



Coventry City Council's 2021-22 Statement of Accounts

This document presents the Council's financial performance
for the year ending 31st March 2022.

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1 An Overview of the Council's Performance

1.1 Introduction

Coventry City Council is a metropolitan district council responsible for all local government duties within the city of Coventry. The Council is required to set out its accounts in line with strict standards and this Statement of Accounts presents the Council's financial performance for the year ending

31st March 2022. 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 2021/22 financial year the statement also explains how the

Council has continued to respond 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 2022 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. 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.

This year, Coventry celebrated its year in the spotlight as the UK City of Culture, which officially ran from May 2021 to May 2022. Early analysis of Coventry's cultural mega-event saw 389,705 tickets issued for live events with a further estimated audience of 136,916 attending unticketed live events across the city; and over 516,000 online audiences to a cultural programme so far - especially important in a cultural event that took place during an unprecedented lockdown.

The City of Culture programme has seen some £172 million pounds invested into the city including major upgrades to the city's public realm and cultural assets; and a total of 709 events delivered involving both professional artists and creatives as well as local artists and community organisations, bringing events to all 18 wards of the city, including art, music, dance, and theatre.

The 'Story of Change' underlying the City of Culture programme means that, in line with the Council's One Coventry Plan priorities, the programme has been geared towards activities,

events, and engagement that bring a long-lasting legacy to the city, from investments to sustain and grow the cultural sector, to involving, engaging, and enabling all communities, especially those who are least likely to access and benefit from publicly funded arts and culture.

The city's year as the City of Culture, however, happened during a period of continued significant national and international challenges. In May 2021, as the City of Culture year got off to a start, COVID-19 pandemic-related restrictions remained in place. This created difficulties for a cultural event seeking to bring people together. And as a result, plans have had to be rapidly adapted and changed in line with the rules and restrictions at the time.

Now, into 2022, the end of the city's year in the spotlight has coincided with the worst escalation in hostilities in Europe since 1991 with Russia's War on Ukraine – which is one of the reasons behind the rapid rise in the cost of living – with UK annual inflation in April 2022 the highest it has been since April 1991. The impact of this cost-of-living crisis

on communities across the city is yet to be fully realised, as people right across the city face rapidly rising energy, fuel, food, and housing costs.

The Council has had to respond to the twin challenges of the COVID-19 pandemic and the cost-of-living crisis by being nimble and adaptable. This has included working with our partners and our communities in new ways. The direct impact has included additional duties for the Council, from supporting residents and businesses during pandemic-related lockdowns and restrictions, to the distribution of energy rebates and grants to Council taxpayers.

Additionally, there has been, and will continue to be, more indirect impacts as residents and communities who previously have never needed local authority support face difficulties which mean that they will find themselves in a position of requiring additional help and support from the Council.

Performance in 2021/22

The One Coventry Plan 2016-2024 is measured using 75 indicators. For 2021/22, 32 improved; 8 stayed the same; 18 got worse; it was not possible to say for 10 indicators; and progress is not available for the remaining 7. This means, 69% (40 out of 58) of indicators (excluding cannot say or not available) improved or stayed the same.

Employment within the city remained lower than before the pandemic and efforts were being stepped up to upskill people to take up new job opportunities. New developments in the city will create more opportunities for residents and support the local economy including the new Railway Station building to Two Friargate and City Centre South.

Group Activity

The activities of the main companies within the Council's Group arrangements are described below. This included a change involving the incorporation of Coventry Municipal Holdings as a parent company to form a group of the Council's wholly owned subsidiaries – Coombe Abbey Park Limited (CAPL), Coventry Regeneration Limited (CR), Coventry Technical Resources Limited (CTR) and Tom White Waste Limited (TWW).

CAPL's key business of operating a hotel and associated food and beverage trade within the Coombe Park was significantly disrupted by the impact of COVID-19 but managed to re-open from May 2021.

The core activities TWW concern the collection, recycling and disposal of waste. Despite an increase in turnover following lower levels of Covid-related disruption the company suffered a loss caused largely by some exceptional one-off impairment and depreciation costs in addition to higher costs for repairs and maintenance and waste disposal. In October 2022 Council approved a loan to Tom White Waste Limited to redevelop the existing Material Recycling Facility. This will improve the future availability of the plant and increase the volume of waste that can be recycled and diverted away from landfill.

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 experienced expected reductions in turnover and operating profit due to planned equipment replacement through the year.

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 witnessed by progress of the 2 Friargate building and, more recently, planning activity ahead of the construction of a new 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. Following an extended period of building fit out plus the installation and commissioning of technical battery production equipment the site was opened officially in July 2021 and the business began to operate fully in September 2021.

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

The 2021/22 financial year continued to witness a significant impact on the Council as a result of COVID-19 although this was somewhat less than in the previous year. 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 massive grant funding available to support this activity and impact.

The year continued to be marked by various levels of restrictions which were imposed and eased at different times throughout the year. Universal schooling returned for the most part, but the need continued to ensure food and other support for vulnerable groups; to respond to changes in the demand for and nature of adult and children's

social care; to process cash grants and rate reliefs to business ratepayers; and to continue wide scale working from home for many Council employees. There was also much activity manage testing facilities and encouraging the take-up of vaccinations.

What had been organised as emergency response plans in March 2020 became embedded as business as usual through 2021/22. This activity reduced markedly through the year though despite the pandemic continuing to be present for the whole period. The Council continued to keep its core services operating through the year with less impact on the Council's delivery of customer facing and discretionary activities than was the case in 2020/21.

The activities that were affected led to a range of financial actions and consequences. These additional costs and income reductions have been monitored and reported across the year. Together these totalled nearly £9m. These costs were funded by the Government's COVID-19 Emergency Funding received in-year. In addition, the Government provided specific 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.

Extensions to reporting requirements were granted for the 2021/22 accounts following a similar move in 2020/21. The revised requirements were for the draft accounts to be published by the end of July with auditor sign-off by the end of September or as soon as reasonably practicable after the receipt of the auditor's final findings (if later). Due to delays in finalisation of Coventry's 2019/20 and 2020/21 accounts and the impact on the starting balance

sheet position, the draft 2021/22 accounts have been published beyond the deadline set. It continues to be clear however that 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 structure of the Council's Group Accounts statements and determination of accounting for Highways Infrastructure assets.

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 any other financial assets such as loans and financial leases to external organisations.

In February 2021, the Council set an overall budget for its revenue expenditure of £774m. The following table shows how it was planned that this expenditure would be funded.

	Budget £m
Council Tax	(146.3)
Local Business Rates	(97.5)
Specific Government Grants	(435.4)
Fees and Charges	(95.0)
Total	(774.2)

The overall budgetary position included several key adverse variations. Streetscene and

Regulatory Services overspent by £4.4m of which the key variation was within Waste and Fleet Services as a result of an HGV (Heavy Goods Vehicle) driver industrial dispute which affected the last three months of the year. The Council's response to the dispute was to provide replacement collection services and waste drop sites for domestic refuse. These lessened the impact on local residents but, together with lost commercial refuse income, led to a net cost of the dispute of £2.2m. The dispute has continued into the early part of 2022/23 with similar levels of losses

Elsewhere the cost of supporting looked after children within the city reported a net overspend of £2.4m after the application of Covid funding to absorb other costs within the service. The reasons for this continued challenging position were an increased number of children's placements; an increased reliance on high-cost external residential placements; and the cost of agency staffing to manage increased caseloads and growing vacancies. This has been accentuated by unit costs of the external placement market rising by 13% since the previous financial year.

The other key individual overspend (£0.7m) occurred in Business Investment and Culture due primarily to the corporate decision to acquire the former IKEA site and redevelop into a national collections centre resulting in some unbudgeted Business Rates costs.

In addition to Covid related impacts in Children's and Streetscene, others included provision for expected commercial property rent losses; reduced income from the Wave leisure facility and Godiva festival; and additional staffing across several services reflecting required cover for additional Covid workload including within Legal

Services. 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 continued to be strong at the end of 2021/22. Previous measures taken to stabilise the Council's housing and homelessness budgets, in particular in relation to temporary accommodation enabled favourable budgetary outturn of £2.5m.

Further underspends have occurred in relation to corporately budgeted superannuation payments, Business Rates pooling income, and treasury management and capital financing costs together with new income sources or underspends due to commercialisation activity. 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. In total contingency and central budgets underspent by £4.7m.

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 account of unbudgeted year-end contributions to corporate reserve balances of £1.2m within corporate and contingency budgets.

The Council continued to take a modestly commercial approach to meeting its budgetary pressures and maintaining the strength of its balance sheet in 2021/22. In some instances, it has done this as part of plans that have also delivered local service infrastructure or supported

the private sector to enhance local amenities. Projects have continued to develop to provide a new materials recycling facility in the city (the Sherbourne Recycling Limited joint venture company), establish a new hotel in the Friargate district of the city and re-finance the wholly owned Coombe Abbey Park Limited to enable the company to continue on a secure financial basis and to honour its future rent and loan repayment commitments to the Council. Each of these ventures are planned to provide a commercial modest return to the Council as part of an approach to help the Council to avoid some of the worst effects of budget cuts experienced elsewhere across the country in recent years. However, they also add a degree of 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					
2021/22	Total Income	Total Expenditure (including reserve movements)	Net Expenditure	Budget	Overspend/ (Underspend)
	£m	£m	£m	£m	£m
Legal & Governance Services	(3.0)	8.4	5.4	4.2	1.2
Public Health	(28.1)	29.8	1.7	2.4	(0.7)
People Directorate Management	(0.2)	1.4	1.2	1.3	(0.1)
Education and Skills	(200.0)	216.6	16.6	16.1	0.5
Children and Young People's Services	(19.6)	101.0	81.4	76.6	4.8
Adult Social Care	(75.3)	157.7	82.4	82.3	0.1
Housing & Transformation	(14.4)	25.4	11.0	13.3	(2.3)
Human Resources	(0.9)	2.4	1.5	1.4	0.1
Business, Investment & Culture	(10.9)	18.4	7.5	5.5	2.0
Transportation & Highways	(15.7)	24.0	8.3	7.0	1.3
Streetscene & Regulatory Services	(19.9)	56.3	36.4	29.8	6.6
Project Management and Property Services	(19.2)	13.8	(5.4)	(4.7)	(0.7)
Finance & Corporate Services	(89.2)	95.0	5.8	5.0	0.8
Contingency and Central Budgets	(240.5)	230.5	(10.0)	3.6	(13.6)
Total	(736.9)	980.7	243.8	243.8	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. The Council's 2021/22 programme spend was £190m, only slightly less than the 2020/21 figure. The programme has incorporated several large schemes that are fundamental to the city's economic development and connectivity. This includes works to deliver the A46 Stoneleigh Junction; further research and development investment in the Very Light Rail scheme; project

completion to make the UK Battery Industrialisation Centre (UKBIC Ltd) operational; and development to completion of the Coventry (rail) Station Masterplan incorporating a remodelling of the city's major railway station. To accompany Coventry's City of Culture year further major public realm enhancements have been made to transform areas of the city centre whilst the City of Culture capital programme has continued to update a range of Coventry's cultural capital assets, building a legacy for the city following the City of Culture year. In addition, the

Council completed its purchase of the former IKEA building in order to deliver a future Collections' Centre. Works across the schools' property estate have provided additional capacity in secondary schools across the city to meet the growing numbers amongst the secondary intake. 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 whilst further funding has allowed investment in Climate Change related projects covering activities around

solar, green home grant and decarbonisation. A loan was provided to Sherbourne Recycling Limited as part payment of the Council's contribution to allow its investment in the facility. A range of smaller scale but not insignificant schemes have advanced including the redevelopment of Whitley Depot, which is now open, the purchase of more homes to provide homelessness provision and improved facilities at Lenton's Lane Cemetery.

UKBIC is wholly owned by the Council and has been established to enable vital battery industrialisation technology to be provided to industry. Further expenditure of £6m has been incurred in 2021/22, bringing the total spend to £132m 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 5.3 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 had previously acquired a 100% stake in Tom White Waste Limited as a going concern in March 2020. TWW Ltd, is significant local waste collection, management and recycling company which complement the Council's existing in-house waste activities. This investment in strategic assets is an important part of the Council's long-term financial planning approach

which took a further step with initial development expenditure for the Material Recycling Facility being incurred in the form of Sherbourne Recycling Limited which was acquired by the Council on 1st April 2021.

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

Part of the expenditure programme has been earmarked to be funded by prudential borrowing, although due to the Council's existing cash balances it has been able to delay taking out any long-term borrowing within 2021/22, 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 in particular City Centre South development, which has seen delays and been subject to re-assessment as a result of economic and societal changes affecting the financial model on which it is 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 £225m to £227m in 2021/22, historically the highest level ever.

The Council's reserve balances include an extraordinary balance of £19m at the end of 2021/22 (£30m less than the equivalent figure in 2020/21). Government Covid Business Rates reliefs announced previously have 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 2022/23 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 £20m in 2021/22 and now stands at £143m. A further £31m of reserve balances either belong to or have been set aside to support the city's schools, an increase of £4m 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 £34m.

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. £12m has been set aside to respond to financial

issues arising from COVID-19, and a further £14m to provide for commercial developments and an Innovation and Development Fund, to 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 gave clear justification for organisations such as the Council to protect their financial position by maintaining reserve balances. The Council's recent actions to increase these balances is one reason, although not the only one, why it has been able to avoid being one of those councils' giving warnings of their financial distress 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

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

The Council holds investments in Collective Investment or Pooled Funds. As at 31st March 2022 the accumulated surplus on the capital value of these pooled funds is £0.92m (£1.1m deficit at the end of 2020/21). Five of the seven funds show a deficit in capital value. There remains an expectation that the full value will be recovered over all funds in the medium term - the period over which this type of investment should always be managed. Current accounting rules allow any 'losses' to be held on the Council's balance sheet and not counted as a revenue loss

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

Other Issues within the Accounts

These accounts are being published 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 £952m or 62% of the Long-Term Assets figure. Its pension liabilities represent £615m or 62% 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 £615m 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 £128m lower than the deficit recorded in the 2020/21 accounts and, when compared with the total value of everything the Council owns, the overall pension deficit remains a significant matter for consideration. The main reasons for the decrease are a greater than expected (compared to 2020/21 accounting assumptions) return on investments, a reduction in the obligations due to a change in the net discount rate and using more up to date longevty assumptions.

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 2021/22 the Council has employed an external valuation company to undertake this work.

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.

There were material changes in the status of fixed assets held by the Council, resulting in the derecognition of capital expenditure. This had the following effect on the infrastructure table in section 3.15:

- On completion of the Whitley South major highways scheme, assets were transferred to National Highways (£61m). And affected the Property, Plant and Equipment table in section 3.15 as below:
- On completion of the new railway station building, the asset was transferred to Network Rail (£16m). The Council retains control of the car park
- Expenditure on the Coventry Very Light Rail project was written down (£16m) as at this stage

the scheme is a research and development project

- The academisation of schools (£14m)
- Expenditure on the City Centre South regeneration project was written down (£15m) following Cabinet approval and planning consent for the development. This confirmed that the Council will not have a fixed asset at the end of the project.

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 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 2021/22. 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 2021/22 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.

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 £134m. 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.

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 desire for the city to become more prosperous and for the Council to lead the drive for economic growth and stimulate the local economy. The Council's Capital Programme achievements and future plans reflect these aspirations and, moving into 2022/23 complement our objectives including a continued large programme of works on the city's schools as part of the Education One Strategic Plan, final construction works on Friargate building 2, and significant highway works to update the city's highways to both facilitate new housing developments, and improve air quality in more congested parts of the City.

Both the Friargate Business District 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 revenue 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 2022/23 core funding settlement provided funding that is consistent with prior years, but also included several additional specific grant funding streams, which enabled the Council to fund pressures in social care, pay and non-pay inflation and some legacy covid impacts in respect of parking & commercial rents. However, funding levels for the year still represented approximately £127m in real terms less than the equivalent figure for 2010. Increasing concern remains that the need to re-balance national finances, together with the government's desire to protect some public services, will further affect future local government settlements. The degree of complexity involved however, means that the position remains impossible to forecast with any degree of confidence.

Although it is expected that the worst effects of the pandemic have subsided, it is still anticipated that some areas of activity, particularly the lingering impact on social care activity may have resulted in a structural shift. As stated above, the achievement of certain income budgets for services such as car parking have also proved stubborn to recover and have therefore been prudently factored into future budget setting plans. The Council's reserve balances, set out above, provide some partial short-term ability to manage risk should it be needed. The General Fund Balance remains at a higher than historic level to manage such volatility. If worst case budget scenarios emerge, the Council would need to consider measures such as revisiting other reserve funded projects to help manage immediate pressures, although this would be undesirable in terms of its medium-term plans.

The Council continues to participate in the West Midlands Business Rates Retention Pilot, within which 99% of Business Rates income is retained locally. One of the consequences of the 99% retention has been that the Council has moved from a position where it received a resource top-up from Government to one where it pays a resource tariff to Government. This tariff was nearly £20m in 2021/22 and is a similar figure in 2022/23. 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.

The Council has balanced its budget for 2022/23, and in the process, strengthened the financial resilience it has built up through its reserve balances, and is currently set to be able to manage the legacy pressures caused by Covid. It is likely that some services will retain a degree of risk as a direct consequence of the pandemic and may well need to respond to new demand pressures and more expensive ways of working. Others are experiencing noticeable income reductions as wider society becomes aligned to new patterns of behaviour, without any degree of confidence that they will return to pre pandemic levels. It is certain as well that both Business Rates and Council Tax income will continue to be depressed in the short term however, we would expect these to return to normal eventually. 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.

Whilst it is becoming clearer, it is still difficult to draw any firm conclusions from the 2021/22

outturn position until such time as the ongoing impact on those services affected by the pressures caused by, and the funding response to, the Covid pandemic, have worked themselves through. The Council has absolutely managed well, despite these extra-ordinary circumstances, but it will be important to continue to remain vigilant on an ongoing basis regarding those areas where control of demographic and service financial pressures has brought challenges in recent years, such as children's services and waste collection. As well as identifying new ways of balancing its budget, it will continue to be more vital than ever that core services are well managed and operate within their financial parameters. With an apparent risk of inflation following the crisis in Ukraine, which is having direct impacts on energy markets, there is rising concern that costs will be under severe pressure from the knock-on impacts on service provision which may make this ultimately difficult.

Prior to the risk around inflation within all markets because of the invasion of Ukraine, the Council had 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 during and beyond 2022/23 remains uncertain. 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. Should the apparent inflationary impacts on the energy market pass through to other services including employment, this will only prove to make matters worse. Until Adult social care funding is reformed, it remains likely that the sector will continue to 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 through Council Tax.

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, regeneration, and 'net zero' carbon reduction schemes.

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. 2022/23 will be the final year of the current triennial review period for which it has made an up-front payment, covering an estimate of employer contributions for the three-year period. Whilst no decision has been taken to repeat this for the next triennial review, the original arrangement will 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 contribute to the tackling of Climate Change, as well as continuing to develop key areas of the city, and support private investment in city centre developments. Work continues 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 can 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 2021/22 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 restating 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.

August 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 2022. 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. Any impact of Covid on the Council's assessment of its going concern status has reduced over time and as of August 2024 is no longer a material 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 years the Council has incurred a £6.7m overspend in 2022/23 and a further £1.8m overspend in 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.

The inflationary environment, exacerbated also by the market crash in September 2022, and resulting in significant hikes in the Bank of England base rate (and therefore for e.g. mortgage rates), have been significant contributory factors in an

economic downturn and pressures on the cost of living. This too has impacted adversely on the cost to the Council in discharging its statutory obligations, as in addition to social care pressures, homelessness has increased further requiring large financial pressures due to providing emergency temporary accommodation. This is still a rising pressure as at August 2024.

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 through 'Capitalisation Directions' which means that going concern status is preserved. In the immediate future, the level of Coventry City 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 has been in constant dialogue with previous 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 further service cuts and/or policy changes. The sector will need to maintain this dialogue with the new Government following election in July 2024.

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 £615m as at 31st March 2022. The indicative (and subject to audit)

position for 31st March 2024 is a net asset position for the funded pension scheme of £54 million. However, the application of an asset ceiling calculation produced by the actuaries on the Council's behalf has reduced the net asset in respect of the funded scheme to nil.

The Council's capital plans have continued to progress, perhaps most visibly around the Friargate regeneration district, where the newly remodelled Coventry railway station, the second Friargate office block and new Indigo Hotel have all been completed. 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's 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:

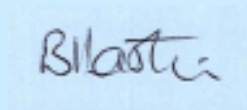
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting;

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 2022 and its income and expenditure for the year ended 31st March 2022, and that the accounts are authorised for issue.



Barry Hastie, CPFA
Director of Finance

9th August 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 the Council's website 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 2022.

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 2022 and up to the date of approval of the Statement of Accounts.

The governance framework

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

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

The existing Council Plan which sets out the Council's long-term vision and priorities for the city is being refreshed and is now called the One Coventry Plan. The plan takes into account lessons learnt from COVID-19 pandemic and the impact this has had on our communities and the way we work. To deliver the Council's long-term vision of working together to improve the city and the lives of those who live, work and study in Coventry, the One Coventry Plan sets out the priorities of increasing the economic prosperity of the city and region, improving outcomes, and tackling inequalities within our communities and tackling the causes and consequences of climate change, through continued financial sustainability and the Council's role as a partner, enabler, and leader. The delivery of the One Coventry Plan is supported by a range of policies and strategies and a performance management framework. A copy of the draft One Coventry Plan is available on the Council's website.

