| Long Term Creditors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long Term Provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long Term Borrowing | 0 | 0 | 0 | 0 | 0 | 0 | (3,108) | 0 | (3,108) |
| Net Pension Liability | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Long term Liabilities | 0 | (159) | 0 | 0 | 0 | 0 | (838) | (561) | (1,558) |
| Donated Assets Account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Grants Receipts in Advance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Tax Liability | 0 | 0 | 0 | 0 | 0 | 0 | (733) | 0 | (733) |
| Long Term Liabilities | 0 | (159) | 0 | 0 | 0 | 0 | (4,679) | (561) | (5,399) |
| Net Assets | (93,199) | 29,664 | 5 | 31,254 | 10,503 | 2,722 | 6,644 | 34,569 | 22,162 |
| Usable Reserves | 0 | 1,426 | 0 | (15,069) | (8) | (2,753) | 0 | 0 | (16,404) |
| Unusable Reserves | 55,835 | (20,789) | 0 | (6,235) | 0 | 0 | 0 | (34,569) | (5,758) |
| Total Reserves | 55,835 | (19,363) | 0 | (21,304) | (8) | (2,753) | 0 | (34,569) | (22,162) |

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

4.7 Analysis of the movement in the Authority's share of the reserves of subsidiaries, associates and joint ventures

| Movement in share of reserves of Group Entities | Coombe Abbey Park Ltd | Coventry North Regeneration | Coventry & Solihull Waste Disposal Company | Friargate Joint Venture | North Coventry Holdings | Tom White Waste | UKBIC | Total |
|---|-----------------------|-----------------------------|--|-------------------------|-------------------------|-----------------|-----------------|-----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| 1st April 2020 | (19,363) | 0 | (21,304) | (8) | (2,753) | 0 | (34,569) | (77,997) |
| Net increase/decrease in Usable Reserves | 2,515 | 0 | (2,241) | 4,094 | (4) | 459 | 0 | 4,823 |
| Net increase/decrease in Unusable Reserves | 343 | 0 | 780 | 0 | 0 | 0 | (10,312) | (9,189) |
| 1st April 2021 | (16,505) | 0 | (22,765) | 4,086 | (2,757) | 459 | (44,881) | (82,363) |

Analysis of comparative year

| Movement in share of reserves of Group Entities | Coombe Abbey Park Ltd | Coventry North Regeneration | Coventry & Solihull Waste Disposal Company | Friargate Joint Venture | North Coventry Holdings | Tom White Waste | UKBIC | Total |
|---|-----------------------|-----------------------------|--|-------------------------|-------------------------|-----------------|-----------------|-----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| 1st April 2019 | (19,708) | 0 | (20,042) | (1) | (2,737) | 0 | 0 | (42,488) |
| Net increase/decrease in Usable Reserves | 783 | 0 | (10,133) | (7) | (16) | 0 | 0 | (9,373) |
| Net increase/decrease in Unusable Reserves | (438) | 0 | 8,871 | 0 | 0 | 0 | (34,569) | (26,136) |
| 1st April 2020 | (19,363) | 0 | (21,304) | (8) | (2,753) | 0 | (34,569) | (77,997) |

4.8 Group Surplus/Deficit Reconciliation

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

| 31/03/2020 £000 | Group Surplus/Deficit Reconciliation £000 | 31/03/2021 £000 |
|--------------------|---|--------------------|
| (61,749) | The Authority's Single Entity (Surplus)/Deficit on the Provision of Services for the year | (6,020) |
| 6,920 | 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 | 7,025 |
| (54,829) | (Surplus)/Deficit in the Group Income & Expenditure attributable to the Authority | (85,614) |
| | Add: (Surplus)/Deficit arising from other entities included in the Group Accounts | |
| (33,284) | Subsidiaries | (8,156) |
| (7,598) | Joint Ventures | (3,345) |
| (95,711) | Group Account (Surplus)/Deficit for the year | (97,115) |

4.9 Reversal of adjustments made between group accounts and 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 | Coombe Abbey Park Ltd | Coventry North Regeneration | Coventry & Solihull Waste Disposal Company | Friargate Joint Venture | North Coventry Holdings | Tom White Waste | UKBIC | Total |
|---|-----------------------|-----------------------------|--|-------------------------|-------------------------|-----------------|--------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Adjustment to reverse elimination of dividends receivable applied to the General Fund and restore statutory balance | 0 | 0 | (6,020) | 0 | 0 | 0 | 0 | (6,020) |
| Adjustments to reverse intra-group transactions applied to the General Fund and restore statutory balance | (933) | 3 | 0 | 0 | 469 | 1,280 | (241) | 578 |
| Adjustments to reverse goodwill impairment charged to the General Fund and restore statutory balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Surplus)/Deficit in the Group Income & Expenditure attributable to the Authority | (933) | 3 | (6,020) | 0 | 469 | 1,280 | (241) | (5,442) |

| Reversal of adjustments made between group accounts and authority accounts | Coombe Abbey Park Ltd | Coventry North Regeneration | Coventry & Solihull Waste Disposal Company | Friargate Joint Venture | North Coventry Holdings | Tom White Waste | UKBIC | Total |
|---|-----------------------|-----------------------------|--|-------------------------|-------------------------|-----------------|----------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Adjustment to reverse elimination of dividends receivable applied to the General Fund and restore statutory balance | 0 | 0 | (6,920) | 0 | 0 | 0 | 0 | (6,920) |
| Adjustments to reverse intra-group transactions applied to the General Fund and restore statutory balance | (659) | 2 | 0 | 0 | 310 | 236 | 0 | (111) |
| Adjustments to reverse goodwill impairment charged to the General Fund and restore statutory balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Surplus)/Deficit in the Group Income & Expenditure attributable to the Authority | (659) | 0 | (6,920) | 0 | 310 | 236 | 0 | (7,031) |