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

In October 2015, Coventry City Council agreed to join the 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 was 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 One Coventry Plan and corporate priorities. Coventry City of Culture Trust was set up to organise and deliver this activity and was formally incorporated and received charitable status. Financial responsibility for the Trust's activities lies 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. Details of the Member decision making, advisory and scrutiny bodies can be found on the Council's website.

Coventry City Council has developed a comprehensive set of policies and procedures, including those relating to the standards expected of Members and officers. These are subject to regular review to ensure the Council continues to enhance and strengthen its internal control environment. Systems exist to ensure

compliance with policies and procedures, including statute and regulations. Internal Audit, through its annual risk-based plan assesses compliance with key procedures and policies.

The Council has an Equality, Diversity and Inclusion Commitment which is available on our on the Council's website. This sets out the Council's commitment to meeting all areas of the public sector equality duty and to ensure equality of opportunity, both as a provider and commissioner of services and as a large employer. The commitment is implemented through setting equality objectives linked to the One Coventry Plan. In 2022, a new set of equality objectives were approved and are available on the Council's website. Progress is monitored and reported to the Cabinet Member (Policing & Equalities) and an annual report of completed Equality Impact Assessments is available on the Council's website.

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

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 2021-22, the Chief Operating Officer 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 August 2022. 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 Chief Operating Officer (Section 151 Officer) is a key member of the Council's Strategic Leadership Team with a critical role in strategic planning for the organisation. The Team also includes the Chief Executive and Monitoring Officer, who, along with the Chief Operating Officer, collectively have leadership responsibility for good governance as principal statutory officers. The Chief Operating Officer is also part of the Council's One Coventry 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 2022:

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

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

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

The Coventry and Solihull Waste Disposal Company Limited was incorporated on 24th February 1992 is owned jointly by Coventry City Council, Solihull Metropolitan Borough Council, Warwickshire County Council and Leicestershire County Council.

The UK Battery Industrialisation Centre Limited 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.

The Friargate Joint Venture Project limited 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.

Sherbourne Recycling Limited (SRL) was incorporated on the 25th February 2021 and Coventry City Council along with seven other local authorities acquired shares in the company on the 1st April 2021. The purpose of the company is to manage the construction of a material recycling facility (MRF) and then operate the facility, which will sort the dry mixed recyclable waste received from the eight local authorities and other commercial customers. Sherbourne Recycling Trading Limited is a trading subsidiary of Sherbourne Recycling Limited who own 100% of the shares in this entity. All commercial contracts will be secured through this entity with the waste being processed by SRL on an arm's length transaction.

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 Leadership Team and Members against targets and objectives set out in the One Coventry 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 Leadership Team.
- 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.

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 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. Overall, the Council has satisfied CIPFA's requirement to demonstrate a direction of travel towards full compliance with the Code in 2021-22.

- The work of the Internal Audit Service during 2021-22. 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.

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.

Other matters - delay in approving the Council's accounts (November 2023 update.) Although the Council's draft accounts for 2019/20 were originally put forward for approval in November 2020 there were several outstanding issues to be resolved at that time. Subsequent to this, further work by the External Auditors identified a number of issues with the Council's accounting statements which have taken an unusually long time to resolve. Delays to approving local authority accounts have been a factor across the local government sector over the last three years as a result of a number of systemic issues. The accounts for 2019/20 were approved in October 2023 and work is now ongoing to finalise the accounts for subsequent years.

The auditors have identified some mitigating factors for the delay including the complexity of the Council's Group Accounts structure, the impact of Covid on property valuation work and the impact of national changes including the valuation of infrastructure assets. However, the Council accepts that there have been some significant shortcomings in its accounts closure processes and has agreed an action plan with the auditors aimed at catching-up the backlog of accounting statements for 2020/21, 2021/22 and 2022/23. This is set out in Table 2 below.

Significant governance issues

Table one below provides an update on the governance issues that were raised in the 2020-21 Annual Governance Statement.

Table one

No	Governance issues identified in 2020-21	2021-22 update
1	Sustainable improvement in Children's Services	Quality Assurance visits and service performance reviews were completed. Feedback from the frontline was received but not in the form of an innovation and improvement forum. This is still to be developed. The Continuous Improvement plan for 2021-22 was delivered. The Workforce Plan for 2021-22 was delivered. An Ofsted inspection undertaken in June 2022 rated Children's Services as "Good".
2	Ensuring delivery of the Council's vision and corporate objectives, in line	The Council's 2021-22 budgetary control position has been balanced at year-end with the estimated unbudgeted impacts of Covid managed through the use of various Covid grants provided by Government.

	with the Medium-Term Financial Strategy	A balanced budget has been set for 2022-23 without the need for further service cuts to be identified. At this stage, One Coventry Plan transformation programmes have not been progressed to the point that they have informed the Council's financial position for this period.
3	Raising educational standards	<p>The co-created Education Partnership and School Improvement annual actions and key principles for the 2021-22 academic year were:</p> <p>Further develop the Coventry Education Partnership to enable successful and effective:</p> <ul style="list-style-type: none"> induction and support for new headteachers succession planning school-to-school support that impacts positively on school improvement <p>Using a range of attendance strategies ensure all pupils are motivated to achieve high levels of school attendance so that educational inequalities are reduced.</p> <p>Ensure that early years' practitioners working with children and professionals supporting families are resilient well trained, knowledgeable, and confident to deliver high quality services.</p> <p>Develop children and young people's mental and physical health and wellbeing so that they develop confidence, resilience, and independence.</p> <p>Develop and embed a broad, equitable and well-planned curriculum that enables pupils to take advantage of opportunities, responsibilities, and experiences of later life.</p> <p>Ensure that curriculum planning:</p> <ul style="list-style-type: none"> accounts for delays and gaps in learning as a result of Covid-19 is sequenced so that new knowledge and skills build on what has been taught before and towards its clearly defined end points allows reading to be prioritised so that pupils are able to access the full curriculum offer <p>Be ambitious for children and young people with SEND and effective in the provision that we make for them so that their educational outcomes improve across all key stages, including in the early years.</p> <p>Develop an environment in which pupils feel safe, and in which bullying, discrimination, sexual harassment, sexual abuse, and sexual violence – online or offline – are not accepted and are dealt with quickly, consistently, and effectively whenever they occur.</p> <p>Schools have continued to focus on education recovery following the COVID pandemic and responding to the return of OFSTED graded inspections.</p>

4	Implementation of the Information Management Strategy	<p>Review of online Data Protection training was delayed due to a wider review of corporate and mandatory training. A new online option is being reviewed and review of the training strategy is scheduled on the Information Management Strategy Group work programme for 2022-23</p> <p>An approach has been agreed for progressing the outcomes of the risk management audit which has just started in Law and Governance but needs progressing. This is a standing item on the Information Management Strategy Group agenda.</p>
5	Management of increasing demand in relation to homelessness and the associated costs of housing families in temporary accommodation	<p>The Service secured a £2million underspend during 2021-22. A number of mitigations were put in place over the previous 3 years that have resulted in this improved position and will continue to have a positive impact moving forward.</p> <p>As a demand led service, we anticipated a significant increase in homeless households approaching the council in 2021-22. Although we have seen an increase in customers the financial impact was managed. The following actions were completed in 2021-22:</p> <p>HMO accommodation purchased and project closed.</p> <p>Let's Rent Coventry and other initiatives resulted in more families permanently accommodated in the private sector.</p> <p>1149 homeless preventions and reliefs.</p> <p>A new supported housing project for single people leaving Temporary Accommodation opened by Spring Housing.</p> <p>Rent accounting system due to go live in July 2022.</p> <p>90% occupancy achieved on all family temporary accommodation.</p> <p>Cabinet approval secured to purchase up to 50 family temporary accommodation houses.</p>
6	Development of a corporate data access standard	<p>This has been delayed to due to vacancies in the Team and other pressures.</p>
7	Governance over relationships with partners and outside bodies	<p>The One Coventry Partnership was relaunched formally in January 2022 with refreshed membership to reflect its focus on driving a One Coventry approach for the city, providing leadership on key strategic issues/developments, and enabling a joined-up public sector approach to the development and delivery of strategic city-wide priorities.</p> <p>The Partnership is committed to working together to develop a One Coventry culture for how the public sector behaves and relates to communities and the voluntary and community sectors.</p>

		<p>The Coventry and Warwickshire Anchor Alliance is fully established and currently in the process of refreshing and reframing its six existing commitments, with current priorities relating to Coventry and Warwickshire Pound and Employment Opportunities.</p> <p>The Coventry and Warwickshire Integrated Care Partnership was set up in response to the Health and Care Act 2022 through a series of Integrated Care Systems (ICSs) to cover England. The ICSs for each relevant area include an Integrated Care Board (ICB), with commissioning responsibilities currently undertaken by clinical commissioning groups (CCGs). In addition, an Integrated Care Partnership (ICP) has been established; a committee of the ICB, giving a voice to the wider health and care community and with a focus on health, public health, and social care. The Integrated Care Board (ICB) and local authority are statutory members of the ICP so are directly involved in developing the integrated care strategy. This work is at its early stages following formal establishment of the ICB July 2022.</p> <p>The ICS, Anchor Alliance, and One Coventry Partnership work closely together to ensure a system wide approach to improving the lives of local people.</p> <p>A Chief Partnerships Officer is in place to lead this area of work in line with One Coventry Plan priorities. Partnerships established and governance arrangements in place where required, focus agreed in line with risks previously identified. As a result, this issue will not be carried forward to the 2022-23 action plan.</p>
8	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.
9	City of Culture legacy	<p>The £44m public realm programme secured on the back of the City of Culture title successfully concluded, transforming key parts of the city centre through close collaboration with artists.</p> <p>The £50m Cultural Capital programme saw the completion of key projects supporting City of Culture delivery and legacy, across production spaces, performance venues and heritage assets (e.g., Coventry Cathedral, Drapers Hall, Herbert Art Gallery & Museum and St. Mary's Guildhall.)</p> <p>As the City of Culture year entered its final months, the City of Culture Trust confirmed its Principles, Strategic Objectives and Green Futures Theory of Change for the Legacy period to March 2024.</p> <p>Destination Coventry, a two-year proof-of-concept collaboration between Coventry City Council and Coventry & Warwickshire Chamber of Commerce, launched as the city's new pilot Destination Management Organisation. Destination Coventry's membership programme set out a range of membership benefits, alongside a suite of marketing and advertising opportunities to suit different stakeholder needs and budgets.</p> <p>Culture Change Coventry commenced work to refresh the City's Cultural Strategy, working in close consultation with the Coventry City of Culture Trust and a wide range of stakeholders through both a workshop day and online consultation.</p>

10	Strengthening arrangements linked to the programme of health and safety audits undertaken	<p>The Audit Inspection and Monitoring (AIM) Programme was updated for 2022-2023 and shared at Health and Safety Strategy Group and the Joint Health and Safety Forum.</p> <p>The AIM Programme is risk and resource based. Resource analysis has ensured the programme targets can be met in the time scales given.</p> <p>The team have been allocated their audit monitoring and assessment programmes for the year and this is being monitored at one to ones and team meetings.</p>
11	Further development of the Council's IT disaster recovery plans and processes	<p>Significant improvements have been made to the technical components of our ICT & Digital disaster recovery position. This includes completing a wholesale move to a new secondary data centre facility, which through the process of doing so, allowed us to reconfigure and test how some of our infrastructure is connected and architected. We have changed how we manage our internet connections, building in more resilience and we have also implemented a new storage area network (SAN) for how files and data are stored. All of this improves our disaster recovery position from a technical point of view.</p> <p>Alongside this, work has been continuing, led by the Coventry, Solihull, and Warwickshire Resilience Team in working with services regarding their business continuity plans, especially in light of the new ways of working. This work is on-going, and we will continue to work with colleagues throughout 2022/23 to support with this wider business continuity plan activity.</p>
12	Review and update of the Social Value and Sustainability Policy	<p>The Social Value and Sustainability Policy was approved by Cabinet in August 2021.</p> <p>The new policy document is available publicly on our website and the council is performing well in terms of addressing the contents.</p> <p>Social value and sustainability is embedded as part of the procurement and planning consultation processes and the Council works closely with partners and key anchor institutions within the City to deliver long terms sustainable solutions. The revised Social Value and Sustainability policy outcomes are supported by the vision, values and priorities contained in the One Coventry Plan. Outcomes are being delivered and monitored as detailed below:</p> <p>Procurement – social value and sustainability commitments are being included in our tenders where relevant and proportionate.</p> <p>Planning – all major development sites in Coventry are completing a social value action plan as part of their construction activity in the city. This is monitored and measured during the lifespan of the project to ensure targets set by developers are being achieved.</p> <p>Council partners – the Council will work with Partners within the City on specific initiatives that align with both the Council's and the Partner's individual Social Value and Sustainability outcomes.</p>

		As a result, this issue will not be carried forward to the 2022-23 action plan.
13	Implementation of the Local Government Ethical Standards Best Practice from the Committee on Standards in Public Life	Coventry Municipal Holdings was set up as a Holding company for most of the wholly owned companies by the City Council. This took account of the Nolan principle of openness and publication of agendas and minutes have been taken into account and form part of the Shareholder Committee meeting which occur twice a year. This is engrained in the Group Governance Agreement which is a legally binding document. As a result, this issue will not be carried forward to the 2022-23 action plan.
14	Implementation of the Redmond Review into the oversight of local audit and the transparency of local authority financial reporting	The Council has signed up to the national procurement arrangements for appointing the next round of external auditors for councils via the body, Public Sector Auditor Appointments (PSAA). Legislation or further instruction is awaited on the need to have at least one independent member on audit committees, the need for external auditors to take an annual report to Full Council and the format of a simplified statement of service information and costs to be compiled alongside the Statement of Accounts.
15	To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security	A business case for investment to increase the organisations ICT assurance position was made during 2021-22. This was approved and included in budget setting for financial year 2022-23. Having received the budget in April 2022 implementation activity has started on several components including technical solutions and staffing. Cyber Security forms a fundamental part of the ICT & Digital Service plan for 2022-23 with significant progress being planned.
16	Compliance with the Financial Management Code	<p>The Council's compliance with the code was reviewed in 2021-22 and the results were reported to Scrutiny Board 1 in January 2022.</p> <p>The report considered by Scrutiny Board concluded that the Council was compliant with the code in most respects.</p> <p>In line with the Scrutiny Board recommendations the outstanding areas will be subject to further updates in 2022-23 both as part of the Scrutiny 1 work programme and in respect of value for money, as part of the External Auditor's planned activity.</p> <p>As a result, this issue will not be carried forward to the 2022-23 action plan.</p>
17	Ensuring robust governance over group activities / investments	<p>In November 2021 the Council incorporated Coventry Municipal Holdings Limited (CMH) to manage most of its wholly owned companies and strengthen the governance arrangements for these investments. A Group Governance Agreement is in place which sets out the governance structure. This includes:</p> <p>Financial information will be obtained and reviewed by officers on a quarterly basis with any issues reported onwards to Shareholder Committee on an exception basis.</p> <p>There are two representatives from CMH on each subsidiary Board so collectively CMH has visibility of the subsidiary companies' performance on a monthly basis at each Board meeting.</p>

		<p>Financial reporting will form part of the agenda for Shareholder Committee, the meetings for which are already established in the municipal calendar.</p> <p>It is proposed that Audit and Procurement Committee will receive a consolidated financial performance report following the Shareholder Committee September meeting.</p> <p>It is proposed that Scrutiny Board includes on its work programme an item to consider a review of company business plans following consideration by Shareholder Committee in March each year.</p> <p>In addition, officers appointed as directors have received training from the Council's legal advisors.</p> <p>Therefore, robust overarching governance is now in place with the introduction of Coventry Municipal Holdings. As a result, this issue will not be carried forward to the 2022-23 action plan.</p>
18	Embedding new methods of consultation and engagement	<p>The Let's Talk Coventry platform has been active for over three years and has been used to support a range of consultation and engagement activity. We are currently evaluating the platform with respect to effectiveness and also looking at how Let's Talk can be used in conjunction with Gov Delivery and Firmstep to improve reach and response. This work is part of the wider Coventry Connects Programme to improve two-way engagement with residents.</p> <p>Community messenger's group was established in July 2020. This is a group of over 300 voluntary and community sector representatives who have supported the COVID response by helping to develop and share messages to support isolation, testing, vaccination etc, particularly with residents who found it most difficult to comply with guidance. As part of our COVID legacy, the group are keen to work on other issues around access to health and care and support the better understanding and improved access to services.</p>
19	Refresh of the One Coventry Plan	<p>Work to refresh the Council Plan commenced in 2021.</p> <p>Considerable engagement was undertaken with Elected Members throughout 2021-22 to develop the proposed strategic priorities and Performance Indicators for the refreshed One Coventry Plan.</p> <p>Extensive work was also undertaken to prepare for the engagement period. Workforce engagement commenced in February 2022.</p>

The Council is seeking to continuously enhance its management arrangements to improve service delivery, efficiency, and value for money, whilst achieving its objectives. The review of effectiveness has informed identification of the following key challenges for 2022-23 (table two), along with the actions planned to address these matters to further enhance our governance arrangements.

Table Two

Ref	Governance issue	Planned actions 2022-23	Responsible officer	Timescale
1	Sustainable improvement in Children's Services	<p>The following actions are planned in 2022-23:</p> <p>Develop a confident and competent, experienced, and stable workforce.</p> <p>Deliver this year's workforce plan.</p> <p>Strengthen further feedback from the front line in the form of an innovation and improvement forum.</p> <p>Develop and implement the response to the Ofsted 2022 inspection.</p>	Director of Children's Services	March 2022
2	Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium-Term Financial Strategy	<p>The 2022-23 budgetary control position will be closely monitored to ensure that the key financial pressures being experienced by the Council can be mitigated and/or managed.</p> <p>Work has begun to assess the range of financial scenarios facing the Council for the period from 2023-24. This will continue to be undertaken with little information about the future local government funding.</p> <p>The Council's One Coventry Plan will be refreshed and approved during the year and there will be a need to make sure that the Council's financial plans are aligned to the revised objectives of the new Plan. These proposals will be formalised through the 2023-24 Pre-Budget Report.</p>	Chief Operating Officer	July 2022 to January 2023
3	Raising educational standards	<p>We will refresh the school improvement principles for the 2022-23 academic year and agree with the Coventry Education Partnership. The majority of the principles will remain, but there will be an enhanced focus on continued education recovery, addressing behavioural and attendance issues.</p> <p>We will also need to consider the impact and response to the Schools' Bill changes, and Coventry position as an Education Investment Area.</p>	Head of Education Improvement & Standards	2022-23 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 2023
5	Management of increasing demand in relation to homelessness and the associated costs of housing families in temporary accommodation	<p>The homelessness service is demand led and it is anticipated that there will be a significant increase in demand during 2022-23. The mitigations that have been put in 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 2022-23:</p> <p>Continue to purchase 3-bed and larger temporary accommodation for families.</p> <p>Seek to increase the number of homeless households accommodated by Let's Rent Coventry.</p> <p>Embed new homeless prevention team (9 officers) and increase the number of homeless prevention and reliefs.</p> <p>Embed additional officers within the temporary accommodation team to deliver increased move-ons and income recovery.</p> <p>Undertake a Private Sector Leasing procurement to commence in the 3rd Quarter of 2022-23.</p> <p>Continue to seek reductions in Temporary Accommodation costs.</p> <p>Embed the rent accounting IT system to ensure maximisation of income.</p> <p>Continue to minimise voids in Temporary Accommodation and meet target of 90% occupancy.</p>	<p>Director of Adult Social Care & Housing</p> <p>Head of Housing & Homelessness</p>	March 2023
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	March 2023

7	Governance over the programme of capital projects	Following the end of City of Culture, the governance arrangements previously in place and embedded, namely the Council's Programme Delivery Board will be the primary forum for ensuring compliance. This Board, which meets regularly, is chaired by the Chief Executive and is attended by all directors responsible for capital project delivery.	Chief Executive	On-going
8	City of culture legacy	<p>St. Mary's Guildhall will open to the public in Summer 2022, with a new visitor offer and new destination café/restaurant in the Undercroft. Work on Charterhouse will complete, providing a new heritage destination, complementing completed work on the Heritage Park at London Road Cemetery.</p> <p>Legacy capital projects are further planned to progress in 2022-23 - at the Albany Theatre (due to enter into the construction stage) and at the former IKEA building (through RIBA Design Stages).</p> <p>The City of Culture Trust will focus on three strands of legacy delivery – the Assembly Festival Garden (Summer 2022), Reel Store (Digital Gallery) and a new, commissioned Green Futures programme.</p> <p>A refreshed Cultural Strategy with three-year Action Plan will be launched, supported by new governance arrangements for the city's Cultural Compact.</p> <p>The two-year Destination Coventry proof-of-concept pilot will be reviewed and evaluated, leading to decisions on future sustainable Destination Management arrangements for the city.</p>	Strategic Lead / Acting Head of Service Sports, Culture, Destination	2022-2024
9	Strengthening arrangements linked to the programme of health and safety audits undertaken.	Internal Audit will carry out a formal follow up review of recommendations made in their review of health and safety audit arrangements.	Chief Internal Auditor / Occupational Health, Safety & Wellbeing Services Manager / Health & Safety Team Leader	September 2022
10	Further development of the Council's IT disaster recovery plans and processes	Support the work of the business continuity planning across the organisation, ensuring that ICT disaster recovery processes are enhanced, with supporting documents formalised and testing arrangements agreed.	Head of ICT & Digital	March 2023

11	Implementation of the Redmond Review into the oversight of local audit and the transparency of local authority financial reporting	The Council will implement the required measures set out in the Redmond Review once these have been legislated for and defined.	Director of Law and Governance	March 2023
12	To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security	Implementation of the cyber security activities listed in the ICT & Digital Service Plan. The activity that will be most visible for all users is the implementation of Multi-Factor Authentication for all users – this will take place during 2022-23. Progression towards Cyber Essentials Accreditation.	Head of ICT and Digital.	March 2023
13	Embedding new methods of consultation and engagement	The following actions are planned in 2022-23: Evaluation of Let's Talk Platform and integration of engagement tools and routes through Coventry Connects Programme. Work with emerging Integrated Care Strategy to support the mandated requirement to engage better with communities and ensure alignment between council and NHS work in this area. Joint Strategic Needs Assessment (JSNA) is due to be updated in 22/23 and 23/24. Our previous JSNA included engagement data and we are currently reviewing the success of this approach and how we can link insight coming from across the council and partners to populate JSNA going forward.	Consultant - Public Health (Insight)	2022-2024
14	Refresh of the One Coventry Plan	We are now in a period of extensive workforce and public engagement. The findings from this engagement will be used to further inform the development of the One Coventry Plan. The updated draft Plan will then be presented for political approval. This is expected to take place by the end of 2022/23.	Chief Executive	March 2023
15	Update of the Local Code of Governance	The Local Code of Governance will be updated during 2022-23 to provide a more comprehensive description of the Council's governance arrangements and strengthen arrangements for the annual review of effectiveness.	Director of Law and Governance	March 2023

16	Mandatory training for Waste Services employees returning to work	Employees in Waste Services who have taken industrial action will receive full mandatory training prior to their return to work to ensure that their knowledge is up to date. This will include training on the Employee Code of Conduct and other areas relevant to the principles of good governance.	Director of Streetscene and Regulatory Services	October 2022
17	Employees Code of Conduct	To raise awareness and promote the Employees Code of Conduct.	Director of Law and Governance / Director of HR	March 2023
18	Sustainability and Climate Change Strategy	To finalise the Council's draft Sustainability and Climate Change Strategy (a green future for Coventry.)	Director of Business, Investment and Culture / Head of Climate Change and Sustainability	Report to Cabinet December 2022 Out to public consultation January to March 2023 Final approval from Cabinet 2023
19	Whistleblowing procedure	To standardise and improve the process for raising concerns under the Council's Whistle Blowing Policy.	Director of Law and Governance / Chief Internal Auditor	March 2023
	November 2023 update	Planned actions 2023-24		
20	Implementation of Action Plan – Statement of Accounts for 2020/21, 2021/22 and 2022-23	The following actions have been agreed with the Auditors: 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 and unusable reserves are provided within section 3.13.

Balance Sheet (sections 2.4 & 4.4)

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the authority. The net assets (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

2020/21			Service segment	2021/22			Section Ref.
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
6,698	(1,485)	5,213	Legal & Governance Services	8,340	(2,685)	5,655	3.2
25,913	(23,696)	2,217	Public Health	28,177	(28,100)	77	3.2
4,292	(121)	4,171	People Directorate Management	1,386	(164)	1,222	3.2
210,372	(195,182)	15,190	Education and Skills	243,375	(200,006)	43,369	3.2
91,716	(15,988)	75,728	Children and Young People's Services	100,032	(19,563)	80,469	3.2
120,051	(62,170)	57,881	Adult Social Care	144,050	(75,337)	68,713	3.2
27,999	(12,391)	15,608	Housing & Transformation	26,128	(14,396)	11,732	3.2
2,322	(837)	1,485	Human Resources	2,570	(945)	1,625	3.2
62,944	(19,079)	43,865	Business, Investment & Culture	42,492	(10,894)	31,598	3.2
52,655	(15,934)	36,721	Transportation & Highways	67,120	(15,861)	51,259	3.2
60,045	(18,282)	41,763	Streetscene & Regulatory Services	60,127	(19,889)	40,238	3.2
11,662	(3,638)	8,024	Project Management and Property Services	7,854	(3,998)	3,856	3.2
98,496	(95,174)	3,322	Finance & Corporate Services	95,653	(89,164)	6,489	3.2
55,686	(47,075)	8,611	Contingency and Central Budgets	63,252	(44,922)	18,330	3.2
830,851	(511,052)	319,799	Cost of Services	890,556	(525,924)	364,632	
		9,991	Other Operating Expenditure			139,560	3.1
		(4,907)	Finance and Investment Income and Expenditure			(18,508)	3.1
		(417,522)	Taxations and Non-Specific Grant Income			(419,509)	3.1
		(92,639)	(Surplus)/Deficit on the Provision of Services			66,175	
		200,544	Sub-total of other comprehensive Income and Expenditure			(212,695)	3.1
		107,905	Total Comprehensive Income and Expenditure (Surplus)/Deficit			(146,520)	

2.3 Movement in Reserves Statement

Usable/Unusable Reserves and Overall Position 2020/21

	31st March 2021	Total Comprehensive Income and Expenditure	Adjustments between Accounting Basis & Funding Basis under regulations	Net (increase)/ decrease	31st March 2022
	£000	£000	£000		£000
Usable Reserves					
General Fund Balance	(198,334)	66,175	(60,901)	5,274	(193,060)
Capital Grants Unapplied	(1,828)	0	(3,641)	(3,641)	(5,469)
Capital Receipts Reserve	(24,736)	0	3,911	3,911	(20,825)
Total Usable Reserves	(224,898)	66,175	(60,631)	5,544	(219,354)
Unusable Reserves					
Capital Adjustment Account	(813,707)	0	46,601	46,601	(767,106)
Revaluation Reserve	(199,282)	595	7,507	8,102	(191,180)
Deferred Capital Receipts Reserve	(12,886)	0	(4,087)	(4,087)	(16,973)
Financial Inst. Adjust Acc	10,147	0	(384)	(384)	9,763
Financial Instruments Revaluation Reserve	(47,570)	3,610	0	3,610	(43,960)
Collection Fund Adjust	45,229	0	(42,576)	(42,576)	2,653
Pensions Reserve (local government)	807,811	(216,900)	56,123	(160,777)	647,034
Accumulated Absences	4,420	0	(517)	(517)	3,903
Pooled Investment Funds Adj. Acc.	1,112	0	(2,036)	(2,036)	(924)
Total Unusable Reserves	(204,726)	(212,695)	60,631	(152,064)	(356,790)
Total Single Entity Reserves	(429,624)	(146,520)	0	(146,520)	(576,144)

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

Usable/Unusable Reserves 2020/21 Comparatives

	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)

2.4 Balance Sheet

31 March 2021		31 March 2022	
Balance Sheet			
£000		£000	Section Ref.
1,085,843	Property, Plant and Equipment	1,031,515	3.15
25,893	Heritage Assets	25,893	3.16
317,073	Investment Property	321,084	3.17
98,562	Long Term Investments	95,612	3.21
55,903	Long Term Debtors	69,539	3.22
1,583,274	Long Term Assets	1,543,643	
39,282	Short Term Investments	50,188	3.34
363	Inventories	398	
106,050	Short Term Debtors	91,421	3.23
30,209	Cash and Cash Equivalents	34,118	2.5
1,588	Assets held for Sale	1,073	3.17
177,492	Current Assets	177,198	
(2,771)	Bank Overdraft	(3,307)	2.5
(62,272)	Short Term Borrowing	(13,680)	3.34
(108,315)	Short Term Creditors	(130,545)	3.24
(1,837)	Short Term Provisions	(1,572)	3.25
(175,195)	Current Liabilities	(149,104)	
(18,645)	Long Term Provisions	(16,061)	3.25
(324,700)	Long Term Borrowing	(314,690)	3.34
(742,911)	Net Pension Liability	(614,734)	3.31
(1,603)	Donated Assets Account	(1,845)	3.28
(57,053)	Capital Grants Receipts in Advance	(40,483)	3.7
(11,035)	Other Long Term Liabilities	(7,780)	3.26
(1,155,947)	Long Term Liabilities	(995,593)	
429,624	Net Assets	576,144	
(224,898)	Usable Reserves	(219,354)	2.3
(204,726)	Unusable Reserves	(356,790)	2.3
(429,624)	Total Reserves	(576,144)	

The unaudited accounts were authorised for issue on 9th August 2024.

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2.5 Cash Flow Statement

2020/21	Cash Flow Statement	2021/22
£000's		£000's
(92,639)	Net (Surplus) or Deficit on the Provision of Services	66,175
(4,907)	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	(232,231)
103,277	Adjust items included in Net Surplus/Deficit on the Provision of Services that are Investing & Financing Activities	190,772
5,731	Net Cash Flows from Operating Activities	24,716
(54,666)	Investing Activities	(43,347)
46,090	Financing Activities	15,258
(2,845)	Net (Increase) or Decrease in Cash and Cash Equivalents	(3,373)
(24,593)	Cash and Cash Equivalents at the Beginning of the Reporting Period (including bank overdrafts)	(27,438)
(27,438)	Cash and Cash Equivalents at the End of the Reporting Period (including bank overdrafts)	(30,811)

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

2020/21		2021/22	
Net Expenditure	Category of Income or Expenditure	Net Expenditure	Section Ref.
£000		£000	
(6,133)	(Gain)/Loss on Disposal of Fixed Assets	123,114	
16,083	Levy Payments to Other Bodies	16,399	
41	Precepts of Local Precepting Authorities	47	
9,991	Other Operating Expenditure	139,560	
18,553	Interest Payable and Similar Charges	17,518	3.34
(3,438)	External Investment Income	(3,304)	3.34
12,247	Net interest on the net defined benefit liability	15,546	3.31
(16,579)	Commercial Property Income	(17,076)	
8,034	Commercial Property Expenditure	7,868	
(16,116)	Changes in the fair value of investment properties	(27,419)	
(6,020)	Dividends and Interest Receivable	(9,650)	3.34
477	(Gain)/loss on impairment of assets	371	3.34
(2,065)	(Gain)/loss on revaluation of financial instruments	(2,362)	3.34
(4,907)	Finance and Investment Income and Expenditure	(18,508)	
(143,953)	Council Tax	(151,663)	3.38
(70,700)	Retained Business Rates	(104,943)	3.38
17,920	Business Rates Top-up	17,652	3.38
(65,463)	General Government Grants	(32,660)	
(155,228)	Capital Grant	(147,788)	3.7
(98)	Donated Assets – amortised credits	(107)	
(417,522)	Taxations and Non-Specific Grant Income	(419,509)	
(23,604)	(Gain)/loss on revaluation of non current assets	595	3.13
16,517	(Gain)/loss on revaluation of financial instruments	3,610	3.34
207,631	Remeasurement of the net defined benefit liability	(216,900)	3.31
200,544	Sub-total of other comprehensive Income and Expenditure	(212,695)	

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).

2020/21			2021/22			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	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
5,213	0	5,213	Legal & Governance Services	5,655	0	5,655
2,217	0	2,217	Public Health	77	0	77
1,364	2,807	4,171	People Directorate Management	1,222	0	1,222
6,345	8,845	15,190	Education and Skills	(2,965)	46,334	43,369
75,895	(167)	75,728	Children and Young People's Services	80,123	346	80,469
68,780	(10,899)	57,881	Adult Social Care	65,434	3,279	68,713
14,211	1,397	15,608	Housing & Transformation	9,979	1,753	11,732
1,485	0	1,485	Human Resources	1,625	0	1,625
8,327	35,538	43,865	Business, Investment & Culture	11,100	20,498	31,598
(262)	36,983	36,721	Transportation & Highways	(88,302)	139,561	51,259
35,563	6,200	41,763	Streetscene & Regulatory Services	37,364	2,874	40,238
(69,979)	78,003	8,024	Project Management and Property Services	(1,739)	5,595	3,856
3,320	2	3,322	Finance & Corporate Services	6,489	0	6,489
69,203	(60,592)	8,611	Contingency and Central Budgets	1,038	17,292	18,330
221,682	98,117	319,799	Net Cost of Services	127,100	237,532	364,632
(308,789)	(103,649)	(412,438)	Other Income and Expenditure	(121,826)	(176,631)	(298,457)
(87,107)	(5,532)	(92,639)	(Surplus) or Deficit	5,274	60,901	66,175
(111,227)			Opening General Fund	(198,334)		
(87,107)			Plus (Surplus)/Deficit on General Fund	5,274		
(198,334)			Closing General Fund at 31 March	(193,060)		

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.

2020/21				2021/22				
Adjustment for Capital Purposes (Note 1)	Net Changes for the Pension Adjustment (Note 2)	Other Differences (Note 3)	Total Adjustments	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
0	0	0	0	Public Health	0	0	0	0
2,807	0	0	2,807	People Directorate Management	0	0	0	0
8,845	0	0	8,845	Education and Skills	46,334	0	0	46,334
(167)	0	0	(167)	Children and Young People's Services	346	0	0	346
(10,899)	0	0	(10,899)	Adult Social Care	3,279	0	0	3,279
1,397	0	0	1,397	Housing & Transformation	1,753	0	0	1,753
0	0	0	0	Human Resources	0	0	0	0
35,538	0	0	35,538	Business, Investment & Culture	20,498	0	0	20,498
36,983	0	0	36,983	Transportation & Highways	139,561	0	0	139,561
6,200	0	0	6,200	Streetscene & Regulatory Services	2,874	0	0	2,874
77,970	0	33	78,003	Project Management and Property Services	5,595	0	0	5,595
2	0	0	2	Finance & Corporate Services	0	0	0	0
(74,609)	15,427	(1,411)	(60,593)	Contingency and Central Budgets	(19,742)	40,577	(3,543)	17,292
84,067	15,427	(1,378)	98,116	Net Cost of Services	200,498	40,577	(3,543)	237,532
(161,432)	12,247	45,537	(103,648)	Other Income and Expenditure	(149,601)	15,546	(42,576)	(176,631)
(77,365)	27,674	44,159	(5,532)	Surplus or Deficit	50,897	56,123	(46,119)	60,901

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.

2021/22	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	5,655	(350)	102	5,407	4,183	1,224
Public Health	77	30	1,603	1,710	2,404	(694)
People Directorate Management	1,222	0	0	1,222	1,286	(64)
Education and Skills	(2,965)	14,810	4,764	16,609	16,142	467
Children and Young People's Services	80,123	(268)	1,524	81,379	76,573	4,806
Adult Social Care	65,434	965	15,952	82,351	82,281	70
Housing & Transformation	9,979	(25)	1,100	11,054	13,304	(2,250)
Human Resources	1,625	18	(140)	1,503	1,388	115
Business, Investment & Culture	11,100	(3,324)	(348)	7,428	5,462	1,966
Transportation & Highways	(88,302)	97,213	(549)	8,362	7,035	1,327
Streetscene & Regulatory Services	37,364	(1,120)	117	36,361	29,762	6,599
Project Management and Property Services	(1,739)	(3,246)	(465)	(5,450)	(4,702)	(748)
Finance & Corporate Services	6,489	0	(673)	5,816	5,038	778
Contingency and Central Budgets	1,038	17,283	(28,261)	(9,940)	3,656	(13,596)
Net Cost of Services	127,100	121,986	(5,274)	243,812	243,812	0
Other Income and Expenditure	(121,826)	(121,986)	0	(243,812)	(243,812)	0
Surplus or Deficit	5,274	0	(5,274)	0	0	0

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

3.5 Segmental Analysis

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

2021/22	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	(629)	0	(2,407)	(3,036)	8,341	5,305	102	5,407
Public Health	(28,075)	0	(25)	(28,100)	28,207	107	1,603	1,710
People Directorate Management	(122)	0	(42)	(164)	1,386	1,222	0	1,222
Education and Skills	(194,912)	0	(5,094)	(200,006)	211,851	11,845	4,764	16,609
Children and Young People's Services	(18,101)	0	(1,462)	(19,563)	99,418	79,855	1,524	81,379
Adult Social Care	(55,728)	0	(19,611)	(75,339)	141,738	66,399	15,952	82,351
Housing & Transformation	(6,658)	0	(7,751)	(14,409)	24,363	9,954	1,100	11,054
Human Resources	(50)	0	(895)	(945)	2,588	1,643	(140)	1,503
Business, Investment & Culture	(9,548)	0	(1,346)	(10,894)	18,670	7,776	(348)	7,428
Transportation & Highways	(6,136)	0	(9,539)	(15,675)	24,586	8,911	(549)	8,362
Streetscene & Regulatory Services	(945)	0	(18,944)	(19,889)	56,133	36,244	117	36,361
Project Management and Property Services	(30)	0	(19,212)	(19,242)	14,257	(4,985)	(465)	(5,450)
Finance & Corporate Services	(87,863)	0	(1,301)	(89,164)	95,653	6,489	(673)	5,816
Contingency and Central Budgets	(213,672)	4,858	(24,301)	(233,115)	251,436	18,321	(28,261)	(9,940)
Net Cost of Services	(622,469)	4,858	(111,930)	(729,541)	978,627	249,086	(5,274)	243,812
Other Income and Expenditure	0	(243,812)	0	(243,812)	0	(243,812)	0	(243,812)
Surplus or Deficit	(622,469)	(238,954)	(111,930)	(973,353)	978,627	5,274	(5,274)	0

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

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	2020/21 £000	2021/22 £000
Income		
Fees, charges and other service income	(63,756)	(80,871)
Interest and investment income	(27,066)	(31,059)
Income from council tax and non-domestic rates	(196,733)	(238,954)
Government grants and contributions	(665,216)	(622,469)
Total Income	(952,771)	(973,353)
Expenditure		
Employee benefits expenses	297,212	339,292
Other services expenses	417,778	432,471
Depreciation, amortisation, impairment	106,416	97,503
Interest payments	30,800	33,064
Precept and levies	16,124	16,446
(Gain)/Loss on Disposal of Assets	(6,133)	123,114
(Gain)/Loss on Revaluation of Financial Instruments	(2,065)	(2,362)
Total Expenditure	860,132	1,039,528
Surplus/ Deficit on the Provision of Services	(92,639)	66,175

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.

2020/21			2021/22			
Income from service recipients £000	Other income £000	Total fees, charges and other service income £000	Service Segment	Income from service recipients £000	Other income £000	Total fees, charges and other service income £000
(1,175)	0	(1,175)	Legal & Governance Services	(2,056)	0	(2,056)
7	0	7	Public Health	(25)	0	(25)
0	0	0	People Directorate Management	(42)	0	(42)
(4,017)	0	(4,017)	Education and Skills	(5,012)	(3)	(5,015)
(2,093)	0	(2,093)	Children and Young People's Services	(1,463)	0	(1,463)
(17,846)	0	(17,846)	Adult Social Care	(19,594)	0	(19,594)
(8,002)	(223)	(8,225)	Housing & Transformation	(7,297)	(453)	(7,750)
(723)	(109)	(832)	Human Resources	(829)	(67)	(896)
(633)	0	(633)	Business, Investment & Culture	(1,217)	0	(1,217)
(4,751)	(1,870)	(6,621)	Transportation & Highways	(6,287)	(3,549)	(9,836)
(16,668)	0	(16,668)	Streetscene & Regulatory Services	(18,778)	0	(18,778)
(981)	(17)	(998)	Project Management and Property Services	(1,213)	(5)	(1,218)
12	(1)	11	Finance & Corporate Services	(1,223)	(77)	(1,300)
(4,810)	144	(4,666)	Contingency and Central Budgets	(7,174)	(4,507)	(11,681)
(61,680)	(2,076)	(63,756)	Total	(72,210)	(8,661)	(80,871)

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.

2020/21 *restated '£000	Grant / Grant Body	2021/22 £000
8,156	Basic Need Allocation (school places)	21,093
43,297	UK Central plus Connectivity	20,148
0	Friargate Masterplan Regeneration Project	15,137
5,432	A46 Link Road (Coventry Connectivity)	11,324
11,590	Getting Building Fund	8,235
0	Public Building Retrofit	7,063
6,822	Arts Council – Managed Funds	6,556
12,276	Innovate UK - Faraday Scale Up Facility (Battery Plant)	5,499
639	Better Streets / Spon End Pinchpoint / Binley Road Cycle Scheme – Transforming Cities Fund	5,440
1,809	Air Quality Feasibility Studies	4,891
16,348	Local Growth Fund	4,842
545	Challenge Fund	4,455
2,918	Highways Maintenance Block	3,558
1,932	Capital Maintenance Grant	3,362
2,776	Disabled Facilities Grant	2,875
1,939	Integrated Transport Block	2,722
51	Housing Infrastructure Fund	2,164
10,579	Contribution (non grant)	2,093
14,518	Other Grants & Contributions	14,291
155,228	Total	147,788

* 2020/21 figures have been restated to reflect updated grant categories.