4.10 Group Property, Plant and 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 & Buildings £000s | Vehicles, Plant & Equip't £000s | Community Assets £000s | Surplus Assets £000s | Under Construction £000s | Total (Excluding infrastructure assets) £000s |
|---|---------------------------------|------------------------------------|---------------------------|-------------------------|-----------------------------|--|
| Cost or Valuation | | | | | | |
| 1st April 2020 | 544,062 | 96,279 | 15,175 | 9,404 | 154,973 | 819,893 |
| Additions | 16,437 | 32,354 | 160 | 633 | 57,762 | 107,346 |
| Revaluation increase/(decreases) to Revaluation Reserve | 23,104 | 0 | 0 | 157 | 0 | 23,261 |
| Revaluation increase/(decrease) to SDPS | (59,006) | 0 | 0 | 3,340 | 0 | (55,666) |
| Disposals | (52) | (10,081) | 0 | 0 | 0 | (10,133) |
| Derecognition | (3,400) | 0 | (115) | (633) | 0 | (4,148) |
| Reclassifications | 67,762 | 0 | 0 | 1,178 | (68,255) | 685 |
| 31st March 2021 | 588,907 | 118,552 | 15,220 | 14,079 | 144,480 | 881,238 |
| Depreciation and Impairment | | | | | | |
| 1st April 2020 | 8,718 | 44,202 | 0 | 18 | 0 | 52,938 |
| Depreciation Charge | 14,822 | 3,870 | 0 | 0 | 0 | 18,692 |
| Disposals | 0 | (9,824) | 0 | 0 | 0 | (9,824) |
| Derecognition | (284) | 0 | 0 | 0 | 0 | (284) |
| Depreciation written out to the RR | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation written out to the SDPS | (20,575) | 0 | 0 | (18) | 0 | (20,593) |
| Reclassifications | 2 | 0 | 0 | 0 | 0 | 2 |
| 31st March 2021 | 2,683 | 38,248 | 0 | 0 | 0 | 40,931 |
| Net Book Value | | | | | | |
| 31st March 2021 | 586,224 | 80,304 | 15,220 | 14,079 | 144,480 | 840,307 |
| 1st April 2020 | 535,344 | 52,077 | 15,175 | 9,386 | 154,973 | 766,955 |

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 & Buildings £000s | Vehicles, Plant & Equip't £000s | Community Assets £000s | Surplus Assets £000s | Under Construction £000s | Total (Excluding infrastructure assets) £000s |
|---|---------------------------------|------------------------------------|---------------------------|-------------------------|-----------------------------|--|
| Cost or Valuation | | | | | | |
| 1st April 2019 | 519,669 | 44,570 | 15,982 | 7,102 | 103,053 | 690,376 |
| Additions | 12,879 | 51,709 | 696 | 0 | 91,306 | 156,590 |
| Revaluation increase/(decreases) to Revaluation Reserve | (6,563) | 0 | 0 | 0 | 0 | (6,563) |
| Revaluation increase/(decrease) to SDPS | (21,250) | 0 | 0 | 252 | 0 | (20,998) |
| Disposals | (22) | 0 | 0 | 0 | 0 | (22) |
| Derecognition | (7,000) | 0 | (1,503) | 0 | 0 | (8,503) |
| Reclassifications | 46,349 | 0 | 0 | 2,050 | (39,386) | 9,013 |
| 31st March 2020 | 544,062 | 96,279 | 15,175 | 9,404 | 154,973 | 819,893 |
| Depreciation and Impairment | | | | | | |
| 1st April 2019 | 21,924 | 36,087 | 0 | 18 | 0 | 58,029 |
| Depreciation Charge | 11,646 | 8,115 | 0 | 0 | 0 | 19,761 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| Derecognition | (1,417) | 0 | 0 | 0 | 0 | (1,417) |
| Depreciation written out to the RR | (72) | 0 | 0 | 0 | 0 | (72) |
| Depreciation written out to the SDPS | (23,363) | 0 | 0 | 0 | 0 | (23,363) |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| 31st March 2020 | 8,718 | 44,202 | 0 | 18 | 0 | 52,938 |
| Net Book Value | | | | | | |
| 31st March 2020 | 535,344 | 52,077 | 15,175 | 9,386 | 154,973 | 766,955 |
| 1st April 2019 | 497,745 | 8,483 | 15,982 | 7,084 | 103,053 | 632,347 |

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 2021 | 840,307 | 348,845 | 1,189,152 |
| 31 March 2020 | 766,955 | 325,829 | 1,092,784 |
| 31 March 2019 | 632,347 | 312,771 | 945,118 |

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 |
|---|------------------|---------------|------------------------|----------|-------------------|--|------------------|
| Usable Reserves | | | | | | | |
| General Fund Balance* | (198,334) | 5,442 | (192,892) | 0 | 0 | 0 | (192,892) |
| Capital Grants Unapplied | (1,828) | 0 | (1,828) | 0 | 0 | 0 | (1,828) |
| Capital Receipts Reserve | (24,736) | 0 | (24,736) | 0 | 0 | 0 | (24,736) |
| Income and Expenditure Reserve | 0 | 0 | 0 | 56,485 | (73,508) | (17,023) | (17,023) |
| Pensions Reserve (private sector) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Usable Reserves | (224,898) | 5,442 | (219,456) | 56,485 | (73,508) | (17,023) | (236,479) |
| Unusable Reserves | | | | | | | |
| Unusable Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Adjustment Account | (813,707) | (1,920) | (815,627) | 0 | (44,880) | (44,880) | (860,507) |
| Revaluation Reserve | (199,282) | 0 | (199,282) | 0 | 0 | 0 | (199,282) |
| Deferred Capital Receipts Reserve | (12,886) | 0 | (12,886) | 0 | (25,902) | (25,902) | (38,788) |
| Financial Instruments Adjustment account | 10,147 | 0 | 10,147 | 0 | 0 | 0 | 10,147 |
| Financial Instruments Revaluation Reserve | (47,570) | 42,327 | (5,243) | 0 | 0 | 0 | (5,243) |
| Collection fund adjustment | 45,229 | 0 | 45,229 | 0 | 0 | 0 | 45,229 |
| Pensions Reserve (local government) | 807,811 | 0 | 807,811 | 0 | 0 | 0 | 807,811 |
| Accumulated Absence | 4,420 | 0 | 4,420 | 0 | 0 | 0 | 4,420 |
| Pooled Investment Funds Adj. Acc. | 1,112 | 0 | 1,112 | 0 | 0 | 0 | 1,112 |
| 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 |
| CO | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Unusable Reserves | (204,726) | 40,407 | (164,319) | (67,916) | (2,866) | (70,782) | (235,101) |
| Total Reserves | (429,624) | 45,849 | (383,775) | (11,431) | (76,374) | (87,805) | (471,580) |