3.8 Analysis of Revenue Grants

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

2020/21 *restated £000	Grant	2021/22 £000
158,303	Dedicated schools grant**	164,831
86,008	Housing Benefits	78,081
7,508	Small Business Rates Relief Compensation	27,949
22,307	Dept of Health - Public Health	22,571
20,827	Better Care Fund	21,801
15,323	Improved Better Care Fund	15,323
9,431	Social Care Grant	11,941
22,783	COVID-19 Additional Funding	11,314
565	NHS Coventry Grants & Contributions	8,774
7,838	Pupil Premium - Free School Meals	7,386
3,198	Contain Outbreak Management Fund	7,093
5,279	Adult Education Budget (WMCA)	5,280
4,990	Private Finance Initiative - Street Lighting	4,990
4,857	New Homes Bonus	4,568
8,486	Additional Restrictions Grant ARG	4,513
3,732	COVID-19 Council Tax Hardship Fund/Support Grant	3,895
1,338	Business Rates Multiplier Cap	3,523
0	Household Support Fund	3,091
1,346	Community Testing Funding (Lateral Flow Testing)	3,072
2,869	Universal Free School Meals	2,559
2,323	Independent Living Fund	2,323
1,010	COVID Local Support Grant Payment (Winter Grant Scheme)	2,235
1,875	PFI	1,875
6,024	Sales Fees and Charges Support Grant (COVID-19)	1,023
2,647	COVID-19 Local Authority Discretionary Grant Fund (LADGF)	12
4,093	Teachers Pension Employer Contribution Grant (TPECG)	247
52,878	Business Rates Tax Base Compensation	53
4,000	Air Quality Feasibility Studies	0
2,204	UKBIC contribution (loan related)	0
45,846	Other Grants and Contributions	54,358
509,888	Total	474,681

*2020/21 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 disclosed 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 2021/22 are as follows:

Notes	Schools Budget Funded by Dedicated Schools Grant	Central Expenditure £000	Individual Schools Budget £000	Total £000
A	Final DSG for 2021/22 before academy and high needs recoupment	0	0	342,038
B	Academy and high needs figure recouped for 2021/22	0	0	(176,467)
C	Total DSG after academy and high needs recoupment for 2021/22	0	0	165,571
D	Plus: Brought forward from 2020/21	0	0	4,806
E	Less: Carry-forward to 2022/23 agreed in advance	0	0	(4,356)
F	Agreed initial budgeted distribution in 2021/22	44,837	121,184	166,021
G	In year adjustments	0	(285)	(285)
H	Final budget distribution for 2021/22	44,837	120,899	165,736
I	Less: Actual central expenditure	43,266	0	43,266
J	Less: Actual ISB deployed to schools	0	120,899	120,899
K	Plus: Local authority contribution for 2021/22	0	0	0
L	In Year Carry-forward to 2022/23	1,571	0	1,571
M	Plus/Minus: Carry-forward to 2022/23 agreed in advance	0	0	4,356
N	Carry-forward to 2022/23	0	0	5,927
O	DSG unusable reserve at the end of 2020/21	0	0	0
P	Addition to DSG unusable reserve at the end of 2021/22	0	0	0
Q	Total of DSG unusable reserve at the end of 2021/22	0	0	0
R	Net DSG position at the end of 2021/22	0	0	5,927

Notes

A: Final DSG figure before any amount has been recouped from the authority as published in March 2022, excluding the January 2022 early years block adjustment.

B: Figure recouped from the authority in 2021/22 by the DfE for the conversion of maintained schools into academies and for high needs payments made by the ESFA.

C: Total DSG figure after Academy and high needs recoument for 2021/22, as published March 2022.

D: Balance brought forward from 2020/21.

E: The amount which the authority decided after consultation with the Schools Forum to carry forward to 2022/23 rather than distribute in 2021/22.

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

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

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

I: Actual amount of central expenditure items in 2021/22.

J: Amount of ISB actually distributed to schools in 2021/22 (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 2021/22 which will have the effect of substituting for DSG in funding the Schools Budget.

L: Carry forward to 2022/23.

M: Carry forward to 2022/23 already agreed £4,356m.

N: Carry forward to 2022/23 (before any unusable reserve brought forward).

O: DSG unusable reserve adjusted at the end of 2020/21.

P: Addition to DSG unusable reserve at the end of 2021/22.

Q: Total of DSG unusable reserve at the end of 2021/22.

R: Net DSG position at the end of 2021/22

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.

Transactions with Related Party 2020/21			Key Management Personnel & Members Related Parties		Transactions with Related Party 2021/22			Nature of relationship	
Expenditure*	Outstanding Balances Creditors **	Income***	Outstanding Balances Debtors****	Related Party	Expenditure*	Outstanding Balances Creditors **	Income***		Outstanding Balances Debtors****
£	£	£	£		£	£	£	£	
0	0	(1,870)	0	A&M Metals & Waste Ltd	0	0	(3,350)	650	Second Tier Subsidiary
0	0	(342)	(0)	Avon Fish Bar	0	0	(359)	(0)	Owner
0	(16,844)	(145,980)	3,786,490	Belgrade Plaza Investment Limited	0	0	(146,200)	3,796,835	Loan Support
2,782,688	(11,876)	(51,849)	325,539	Belgrade Theatre Trust (Coventry) Ltd	1,138,398	(141,903)	(62,196)	185,551	Director
1,581,425	(42,441)	(40,934)	34,233	Carers Trust Heart Of England	1,691,835	(69,509)	(5,620)	0	Director
610,449	(29,272)	(4,509)	2,751	Central England Law Centre	527,279	(55,453)	(6,246)	3,927	Director
0	(0)	(434,329)	4,577,879	City College	0	(0)	(16,822)	4,070,057	Loan Support
307,279	(553)	(989,943)	5,336,468	Coombe Abbey Park Limited	130,146	(105,982)	(1,210,307)	8,706,888	Second Tier Subsidiary
795,244	0	0	0	Coventry & Warwickshire LEP	693,234	0	(4,018)	22	Director
4,800,200	0	(51,375)	2,400,422	Coventry & Warwickshire Reinvestment Trust Ltd	454,000	0	(85,871)	2,368,369	Loan Support
55,915	(6)	(58,553)	1,101,873	Coventry and Warwickshire Award Trust	1,994	0	(50,469)	1,064,433	Loan Support
988,518	(92,310)	(300)	150	Coventry and Warwickshire Growth Hub Ltd	903,443	(47,092)	0	150	Director
1,100,266	(307,970)	(3,337)	(4)	Coventry Cathedral	1,053,718	(8,477)	(3,642)	239	Grants
0	0	(10,221)	(2,106)	Coventry Church (Municipal) Charities	0	(2,106)	(9,124)	0	Trustee
0	(222)	(6,103)	2,072	Coventry Citizens Advice Bureau	0	0	(5,606)	2,506	Trustee
3,102,018	(917)	(520,359)	154,663	Coventry City of Culture Trust	3,411,570	(7,426)	(33,047)	631,586	Director
0	0	(265)	0	Coventry General Charities	0	0	(270)	0	Trustee
703,608	(5,350)	(85)	0	Coventry Haven	1,050,367	0	0	0	Director
322,287	0	0	0	Coventry Independent Advice Service Ltd	322,287	0	(470)	276	Trustee
1,847,481	22,083	(11,406)	706	Coventry Mind	1,811,448	22,069	(13,907)	537	Grants
0	0	0	0	Coventry Municipal Holdings Ltd	212,258	(62,258)	(9,773)	0	First Tier Subsidiary
804,632	(170,455)	(27,756)	0	Coventry Refugee And Migrant Centre	831,169	(256,571)	(36,649)	0	Trustee
2,528	0	0	5,000	Coventry Regeneration Ltd	2,719	0	0	5,000	Second Tier Subsidiary
478,850	(47,513)	(10,270)	11,968	Coventry Technical Resources Ltd	390,319	0	(10,742)	(0)	Second Tier Subsidiary
3,041,888	(124,284)	(478,002)	362,257	Culture Coventry Ltd	2,426,345	0	(39,503)	224,081	Structured Entity
0	0	0	8,026,560	ES Coventry Ltd	0	0	0	7,729,000	Loan Support
0	(2,103)	(6,060)	138	Feeding Coventry	0	(2,158)	(5,240)	429	Trustee
523,044	(36,447)	(358,184)	97,398	Finham Park Academy	550,989	(14,519)	(454,179)	150,606	Director
1,141,100	0	(35,920)	38,400	Friargate JV Project Ltd	750,000	0	(35,350)	0	Joint Venture
1,316,145	(683,515)	(270,491)	5,565,972	Friargate LLP	(683,515)	0	(284,271)	5,848,051	Loan Support
0	0	0	1,323,216	Hamlet Catering Limited and Revelan Estates	0	0	0	1,322,650	Loan Support
1,724,556	(2,514)	(14,004)	1,021	Hereward College	2,054,390	(1,034)	(19,675)	3,856	Governor

Key Management Personnel & Members										
Transactions with Related Party 2020/21			Related Parties				Transactions with Related Party 2021/22			
Expenditure*	Outstanding Balances Creditors **	Income***	Outstanding Balances Debtors****	Related Party	Expenditure*	Outstanding Balances Creditors **	Income***	Outstanding Balances Debtors****	Nature of relationship	
£	£	£	£		£	£	£	£		
3,289,833	(420,862)	(1,484)	206,136	Historic Coventry Trust	842,117	(0)	(14,160)	174,849	Loan Support	
10,000	0	(1,295)	346	Holbrooks Community Association	4,525	(2,027)	(1,181)	0	Trustee	
0	0	38	0	Living Environment Trust	0	0	0	0	Director	
0	0	(127)	127	Maya Solicitors	0	0	(213)	0	Director	
0	(3,462)	(453,206)	0	Mclaren (The Oaks) Ltd	0	0	(4,442)	4,083,490	Loan Support	
2,410	0	0	0	Sahara (Coventry) Ltd	0	0	0	0	Director	
833,434	(449)	(95,883)	1,050,539	Shearer Property C Limited	55,700	(457)	(32,485)	1,060,435	Loan Support	
0	0	0	0	Sherbourne Recycling Ltd	3,762,589	0	(572,004)	5,184,312	Associate	
254,667	(3,444)	(151,993)	31,038	Sidney Stringer Academy	289,167	(45,538)	(284,510)	20,329	Director	
6,898,046	(1,114,185)	(6,126,242)	8,250,833	The Coventry And Solihull Waste Disposal	6,037,253	(1,150,394)	(9,387,680)	8,457,007	Joint Venture	
1,835,015	0	(869)	0	The Godiva Awakes Trust	27,080	(10,614)	(869)	0	Grants	
1,825,726	(126,059)	(506,223)	121,480	Tom White Waste Ltd	4,039,713	(267,378)	(2,377,116)	821,987	Director	
6,431,154	0	(241,400)	11,993,883	UK Battery Industrialisation Centre Ltd	0	0	0	12,365,224	First Tier Subsidiary	
0	0	(26,036)	1,044,191	University Of Warwick Science Park Business	0	0	(25,751)	1,044,012	Minority Shareholder	
253,667	0	0	0	Innovation Centre Limited	261,000	0	0	0	Director	
0	(1,788)	(1,214)	3,936,117	Watkin Jones & Son Ltd	0	(1,506)	(282)	3,832,356	Loan Support	
79,552	(33,332)	(104,595)	55,984	West Coventry Academy	132,092	0	(168,588)	60,587	Governor	
16,488,115	(210,815)	(69,752,649)	35,623,599	West Midlands Combined Authority	17,206,245	(821,331)	(56,793,405)	24,281,462	Board Member	
0	0	(480,643)	480,643	West Midlands Fire Service	66,869	(66,569)	480,643	0	Board Member	
75,643	(5,468)	0	0	West Midlands Growth Company Ltd	48,555	(10,000)	0	0	Director	
83,255	(3,536)	(11,027)	0	Willenhall Community Forum	89,899	(14,474)	(7,588)	0	Trustee	
66,390,636	(3,475,906)	(81,487,295)	95,947,982	Total	52,587,195	(3,142,704)	(71,742,533)	97,501,749		

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 with which the Council has had no financial transactions in either 2021/22 or the previous financial year.

Abdul Jobbar (Self-Employed)	Logan Berry's Café	Quinton Street Management Company
Coombe Abbey Park (LACO) Ltd	Mastgrove Ltd	Roger Bailey (Self-Employed)
Coventry Vacuum Supplies Ltd	Naeem Akhtar (Self-Employed)	South Ave Properties Ltd
Delta8 Ltd	No Ordinary Hospitality Management	Southam Water Sytems Ltd
Gold1 Ltd	No Ordinary Hotels Ltd	St Paul's Law Centre
Jayne Innes Consultant (Self-Employed)	One Care Midlands Ltd	Tariq Khan (Self-Employed)
Kamran Caan (Self-Employed)	Peter Male (Self-Employed)	Tom White Waste (LACO) Ltd

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 2021/22	Coventry City Council	Coventry and Rugby CCG	Total	Coventry City Council Expenditure Internal ¹	Coventry City Council Expenditure Lead Commissioner ²	Coventry City Council Expenditure Shared ³	Coventry City Council Expenditure Total
	Contribution	Contribution	Contribution	£000	£000	£000	£000
Workstreams	£000	£000	£000	£000	£000	£000	£000
Urgent Care	0	(6,935)	(6,935)	0	0	0	0
Out of Hospital & Nursing Care	(9,724)	(36,464)	(46,188)	9,204	0	0	9,204
Voluntary Sector Review	(1,367)	(943)	(2,310)	1,331	0	0	1,331
Community Support Services	(1,942)	(2,993)	(4,935)	791	0	911	1,702
Reablement / Discharge to Assess	(3,996)	(3,535)	(7,531)	3,989	846	0	4,835
Dementia	(7,965)	(3,551)	(11,516)	7,965	0	0	7,965
Care Act Implementation	(567)	(771)	(1,338)	0	925	0	925
Disabled Facility Grants	(6,890)	0	(6,890)	2,885	0	0	2,885
Protecting Social Care	(14,947)	(8,045)	(22,992)	11,299	8,045	0	19,344
Integrating Commissioning	(67)	0	(67)	66	0	0	66
Whole System Prevention	(237)	0	(237)	115	0	0	115
Mental Health Resource Centre	(6)	(191)	(197)	0	0	181	181
LD Homes	(2,192)	(1,264)	(3,456)	0	0	3,073	3,073
LD Compact	(1)	(304)	(305)	0	0	177	177
Winter Pressures	(1,786)	0	(1,786)	988	0	0	988
Development Fund	(5,318)	(2,000)	(7,318)	0	0	115	115
Covid Hospital Discharge	0	(4,087)	(4,087)	1,127	0	0	1,127
Population Health Management	0	(1,500)	(1,500)	0	0	0	0
Improving Lives	0	(4,000)	(4,000)	0	0	0	0
Total	(57,005)	(76,583)	(133,588)	39,760	9,816	4,457	54,033

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 2020/21	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
Workstreams							
Urgent Care	0	(6,900)	(6,900)	0	0	0	0
Out of Hospital & Nursing Care	(8,944)	(35,680)	(44,624)	8,044	0	0	8,044
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)	2,856	2,021	0	4,877
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)	10,757	7,735	0	18,492
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
Development Fund	0	(5,319)	(5,319)	0	0	0	0
COVID Hospital Discharge	0	(14,143)	(14,143)	1,355	0	0	1,355
Total	(46,566)	(84,073)	(130,639)	36,896	10,479	4,470	51,845

3.12 External Audit Costs

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

2020/21 £000	Audit Fees	2021/22 £000
211	Fees payable to the external auditors in respect of statutory external audit services	144
56	Fees payable in relation to other services	77
267	Total Fees	221

Since 2012/13 the appointed external auditors have been Grant Thornton UK LLP. Due to the “Backstop”, the level of audit fees is unclear; we have therefore included the PSAA scale fee as an estimate.

The fees in respect of other services provided by Grant Thornton in 2021/22 relate to certification of the Teachers’ Pension return (£7,500), and the certification of the Housing Benefit Subsidy Claim (£70,000). The comparative figure for 2020/21 related 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).

3.13 Usable and Unusable Reserves

Usable Reserves

Usable Reserves	31st March 2020	Contributions from reserves 2020/21	Contributions to reserves 2020/21	31st March 2021	Contributions from reserves 2021/22	Contributions to reserves 2021/22	31st March 2022
	£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)	(18,008)	0	(4,289)	(22,297)	0	(2,868)	(25,165)
Schools Reserves (retained centrally)	(3,298)	2,340	(3,849)	(4,807)	2,529	(3,650)	(5,928)
Total Schools Reserves	(21,306)	2,340	(8,138)	(27,104)	2,529	(6,518)	(31,093)
Adult Social Care	(3,013)	3,020	(12,671)	(12,664)	7,555	(23,364)	(28,473)
Public Health	(1,356)	2,117	(2,515)	(1,754)	1,430	(2,745)	(3,069)
Air Quality	(641)	0	(3,876)	(4,517)	284	0	(4,233)
City of Culture Readiness	(2,042)	200	(3,201)	(5,043)	1,060	0	(3,983)
City of Culture	(4,000)	1,500	0	(2,500)	1,500	0	(1,000)
Potential Loss of Business Rates Income	(7,735)	0	0	(7,735)	0	0	(7,735)
Early Retirement and Voluntary Redundancy	(9,323)	0	0	(9,323)	0	0	(9,323)
Covid-19 Government Funding	(7,558)	0	0	(7,558)	0	(3,423)	(10,981)
Covid Business Rates Relief	0	0	(48,302)	(48,302)	29,667	0	(18,635)
Reset and Recovery	(5,467)	0	0	(5,467)	0	0	(5,467)
Commercial Developments	(4,419)	0	0	(4,419)	722	0	(3,697)
Budget Risk Contingency	0	0	0	0	0	(2,939)	(2,939)
Innovation and Development Fund	(5,549)	0	0	(5,549)	1,188	0	(4,361)
Insurance Fund	(721)	0	(1,327)	(2,048)	552	0	(1,496)
Management of Capital	(5,564)	1,872	(336)	(4,028)	1,098	(480)	(3,410)
Private Finance Initiatives	(9,467)	3,168	(4,695)	(10,994)	3,495	(2,127)	(9,626)
Corporate Priorities (2020/21 Outturn Underspend)	0	0	(9,225)	(9,225)	526	0	(8,699)
Corporate Property Management	(220)	222	(1,396)	(1,394)	500	(475)	(1,369)
Children's Social Care Family Valued Programme	0	0	(639)	(639)	982	(1,572)	(1,229)
Adult Education Income	(1,045)	47	(7)	(1,005)	0	(82)	(1,087)
Friargate Lifecycle	(1,378)	0	0	(1,378)	0	(217)	(1,595)
Other Directorate	(8,349)	6,445	(8,751)	(10,655)	5,140	(8,137)	(13,652)
Other Corporate	(1,797)	752	(3,711)	(4,756)	4,488	(5,363)	(5,631)
Revenue Earmarked Reserves (Non-School)	(79,644)	19,343	(100,652)	(160,953)	60,187	(50,924)	(151,690)
Total Revenue Earmarked Reserves	(100,950)	21,683	(108,790)	(188,057)	62,716	(57,442)	(182,783)
Other Usable Reserves:							
Usable Capital Receipts Reserve	(31,099)	9,232	(2,869)	(24,736)	23,072	(19,161)	(20,825)
Capital Grant Unapplied Account	(1,834)	1,834	(1,828)	(1,828)	1,863	(5,504)	(5,469)
Total Other Usable Reserves	(32,933)	11,066	(4,697)	(26,564)	24,935	(24,665)	(26,294)
Total Usable Reserves	(144,160)	32,749	(113,487)	(224,898)	87,651	(82,107)	(219,354)

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

Unusable Reserves

The Movement in Reserves Statement (section 2.2) provides details of the movements in unusable reserves.

The table below provides a further breakdown of the movements in the Capital Adjustment Account and the Revaluation Reserve.

Capital Adjustment Account [CAA] £000	2020/21 Revaluation Reserve [RR] £000	CAA & RR Combined £000	Category of Reserve Movement	Capital Adjustment Account [CAA] £000	2021/22 Revaluation Reserve [RR] £000	CAA & RR Combined £000
(733,685)	(185,592)	(919,277)	Opening Balance	(813,707)	(199,282)	(1,012,989)
26,284	0	26,284	Depreciation	28,168	0	28,168
7,346	0	7,346	Derecognitions	127,013	0	127,013
33,598	(23,604)	9,994	Revaluations	6,651	595	7,246
(16,437)	0	(16,437)	Investment Property Revaluations	(27,419)	0	(27,419)
735	0	735	Intangibles	936	0	936
(155,150)	0	(155,150)	Capital grants and contributions applied	(144,147)	0	(144,147)
61,760	0	61,760	Revenue Expenditure funded from Capital	88,798	0	88,798
(8,418)	0	(8,418)	Capital receipts applied	(13,348)	0	(13,348)
1,497	0	1,497	Disposal of Assets	9,381	0	9,381
211	0	211	Repayment of Loans	0	0	0
(5,317)	0	(5,317)	Capital Expenditure funded from Revenue	(3,124)	0	(3,124)
(1,349)	0	(1,349)	Issue of Loans	(1,202)	0	(1,202)
(9,914)	9,914	0	Written out of the Revaluations Reserve	(7,507)	7,507	0
(13,259)	0	(13,259)	Revenue provision for the Repayment of Debt	(16,010)	0	(16,010)
(1,842)	0	(1,842)	Management of Capital Reserve	(696)	0	(696)
(98)	0	(98)	Deferred Capital - Amortised credit	(107)	0	(107)
486	0	486	Impairment of Financial Assets	295	0	295
9	0	9	Revaluation of Financial Assets	(901)	0	(901)
(164)	0	(164)	Other Gains and Losses	(180)	0	(180)
(813,707)	(199,282)	(1,012,989)	Closing Balance	(767,106)	(191,180)	(958,286)

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.

2020/21	2021/22
Adjustments made to Comprehensive Income and Expenditure Statement (CIES)	
£000	£000
Reversal of items debited or credited to the CIES	
Usable Reserves	
(6) Capital grants & contributions unapplied movement to the CIES	3,641
Unusable Reserves	
(26,284) Charges for depreciation non-current assets	(28,168)
(7,100) Charges for derecognition of non-current assets	(126,979)
(17,161) Revaluation of Property, Plant & Equipment and Assets Held for sale	20,771
0 Movements in the fair value of investment properties	0
(735) Amortisation of intangible assets	(936)
155,234 Capital grants and contributions applied	144,147
(61,760) Revenue expenditure funded from capital under statute	(88,798)
384 Movement in Debt Redemption Premia	384
(27,674) Retirement benefit Adjustment Account debited or credited to the CIES	(56,123)
(45,537) Collection Fund Adjustment Account (difference between amount credited to CIES & tax income for the year)	42,576
(338) Accumulated Absences Account (difference between remuneration charged to the CIES and remuneration paid for the year)	517
0 Gain from lease recognition	0
(84) Other Movements	0
347 Loss on Disposal funded from Capital Receipts	(227)
(246) Rescheduling of Finance Lease Repayments	(34)
96 Amortised Deferred Receipts	105
(486) Loss on Impairment of Debtors	(295)
2,065 (Gain)/Loss on Revaluation of Fair Value through P&L Financial Instruments	2,362
12,886 Movement in Deferred Capital Receipts	4,087
13,259 Statutory provision for the financing of capital investment	16,010
1,513 Repayment of Transferred Debt Principal	1,664
7,159 Capital expenditure charged against the General Fund balance.	3,819
5,538 Sub Total of adjustments affecting Unusable Reserves	(64,542)
5,532 Total Adjustments	(60,901)

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 2021	553,141	38,062	15,220	14,079	143,944	764,446
Additions	30,469	4,576	947	24	19,594	55,610
Revaluation increases/(decreases)	(9,726)	0	0	(50)	(144)	(9,920)
Disposals	0	(106)	0	0	0	(106)
Derecognition	(35,968)	(105)	(48)	(24)	(25,681)	(61,826)
Reclassifications	42,815	33	392	11,030	(113,981)	(59,711)
31 March 2022	580,731	42,460	16,511	25,059	23,732	688,493
Depreciation and Impairment						
01 April 2021	1,668	25,780	0	0	0	27,448
Depreciation Charge	17,262	2,535	0	0	0	19,797
Disposals	0	(106)	0	0	0	(106)
Derecognition	(256)	0	0	0	0	(256)
Depreciation written out on revaluation	(2,596)	0	0	0	0	(2,596)
Impairment Losses/reversals recognised in Revaluation Reserve	0	0	0	0	0	0
Impairment Losses/reversals recognised in Provision of Services	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
31 March 2022	16,078	28,209	0	0	0	44,287
Net Book Value						
31 March 2022	564,653	14,251	16,511	25,059	23,732	644,206
01 April 2021	551,473	12,282	15,220	14,079	143,944	736,998

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 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)	(34,621)	0	0	3,497	0	(31,124)
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)
Derecognition	(284)	0	0	0	0	(284)
Depreciation written out on revaluation	(20,575)	0	0	(18)	0	(20,593)
Impairment Losses/reversals recognised in Revaluation Reserve	0	0	0	0	0	0
Impairment Losses/reversals recognised in Provision of services	0	0	0	0	0	0
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

	Infrastructure Assets 2020/21 £000	Infrastructure Assets 2021/22 £000
Net book value		
Opening Balance	325,829	348,845
Additions	34,105	37,706
Depreciation Charge	(9,921)	(8,371)
Disposals	0	0
Derecognition	(623)	(61,201)
Reclassification	(545)	70,330
Closing Balance	348,845	387,309

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 2022	644,206	387,309	1,031,515
31st March 2021*	736,998	348,845	1,085,843
31st March 2020*	689,576	325,829	1,015,405

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 2021/22 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 2021 and the carried forward balance on 31st March 2022. 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 2021 £000	31 March 2022 £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	132	132
Natural History	40	40
Works of Art	232	232
Furniture	140	140
Visual Arts	12,438	12,438
Civic Regalia	248	248
Total	25,893	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 2021/22, followed by comparative movements for the previous year.

	Investment Property	Assets Held for Sale	Heritage Assets	Total
	£000	£000	£000	£000
01 April 2021	317,073	1,588	25,893	344,554
Additions	204	0	0	204
Revaluation increase/(decrease) to Revaluation Reserve	27,419	81	0	27,500
Disposals	(9,200)	(181)	0	(9,381)
Derecognition	(4,208)	0	0	(4,208)
Reclassifications	(10,204)	(415)	0	(10,619)
31 March 2022	321,084	1,073	25,893	348,050

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

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 2021	31 March 2022
	£000	£000
Commercial	171,339	175,370
Office Units	28,055	25,428
Agricultural	9,491	14,656
Residential	104,557	101,976
Other	3,631	3,654
Total	317,073	321,084

3.18 Capital Expenditure and Capital Financing

The table below shows how capital expenditure was financed in 2021/22 and in the previous year.

2020/21		2021/22
£000		£000
493,615	Opening Capital Financing Requirement	503,213
	Capital Investment	
111,847	Property, Plant and Equipment	93,316
1,609	Investment Properties	204
735	Intangible Assets	936
61,760	Revenue Expenditure Funded from Capital Under Statute	88,798
4,910	Investments	660
14,369	Debtors	5,553
195,230	Total Capital Investment	189,467
	Sources of Finance	
(8,416)	Capital Receipts	(13,348)
(155,150)	Government Grants and Other Contributions	(144,147)
(7,159)	Revenue Contributions	(3,819)
(13,259)	Revenue Provision for Debt Repayment	(16,010)
(135)	Donated Assets	(348)
(1,513)	Other Adjustments	(1,383)
(185,632)	Total from Sources of Finance	(179,055)
503,213	Closing Capital Financing Requirement	513,625
	Explanation of movement in year	
(13,259)	Revenue Provision for Debt Repayment	(16,010)
(1,349)	Repayment of Transferred Debt Principal	(1,202)
24,370	Capital Investment funded by borrowing	27,804
(164)	Restatement of Historic Debt Liability	(180)
9,598	Increase/(decrease) in Capital Financing Requirement	10,412

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	14,251	387,309	16,511	0	23,732	441,803
Valued at current value as at:							
31st March 2018	2,159	0	0	0	0	0	2,159
31st March 2019	1,195	0	0	0	0	0	1,195
31st March 2020	2,511	0	0	0	0	0	2,511
31st March 2021	469,985	0	0	0	2,113	0	472,098
31st March 2022	88,803	0	0	0	22,946	0	111,749
Total Cost or Valuation	564,653	14,251	387,309	16,511	25,059	23,732	1,031,515

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 2021/22 of £220m and a provisional programme of £138m for both 2022/23 and £44m for 2023/24. The following are significant contracts legally committed to finish projects already started on 31st March 2022.

As at 31st March 2022, the authority has entered into a number of contracts for the construction and enhancement of property, plant and equipment in 2021/22 and future years with budgeted costs of £54.2m. Similar commitments as at 31st March 2021 were £97.1m. The major capital commitments are:

Capital Commitments	Budgeted Cost £000
Air Quality	10,300
Barr's Hill School Expansion	400
City Centre Cultural Gateway	1,200
Coventry Station Masterplan Phase 2	3,600
Public Sector Decarbonisation Scheme	900
Ernesford Grange School Expansion	3,300
Friargate Building Two	29,400
Very Light Rail	300
Whitley South Bridge	3,500
Other Capital Commitments	1,300
Total	54,200

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 2021 £000	Long Term Investments	31st March 2022 £000
57,266	The Coventry and Solihull Waste Disposal Company Limited	58,000
17,046	Birmingham Airport Holdings Limited	17,420
0	Coventry Municipal Holdings Limited *	18,806
4,106	Friargate Joint Venture Project Limited	1,124
0	Sherbourne Recycling Limited	262
14,637	Tom White Waste Limited *	0
2,804	Coombe Abbey Park Limited *	0
2,703	North Coventry Holdings Limited *	0
98,562	Total Long Term Investments	95,612

* The Council's investment in Coventry Municipal Holdings Limited (CMH) at March 2022 includes Coombe Abbey Park Limited, Coventry Regeneration Limited, Coventry Technical Resources Limited and Tom White Waste Limited. CMH was incorporated in October 2021 as an intermediary parent company within the Council's group structure and acquired the shares in Council owned subsidiaries via a share issue in November 2021. The Council remains the ultimate parent company through its ownership of CMH. These valuations for Coombe Abbey Park Limited, Coventry Technical Resources Limited, Coventry Regeneration Limited and Tom White Waste Limited are reported within the Coventry Municipal Holdings Limited valuation following the change of ownership within the Council's group structure.

A valuation exercise undertaken jointly with BDO LLP in 2021 valued the Council's shareholding in the Coventry and Solihull Waste Disposal Company at £57.3m. A subsequent valuation exercise in 2022 again undertaken jointly with BDO LLP has resulted in an increased valuation at £58.0m.

A valuation exercise undertaken by BDO LLP in 2020 valued the Council's shareholding in Birmingham Airport Holdings Limited at £17.0m. A subsequent valuation in 2022 undertaken jointly with BDO LLP has resulted in an increased valuation of £17.4m.

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 2022 has resulted in a reduced valuation of £10.6m.

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 2021 the investment was held at a value of £4.1m. A valuation exercise undertaken by RSM in 2022 has resulted in a reduced valuation of £1.1m.

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 £2.8m in 2021. A valuation exercise undertaken by RSM in 2022 has resulted in an increased valuation of £5.3m. This represents

a recovery following the pandemic after the hotel reopened in May 2021.

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 2022.

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. This assessment remains valid in 2022.

See the note on Associated Company Interests & Holdings for 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 2021		31st March 2022		
Long Term Debtors		Gross Debtor	Impairment	Net Debtor
£000	Held at Amortised cost:	£000	£000	£000
11,752	UKBIC Indemnity & Guarantee	12,989	(624)	12,365
11,966	Student Accommodation Finance Leases	11,564	0	11,564
5,566	Friargate LLP Loan	5,864	(16)	5,848
0	Sherbourne Recycling Loan (Mixed Recycling Facility)	5,163	0	5,163
0	The Oaks Finance Leases	4,084	(105)	3,979
0	Coombe Abbey Park Loan Facility A (2021)	4,044	(39)	4,005
3,859	City College Car Park	3,900	0	3,900
3,786	Belgrade Plaza Finance Lease	3,786	(82)	3,704
3,564	Coventry and Solihull Waste Disposal Company Finance Lease	3,530	(10)	3,520
0	Coombe Abbey Park Loan Facility B (2021)	3,144	0	3,144
1,990	Coventry and Warwickshire Reinvestment Trust Coronavirus Business Interruption Scheme Loans	1,555	(11)	1,544
1,323	Torrington Avenue Finance Lease	1,323	(27)	1,296
1,102	Coventry and Warwickshire Award Trust Loan (2018)	1,076	(27)	1,049
1,045	Shearer Property C (Cathedral Lanes Loan)	1,070	(4)	1,066
1,040	Science Park Debentures	1,066	(20)	1,046
844	CBILS-Duplex Loan	666	(3)	663
495	Coombe Abbey Park Loan Facility (2019)	627	(1)	626
410	Coventry and Warwickshire Reinvestment Trust Duplex Facility	610	0	610
0	Coventry and Warwickshire Reinvestment Trust Recovery Growth Fund	218	0	218
194	Belgrade Theatre Loan	180	0	180
234	Residential Property Debts - post Care Act 2014	146	0	146
80	Residential Property Debts - pre Care Act 2014	80	0	80
67	Housing Loans	67	0	67
62	Mortgages	51	0	51
5	Coventry Regeneration Limited (Cashflow Assistance Loan)	5	0	5
2	Car Loans	2	0	2
2,950	Coombe Abbey Park Loan Facility (2013)	0	0	0
52,336	Total held at amortised cost	66,810	(969)	65,841
£000	Held at Fair Value:	Gross Debtor	Revaluation	Net Debtor
£000		£000	£000	£000
2,868	Kickstart	1,475	1,433	2,908
699	Pathways to Care Loans	605	185	790
3,567	Total held at fair value through profit and loss	2,080	1,618	3,698
55,903	Total Long Term Debtors	68,890	649	69,539

3.23 Short Term Debtors

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

31st March 2021				Debtors Classification	31st March 2022			
Debtor	Payment In Advance	Impairment Allowance	Total		Debtor	Payment In Advance	Impairment Allowance	Total
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
8,698	0	0	8,698	Central Government Bodies	14,445	0	(9)	14,436
32,729	0	0	32,729	Other Local Authorities	19,427	367	0	19,794
4,104	0	0	4,104	NHS Bodies	9,550	0	0	9,550
51,536	10,089	(16,769)	44,856	All Other Bodies	39,925	12,395	(18,733)	33,587
29,262	0	(13,599)	15,663	Debts Relating to Local Taxation	29,309	0	(15,255)	14,054
126,329	10,089	(30,368)	106,050	Total Debtors	112,656	12,762	(33,997)	91,421

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 2021			Debts Relating to Local Tax	31st March 2022		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000s	£000s	£000s		£000s	£000s	£000s
5,001	5,177	10,178	Less than one year	5,640	3,613	9,253
1,579	1,517	3,096	1-2 years	1,566	831	2,397
1,778	311	2,089	2-6 years	1,765	389	2,154
300	0	300	More than 6 years	250	0	250
8,658	7,005	15,663	Total	9,221	4,833	14,054

3.24 Short Term Creditors

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

31st March 2021			Creditors Classification	31st March 2022		
Creditors	Receipts in Advance	Total		Creditors	Receipts in Advance	Total
£000s	£000s	£000s		£000s	£000s	£000s
(17,502)	(26,729)	(44,231)	Central Government Bodies	(12,639)	(45,370)	(58,009)
(4,159)	(1,059)	(5,218)	Other Local Authorities	(7,593)	(77)	(7,670)
(700)	0	(700)	NHS Bodies	(999)	(37)	(1,036)
(31)	0	(31)	Public Corporations	0	0	0
(41,946)	(9,900)	(51,846)	All Other Bodies	(45,387)	(10,659)	(56,046)
(312)	(5,977)	(6,289)	Credits Relating to Local Taxation	(900)	(6,884)	(7,784)
(64,650)	(43,665)	(108,315)	Total Creditors	(67,518)	(63,027)	(130,545)

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 2021/22 is explained below:

Provisions	Self-Insurance	Business Rates Appeals	Other	Total
	£000	£000	£000	£000
1st April 2021	(4,426)	(15,790)	(266)	(20,482)
Increase in provision	(625)	(2,146)	0	(2,771)
Amounts used	0	5,513	0	5,513
Unused amounts reversed	0	107	0	107
31st March 2022	(5,051)	(12,316)	(266)	(17,633)

The split between short and long term provisions, as at 31st March 2022, is provided in the following table:

Provisions	Self-Insurance	Business Rates Appeals	Other	Total
	£000	£000	£000	£000
Short Term Provisions	0	(1,551)	(21)	(1,572)
Long Term Provisions	(5,051)	(10,765)	(245)	(16,061)
Total	(5,051)	(12,316)	(266)	(17,633)

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 2021/22 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 2021 £000	31st March 2022 £000
Trust Funds:		
Tenant Contributions	(1,700)	(1,459)
Social Services Client Funds	(191)	(154)
Trust Funds Total	(1,891)	(1,613)
Developer Contributions(e.g s106)	(15,831)	(13,418)
PFI refinancing gain	(1,150)	(1,074)
Other, including bequests and charity donations	(1,522)	(1,902)
Overall Total	(20,394)	(18,007)
Of which:		
Short Term Creditors	(9,359)	(10,227)
Other Long Term Liabilities	(11,035)	(7,780)

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:

2020/21	Adjustments for Non Cash Movements	2021/22
£000		£000
(26,284)	Depreciation	(28,168)
(7,100)	Derecognition of Non-current Assets	(126,979)
(17,161)	Revaluation of Non-current Assets	20,771
(735)	Amortisation	(936)
(2,776)	(Increase)/ Decrease in Impairment Provision for Bad Debts	(1,973)
(23,158)	(Increase)/ Decrease in Creditors and Provisions	2,776
35,238	Increase/ (Decrease) in Debtors	(6,744)
60	Increase/ (Decrease) in Inventory	37
37,226	Pension Liability	(88,723)
(217)	Other Non Cash items charged to Net Surplus or Deficit on Provision of Services	(2,292)
(4,907)	Total	(232,231)

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

2020/21	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2021/22
£000		£000
155,228	Net Application of grants to capital financing	147,788
(51,951)	Council Tax & Business Rates Adjustments	42,984
103,277	Total	190,772

2020/21	Cash Flows from Investing Activities	2021/22
£000		£000
130,146	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	96,484
691,610	Purchase of Short Term and Long Term Investments	529,211
4,875	Other Payments for Investing Activities	6,553
(1,253)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(9,357)
(689,572)	Proceeds from Short Term and Long Term Investments	(517,514)
(190,472)	Other Receipts from Investing Activities	(148,724)
(54,666)	Total	(43,347)

2020/21 £000	Cash Flows from Financing Activities	2021/22 £000
119,895	Repayments of Short and Long Term Borrowing	72,660
2,409	Cash Payment for Reduction of outstanding liability relating to Finance Lease & on Bal Sheet PFI Contract	2,854
(128,177)	Cash Receipts of Short and Long Term Borrowing	(17,273)
12	Net Other Payment and Receipts for Financing Activities	1
51,951	Council Tax and NNDR Adjustments	(42,984)
46,090	Total	15,258

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:

2020/21 £000	Cash Flows from Interest and Dividends	2021/22 £000
(3,438)	Interest received	(3,304)
18,553	Interest paid	17,518
(6,020)	Dividends received	(9,650)
9,095	Total	4,564

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

2020/21 £000	Breakdown of Cash and Cash Equivalents	2021/22 £000
(12)	Cash held by the council	16
(12,426)	Bank current accounts	(12,527)
(15,000)	On call deposits	(18,300)
(27,438)	Total	(30,811)

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 2021/22 expenditure on unitary charge payments to the contractor was £2,971k, compared with £3,324k in 2020/21. In each of these years £1,875k of PFI grant was received, giving a net cost of £1,096k in 2021/22 (£1,449k in 2020/21). The school contribution was £700k in 2021/22 (£669k in 2020/21). The unitary charge is divided into three elements; service charge, repayment of the liability and interest.

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

Year	Service Charge	Repayment of Liability	Interest Charge	Total Unitary Charge
	£000	£000	£000	£000
2022/23	1,604	650	500	2,754
2023/24 - 2026/27	6,925	2,614	1,387	10,926
2027/28 - 2031/32	9,991	3,285	271	13,547
2032/33 - 2034/35	5,397	2,336	(271)	7,462
Total	23,917	8,885	1,887	34,689

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 2021/22 are shown in the tables below.

Loans	£000
Liability brought forward	(9,496)
Unitary Charge (Lease repayment)	611
Liability carried forward (breakdown below)	(8,885)
Long term liability	(8,235)
Current liability	(650)

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 2021/22 expenditure on unitary charge payments to the contractor was £7,649k, compared with £7,564k in 2020/21. 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
2022/23	5,205	1,060	1,838	8,103
2023/24 - 2026/27	24,269	4,166	6,161	34,596
2027/28 - 2031/32	33,863	7,804	6,937	48,604
2032/33	1,703	496	354	2,553
Total	65,040	13,526	15,290	93,856

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 2021/22 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	(15,209)
Revaluation	(177)
Carried forward	(15,386)
Balance Sheet carried forward	6,372
Balance Sheet brought forward	6,549
Long Term Loans	
£000	
Liability brought forward	(14,323)
Unitary Charge (Lease repayment)	797
Liability carried forward (breakdown below)	(13,526)
Long term liability	(12,466)
Current liability	(1,060)

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 2021/22 expenditure on unitary charge payments to the contractor was £8,016k, compared with £7,837k in 2020/21. 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
2022/23	2,566	1,246	3,756	7,568
2023/24 - 2026/27	9,780	7,219	13,963	30,962
2027/28 - 2031/32	14,054	13,756	12,930	40,740
2032/33 - 2035/36	10,300	15,311	4,969	30,580
Total	36,700	37,532	35,618	109,850

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	50,792
Initial recognition - Donated Asset	348
Carried forward	51,140
Depreciation and Impairments	
Brought forward	(9,591)
Adjustment to brought forward position	0
Charged this year	(1,362)
Carried forward	(10,953)
Balance Sheet carried forward	40,187
Balance Sheet brought forward	41,201

Long Term Loans	£000
Liability brought forward	(38,978)
Adjustment to brought forward position	0
Unitary Charge (Lease repayment)	1,446
Liability carried forward (breakdown below)	(37,532)
Long term liability	(36,286)
Current liability	(1,246)

Donated Assets Account	£000
Donated Assets account brought forward	(1,603)
Donated Assets recognised in year	(348)
Credited to Comprehensive Income & Expenditure account	106
Donated Assets account carried forward	(1,845)

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 2021 £000	31 March 2022 £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 2021 £000	31 March 2022 £000
Finance lease liabilities :		
- current	0	0
- non-current	0	0
Finance costs payable in future years	11,659	11,431
Minimum Lease Payments	11,659	11,431

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

	31 March 2021 £000	31 March 2022 £000
Not later than one year	228	202
Later than one year and not later than five years	807	807
Later than five years	10,624	10,422
	11,659	11,431

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 2021/22 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 2021 £000	31 March 2022 £000
Not later than one year	96	710
Later than one year and not later than five years	105	1,281
Later than five years	40	301
	241	2,292

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 2021 £000	31 March 2022 £000
Finance lease debtor (net present value of minimum lease payments):		
- current	259	259
- non-current	24,537	29,011
Unearned finance income*	295,969	307,002
Unguaranteed residual value of property	0	0
Gross investment in the lease	320,765	336,272

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

	31 March 2021 £000	31 March 2022 £000
Not later than one year	745	1,048
Later than one year and not later than five years	4,015	4,482
Later than five years	316,005	330,742
	320,765	336,272

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 2021/22, contingent rents receivable by the Authority totalled £123k.