* 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 | Adjustments | Adjusted Single Entity | Group | Group Adjustments | Authority's share of the reserves of subsidiaries, Associates & Joint ventures | Total |
|---|------------------|---------------|------------------------|-----------------|-------------------|--|------------------|
| Usable Reserves | | | | | | | |
| General Fund Balance* | (111,227) | 7,031 | (104,196) | 0 | 0 | 0 | (104,196) |
| Capital Grants Unapplied | (1,834) | 0 | (1,834) | 0 | 0 | 0 | (1,834) |
| Capital Receipts Reserve | (31,099) | 0 | (31,099) | 0 | 0 | 0 | (31,099) |
| Income and Expenditure Reserve | 0 | 0 | 0 | 54,447 | (77,882) | (23,435) | (23,435) |
| Pensions Reserve (private sector) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Usable Reserves | (144,160) | 7,031 | (137,129) | 54,447 | (77,882) | (23,435) | (160,564) |
| Unusable Reserves | | | | | | | |
| Capital Adjustment Account | (733,686) | (2,111) | (735,797) | 0 | (34,569) | (34,569) | (770,366) |
| Revaluation Reserve | (185,592) | 0 | (185,592) | 0 | (27,024) | (27,024) | (212,616) |
| Deferred Capital Receipts Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial Instruments Adjustment account | 10,531 | 0 | 10,531 | 0 | 0 | 0 | 10,531 |
| Financial Instruments Revaluation Reserve | (64,087) | 57,946 | (6,141) | 0 | 0 | 0 | (6,141) |
| Collection fund adjustment | (308) | 0 | (308) | 0 | 0 | 0 | (308) |
| Pensions Reserve (local government) | 572,506 | 0 | 572,506 | 0 | 0 | 0 | 572,506 |
| Accumulated Absence | 4,082 | 0 | 4,082 | 0 | 0 | 0 | 4,082 |
| Pooled Investment Funds Adj. Acc. | 3,185 | 0 | 3,185 | 0 | 0 | 0 | 3,185 |
| 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 |
| C0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Unusable Reserves | (393,369) | 55,835 | (337,534) | (67,916) | 6,323 | (61,593) | (399,127) |
| Total Reserves | (537,529) | 62,866 | (474,663) | (13,469) | (71,559) | (85,028) | (559,691) |

* These amounts have been restated as detailed in sections 3.39 and 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

| 2019/20 £000 | Group Tax Expense | 2020/21 £000 |
|-----------------|---|-----------------|
| | CURRENT TAX: | |
| 1,807 | Current Tax Expense / (Income) | 2,151 |
| (9) | Adjustment Recognised in the Period for Current Tax of Prior Periods | (25) |
| 1,798 | Total Current Tax | 2,126 |
| | DEFERRED TAX: | |
| 31 | Origination and Reversal of Temporary Differences | (58) |
| 87 | Changes in Tax Rates or the Imposition of New Taxes | 25 |
| 659 | Adjustment Recognised in the Period for Deferred Tax of Prior Periods | 0 |
| 777 | Total Deferred Tax | (33) |
| 2,575 | Total Tax Expense | 2,093 |

4.13 Notes to the Group Cashflow

| 31st March 2020 | | | | 31st March 2021 | | |
|-----------------------|----------------|-----------------|---|-----------------------|-----------------|-----------------|
| Single Entity £000 | Group £000 | Total £000 | Adjustments for Non Cash movements | Single Entity £000 | Group £000 | Total £000 |
| (22,146) | (188) | (22,334) | Depreciation | (26,284) | (2,329) | (28,613) |
| (7,086) | 0 | (7,086) | Derecognition of Non-current Assets | (7,100) | (1,548) | (8,648) |
| 34,519 | (515) | 34,004 | Revaluation of Non-current Assets | (17,161) | (571) | (17,732) |
| (898) | 0 | (898) | Amortisation | (735) | (1,451) | (2,186) |
| (1,499) | 0 | (1,499) | (Increase)/Decrease in Impairment Provision for Bad Debts | (2,776) | 0 | (2,776) |
| (20,065) | (1,700) | (21,765) | (Increase)/Decrease in Creditors and Provisions | (23,158) | 472 | (22,686) |
| 13,990 | 2,179 | 16,169 | Increase/(Decrease) in Debtors | 35,238 | (315) | 34,923 |
| (62) | 0 | (62) | Increase/(Decrease) in Inventory | 60 | (15) | 45 |
| (54,713) | 0 | (54,713) | Pension Liability | 37,226 | 0 | 37,226 |
| (36) | (7,330) | (7,366) | Other Non Cash items charged to Net Surplus or Deficit on Provision of Services | (217) | (6,223) | (6,440) |
| (57,996) | (7,554) | (65,550) | Total | (4,907) | (11,980) | (16,887) |

| 31st March 2020 | | | | 31st March 2021 | | |
|-----------------|---------------|------------------|--|-----------------|---------------|------------------|
| Single Entity | Group | Total | Cashflows from Investing activities | Single Entity | Group | Total |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| 127,399 | 34,663 | 162,062 | Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets | 130,146 | 31,484 | 161,630 |
| 629,273 | 0 | 629,273 | Purchase of Short Term and Long Term Investments | 691,610 | 0 | 691,610 |
| 15,293 | 0 | 15,293 | Other Payments for Investing Activities | 4,875 | 0 | 4,875 |
| (14,749) | 0 | (14,749) | Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets | (1,253) | (31) | (1,284) |
| (629,416) | 0 | (629,416) | Proceeds from Short Term and Long Term Investments | (689,572) | 0 | (689,572) |
| (140,379) | 102 | (140,277) | Other Receipts from Investing Activities | (190,472) | (5,965) | (196,437) |
| (12,579) | 34,765 | 22,186 | Total | (54,666) | 25,488 | (29,178) |

| 31st March 2020 | | | | 31st March 2021 | | |
|-----------------|--------------|------------------|--|-----------------|-----------------|------------------|
| Single Entity | Group | Total | Cashflows from Financing activities | Single Entity | Group | Total |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| 134,536 | 11 | 134,547 | Repayments of Short and Long Term Borrowing | 119,895 | 160 | 120,055 |
| 2,532 | 0 | 2,532 | Cash Payment for Reduction of outstanding liability relating to Finance Lease & on the Bal Sheet PFI Contracts | 2,409 | 430 | 2,839 |
| (135,565) | 0 | (135,565) | Cash Receipts of Short and Long Term Borrowing | (128,177) | (1,000) | (129,177) |
| 7 | (562) | (555) | Net Other Payment and Receipts for Financing Activities | 12 | (11,753) | (11,741) |
| (482) | 0 | (482) | Council Tax and NNDR Adjustments | 51,951 | 0 | 51,951 |
| 1,028 | (551) | 477 | Total | 46,090 | (12,163) | 33,927 |

| 31st March 2020 | | | | 31st March 2021 | | |
|-----------------|--------------|----------------|---------------------------------------|-----------------|--------------|----------------|
| Single Entity | Group | Total | Cashflows from Interest and Dividends | Single Entity | Group | Total |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| (3,635) | 238 | (3,397) | Interest received | (3,438) | 237 | (3,201) |
| 17,519 | (4) | 17,515 | Interest paid | 18,553 | 53 | 18,606 |
| (8,561) | 6,920 | (1,641) | Dividends received | (6,020) | 6,020 | 0 |
| 5,323 | 7,154 | 12,477 | Total | 9,095 | 6,310 | 15,405 |

| 31st March 2020 | | | | 31st March 2021 | | |
|-----------------|----------------|-----------------|--|-----------------|----------------|-----------------|
| Single Entity | Group | Total | Breakdown of Cash and Cash Equivalents | Single Entity | Group | Total |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| (54) | (23) | (77) | Cash held by Group Entities | (12) | 0 | (12) |
| (17,664) | (3,895) | (21,559) | Bank Current Accounts | (12,426) | (3,655) | (16,081) |
| (6,875) | (5) | (6,880) | On call deposits | (15,000) | (5) | (15,005) |
| (24,593) | (3,923) | (28,516) | Total | (27,438) | (3,660) | (31,098) |

4.14 Group Companies Disclosure

Coventry & Solihull Waste Disposal Company (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 at 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 but are not eligible for dividends or capital distributions and do not have 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.

As at 31st March 2021 the company had future contracted capital commitments of £2.0m.

North Coventry Holdings Limited (NCH)

The Council holds 100% of the shares (value £2.7m) in North Coventry Holdings Limited and has 100% of the voting rights. NCH is included within the Council's group accounts as a subsidiary. NCH's main activity is to hold 100% shares in Coventry North Regeneration (CNR). In addition, NCH provides business development and commercialisation services to the Council under a series of contracts.

Coventry North Regeneration Limited (CNR)

NCH holds 100% of the shares (value £nil) in Coventry North Regeneration Limited (CNR) and has 100% of the voting rights. CNR is included within the Council's group accounts as a subsidiary.

Coombe Abbey Park Limited (CAPL)

Coventry City Council holds 100% of the shares in CAPL, and it is included within the Council's group accounts as a subsidiary. The significant difference between the combined value of the shares in the company (£2.8m) and the investment property (£7.5m) in the Council's single entity accounts and the net assets of the company included in the group accounts (£29.7m) arises as a result of the different valuation methodologies employed, in accordance with the relevant standards. In the Council's single entity accounts, the shares are held at fair value and the hotel buildings are classified as an investment property, which are measured at fair value with reference to the long lease between the Council and the company. Whereas in the group accounts, CAPL's property assets, which make up the large majority of its net assets position, are valued as operational assets on a combination of market value in existing use basis and a depreciated replacement cost basis.

Friargate JV Project Limited (FJVP)

FJVP 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. Coventry City Council and Friargate Holdings 2 Limited have been issued 1 Ordinary Share for a value of £10m each. The Council has appointed three of its officers as directors of the board.

UK Battery Industrialisation Centre Ltd (UKBIC)

UKBIC was incorporated on 27th February 2018. The purpose of the company is to provide a manufacturing development facility to help organisations scale up their battery technologies into production. Coventry City Council is currently the sole shareholder with 1 share which has a nominal value of £1.

Tom White Waste Limited (TWW)

Coventry City Council holds 100% of the shares (value £14.6m) in TWW. TWW is included within the Council's group accounts as a subsidiary.

4.15 Prior Period Restatement - Group Accounts

Introduction

The table within this section provide details of the impact of the restatements on the group statements. This includes the impact of the restatements to the single entity accounts already described in Section 3.39 and any group specific adjustments.

The note below provides commentary to group specific adjustments.

CSWDC Preference Shares Redemption

When CSWDC became an independent arm's length trading entity in the 1990s, the A and B ordinary shareholders transferred plant & equipment assets worth £14.925m to the company in exchange for preference shares. CSWDC issued £9.950m A preference shares to Coventry City Council and £4.975m B preference shares to Solihull Metropolitan Borough Council.

The Council recorded the historic cost of the long term investment as £9.950m at acquisition in 1994/95. The carrying value of the investment was £57m as at 31st March 2019.

From the year ended 31st March 2013 to the year ended 31st March 2016 CSWDC used company profits to redeem the preference shares in their entirety, with £14.925m being paid to the shareholders as a result. The Council recorded the cash as capital receipts, wrote down the historic cost of the investment and recognised a loss on disposal of the preference shares in the Capital Adjustment Account (CAA). A prior period adjustment is required to eliminate the loss on disposal in the group accounts as this is an unrealised loss on an intra-group sale.

The Financial Instruments Revaluation Reserve (FIRR) contained a balance of £57m related to revaluations of the Council's equity interest in CSWDC as at 31st March 2019. The 2019/20 group accounts assumed that this balance was £47.050m, equal to the fair value of the investment less the historic cost of the investment. This assumption omitted the write down of the historic investment by the Council as CSWDC redeemed the preference shares. A prior period restatement is required in the group accounts to fully eliminate the FIRR balance related to the revaluation of the Council's investment in CSWDC.

The corresponding entry for both reserve adjustments is to the long term investments line on the balance sheet. These transactions have an equal and opposite effect so there is no net impact on this reporting line as a result of these adjustments. The adjustments are both applied to unusable reserves so there is no net impact on the MiRs.

The table below summarises the impact of the adjustments referenced in this note on the group reserves.

Breakdown of Reserves
2019/20

| | Original Group | Impact of Single Entity restatement | Impact of Group restatement | Restated Group |
|--|-------------------|---|-----------------------------------|-------------------|
| Capital Adjustment Account | £000 | £000 | £000 | £000 |
| 31st March 2019 | (633,888) | (4,073) | (9,950) | (647,911) |
| 31st March 2020 | (744,809) | (15,607) | (9,950) | (770,366) |
| Financial Instruments Revaluation Reserve | £000 | £000 | £000 | £000 |
| 31st March 2019 | (27,476) | 0 | 9,950 | (17,526) |
| 31st March 2020 | (16,091) | 0 | 9,950 | (6,141) |
| Total Unusable Reserves | £000 | £000 | £000 | £000 |
| 31st March 2019 | (291,825) | (14,576) | 0 | (306,401) |
| 31st March 2020 | (373,886) | (25,241) | 0 | (399,127) |
| Total Reserves | £000 | £000 | £000 | £000 |
| 31st March 2019 | (430,378) | (14,576) | 0 | (444,954) |
| 31st March 2020 | (534,450) | (25,241) | 0 | (559,691) |

5 Statement of Accounting Policies

5.1 General

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021. It has been prepared in

accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 – 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 Significant Assumptions made in estimating Assets and Liabilities

The Council's Balance Sheet contains some estimated figures that are based on assumptions. Some of these assumptions have a significant risk of resulting in material adjustments within the next financial year. The outbreak of COVID-19, declared by the World Health Organisation as a global pandemic on 11 March 2020 increased the range and impact of this risk in the 2019/20 accounts although this has reduced somewhat for 2020/21. The items in the Balance Sheet for which there is a significant risk are:

Pensions Net Liability - This liability has increased to £743m at the end of the 2020/21 financial year. Estimation of the net pension liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. New information can lead to changes to these judgments, which could lead to material adjustments. During 2020/21 the updating of data and assumptions by the Council's actuaries has led to a net liability increase of £170m.