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 2021 £000	31 March 2022 £000
Not later than one year	9,916	10,933
Later than one year and not later than five years	30,167	31,316
Later than five years	315,411	309,023
Total	355,494	351,272

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 decreased marginally in 2021/22. 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 £34,791k, (£33,924k in 2020/21), 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 2021/22, this amounted to £1,782k (£679k in 2020/21).

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

The principal risks to the authority of the scheme are:

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

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

Teaching Staff

In 2021/22, the City Council paid £12,373k (£12,525k in 2020/21) 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. In 2021/22, these amounted to £2,131k (£2,248k in 2020/21).

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 £12,400k 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 2021/22 the City Council paid £24k to the NHS Pension Scheme in respect of former NHS staff retirement benefits (£35k in 2020/21), 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.

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

The presentation of the figures in the tables within this section has changed compared to previous years. The details of funded and unfunded pensions, which were previously separated have been combined. This presentation complies with the disclosure requirements of the relevant accounting standards.

Summary of Outcome

The overall decrease in the deficit is analysed as follows:

2020/21 LGPS & Teachers £000		2021/22 LGPS & Teachers £000
(572,506)	Deficit b/fwd	(742,911)
(51,747)	Current Service Cost	(79,469)
102,508	Employer Contributions	4,371
0	Past Service Gain (Cost)	(264)
28,900	Return on Assets	29,353
(41,147)	Interest on Pension Liabilities	(44,899)
(207,631)	Remeasurements	216,900
(431)	Settlements and curtailments	2,930
(857)	Administration Expenses	(745)
(742,911)	Surplus/(Deficit)	(614,734)

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 decreased marginally in 2021/22, which can largely be explained as follows:

Assets

- Greater than expected (compared to last year's accounting discount rate assumptions) investment returns.

Obligations

- The net discount rate (discount rate net of inflation) has increased compared to the previous year's accounting date. This will result in a reduction in obligations. Typically, this could be in the order of 6-8%.
- Using a more up-to-date longevity assumption at the accounting date. This could lead to a decrease in obligations of the order of 0.5%..

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:

	2020/21	2021/22
	LGPS & Teachers	LGPS & Teachers
	Total £000	Total £000
<u>Net Cost of Services</u>		
Current Service Cost	51,747	79,469
Past Service Costs (Gain)	0	264
Settlements and curtailments	431	(2,930)
Administration Expenses	857	745
Net Cost of Services sub-total	53,035	77,548
<u>Financing and Investment Income and Expenditure</u>		
Interest cost	41,147	44,899
Expected return on scheme assets	(28,900)	(29,353)
Net Interest Cost	12,247	15,546
Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	65,282	93,094
<u>Other Post Employment Benefit Charged to CIES</u>		
Re-measurements	207,913	(216,900)
Total Post Employment Benefit Charged to the CIES	273,195	(123,806)
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the surplus/deficit for the Provision of Services for post employment benefits in accordance with the Code	(65,282)	93,094
<u>Actual amount charged against the General Fund for pensions in the year:</u>		
Employers contributions payable to scheme	33,051	34,791
Retirement benefits payable to pensioners	2,257	2,131

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

Local Government Pension Scheme	2020/21	2021/22
	£000	£000
Opening balance at 1st April	1,203,185	1,492,460
Expected rate of return	28,900	29,353
Re-measurements	207,833	98,887
Employer contributions	100,251	397
Contributions by scheme partici	9,229	9,639
Benefits paid	(56,231)	(54,704)
Settlements	150	(1,572)
Administration Expenses	(857)	0
Closing balance at 31st March	1,492,460	1,574,460

Reconciliation of present value of the scheme liabilities (defined benefit obligation):	2020/21	2021/22
	£000	£000
LGPS & Teachers		
Opening Balance at 1st April	1,775,691	2,235,371
Current Service Cost	51,747	80,214
Interest Cost	41,147	44,899
Contributions from scheme participants	9,229	9,639
Remeasurement (gains) and losses:		
(Gain)/loss arising from changes in financial assumptions	463,342	(110,206)
(Gain)/loss arising from changes in demographic assumptions	(23,888)	(13,263)
Experience (gain)/loss	(23,990)	5,456
Past service cost	0	264
Losses/(gains) on curtailment	393	0
Liabilities assumed on entity combinations	0	0
Benefits paid	(58,488)	(58,678)
Liabilities extinguished on settlements	188	(4,502)
Closing balance at 31st March	2,235,371	2,189,194

The present value of funded obligations is £2,145,376k and the unfunded obligations comprise of £16,859k in respect of LGPS unfunded pensions and £26,959k in respect of Teachers unfunded pensions

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 estimation of defined benefit obligations is sensitive to the actuarial assumptions set out in the table below.

The main assumptions used in the actuarial calculation are:	31st March 2021	31st March 2022
Rate of CPI inflation	2.80%	3.20%
Rate of increase in salaries	3.80%	4.20%
Rate of increase in pensions	2.80%	3.20%
Discount rate	2.00%	2.70%
Mortality Assumptions		
Longevity at 65 for current pensioners		
Men	22.0	21.2
Women	24.2	23.6
Longevity at 65 for future pensioners in 20 years time		
Men	23.9	22.9
Women	26.1	25.4

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.

Changes in assumptions	31st March 2022	
	Approximate % increase to Defined Benefit Obligation	Approximate monetary Amount £000
0.1% decrease in Real Discount Rate	2.00%	35,325
1 year increase in member life expectancy	4.00%	87,568
0.1% increase in Salary Increase Rate	0.00%	3,446
0.1% increase in the Pension Increase Rate (CPI)	1.00%	31,594

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

Total £000	31st March 2021		Total %	Asset Categories	Total £000	31st March 2022		Total %
	Quoted %	Unquoted %				Quoted %	Unquoted %	
898,922	13.80%	48.90%	62.70%	Equities	954,827	13.40%	47.20%	60.60%
218,882	0.00%	6.30%	6.30%	Bonds	189,042	0.00%	12.00%	12.00%
111,991	0.00%	7.50%	7.50%	Property	112,924	0.00%	7.20%	7.20%
72,969	0.00%	3.00%	3.00%	Cash/Liquidity	61,830	0.00%	3.90%	3.90%
189,696	1.60%	18.90%	20.50%	Other	255,837	1.80%	14.50%	16.30%
1,492,460	15.40%	84.60%	100.00%	Total	1,574,460	15.20%	84.80%	100.00%

Impact on council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. Contributions are set every three years as a result of the actuarial valuation. The next triennial review valuation is due to be completed on 31st March 2022.

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

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 in 2021/22 was £34,791k.

The weighted average duration of the defined benefit obligation for scheme members is 20 years for 2021/22 (20 years for 2020/21)

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 2021/22 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:

2020/21				Remuneration Band	2021/22			
Local Authority Schools Staff	Voluntary Aided & Foundation Schools Staff	Other Staff	Total		Local Authority Schools Staff	Voluntary Aided & Foundation Schools Staff	Other Staff	Total
49	2	94	145	£50,000 - £54,999	50	1	163	214
31	1	33	65	£55,000 - £59,999	35	0	32	67
19	1	23	43	£60,000 - £64,999	15	2	31	48
18	1	23	42	£65,000 - £69,999	12	0	27	39
11	3	8	22	£70,000 - £74,999	10	2	5	17
7	0	12	19	£75,000 - £79,999	12	1	15	28
6	0	5	11	£80,000 - £84,999	4	0	7	11
2	0	2	4	£85,000 - £89,999	4	0	4	8
1	0	6	7	£90,000 - £94,999	3	0	6	9
1	0	1	2	£95,000 - £99,999	0	0	4	4
0	0	2	2	£100,000 - £104,999	1	0	2	3
1	0	0	1	£105,000 - £109,999	0	0	3	3
0	0	4	4	£110,000 - £114,999	0	0	1	1
0	0	3	3	£115,000 - £119,999	0	0	1	1
0	0	6	6	£120,000 - £124,999	0	0	6	6
0	0	1	1	£125,000 - £129,999	0	0	4	4
0	0	1	1	£130,000 - £134,999	0	0	0	0
0	0	0	0	£140,000 - £144,999	0	0	1	1
0	0	0	0	£155,000 - £159,999	0	0	1	1
0	0	1	1	£165,000 - £169,999	0	0	0	0
0	0	1	1	£175,000 - £179,999	0	0	0	0
0	0	0	0	£185,000 - £189,999	0	0	1	1
0	0	0	0	£195,000 - £199,999	0	0	1	1
0	0	1	1	£200,000 - £204,999	0	0	0	0
0	0	0	0	£205,000 - £209,999	0	0	1	1
0	0	0	0	£235,000 - £239,999	0	0	1	1
0	0	0	0	£310,000 - £314,999	0	0	1	1
0	0	0	0	£615,000 - £619,999	0	0	1	1
146	8	227	381	Total	146	6	319	471

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	
2021/22	£	£	£	£	Notes
Chief Executive - Martin Reeves	239,114	0	40,644	279,758	2
Deputy Chief Executive (People) - Gail Quinton	164,706	454,069	29,520	648,294	1
Chief Operating Officer (Section 151 officer) - Barry Hastie	128,717	0	26,258	154,975	
Chief Partnership officer	123,576	0	24,898	148,474	
Director of Law and Governance (Monitoring Officer)	107,500	0	21,930	129,430	
Director of Children's Services (DCS)	123,306	0	24,898	148,204	
Director of Adults Services (DAS)	123,006	0	24,898	147,904	
Director of Human Resources	107,500	0	21,930	129,430	
TOTAL	1,228,941	454,069	232,401	1,915,410	

Management Board and Statutory Post Holders	Salary Inc Fees & Allowances	Loss of Office	Pension Contributions Note 4	Total Remuneration	
2020/21	£	£	£	£	
Chief Executive - Martin Reeves	201,700	0	41,147	242,847	2
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	3
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	1,060,776	0	209,336	1,270,112	

Notes

1. The Deputy Chief Executive (People) left the Council in December 2021 and the loss of office amount represents the early retirement cost of this decision to the Council.
2. In 20/21 the CEO Martin Reeves received the balance of fees for his role as Acting Returning Officer at the General, Local and EU elections. In 21/22 he received a payment his role as Acting returning officer at the Local elections. Two other senior officers received salary payments for their roles at the Local election.
3. The Director of Health & Well-Being (Director of Public Health) left the Council December 2021. An existing member of staff was appointed as Acting Director of Public Health for January and February 2022 until the permanent post holder started on 1.3.2022

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	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
							£000	£000
£0 - £20,000	8	0	14	52	22	52	182	402
£20,001 - £40,000	2	2	2	15	4	17	92	527
£40,001 - £60,000	3	1	1	6	4	7	198	351
£60,001 - £80,000	2	0	0	4	2	4	136	285
£80,001 - £100,000	3	0	1	3	4	3	362	280
£100,000 - £150,000	2	0	0	4	2	4	218	490
£150,001 - £200,000	0	0	0	1	0	1	0	174
£200,001 - £250,000	0	0	0	1	0	1	0	249
£450,001 - £500,000	0	0	0	1	0	1	0	474
Total cost inc in bandings	20	3	18	87	38	90	1,188	3,232

3.33 Members' Allowances

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

Financial Year	2020/21	2021/22
	£000s	£000s
Basic Allowances	773	781
Other Allowances	290	291
Expenses	1	3
Total	1,064	1,075

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 2021	31st March 2022	31st March 2021	31st March 2022
	£000	£000	£000	£000
Financial Liabilities				
Loans at Amortised Cost				
- principal sum borrowed	258,464	257,703	54,414	7,744
- accrued interest	0	0	3,340	2,980
- equivalent interest rate adjustment	(2,204)	0	0	0
Total Borrowing	256,260	257,703	57,754	10,724
- Cash Overdrawn	0	0	2,771	3,307
Other Long Term Liabilities at amortised cost:				
- PFI arrangements	59,943	56,987	2,854	2,956
- Transferred Debt	8,497	0	1,664	0
Total Financial Liabilities (excluding creditors)	324,700	314,690	65,043	16,987
Creditors	0	0	41,946	45,387

	Long Term		Current	
	31st March 2021	31st March 2022	31st March 2021	31st March 2022
	£000	£000	£000	£000
Financial Assets				
At amortised Cost				
- Principal sum invested	0	0	10,027	28
- Accrued interest	0	0	128	132
- 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	98,562	95,757	0	18,863
At Fair Value through profit & loss				
- Fair value	0	0	29,127	31,165
Total Investments	98,562	95,757	39,282	50,188
At amortised Cost				
- Principal sum invested	0	0	15,209	15,827
- Accrued interest	0	0	0	0
- Loss allowance	0	0	0	0
At Fair Value through profit & loss				
- Fair value	0	0	15,000	18,300
Total Cash & Cash Equivalents	0	0	30,209	34,127
At amortised Cost				
- Trade receivables	0	0	48,024	37,341
- Lease receivables	0	0	0	0
- Loans made for service purposes	52,854	48,837	3,227	2,550
- Accrued Interest	0	0	285	35
- Loss allowance	(598)	(970)	0	0
At Fair Value through profit & loss				
- Fair value	3,567	3,128	0	0
Included in Debtors	55,823	50,995	51,536	39,926
Total Financial Assets	154,385	146,752	121,027	124,241

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

31st March 2022	Included in Financial Instruments £000	Other Debtors/ Creditors £000	Total
Long term debtors	50,995	18,544	69,539
Short term debtors	39,926	51,496	91,422
Short term creditors	45,387	85,158	130,545

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

Current borrowings and investments represent amounts due to be settled within 12 months, including accrued interest. In 2021/22 borrowing costs of £1,385k on qualifying assets were capitalised (£1,602k in 2020/21).

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 2021 £000	31st March 2022 £000	31st March 2021 £000	31st March 2022 £000	31st March 2021 £000	31st March 2022 £000
Shareholdings:						
Coventry and Solihull Waste Disposal Company Limited	57,266	58,000	57,266	58,000	6,020	7,040
Birmingham Airport Holdings Limited	17,046	17,420	5,396	5,770	0	1,616
Tom White Waste Limited	14,637	0	0	0	0	0
Friargate JV Project Limited	4,106	1,124	(6,390)	(9,371)	0	0
Coombe Abbey Park Limited	2,804	0	(6,343)	0	0	0
Coventry Technical Resources	2,703	0	2,703	0	0	0
Coventry Municipal Holdings Ltd	0	18,806	0	(5,278)	0	500
University of Warwick Science Park Innovation Centre Limited	0	0	(154)	(154)	0	0
UK Battery Industrialisation Centre Ltd	0	0	(4,910)	(5,054)	0	0
Total	98,562	95,612	47,568	43,960	6,020	9,156

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 profit on these pooled funds as at 31st March 2022 totalled £924k (£1,112k in 2020/21).

The 2021/22 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	17,518	0	0	0	17,518
Impairment losses	0	0	0	0	0
Interest payable and similar charges	17,518	0	0	0	17,518
Interest & Dividend Income	0	(2,148)	(9,650)	(1,156)	(12,954)
Gains on Derecognition	0	0	0	0	0
Gains from changes in Fair Value	0	0	0	(326)	(326)
Impairment loss reversals	0	0	0	0	0
Interest and investment income	0	(2,148)	(9,650)	(1,482)	(13,280)
Net Impact on Surplus/deficit on provision of services	17,518	(2,148)	(9,650)	(1,482)	4,238
Gains on revaluation	0	0	(1,424)	(2,036)	(3,460)
Losses on revaluation	0	0	5,034	0	5,034
Surplus arising on revaluation of financial assets	0	0	3,610	(2,036)	1,574
Net (gain) / loss for the year	17,518	(2,148)	(6,040)	(3,518)	5,812

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 2022, 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 2022.
- 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 2021		31st March 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
		£000	£000	£000	£000
Financial Liabilities at amortised cost					
▪ PWLB	2	192,626	288,072	192,626	252,575
▪ Market Loans	2	38,571	68,048	38,570	62,007
▪ Stock Issue	2	12,248	16,376	12,248	15,086
▪ Other Local Authorities	2	80,316	81,503	24,571	79,071
▪ PFI	2	62,797	110,217	59,943	96,528
▪ Short Term Creditors	N/A	41,946	41,946	45,387	45,387
▪ Cash Overdrawn	N/A	2,771	2,771	3,316	3,316
▪ Other	N/A	414	414	413	413
Total Liabilities		431,689	609,347	377,074	554,383
Financial Assets at fair value:					
▪ Money Market Funds	1	15,000	15,000	18,300	18,300
▪ Collective Investment Funds	1	29,155	29,155	0	0
▪ Corporate and Government Bonds	1	0	0	0	0
▪ Shares in Unlisted Companies	3	98,562	98,562	95,612	95,612
▪ Long Term Debtors	3	3,567	3,567	3,698	3,698
Financial Assets at amortised cost:					
▪ Short Term Cash Deposits	N/A	10,128	10,128	0	0
▪ Long Term Debtors	3	52,256	63,047	66,656	70,355
▪ Short Term Debtors	N/A	51,536	51,536	39,921	39,921
▪ Bank Accounts	N/A	15,208	15,208	15,835	15,835
Total Financial Assets		275,412	286,203	240,022	243,721

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 10th 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 2022, 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 2022, 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 2022. 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 2021/22 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 2022 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 2021	31 March 2022
	£000	£000
AAA	15,000	18,300
AA+	0	0
AA	0	0
AA-	437	339
A+	3,601	3,113
A	11,281	11,574
A-	10,000	10,000
BBB+	0	0
Unrated Local	0	0
Unrated Building Societies	0	0
Unrated Pooled Funds	30,000	30,000
Total Investments	70,319	73,326

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

	31 March 2021	31 March 2022
Country	£000	£000
United Kingdom	59,592	73,326
Ireland	5,000	0
Total	64,592	73,326

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 2021/22.

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. £11,676k of the £39,926k trade debtor balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2021	31 March 2022
Past Due Date	£000	£000
Less than three months	5,562	2,956
Three to six months	2,480	2,697
Six months to one year	2,451	2,413
More than one year	1,875	3,610
Total	12,368	11,676

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	31/03/2021	31/03/2022
	£000	£000
Less than one year	56,073	17,738
Between one and two years	7,330	9,256
Between two and five years	28,912	49,156
Between six and ten years	7,500	7,500
More than ten years	223,218	183,718
Total	323,033	267,368

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 £96.2m in 2021/22. 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 2022 would result in a £691k (2021 £594k) 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 2022 would result in a £353k (2021 £337k) 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 £96m 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 2021/22.

Foreign Exchange Risk

The Council still holds €6,4671k (£6,349.44) (€1,8712k as at 31/3/21). 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 Ltd (Company Number: 03312673)		31 March 2021 Audited	31 March 2022 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.	Net Assets (liabilities)	39,434	31,375
	Profit (loss) before taxation	(81,015)	(22,347)
	Profit (loss) after taxation	(67,613)	(21,993)
	Statement of changes in equity	(79,699)	(8,059)
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			
Coombe Abbey Park Ltd (Company Number: 02700383)		31 December 2020 Audited	31 December 2021 Audited
The principal activity of the company is the running of Coombe Abbey Hotel, Brinklow Road, Coventry.	Net Assets (liabilities)	2,271	1,800
	Profit (loss) before taxation	(2,418)	(471)
	Profit (loss) after taxation	(2,418)	(471)
	Statement of changes in equity	(2,118)	(471)
The City Council acquired 100% of the shares in the company on 22nd December 2017 .			
Coventry Regeneration Ltd (Company Number: 02690488)		31 March 2021 Audited	31 March 2022 Audited
Coventry Municipal Holdings Limited (CMH) became the parent company in November 2021. The Council remains the ultimate parent company through its ownership of CMH. CR is included within the CMH group accounts as a subsidiary. The company name was changed from Coventry North Regeneration Limited in November 2021.	Net Assets (liabilities)	0	0
	Profit (loss) before taxation	0	0
	Profit (loss) after taxation	0	0
	Statement of changes in equity	0	0
The company's principal activity was to build Coventry Arena which as completed in 2005. The company continues to generate income through interest on a cash balance and may be used for undertaking development in the future.			