Property Asset Valuations – Valuations of other land and buildings are undertaken based on a five-year rolling programme and with consideration for other material factors. Investment properties are revalued annually. The valuations are heavily assumption sensitive and are influenced by economic and financial circumstances which can change significantly from year to year.

Valuation uncertainty has continued to be a factor this year due to the COVID-19 pandemic and this has been recognised by the Council's external valuer. In particular in relation to retail and specific trading related sectors, such as car parks, valuations have been reported as being subject to material uncertainty as set out in the Royal Institute of Chartered Surveyors standards. Relevant property valuations must be viewed in the context of this set of circumstances.

A change of 1% in the average valuation of property assets would have the effect of altering the carrying value of these assets by approximately £9m with a corresponding increase in the level of unusable reserves.

The Council owns land that has been designated, within local planning authorities' Local Plans, for future use as housing. Some of this land has not yet been subject to detailed surveys and, as such, it is valued on the assumption that no significant detrimental conditions exist that would impact its value. If such conditions were subsequently discovered, and the value of the land was reduced by, for example, 20% this would reduce the value of the land by £18m.

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 Rugby Clinical Commissioning Group (CCG) 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 2020/21 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').

Indemnity and Guarantee 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 Indemnity and Guarantee 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 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 as a result of the Indemnity and Guarantee. The Council has a contractual right to receive cash from UKBIC where the Council has borrowed funds from WMCA under

the Facility Agreement and applied those funds to resource capital expenditure on the scheme, thereby passing the benefit of the investment in the scheme to UKBIC. Consequently, the Council has recognised the debtor in line with annual spend resourced through prudential borrowing (£17.0m in 2020/21; £0.5m in 2021/22 and £nil in 2022/23).

On the basis that nil interest will be charged, and on the assumption that the Council does not default on the loan from WMCA, the loan to UKBIC will be treated as a series of soft loans advanced. This requires a fair value adjustment to the long-term debtor; the Council recognises an investment in the subsidiary (£4.9m 2020/21) to reflect that the advances under the Indemnity and Guarantee have been provided at a non-market rate.

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 new standards that have been issued but not yet adopted in the CIPFA Code of Practice. The following changes are to be introduced in the 2021/22 Code:

Amendments to IFRS 3 Business Combinations regarding the definition of a business - On 22 October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 regarding interest rate benchmark reform - The IASB has undertaken a two-phase project to consider what, if any, reliefs to give from the effects of Interbank Offered Rate (IBOR) reform. The Phase 1 amendments, issued in September 2019, provided temporary reliefs from applying specific hedge accounting requirements to relationships affected by uncertainties arising as a result of IBOR reform. The Phase 2 amendments that were issued in August 2020 address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

The Council will review these during 2021/22 and implement any necessary changes.

5.5 Changes in Accounting Policies

Investment Property Valuations

Up until 2019-20 the Council adopted an approach of valuing 80% of its Investment Property portfolio and reviewing the other 20% to ensure that there were no material changes in their value. From 20-21 onwards the Council has adopted a new policy of valuing 100% of the portfolio annually.

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
- Government Grants and Contributions
- Value Added Tax (VAT)
- Investments
- Financial Instruments
- Leases
- Employee Benefits
- Professional and Other Support Services
- Private Finance Initiative
- Group Accounts
- Cash and Cash Equivalents
- Contingent Liabilities
- Contingent Assets
- Tax Income
- Joint Operations
- Events after the Balance Sheet Date
- Prior Period Adjustments, 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 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 (Existing Use) |
| Surplus Properties | Fair Value |
| Vehicles, Plant & Equipment | Depreciated Historical Cost |
| Infrastructure | Depreciated Historical Cost |
| Community Assets | Historical Cost |
| Heritage Assets | Historical Cost/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 internal valuers in accordance with RICS valuation standards. The methods and significant assumptions applied in estimating the value of assets included in the balance sheet at fair value are:

- 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);
- Land and Buildings other than surplus properties are valued using the Existing Use Value method;
- Assets where there is no market and/or the asset is specialised were valued using the depreciated replacement cost (DRC) method;
- 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;
- Investment property assets are measured initially at cost, i.e. purchase price and transaction costs, and then subsequently 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.

PPE assets are subsequently valued at current value on the basis recommended by the Code of Practice on LA accounting and in accordance with RICS standards.

Assets included in the balance sheet at fair value are revalued where there have been material changes in the value, but as a minimum every five years, except Assets Held for Sale and Investment Properties, which are all valued annually. With the exception of Investment Property, where changes to fair value are taken to Finance and Investing Income and Expenditure, valuation increases to other fair value assets 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, for all fair value assets except Investment Property and Assets Held for Sale, 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. For Investment Property and Assets Held for Sale, valuation decreases are recognised 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 - Assets held principally for their contribution to knowledge and culture, and recognised where information on the cost or value is available. Where the cost or 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. Heritage assets that have been included in the financial statements at valuation are based on external or internal insurance valuations.

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 value of the asset in the balance sheet is revalued to the sale value and, as a result, there is no associated gain or loss. The balance of sale receipts 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.

When an asset is replaced as a result of a capital addition, as can happen during the course of highways infrastructure repair, this is accounted as derecognition and charged to the Net Cost of Services.

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 on all assets with a determinable finite life (except for land, community assets, heritage assets and non-operational properties), by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. Depreciation is calculated on the following basis:

| Asset Type | Period of Years |
|-----------------------------|--|
| Operational Buildings | 50 years (less if there is evidence to the contrary) |
| Vehicles, Plant & Equipment | Estimated Useful Life |
| Infrastructure | 40 years |
| Land | Depreciation not charged |
| Community Assets | Depreciation not charged |
| Heritage Assets | Depreciation not charged |
| Non-Operational Assets | Depreciation not charged |

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 there is reasonable assurance that the payment will be received and conditions will be 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, either within creditors or within the Capital 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 non-ringfenced 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 through 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

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.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee - Finance Leases - Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority as Lessee – Operating Leases - Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased Property, Plant or Equipment. Charges 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 rent-free period at the commencement of the lease).

The Authority as Lessor - 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.

The Authority as Lessor - 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.

Employee Benefits - 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.

Former NHS Staff - Staff who transferred to the City Council on 1st April 2013 may be members of the NHS Pension Scheme, which is administered by the NHS Business Services Authority. 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 NHS 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 IAS 17 'Leases'. 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 amounts payable to the PFI operators each year are analysed into the following five 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);
- Contingent Rent (increases in the amount to be paid for the asset arising during the contract);
- 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 (available-for-sale assets) 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 central government, 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, major preceptors and central government 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 Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the 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.

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.

SOLACE

This is the Society of Local Authority Chief Executives and Senior Managers. It is a representative body for senior strategic managers working in the public sector.

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 Audit Certificate

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 (the 'group') for the year ended 31 March 2021, 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 a summary of significant accounting policies. The notes to the financial statements include the Overview of Main Financial Statements, Notes to the Main Financial Statements, Statement of Accounting Policies, Notes to the Collection Fund Statement, Overview of Group Accounts and Notes to the Group Accounts (Notes 4.6 to 4.15). 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 2020/21.

We do not express an opinion on the accompanying financial statements of the Authority or the group. Because of the significance of the matter 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 2021 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. We have not been able 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 2021 as a whole are free from material misstatement. 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 2021 by the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Our approach to the audit

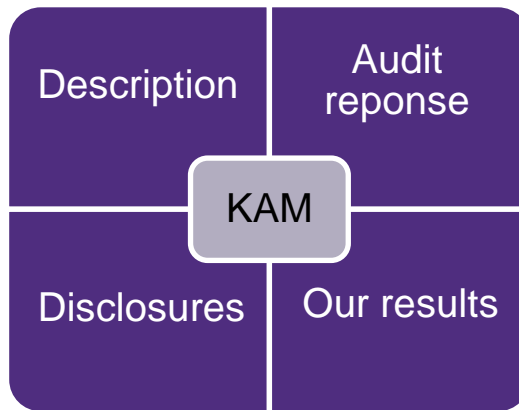
| | |
|--|--|
|   | <h5>Overview of our audit approach</h5> |
| | <h5>Financial statements audit</h5> |
| | <p>Overall materiality</p> <p>Group: £12,200,000, which represented 1.5% of the group's gross expenditure;</p> <p>Authority: £12,000,000, which represented 1.5% of the Authority's gross expenditure.</p> <p>Key audit matters for both the Group and Authority were identified as:</p> <ul style="list-style-type: none"> Valuation of Land and Buildings and Investment Properties (Same as previous year) Valuation of Pension Fund Net Liability (Same as previous year) Group Accounting (Same as previous year) and valuation of Long-Term Investments in Companies (New this year). |

| | |
|--|--|
| | <p>Our auditor's report for the year ended 31 March 2020 included one key audit matter that has not been reported as a key audit matter in our current year's report. This relates to the valuation of Other Land and Buildings – UK Battery Industrialisation Centre Limited, for which the accounting treatment issues were resolved in the prior year.</p> |
| | <p>Value for money arrangements</p> <p>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 2021. 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.</p> |

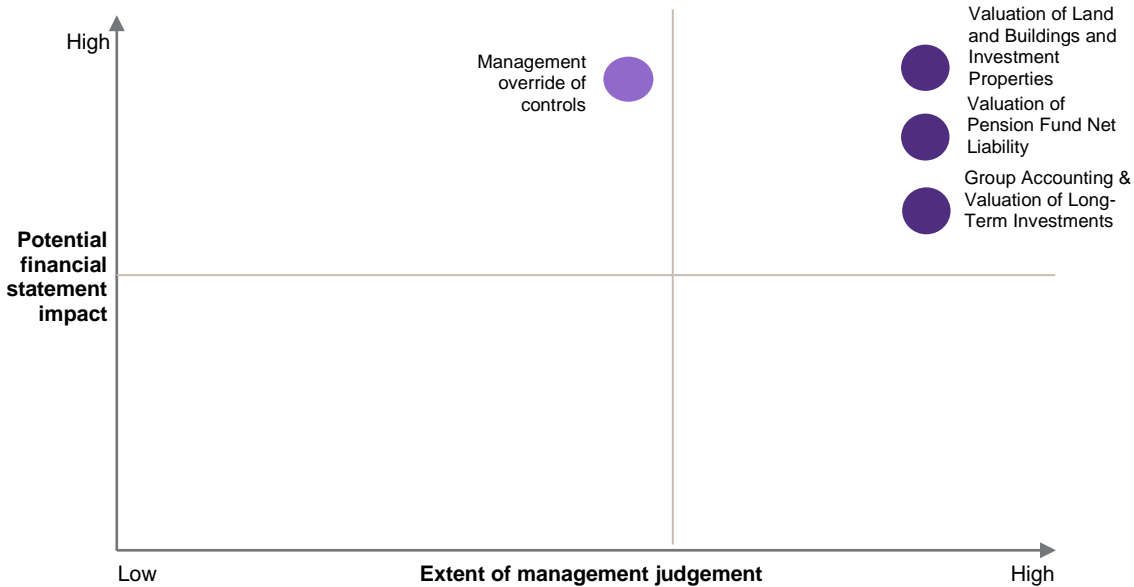
Key audit matters

Key audit matters are those matters that, in our judgement, were of most significance in our and Authority's financial statements of the include the most significant assessed risks of misstatement (whether or not due to fraud) that These matters were addressed in the context financial statements as a whole, and in forming thereon, and we do not provide a separate matters.

In the graph below, we have presented the significant risks and other risks relevant to the



professional audit of the group current year and material we identified. of our audit of the our opinion opinion on these key audit matters, audit.



| | | | | | |
|---|------------------|---|------------------|---|------------|
| ● | Key audit matter | ● | Significant risk | ● | Other risk |
|---|------------------|---|------------------|---|------------|

Valuation of Land and Buildings and investment properties

Land and Buildings:

We identified the valuation of land and buildings as one of the most significant assessed risks of material misstatement due to error.

The Authority revalues its other land and buildings as a minimum on a rolling five-yearly basis with interim reviews. If the value of an asset class is projected to materially change during the period since the last valuation, then further valuations are instructed.

These valuations represent a significant estimate by management in the financial statements due to the size of the balance involved (£551.473m as at 31 March 2021), and the sensitivity of this estimate to changes in key assumptions.

In addition, the Authority has instructed an external valuation expert to conduct these valuations for 2020/21. Previously the Authority has used internal valuation experts. Changes in valuers can mean changes in estimation technique and assumptions employed, and this adds further complexity to the audit of the valuations.

Within the other group entities, further material land and buildings are held. Under FRS 102, (the accounting basis on which the other group entities prepare their financial statements) these assets are held at depreciated historical cost. In the preparation of the group accounts, the Authority 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.

In addition to these complexities, the audit of the 2019/20 accounts identified material errors in this area which were adjusted for by the Authority.

Relevant disclosures in the Statement of Accounts for the year ended 31 March 2021

- 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 and Note 3.19 Revaluations of Property, Plant and Equipment.
- Narrative Report: Note 1.2, Asset Valuations

In responding to the key audit matter, we performed the following audit procedures but were not finalised:

- Risk assessment procedures carried out on valuations and on assets that were not valued in the year including documenting an understanding of the related processes and controls, walking through controls;
- Assessing the competence, experience and capability of management's expert;
- Obtaining valuation reports;
- Analysing movements since the last valuation and comparing this to expected movements;
- Challenging management on the value of assets that were not revalued in year;
- Engaging with our expert to evaluate the instructions sent by management to the valuer, the valuation report issued by the valuer and assist with the testing of the reasonableness of assumptions underpinning valuations; and
- Selecting a sample of high risk valuations and testing the underlying assumptions and accounting.