Name and Nature of Business	Financial Results	Year ending £000	Year ending £000
The Coventry and Solihull Waste Disposal Company Ltd (Company Number: 02690488)		31 March 2021 Audited	31 March 2022 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 the Articles of Association require unanimous decision making.</p> <p>The Council owns 65% of the ordinary share capital.</p>			
	Net Assets (liabilities)	26,974	23,091
	Net Assets (liabilities)	15,268	12,039
	Profit (loss) before taxation	12,326	9,286
	Profit (loss) after taxation	3,361	(3,883)
Culture Coventry (Company Number: 08359113)		31 March 2021 Audited	31 March 2022 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>*Restated without group element, per company accounts.</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>		*Restated	
	Net Assets (liabilities)	(4)	1,814
	Net movement of funds	(1,672)	1,818
Friargate Joint Venture Project Ltd (Company Number: 11730348)		31 March 2021 Unaudited	31 March 2022 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)	19,522	19,072
	Profit (loss) before taxation	(494)	(450)
	Profit (loss) after taxation	(494)	(450)
	Statement of changes in equity	(494)	(450)

Name and Nature of Business	Financial Results	Year ending £000	Year ending £000
Coventry Technical Resources Ltd (Company Number: 04931967)		31 March 2021 Audited	31 March 2022 Unaudited
Coventry Municipal Holdings Limited (CMH) became the parent company in November 2021. The Council remains the ultimate parent company through its ownership of CMH. CTR is included within the CMH group accounts as subsidiary. The company name was changed from North Coventry Holdings Limited in October 2021.	Net Assets (liabilities)	2,758	2,763
	Profit (loss) before taxation	6	6
	Profit (loss) after taxation	5	6
	Statement of changes in equity	5	6
CTR's main activity is to provide business development and commercialisation related services to the Council under a series of contracts.			
University of Warwick Science Park Business Innovation Centre Ltd (Company Number: 03616665)		31 July 2020 Audited	31 July 2021 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)	(1,101)	(911)
The Council holds:	Profit (loss) before taxation	(662)	191
- Just under 20% (value £2,000) of the ordinary share capital (total value £10,001)	Profit (loss) after taxation	(662)	191
- £152,166 of preference share capital	Statement of changes in equity	(662)	191
UK Battery Industrialisation Centre Ltd (Company Number: 11227726)		31 December 2020 Audited	31 December 2021 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 Ltd (Company Number: 01201361)		31 March 2021 Audited	31 March 2022 Audited
The principal activity of the company is waste management and recycling.	Net Assets/(liabilities)	*Restated 7,115	3,345
*Restated to include group elements, per company accounts.	Profit (loss) before taxation	602	(3,440)
The City Council acquired 100% of the shares in the company on 5th March 2020.	Profit (loss) after taxation	471	(3,270)
	Statement of changes in equity	471	(3,770)

Name and Nature of Business	Financial Results	Year ending £000	Year ending £000
			31 March 2022 Audited
Coventry Municipal Holdings Ltd (Company Number:13705254)			
<p>Coventry Municipal Holdings Limited (CMH) was incorporated in October 2021 as an intermediary parent company within the Council's group structure. CMH acquired the shares in Coombe Abbey Park Limited, Coventry Regeneration Limited, Coventry Technical Resources Limited and Tom White Waste Limited via a share issue. The Council remains the ultimate parent company through its 100% ownership of CMH. The principal activity of CMH is to hold and manage the Council's arms length investments.</p>	<p>Net Assets/(liabilities) Profit (loss) before taxation Profit (loss) after taxation Statement of changes in equity</p>	<p>8,098 (627) (783) 8,098</p>	<p>8,098 (627) (783) 8,098</p>
Sherbourne Recycling Ltd (Company Number: 13227088)			
<p>Sherbourne Recycling Limited (SRL) was incorporated in February 2021. It is jointly owned by eight local authorities from the West Midlands. Coventry is the largest single shareholder with 21.5% and consolidates SRL into its group accounts as an associate. The principal activity of SRL during the period was the completion of the procurement, design and commencing construction of a material recycling facility which is due for completion in 2023.</p>	<p>Net Assets/(liabilities) Profit (loss) before taxation Profit (loss) after taxation Statement of changes in equity</p>	<p>1,206 (73) 206 1,206</p>	<p>1,206 (73) 206 1,206</p>

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 9 August 2024. Where events taking place before this date provided information about conditions existing as at 31 March 2022, the figures in the financial statements and the notes have been adjusted to reflect the impact of this information.

Net Pension Liability

The Council's net pension obligation is calculated by qualified actuaries. In 2023/2024, the initial valuation was a net asset position for the funded pension scheme of £54 million. However, the application of an asset ceiling calculation produced by the actuaries on the Council's behalf has reduced the net asset in respect of the funded scheme to nil. There is a residual net liability in the accounts which represents the unfunded element of the Council's Pension Fund. By comparison, the net pension obligation as at 31 March 2022 was a liability estimated to be £615m.

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 2022 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 Midlands 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 £17.4 million as at 31 March 2022.

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's investment in the airport. Its value has more than doubled since March 2022, increasing from £17.4m up to £36.7m as at March 2024, with the rise being dominated by the change in 2022/23.

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.

After starting to recover from the impact of the pandemic following re-opening in May 2021, company performance was subsequently affected by inflationary cost pressures in 2022/23. This has impacted the value of the Council's investment in the company which has fallen to £1.1m as at March 2023, a reduction on the £5.3m value as at March 2022.

UKBIC

Between April 2022 and March 2024, the Council has continued to manage capital funding on behalf of its subsidiary, the UK Battery Industrialisation Centre (UKBIC). This funding was originally placed under the management of the Council from the project start date of 1st December 2017 as the company was in the formation stage.

In September 2021 the Council approved the provision of a cash flow facility by way of a secured loan to UKBIC 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 April 2019 to March 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.

Towards the end of 2022/23, UKBIC secured additional capital funding of £51.6m for investment in the facility, provided by UK Research and Innovation, as part of the UK Government's Faraday Battery Challenge investment programme. A major part of this, £36m, is for a Flexible Industrialisation Line (FIL). The new line will provide battery developers with a cost-effective route to market, enabling companies to move from R&D through to large-scale production, without having to take cell development outside of the UK. Construction of the new flexible line is set to get underway in September 2024, with the equipment coming online during 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) was £68m as at March 2024,

representing a cumulative increase of £10m since March 2022. This is mainly because 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 2021/22 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 Cultural Gateway (CCCG)

In March 2023 the Council approved the main construction works for the City Centre Cultural Gateway (CCG) 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. The Council entered a construction contract with ISG construction in May 2024 to a value of £44m and construction will commence during 2024/25, with the large majority of works to be funded from prudential borrowing, resourced from rental income from Partners.

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 £23m of the overall cost had been incurred by 31st March 2022. A further £26m has been incurred subsequently, as of July 2024, subject to the fit out of individual floors as they are let. The building reached practical completion in May 2024.

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.

3.37 Contingent Liabilities and Assets

Contingent Liabilities

Equal Pay

The Council has received a number of Equal Pay Claims from employees which would, if successful, result in a financial liability to the Council. 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

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. The full £2.5m 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 overspend, and by outturn had been managed down to £1.8m which was met by one-off reserve usage. These pressures reflect 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. The

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.

2023-24 reduced outturn overspend position was achieved by significant management actions in year including vacancy control and reducing discretionary spend, as well as a significant increase in the value of dividends received from investments.

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

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 can 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.

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.

Contingent Assets

Coventry Station Master Plan (CSMP) – Bay Platform

The original plan to develop Coventry's railway station, and supporting infrastructure, included the construction of a bay platform to increase the station's capacity. The estimated cost of this platform was £10m and its construction formed part of the grant conditions for the associated funding provided from the West Midlands Combined Authority. During delivery of the CSMP, other elements of the plan encountered significant cost variances above budget, which required amendments to the original plan. A change control was agreed with the WMCA that saw the bay platform element being removed from the scheme, on the basis that the Department for Transport (DfT) had committed to funding the bay platform through the national rail investment programme, subject to an acceptable business case.

Despite this agreed change, the grant conditions were not revised, and the Council continues to have a commitment to resource the bay platform's construction, or return £10m to the WMCA. On this

basis the Council has recognised a £10m liability on its balance sheet, within Capital Grants – Receipts in Advance. The Council is continuing to work with the DfT to develop the necessary business case and, given the progress to date, it is highly probable that an alternative source of funding for the bay platform will be secured. As such, it is very likely that repayment of the £10m grant to the WMCA will not be required, and that this issue should be disclosed as a contingent asset.

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 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 and the Police and Fire organisations.

Business Rates £000	2020/21 Council Tax £000	Total £000	Collection Fund	Business Rates £000	2021/22 Council Tax £000	Total £000
INCOME						
0	(165,316)	(165,316)	Council Tax Receivable	0	(176,025)	(176,025)
(76,542)	0	(76,542)	Business Rates Receivable	(104,391)	0	(104,391)
1,515	0	1,515	Transitional Relief	1,870	0	1,870
(75,027)	(165,316)	(240,343)	Total Income	(102,521)	(176,025)	(278,546)
EXPENDITURE: Precepts, Demands & Shares						
116,923	141,381	258,304	Coventry City Council	116,609	146,276	262,885
0	13,639	13,639	West Midlands Police	0	14,686	14,686
1,181	5,186	6,367	West Midlands Fire	1,178	5,214	6,392
118,104	160,206	278,310	Total: Precepts, Demands & Shares:	117,787	166,176	283,963
Distribution of previous years' surplus/deficit						
(26)	1,913	1,887	Coventry City Council	(49,120)	266	(48,854)
0	180	180	West Midlands Police	0	26	26
0	71	71	West Midlands Fire	(496)	10	(486)
(26)	2,164	2,138	Total: Distribution of previous years Surplus/(Deficit)	(49,616)	302	(49,314)
118,078	162,370	280,448	TOTAL EXPENDITURE	68,171	166,478	234,649
Charges to Collection Fund						
(127)	2,033	1,906	Less: Write offs uncollectable amounts	264	1,126	1,390
2,265	158	2,423	Less: Increase/(Decrease) in Bad Debt Provision	(604)	2,585	1,981
1,102	0	1,102	Less: Increase/(Decrease) in Appeals Provision	(3,509)	0	(3,509)
373	0	373	Less: Costs of Collection	368	0	368
3,613	2,191	5,804	Total Charges to Collection Fund	(3,481)	3,711	230
46,664	(755)	45,909	(Surplus)/Deficit Arising During Year	(37,831)	(5,836)	(43,667)
870	(1,323)	(453)	(Surplus)/Deficit b/fwd	47,534	(2,078)	45,456
47,534	(2,078)	45,456	(Surplus)/Deficit c/fwd	9,703	(7,914)	1,789
Commitments						
(49,616)	301	(49,315)	Surplus/(Deficit) committed in future year's budget setting	(18,177)	3,351	(14,826)
(2,082)	(1,777)	(3,859)	Excess (Surplus)/Deficit c/fwd to following year's tax setting.	(8,474)	(4,563)	(13,037)

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 2021/22 (it was also 51.2p/£ in 2020/21). The Valuation Office Agency sets the rateable value of each property and the total was £315,539,818 as at 31st March 2022 (£317,409,534 as at 31st March 2021). 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.

Calculation of the Council Tax Base

The level of Council Tax is set at the beginning of the year and is calculated so as to ensure that the Collection Fund can meet its obligations. Council Tax paid by taxpayers is based on the valuation of their property. Each property is placed into one of eight valuation bands (A to H). The total income required by the Collection Fund is divided by the "Council Tax Base". The Council Tax Base represents the number of equivalent band D properties in the City (i.e. properties in a higher valuation band are treated as more than one band D property, properties in a lower valuation band are treated as a fraction of a band D property), multiplied by the estimated eventual collection rate of 97.9%. The total number of dwellings on the valuation list is 147,487 of which 10,613 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	155	66.3
A	54,255	26,781.6
B	41,343	24,803.8
C	23,209	16,107.5
D	9,509	7,512.7
E	4,640	4,550.8
F	2,281	2,651.1
G	1,377	1,854.2
H	105	163.4
Total	136,874	84,491.4
Estimated eventual collection rate		97.9%
Total Council Tax Base Band D 2021/22		82,717.1
Total Council Tax Base Band D 2020/21		83,905.5

Provisions and Write Offs

Level of Provisions & Write Offs	Business Rates Impairment allowance for doubtful debts £000	Council Tax Impairment allowance for doubtful debts £000	Business Rates Appeals Provision * £000
Provision Brought forward	(5,221)	(9,553)	(15,950)
Written off in year	264	1,126	5,569
Increase/Decrease in provision	340	(3,711)	(2,060)
Provision Carried Forward	(4,617)	(12,138)	(12,441)

* 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	12,298	19,363
Gross Debtors carried forward	9,499	22,612

Precepts and Demands on the Collection Fund

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

2020/21		2021/22			
Total £000	Council Tax	Precept £000	Share of surplus /(deficit) £000	Total £000	
143,953	Coventry City Council	146,276	5,387	151,663	
13,893	West Midlands Police	14,686	551	15,237	
5,279	West Midlands Fire Service	5,214	199	5,413	
163,125	Total	166,176	6,137	172,313	

2020/21		2021/22			
Total £000	Business Rates	Precept £000	Share of surplus /(deficit) £000	Top-up/(Tariff) £000	Total £000
0	Central Government	0	0	0	0
52,780	Coventry City Council	116,609	(11,666)	(17,652)	87,291
714	West Midlands Fire Service	1,178	(118)	0	1,060
53,494	Total	117,787	(11,784)	(17,652)	88,351

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. Coventry Municipal Holdings Limited (CMH) and the UK Battery Industrialisation Centre Ltd (UKBIC) are included as subsidiaries within the Group. The Coventry and Solihull Waste Disposal Company Limited (CSWDC) and Friargate JV Project Limited (FJVP) are included as joint ventures. Sherbourne Recycling Limited (SRL) is included as an associate.

CMH was incorporated as an intermediary parent company within the Council's group structure in October 2021 and acquired ownership of existing subsidiaries via a share exchange in November 2021. The CMH group includes Coombe Abbey Park Limited (CAPL), Coventry Regeneration Limited (CR), Coventry Technical Resources Limited (CTR) and Tom White Waste Limited (TWW).

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 2022 have been used for CMH, CSWDC, FJVP and SRL. The Council has used CMH group accounts, which consolidate the results of second tier subsidiaries. Due to the difference in year end dates, management accounts up to 31st March 2020 have been used for UKBIC. To cover the period prior to the incorporation of CMH in October 2021, statutory accounts have been used for all subsidiaries with the exception of CAPL where management accounts have been used due to the difference in year end dates.

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 £000s	2020/21 Gross Income £000s	Net Expenditure £000s	Service segment	Gross Expenditure £000s	2021/22 Gross Income £000s	Net Expenditure £000s
6,698	(1,485)	5,213	Legal & Governance Services	8,340	(2,685)	5,655
25,913	(23,696)	2,217	Public Health	28,176	(28,100)	76
4,292	(121)	4,171	People Directorate Management	1,386	(164)	1,222
210,372	(195,182)	15,190	Education and Skills	243,374	(200,006)	43,368
91,716	(15,988)	75,728	Children and Young People's Services	100,023	(19,563)	80,460
120,051	(62,170)	57,881	Adult Social Care	144,041	(75,337)	68,704
27,999	(12,390)	15,609	Housing & Transformation	26,128	(14,396)	11,732
2,322	(837)	1,485	Human Resources	2,570	(941)	1,629
65,703	(32,928)	32,775	Business, Investment & Culture	57,682	(24,858)	32,824
52,655	(15,905)	36,750	Transportation & Highways	67,119	(15,835)	51,284
77,089	(32,618)	44,471	Streetscene & Regulatory Services	82,511	(40,108)	42,403
10,995	(3,625)	7,370	Project Management and Property Services	7,812	(3,315)	4,497
98,956	(95,167)	3,789	Finance & Corporate Services	96,168	(89,257)	6,911
55,683	(46,834)	8,849	Contingency and Central Budgets	63,099	(44,922)	18,177
850,444	(538,946)	311,498	Cost of Services	928,429	(559,487)	368,942
		10,996	Other Operating Expenditure			139,560
		1,126	Finance and Investment Income and Expenditure			(8,076)
		0	Profit or Loss on Discontinued Operations			0
		(417,522)	Taxations and Non-Specific Grant Income			(419,509)
		(93,902)	(Surplus) / Deficit on the Provision of Services			80,917
		(5,306)	Associates and JVs accounted for on Equity Basis			(4,407)
		2,093	Tax Expenses			1,666
		(97,115)	Group (Surplus) or Deficit			78,176
		(23,261)	(Gain)/loss on revaluation of non current assets			595
		(15,618)	(Gain)/loss on revaluation of financial instruments			70
		(43)	Remeasurement of the net defined benefit liability			(371)
		207,631	Share of other comprehensive income and expenditure of associates & joint ventures			(216,900)
		185,226	Sub-total of other Comprehensive Income and Expenditure			(216,606)
		88,111	Total Comprehensive Income and Expenditure (Surplus)/Deficit			(138,430)

4.3 Group Movement in Reserves Statement

2021/22	Authority Reserves						Authority's share of the reserves of subsidiaries, associates and joint ventures			Group		
	General Fund £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Usable Reserves £000	Unusable Reserves £000	Sub total £000	Usable Reserves £000	Unusable Reserves £000	Sub total £000	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance Brought forward	(198,334)	(1,828)	(24,736)	(224,898)	(164,319)	(389,217)	(11,581)	(70,782)	(82,363)	(236,479)	(235,101)	(471,580)
Total Comprehensive Income and Expenditure	74,341	0	0	74,341	(215,966)	(141,625)	853	2,342	3,195	75,194	(213,624)	(138,430)
Adjustments between group accounts and authority accounts	(8,166)	0	0	(8,166)	0	(8,166)	8,166	0	8,166	0	0	0
Net (increase) or decrease before transfers	66,175	0	0	66,175	(215,966)	(149,791)	9,019	2,342	11,361	75,194	(213,624)	(138,430)
Adjustments between Accounting Basis and Funding Basis under Regulations	(60,901)	(3,641)	3,911	(60,631)	60,631	0	0	0	0	(60,631)	60,631	0
Net (Increase) / Decrease	5,274	(3,641)	3,911	5,544	(155,335)	(149,791)	9,019	2,342	11,361	14,563	(152,993)	(138,430)
Balance Carried forward	(193,060)	(5,469)	(20,825)	(219,354)	(319,654)	(539,008)	(2,562)	(68,440)	(71,002)	(221,916)	(388,094)	(610,010)

Group Movement in Reserves – Comparatives

2020/21	Authority Reserves						Authority's share of the reserves of subsidiaries, associates and joint ventures			Group		
	General Fund *restated £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Usable Reserves *restated £000	Unusable Reserves *restated £000	Sub total *restated £000	Usable Reserves £000	Unusable Reserves £000	Sub total £000	Usable Reserves *restated £000	Unusable Reserves *restated £000	Total Reserves *restated £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)

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 2021				31st March 2022		
Single Entity	Group	Total	Group Balance Sheet	Single Entity	Group	Total
£000s	Adjustments	£000s		£000	Adjustments	£000
	£000				£000	
1,085,843	103,309	1,189,152	Property, Plant and Equipment	1,031,515	102,606	1,134,121
25,893	0	25,893	Heritage Assets	25,893	0	25,893
0	0	0	Surplus Assets	0	0	0
317,073	(7,482)	309,591	Investment Property	321,084	(7,482)	313,602
0	11,641	11,641	Intangible Assets	0	11,641	11,641
98,562	(81,517)	17,045	Long Term Investments	95,612	(78,192)	17,420
0	37,315	37,315	Investment in Associates and Joint Ventures	0	31,323	31,323
55,903	(15,202)	40,701	Long Term Debtors	69,539	(20,189)	49,350
0	0	0	Deferred Tax Assets	0	0	0
1,583,274	48,064	1,631,338	Long Term Assets	1,543,643	39,707	1,583,350
39,282	0	39,282	Short Term Investments	50,188	0	50,188
363	25	388	Inventories	398	71	469
106,050	1,354	107,404	Short Term Debtors	91,421	4,210	95,631
30,209	3,660	33,869	Cash and Cash Equivalents	34,118	5,369	39,487
1,588	0	1,588	Assets held for Sale	1,073	0	1,073
0	0	0	Current Tax Asset	0	509	509
177,492	5,039	182,531	Current Assets	177,198	10,159	187,357
(2,771)	0	(2,771)	Bank Overdraft	(3,307)	0	(3,307)
(62,272)	(290)	(62,562)	Short Term Borrowing	(13,680)	(1,228)	(14,908)
(108,315)	(6,550)	(114,865)	Short Term Creditors	(130,545)	(8,361)	(138,906)
(1,837)	0	(1,837)	Short Term Provisions	(1,572)	0	(1,572)
0	(170)	(170)	Current Tax Liability	0	(151)	(151)
(175,195)	(7,010)	(182,205)	Current Liabilities	(149,104)	(9,740)	(158,844)
(18,645)	0	(18,645)	Long Term Provisions	(16,061)	0	(16,061)
(324,700)	(2,857)	(327,557)	Long Term Borrowing	(314,690)	(5,226)	(319,916)
(742,911)	0	(742,911)	Net Pension Liability	(614,734)	0	(614,734)
(11,035)	(585)	(11,620)	Other Long term Liabilities	(7,780)	0	(7,780)
(1,603)	0	(1,603)	Donated Assets Account	(1,845)	0	(1,845)
(57,053)	0	(57,053)	Capital Grants Receipts in Advance	(40,483)	0	(40,483)
0	(695)	(695)	Deferred Tax Liability	0	(1,034)	(1,034)
(1,155,947)	(4,137)	(1,160,084)	Long Term Liabilities	(995,593)	(6,260)	(1,001,853)
429,624	41,956	471,580	Net Assets	576,144	33,866	610,010
(224,898)	(11,581)	(236,479)	Usable Reserves	(219,354)	(2,562)	(221,916)
(204,726)	(30,375)	(235,101)	Unusable Reserves	(356,790)	(31,304)	(388,094)
(429,624)	(41,956)	(471,580)	Total Reserves	(576,144)	(33,866)	(610,010)

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.

2020/21	2020/21	2020/21	Cash Flow Statement	2021/22	2021/22	2021/22
Single Entity £000s	Group Adjustment £000s	Total £000s		Single Entity £000s	Group Adjustment £000s	Total £000s
(92,639)	(1,263)	(93,902)	Net (Surplus) or Deficit on the Provision of Services	66,175	14,742	80,917
(4,907)	(11,980)	(16,887)	Adjust Net (Surplus) or Deficit on the Provision of Services for Non Cash Movements	(232,231)	(23,609)	(255,840)
103,277	0	103,277	Adjust for items included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	190,772	0	190,772
0	181	181	Income tax paid	0	20	20
5,731	(13,062)	(7,331)	Net Cash Flows from Operating Activities	24,716	(8,847)	15,869
(54,666)	25,488	(29,178)	Investing Activities	(43,347)	8,128	(35,219)
46,090	(12,163)	33,927	Financing Activities	15,258	(990)	14,268
(2,845)	263	(2,582)	Net (Increase) or Decrease in Cash and Cash Equivalents	(3,373)	(1,709)	(5,082)
(24,593)	(3,923)	(28,516)	Cash and Cash Equivalents at the Beginning of the Reporting Period	(27,438)	(3,660)	(31,098)
(27,438)	(3,660)	(31,098)	Cash and Cash Equivalents at the End of the Reporting Period	(30,811)	(5,369)	(36,180)

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 2022	Group Adjustments to authority	CMH	CSWDC	FJV	SRL	UKBIC	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Property, Plant and Equipment	804	40,687	0	0	0	0	61,115	102,606
Heritage Assets	0	0	0	0	0	0	0	0
Surplus Assets	0	0	0	0	0	0	0	0
Investment Property	(7,482)	0	0	0	0	0	0	(7,482)
Intangible Assets	11,641	0	0	0	0	0	0	11,641
Long Term Investments	(78,192)	0	0	0	0	0	0	(78,192)
Investment in Associates and Joint Ventures	0	0	29,445	1,619	259	0	0	31,323
Long Term Debtors	(20,189)	0	0	0	0	0	0	(20,189)
Deferred Tax Assets	0	0	0	0	0	0	0	0
Long Term Assets	(93,418)	40,687	29,445	1,619	259	61,115	39,707	
Short Term Investments	0	0	0	0	0	0	0	0
Inventories	0	71	0	0	0	0	0	71
Short Term Debtors	(1,878)	4,312	0	0	0	1,776	4,210	
Cash and Cash Equivalents	0	5,048	0	0	0	321	5,369	
Assets held for Sale	0	0	0	0	0	0	0	
Current Tax Asset	0	509	0	0	0	0	509	
Current Assets	(1,878)	9,940	0	0	0	2,097	10,159	
Bank Overdraft	0	0	0	0	0	0	0	
Short Term Borrowing	0	(1,228)	0	0	0	0	(1,228)	
Short Term Creditors	436	(6,700)	0	0	0	(2,097)	(8,361)	
Short Term Provisions	0	0	0	0	0	0	0	
Liabilities in Disposal groups	0	0	0	0	0	0	0	
Current Liabilities	436	(8,079)	0	0	0	(2,097)	(9,740)	
Long Term Provisions	0	0	0	0	0	0	0	
Long Term Borrowing	0	(5,226)	0	0	0	0	(5,226)	
Net Pension Liability	0	0	0	0	0	0	0	
Other Long term Liabilities	0	0	0	0	0	0	0	
Donated Assets Account	0	0	0	0	0	0	0	
Capital Grants Receipts in Advance	0	0	0	0	0	0	0	
Deferred Tax Liability	0	(1,034)	0	0	0	0	(1,034)	
Long Term Liabilities	0	(6,260)	0	0	0	0	(6,260)	
Net Assets	(94,860)	36,288	29,445	1,619	259	61,115	33,866	
Usable Reserves	0	5,136	(14,721)	7,067	(44)	0	(2,562)	
Unusable Reserves	37,136	(20,019)	(4,773)	0	0	(43,648)	(31,304)	
Total Reserves	37,136	(14,883)	(19,494)	7,067	(44)	(43,648)	(33,866)	

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

Comparative year:

Group Balance Sheet	31st March 2021	Group Adjustments to authority	CAPL	CNR	CSWDC	FJV	NCH	TWW	UKBIC	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Property, Plant and Equipment	804	29,547	0	0	0	0	0	11,103	61,855	103,309
Heritage Assets	0	0	0	0	0	0	0	0	0	0
Surplus Assets	0	0	0	0	0	0	0	0	0	0
Investment Property	(7,482)	0	0	0	0	0	0	0	0	(7,482)
Intangible Assets	11,641	0	0	0	0	0	0	0	0	11,641
Long Term Investments	(81,517)	0	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	0	37,315
Long Term Debtors	(15,202)	0	0	0	0	0	0	0	0	(15,202)
Deferred Tax Assets	0	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	48,064
Short Term Investments	0	0	0	0	0	0	0	0	0	0
Inventories	0	25	0	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	0
Current Tax Asset	0	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	5,039
Bank Overdraft	0	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	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)	(7,010)
Long Term Provisions	0	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	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	0
Capital Grants Receipts in Advance	0	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)	(4,137)
Net Assets	(95,074)	28,712	5	32,715	4,600	2,722	6,180	62,096	41,956	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)	(41,956)

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	CMH £000s	CSWDC £000s	FJVP £000s	SRL £000s	UKBIC £000s	Total £000s
1st April 2021	(18,803)	(22,765)	4,086	0	(44,881)	(82,363)
Net increase/decrease in Usable Reserves	3,493	2,589	2,981	(44)	0	9,019
Net increase/decrease in Unusable Reserves	427	682	0	0	1,233	2,342
1st April 2022	(14,883)	(19,494)	7,067	(44)	(43,648)	(71,002)

Analysis of comparative year

Movement in share of reserves of Group Entities	CAPL £000s	CNR £000s	CSWDC £000s	FJVP £000s	NCH £000s	TWW £000s	UKBIC £000s	Total £000s
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)

4.8 Group Surplus/Deficit Reconciliation

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

31/03/2021 £000s	Group Surplus/Deficit Reconciliation	31/03/2022 £000s
(92,639)	The Authority's Single Entity (Surplus)/Deficit on the Provision of Services for the year	66,175
7,025	Less: Dividend income and any other distributions from Group Entities included in the Single Entity (Surplus)/Deficit on the Provision of Services for the year	9,650
(85,614)	(Surplus)/Deficit in the Group Income & Expenditure attributable to the Authority	75,825
	Add: (Surplus)/Deficit arising from other entities included in the Group Accounts	
(8,156)	Subsidiaries	4,923
(3,345)	Joint Ventures	(2,572)
(97,115)	Group Account (Surplus)/Deficit for the year	78,176

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	CMH £000	CSWDC £000	FJVP £000	SRL £000	UKBIC £000	Total £000
Adjustment to reverse elimination of dividends receivable applied to the General Fund and restore statutory balance	(500)	(9,150)	0	0	0	(9,650)
Adjustments to reverse intra-group transactions applied to the General Fund and restore statutory balance	1,484	0	0	0	0	1,484
Adjustments to reverse goodwill impairment charged to the General Fund and restore statutory balance	0	0	0	0	0	0
(Surplus)/Deficit in the Group Income & Expenditure attributable to the Authority	984	(9,150)	0	0	0	(8,166)

Reversal of adjustments made between group accounts and authority accounts	CAPL £000	CNR £000	CSWDC £000	FJVP £000	NCH £000	TWW £000	UKBIC £000	Total £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)	0	(6,020)	0	469	1,280	(241)	(5,442)

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 2021	588,897	118,552	15,220	14,079	144,480	881,228
Additions	30,718	15,446	947	24	20,564	67,699
Revaluation increase/(decreases)	(9,726)	(3,581)	0	(50)	(144)	(13,501)
Disposals	0	(106)	0	0	0	(106)
Derecognition	(35,968)	(105)	(48)	(24)	(25,681)	(61,826)
Reclassifications	42,815	1,539	392	11,030	(115,487)	(59,711)
31st March 2022	616,736	131,745	16,511	25,059	23,732	813,783
Depreciation and Impairment						
1st April 2021	2,683	38,248	0	0	0	40,931
Depreciation Charge	17,652	13,389	0	0	0	31,041
Disposals	0	(3,687)	0	0	0	(3,687)
Derecognition	(256)	0	0	0	0	(256)
Depreciation written out on revaluation	(2,178)	0	0	0	0	(2,178)
Impairment Losses/reversals recognised in RR	0	0	0	0	0	0
Impairment Losses/reversals recognised in SDPS	0	1,130	0	0	0	1,130
Reclassifications	0	0	0	0	0	0
31st March 2022	17,901	49,080	0	0	0	66,981
Net Book Value						
31st March 2022	598,835	82,665	16,511	25,059	23,732	746,802
1st April 2021	586,214	80,304	15,220	14,079	144,480	840,297

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 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)	(35,912)	0	0	3,497	0	(32,415)
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	588,897	118,552	15,220	14,079	144,480	881,228
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 on revaluation	(20,575)	0	0	(18)	0	(20,593)
Impairment Losses/reversals recognised in RR	0	0	0	0	0	0
Impairment Losses/reversals recognised in SDPS	0	0	0	0	0	0
Reclassifications	2	0	0	0	0	2
31st March 2021	2,683	38,248	0	0	0	40,931
Net Book Value						
31st March 2021	586,214	80,304	15,220	14,079	144,480	840,297
1st April 2020	535,344	52,077	15,175	9,386	154,973	766,955

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) £000s	Infrastructure Assets £000s	Total Property, Plant & Equipment £000s
Net Book Value			
31st March 2022	746,812	387,309	1,134,121
31st March 2021	840,307	348,845	1,189,152
31st March 2020	766,955	325,829	1,092,784

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
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Usable Reserves							
General Fund Balance*	(193,060)	8,166	(184,894)	0	0	0	(184,894)
Capital Grants Unapplied	(5,469)	0	(5,469)	0	0	0	(5,469)
Capital Receipts Reserve	(20,825)	0	(20,825)	0	0	0	(20,825)
Income and Expenditure Reserve	0	0	0	60,139	(70,717)	(10,578)	(10,578)
Pensions Reserve (private sector)	0	0	0	0	0	0	0
Capital Contribution Reserve	0	0	0	(150)	0	(150)	(150)
Total Usable Reserves	(219,354)	8,166	(211,188)	59,989	(70,717)	(10,728)	(221,916)
Unusable Reserves							
Capital Adjustment Account	(767,106)	(1,652)	(768,758)	0	(43,648)	(43,648)	(812,406)
Revaluation Reserve	(191,180)	0	(191,180)	0	(24,792)	(24,792)	(215,972)
Deferred Capital Receipts Reserve	(16,973)	0	(16,973)	0	0	0	(16,973)
Financial Instruments Adjustment account	9,763	0	9,763	0	0	0	9,763
Financial Instruments Revaluation Reserve	(43,960)	38,788	(5,172)	0	0	0	(5,172)
Collection fund adjustment	2,653	0	2,653	0	0	0	2,653
Pensions Reserve (local government)	647,034	0	647,034	0	0	0	647,034
Accumulated Absence	3,903	0	3,903	0	0	0	3,903
Pooled Investment Funds Adj. Acc.	(924)	0	(924)	0	0	0	(924)
Share Capital	0	0	0	(5,054)	5,054	0	0
Share Premium	0	0	0	(62,862)	62,862	0	0
Minority Interest	0	0	0	0	0	0	0
Capital Redemption Reserve	0	0	0	0	0	0	0
Total Unusable Reserves	(356,790)	37,136	(319,654)	(67,916)	(524)	(68,440)	(388,094)
Total Reserves	(576,144)	45,302	(530,842)	(7,927)	(71,241)	(79,168)	(610,010)

* 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
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
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
Capital Contribution Reserve	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	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
Capital Redemption Reserve	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.

4.12 Group Tax Expense

2020/21 £000s	Group Tax Expense	2021/22 £000s
CURRENT TAX:		
2,151	Current Tax Expense / (Income)	1,334
(25)	Adjustment Recognised in the Period for Current Tax of Prior Periods	(557)
2,126	Total Current Tax	777
DEFERRED TAX:		
(58)	Origination and Reversal of Temporary Differences	253
25	Changes in Tax Rates or the Imposition of New Taxes	299
0	Adjustment Recognised in the Period for Deferred Tax of Prior Periods	337
(33)	Total Deferred Tax	889
2,093	Total Tax Expense	1,666

4.13 Notes to the Group Cashflow

31st March 2021				31st March 2022		
Single Entity	Group	Total	Adjustments for Non Cash movements	Single Entity	Group	Total
£000s	£000s	£000s		£000s	£000s	£000s
(26,284)	(2,329)	(28,613)	Depreciation	(28,168)	(11,662)	(39,830)
(7,100)	(1,548)	(8,648)	Derecognition of Non-current Assets	(126,979)	0	(126,979)
(17,161)	(571)	(17,732)	Revaluation of Non-current Assets	20,771	0	20,771
(735)	(1,451)	(2,186)	Amortisation	(936)	(214)	(1,150)
(2,776)	0	(2,776)	(Increase)/Decrease in Impairment Provision for Bad Debts	(1,973)	0	(1,973)
(23,158)	472	(22,686)	(Increase)/Decrease in Creditors and Provisions	2,776	(2,470)	306
35,238	(315)	34,923	Increase/(Decrease) in Debtors	(6,744)	1,744	(5,000)
60	(15)	45	Increase/(Decrease) in Inventory	37	46	83
37,226	0	37,226	Pension Liability	(88,723)	0	(88,723)
(217)	(6,223)	(6,440)	Other Non Cash items charged to Net Surplus or Deficit on Provision of Services	(2,292)	(11,053)	(13,345)
(4,907)	(11,980)	(16,887)	Total	(232,231)	(23,609)	(255,840)

31st March 2021				31st March 2022		
Single Entity	Group	Total	Cashflows from Investing activities	Single Entity	Group	Total
£000s	£000s	£000s		£000s	£000s	£000s
130,146	31,484	161,630	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	96,484	8,146	104,630
691,610	0	691,610	Purchase of Short Term and Long Term Investments	529,211	0	529,211
4,875	0	4,875	Other Payments for Investing Activities	6,553	0	6,553
(1,253)	(31)	(1,284)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(9,357)	(18)	(9,375)
(689,572)	0	(689,572)	Proceeds from Short Term and Long Term Investments	(517,514)	0	(517,514)
(190,472)	(5,965)	(196,437)	Other Receipts from Investing Activities	(148,724)	0	(148,724)
(54,666)	25,488	(29,178)	Total	(43,347)	8,128	(35,219)

31st March 2021				31st March 2022		
Single Entity	Group	Total	Cashflows from Financing activities	Single Entity	Group	Total
£000s	£000s	£000s		£000s	£000s	£000s
119,895	160	120,055	Repayments of Short and Long Term Borrowing	72,660	1,140	73,800
2,409	430	2,839	Cash Payment for Reduction of outstanding liability relating to Finance Lease & on the Bal Sheet PFI Contracts	2,854	1,088	3,942
(128,177)	(1,000)	(129,177)	Cash Receipts of Short and Long Term Borrowing	(17,273)	(2,976)	(20,249)
12	(11,753)	(11,741)	Net Other Payment and Receipts for Financing Activities	1	(242)	(241)
51,951	0	51,951	Council Tax and NNDR Adjustments	(42,984)	0	(42,984)
46,090	(12,163)	33,927	Total	15,258	(990)	14,268

31st March 2021				31st March 2022		
Single Entity	Group	Total	Cashflows from Interest and Dividends	Single Entity	Group	Total
£000s	£000s	£000s		£000s	£000s	£000s
(3,438)	237	(3,201)	Interest received	(3,304)	1,047	(2,257)
18,553	53	18,606	Interest paid	17,518	108	17,626
(6,020)	6,020	0	Dividends received	(9,650)	9,650	0
9,095	6,310	15,405	Total	4,564	10,805	15,369

31st March 2021				31st March 2022		
Single Entity	Group	Total	Breakdown of Cash and Cash Equivalents	Single Entity	Group	Total
£000s	£000s	£000s		£000s	£000s	£000s
(12)	0	(12)	Cash held by Group Entities	16	0	16
(12,426)	(3,655)	(16,081)	Bank Current Accounts	(12,527)	(5,364)	(17,891)
(15,000)	(5)	(15,005)	On call deposits	(18,300)	(5)	(18,305)
(27,438)	(3,660)	(31,098)	Total	(30,811)	(5,369)	(36,180)

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 2022 the company had future contracted capital commitments of £1.2m.

Coventry Municipal Holdings (CMH)

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

The Council holds 100% of the shares in CMH (value £18.6m). This valuation includes CMH and its subsidiaries.

As part of the reorganisation of the Council's group structure, North Coventry Holdings Limited (NCH) changed name to become Coventry Technical Resources (CTR) in October 2021. The main activity of NCH was holding shares in Coventry North Regeneration (CNR) but the change of name reflects the repurposing of the company in the years following the sale of the shares in Arena Coventry Limited (ACL). CTR's main activity is now the provision of resourcing solutions to the Council under a series of contracts. Coventry North Regeneration Limited (CNR) also changed name to become Coventry Regeneration Limited (CR) in November 2021.

Friargate JV Project Limited (FJVP)

FJVP was incorporated on 17th December 2018. The company is a 50/50 joint venture with Friargate Holdings 2 Limited, established to develop new buildings within the Friargate district of the city. The Council has two of its officers as directors of the board and holds 50% of the shares (value £4.1m).

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.

Sherbourne Recycling Limited (SRL)

Coventry City Council holds 21.5% of the shares (value £0.3m) in SRL. The Council is the largest single shareholder and has one of its officers as a director on the board. SRL is included within the Council's group accounts as an associate. The primary activity of SRL during the period was the construction of a Material Recycling Facility (MRF).

5 Statement of Accounting Policies

5.1 General

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31st March 2022. It has been prepared in

accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 – 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 items in the Balance Sheet for which there is a significant risk are:

Pensions Net Liability - This liability has reduced to £615m at the end of the 2021/22 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 2021/22 the updating of data and assumptions by the Council's actuaries has led to a reduction in the net liability of £128m.

Property Asset Valuations – Valuations of other land and buildings are undertaken based on a default five-year rolling programme;

however a proportion of assets are revalued more frequently based on consideration of 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 ongoing impact of 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 £22m.

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 2021/22 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; £nil in 2022/23 and £0.1m in 2023/24).

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 (£5.1m 2021/22) 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 a new standard that has been issued but not yet adopted by the Code of Practice of Local Authority Accounting. At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code:

- IFRS 16 Leases – the adoption of this standard has been deferred in the public sector until the 2024/25 financial year, with an effective date of 1 April 2024. This will require lessees to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities (with exceptions for low-value and short-term leases). As a result, the Council has not been required to carry out detailed calculations to ascertain the impact.
- Property, Plant and Equipment: proceeds before intended use (IAS16) – the change involves a minor clarification in the intention of the Standard and does not affect valuations of PPE.
- Social Benefits (IPSAS 42) – social benefit is defined as cash transfers paid directly to specific individuals/households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits income support and unemployment benefits.

The changes to IAS 16 and IPSAS 42 are not expected to result in any material impacts on the 2022/23 accounts.

5.5 Changes in Accounting Policies

The content of the Council's accounting policies regarding Group Accounts have been expanded to clarify the method used when accounting for acquisitions. The following wording has been added:

When accounting for the purchase of subsidiaries, joint ventures and associates, the Council uses the 'Acquisition Method' in accordance with the requirements of IFRS 3. The identifiable assets acquired, liabilities assumed, and any minority interests are measured at fair value at the acquisition date. Local government reorganisations or transfers of functions from one public sector body to another are deemed to be outside the scope of IFRS 3 as they are a combination of businesses under common control.

If the identifiable net assets acquired are greater than the consideration transferred, then a bargain purchase is recognised as income within the Comprehensive Income and Expenditure Statement. However, if these net assets are lower, then goodwill is recognised, either within 'Intangible Assets', in the case of subsidiaries, or within 'Investments in Associates and Joint Ventures'.

Goodwill is recognised as an asset and is not amortised but is reviewed for impairment at least annually. Any impairment of goodwill is recognised immediately in the income statement and is not subsequently reversed. Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount is defined as the higher of the fair value less cost to sell and the value in use; where the value in use is the present value of future cash flows.

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 are 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.

When accounting for the purchase of subsidiaries, joint ventures and associates, the Council uses the 'Acquisition Method' in accordance with the requirements of IFRS 3. The identifiable assets acquired, liabilities assumed, and any minority interests are measured at fair value at the acquisition date. Local government reorganisations or transfers of functions from one public sector body to another are deemed to be outside the scope of IFRS 3 as they are a combination of businesses under common control.

If the identifiable net assets acquired are greater than the consideration transferred, then a bargain purchase is recognised as income within the Comprehensive Income and Expenditure Statement. However, if these net assets are lower, then goodwill is recognised, either within 'Intangible Assets', in the case of subsidiaries, or within Investments in Associates and Joint Ventures.

Goodwill is recognised as an asset and is not amortised but is reviewed for impairment at least annually. Any impairment of goodwill is recognised immediately in the income statement and is not subsequently reversed. Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount is defined as the higher of the fair value less cost to sell and the value in use; where the value in use is the present value of future cash flows.

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

The audit certificate to be added on completion of the audit.