We identified the following matters. Adjustments in the 2020/21 accounts but have not been audited:

- Historic cost depreciation – a £380m adjustment was required in the 2019/20 accounts to reduce both the gross book value and accumulated depreciation of property, plant and equipment. There was no impact on the net book value (the value on balance sheet). This related to a historic error dating back to 2011/12 when the Authority upgraded its ledger system.
- Changes in valuation methodology – the Authority instructed a new valuer for its 2020/21 property valuations. We noted that the new valuer applied different valuation methodology to the previous valuer for five assets. We found that the previous valuations were not carried out on an appropriate basis, and adjustments were made in the 2019/20 accounts to property, plant and equipment. Adjustments were made, including: a prior period adjustment to the opening balance at 1 April 2018 of £6.5m, a prior period adjustment to the closing balance at 31 March 2019 of £6.5m, and an adjustment to the closing balance at 31 March 2020 of £6.3m.

Investment Property:

We identified the valuation of investment property as one of the most significant assessed risks of material misstatement due to error.

The Council 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. Up until the 2019/20 year, the Council revalued around 80% of its assets each year. The remaining assets not valued were subject to review to ensure that there has been no material changes. We have previously reported that to be compliant with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Authority should instead value 100% of assets at the balance sheet date. In 2020/21, the Authority adopted a new policy of valuing 100% of its investment properties annually.

These valuations represent a significant estimate by management in the financial statements due to the size of the balances involved (£317.073m as at 31 March 2021), and the sensitivity of this estimate to changes in key assumptions.

In addition, the Authority has instructed an external valuation expert to conduct these valuations for 2020/21. Previously the Authority has used internal valuation experts. Changes in valuers can mean changes in estimation technique and assumptions employed, and this adds further complexity to the audit of the valuations

In addition to these issues, the audit of the 2019/20 accounts identified material errors in this area which were adjusted for by the Authority.

Relevant disclosures in the Statement of Accounts for the year ended 31 March 2021

- Accounting Policy: Note 5.5 Changes in Accounting Policies – Investment Property Valuations and note 5.7 - Accounting Policies - Property, Plant & Equipment, Investment Property and Assets Held for Sale.
- Financial statements: Note 3.17 Non-Operational Assets.
- Narrative Report: Note 1.2, Asset Valuations

In responding to the key audit matter, we performed the following audit procedures but were not finalised:

- Risk assessment procedures carried out on valuations and on assets that were not valued in the year including documenting an understanding of the related processes and controls, walking through controls;
- Assessing the competence, experience and capability of management's expert;
- Obtaining valuation reports;
- Analysing movements since the last valuation and comparing this to expected movements;
- Challenging management on the value of assets that were not revalued in year;
- Engaging with our expert to evaluate the instructions sent by management to the valuer, the valuation report issued by the valuer and assist with the testing of the reasonableness of assumptions underpinning valuations; and
- Selecting a sample of high risk valuations and testing the underlying assumptions and accounting.

We identified the following matters. Adjustments in the 2020/21 accounts but have not been audited:

Errors in non-operational asset valuation- There were errors in 2019/20 noted on five non-operational assets following a review of valuation movements from 2019/20 compared with 2020/21. These errors related to: inaccurate lease data used within the valuation; incomplete site size / not all units included in the valuation; and incorrect reversionary rents used by the valuers. The errors led to a prior period adjustment in the 2019/20 accounts to the opening balance at 1 April 2018 of £3.8m; a prior period adjustment to the closing balance at 31 March 2019 of £6.4m; and an adjustment to the closing balance at 31 March 2020 of £8.3m.

Group Accounting and Valuation of Long-Term Investments

Over recent years, the Authority has increased the number and value of interests it has in associated companies.

In its single-entity accounts, the Authority has elected to report the value of these long-term investments at the balance sheet date at Fair Value. This is allowable under the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, which permits either Fair Value accounting or historical cost accounting. The Fair Value method requires a valuation of each company at the balance sheet date. The Authority instructs external experts to determine appropriate valuations.

The valuation of long-term investments is considered a significant estimate due to the size of the balance involved (£98.562m at 31 March 2021) and the sensitivity of the estimate to changes in key assumptions.

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, accounting frameworks and year-end dates are different to those of the group. This is 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.

In addition to these issues, the audit of the 2019/20 accounts identified material errors in group accounting which were adjusted for by the Authority.

We therefore identified valuation of the Authority's long-term investments; and the accounting for the group as a significant risk, which was one of the most significant assessed risks of material misstatement due to error.

In responding to the key audit matter, we performed the following audit procedures but were not finalised:

- Holding discussions with management as they prepared the group accounts, obtaining valuation reports for investments in companies;
- Engaging auditor experts to review valuations of long term investments, specifically in Birmingham Airport Holdings and the Coventry and Solihull Waste Disposal Company, including the underlying assumptions and source data used; and
- Testing the entries in the preliminary accounts to valuation reports. Considering the rationale for a nil valuation of UKBIC.

Relevant disclosures in the Statement of Accounts for the year ended 31 March 2021

- 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 3.34 Financial Instruments; note 3.35 Associated Company Interests and Holdings; and notes 4.1 to 4.15 Group Accounts.
 - Narrative Report: Note 1.2, Locally Committed; The Council's Financial Performance – Revenue Position and COVID-10; and The Council's Financial Performance – Capital
-

Valuation of Pension Fund Net Liability

We identified the valuation of the Pension Fund Net Liability as one of the most significant assessed risks of material misstatement due to error.

The pension fund net liability, as reflected in the balance sheets of both the Council and group as the “net pension 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 balance involved (£742.911m at 31 March 2021) and the sensitivity of the estimate to changes in key assumptions.

Relevant disclosures in the Statement of Accounts for the year ended 31 March 2021

- Accounting Policy: Note 5.7 - Accounting Policies - Employee Benefits - Post-Employment Benefits – Pensions
- Financial statements: Note 3.31 - Retirement Benefits.
- Narrative report: Note 1.2 - Pensions Accounting; March 2024 Update

In responding to the key audit matter, we performed the following audit procedures but were not finalised:

- Risk assessment procedures were carried out on the pension liability valuation, including documenting an understanding of the related processes and controls, walking through controls;
- Assessing the competence, experience and capability of management’s expert, obtaining actuarial reports;
- Requesting assurances from the auditor of the Pension Fund;
- Agreeing the pension disclosures in the preliminary accounts to the actuary reports;
- Testing the upfront payment made to the pension fund and related disclosures, comparing assumptions used by the actuary to those recommended by our expert; and
- Comparing figures to expectations we had developed.

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:

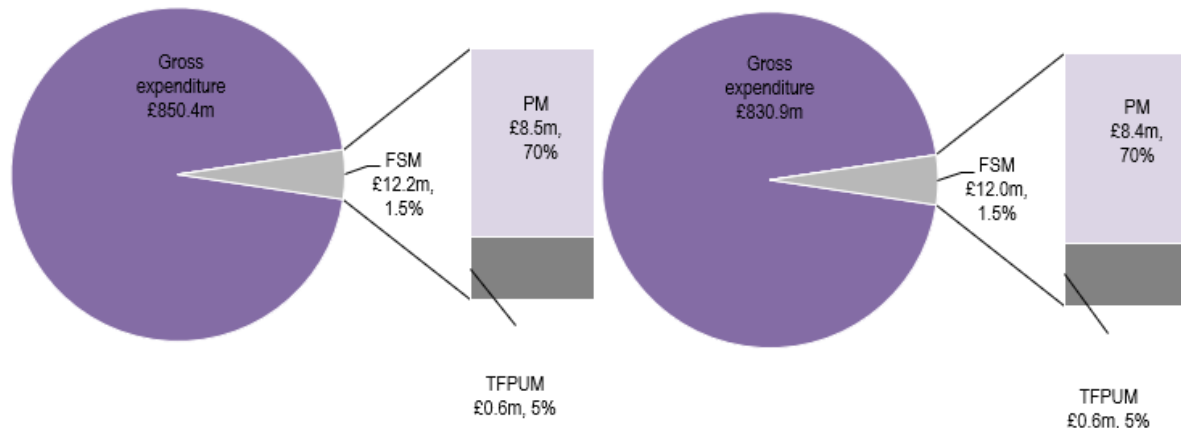
| Materiality measure | Group | Authority |
|---|--|--|
| Materiality for financial statements as a whole | We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work. | |
| Materiality threshold | Overall materiality has been set at £12,200,000, which represented 1.5% of the group’s gross expenditure; | Overall materiality has been set at £12,000,000, which represented 1.5% of the Authority’s gross expenditure; |
| Significant judgements made by auditor in determining the materiality | The determination of materiality involves the exercise of professional judgement. In determining materiality, we made the following significant judgements: <ul style="list-style-type: none"> regarding selection of an appropriate benchmark, we determined gross expenditure to be most appropriate as the group’s performance, including the Authority as the most significant component of the | The determination of materiality involves the exercise of professional judgement. In determining materiality, we made the following significant judgements: <ul style="list-style-type: none"> 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; |

| Materiality measure | Group | Authority |
|---|---|---|
| | <p>group, is assessed based on its spend;</p> <ul style="list-style-type: none"> 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. <p>Materiality for the current year in percentage terms, is the same as the level we determined for the year ended 31 March 2020. In '£' terms, materiality is lower than the level that we determined for the year ended 31 March 2020 due to audit adjustments in 2019/20.</p> | <ul style="list-style-type: none"> 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. <p>Materiality for the current year in percentage terms, is the same as the level we determined for the year ended 31 March 2020. In '£' terms, materiality is lower than the level that we determined for the year ended 31 March 2020 due to audit adjustments in 2019/20.</p> |
| Performance materiality used to drive the extent of our testing | 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 probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. | |
| Performance materiality threshold | Performance materiality for the year has been set at £8,540,000, which is 70% of financial statement materiality. | Performance materiality for the year has been set at £8,400,000, which is 70% of financial statement materiality. |
| Significant judgements made by auditor in determining the performance materiality | The determination of performance materiality involves the exercise of professional judgement. In determining performance materiality, we considered the number and value of errors identified in the prior year. | The determination of performance materiality involves the exercise of professional judgement. In determining performance materiality, we considered the number and value of errors identified in the prior year. |
| 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. | |
| 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 | £600,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds. | £600,000 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 tolerance for potential uncorrected misstatements.

Overall materiality – Group

Overall materiality – Authority



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We planned a risk-based audit that requires an understanding of the group's and the Authority's business. The audit was planned based on preliminary figures for the Authority and was based on prior year figures for the group components. The audit plan was not updated following issuing of the draft accounts, and therefore the planned audit procedures may not address all risks that the audit team would have included in the scope of the audit had this update been completed. Our preliminary audit plan considered particular matters related to:

- Gaining an understanding of and evaluating the Authority's internal controls environment including its financial and IT systems and controls.
- Evaluation of identified components of the group to assess the significance of each component and to determine the planned audit response based on a measure of materiality and significance of the component as a percentage of the group's total income, assets and liabilities. A full scope, targeted or analytical approach was planned for each component based on their relative materiality to the group and our assessment of audit risk.
- Full scope audit procedures were planned for the Authority, the only financially significant component in the group. The Authority's transactions represent 95% of the group's income and 94% of its total assets.
- Specified audit procedures were planned for The Coventry and Solihull Waste Disposal Company Limited, Tom White Waste Limited, UK Battery Industrialisation Centre Ltd, and Friargate JV Project Limited.
- Analytical procedures on the other non-significant components in the group accounts were planned: Coombe Abbey Park Limited, Coventry North Regeneration Limited, North Coventry Holdings Limited.

Understanding the group, the Authority, and its other components, and their environments, including group-wide controls

- The engagement team obtained an understanding of the Authority, the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group and Authority only level. This was completed to support the production of our audit plan but was not updated following the issue of the draft accounts and is therefore incomplete.

Identifying significant components

- The engagement team evaluated the identified components to assess their significance and determined the planned audit response based on a measure of materiality. This evaluation was based on information available at a point in time and was not updated following issuing of the draft accounts and is therefore incomplete.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matter 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 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE 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.

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 and group's financial statements and our auditor's report thereon. Because of the significance of the matter 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, the Director of Finance and Resources, and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities set out in note 1.3, 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 2020/21, 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 there is an intention by government that the services provided by the Authority and the group will no longer be provided.

The Audit and Procurement Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority and group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter 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 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 matter 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 in December 2017 to audit the financial statements for the year ending 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement is twelve years, covering the years ending 31 March 2012 to 31 March 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Authority and the group and we remain independent of the Authority and the group in conducting our audit.

We have provided the following services in addition to the audit, to the Authority and its subsidiaries since 1 April 2020 that have not been disclosed separately in the Statement of Accounts:

- agreed-upon procedures in relation to the Housing Benefit Subsidy Claim and the Teachers' Pension return;
- agreed-upon procedures in relation to follow up work requested by the DWP on the Housing Subsidy Claim; and
- agreed-upon procedures of Innovate UK funding in relation to the UK Battery Industrialisation Centre.

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 2021.

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, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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 undertake 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 have documented 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 have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Coventry City Council for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

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 43 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.

M C Stocks

Mark C Stocks, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

4 December 2024