



Coventry City Council's 2022-23 Statement of Accounts

This document presents the Council's financial performance
for the year ending 31st March 2023.

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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 2023. The narrative report below helps set this into the context of the activities performed by the Council, its performance for the year including some key financial information and the

major developments in the city. The statement also explains the current status of its medium-term financial plans and how it is securing its future financial resilience.

1.2 Narrative Report

Preface

This narrative report is written from the perspective of summer 2023 with a small number of updates in a few key areas. Given the 12-month 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", which was refreshed in 2022. It is an approach which is intended to shape the way that the Council works with its partners to improve the city and improve people's lives. Key information about the city and measures of the Council's overall performance are provided separately in an annual performance report formally considered by Cabinet, Scrutiny Co-ordination Committee and presented at an all-members seminar (the most recent of these being January 2023).

The financial year 2022/23 saw the continued escalation in hostilities between Russia and Ukraine, which is one of the key reasons behind the rapid rise in the cost of living – with UK annual inflation during 2022/23 the highest the country has experienced for over 40 years.

In addition, September 2022 witnessed the Conservative Government's 'mini budget' which impacted the money markets significantly, causing borrowing rates to rise steeply, and, together with the prevailing high inflation levels, resulted in worsening cost of living conditions for businesses and communities alike.

The impact of this cost-of-living crisis has affected communities materially across the city and is still being felt now (September 2024) in terms of some services, as people right across the city face rapidly rising energy, fuel, food, mortgages and other housing costs.

Communities had not fully recovered from the impacts of the COVID-19 pandemic when the cost-of-living crisis struck, meaning the Council needed to, yet again, adapt and respond quickly to ensure it was in a position to support those most in need, at a time when its own financial situation was being impacted hugely by rising prices. This has required the continuation of close and effective working with our partners and our communities to ensure services were able to respond. The direct impact has included increased demand for a number of our services, in particular the housing team supporting families and individuals who were no longer able to afford their own homes, and increases in social care activity.

There continue to be 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. One example of which is the ongoing increase in the number of homeless.

Performance in 2022/23

The refreshed One Coventry Plan 2022-2030 is measured using 73 indicators. During 2022/23, 36 of these improved; 6 stayed the same; 15 worsened; and conclusive data was not available for the other 16 indicators. This means that 74% (42 out of 57) of indicators (excluding where conclusive data was not available) improved or stayed the same.

Progress has been made in reducing the unemployment rate from 5.5% (Jan-Dec 21) to 4.9% (Apr 22 – Mar 23). This progress has been supported by the Coventry Job Shop's success in supporting just under 1,000 residents into employment throughout the year. These are verified and evidenced 'job starts'; we know that many more residents have moved into work with the Job Shop's support but have disengaged from the service following 'job start'. In addition, the Job Shop registered 6,600 new customers and has supported 78 new businesses and 148 returning businesses to recruit staff.

Group Activity

The activities of the main companies within the Council's Group arrangements are described below. This included the first full year of operation under the revised governance arrangements following the incorporation of Coventry Municipal Holdings Limited (CMH) 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 is operating a hotel and associated food and beverage trade within Coombe Park. It has continued its recovery from the significant disruption caused by the COVID-19

pandemic but has needed to manage the challenges that high inflation has brought to the business, including significant increases in pay, energy and other running costs.

The core activities of TWW are the collection, recycling and disposal of waste. Despite an increase in turnover, the cost of sales has also been impacted, particularly pay, energy and repairs and maintenance. During 2022/23, the company continued to support the Council with alternative means of waste collection during the period of industrial action of Heavy Good Vehicle (HGV) drivers.

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 strong trading during the year.

The Friargate JV Project Limited continued to progress with the development of property within the Friargate business district of the city – including the work on the No.2 Friargate building and commencement of the construction of a new hotel. No.2 Friargate, as at September 2024, has now been partially let (50% of floors), and the hotel was completed in December 2023, opening for business in January 2024.

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. During 2022/23, UKBIC secured additional capital funding of £51.6m for investment in the facility, provided by UKRI, as part of the UK Government's Faraday Battery Challenge investment programme. A major part of this is for a Flexible Industrialisation Line. 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 this new flexible line is set to get underway in September 2024, with the equipment coming online during 2025.

The Council's Financial Performance – Revenue Position

In February 2022, the Council set a total budget for its revenue expenditure of £748.8m. This included a net budget requirement, funded from Council Tax and Business Rates of £237.4m.

	£m	£m
Council Tax	(153.4)	
Local Business Rates	(84.0)	
Net Budget Requirement		(237.4)
Specific Government Grants		(402.7)
Fees and Charges		(108.7)
Total Budget		(748.8)

The 2022/23 financial year proved to be an extremely challenging one for the Council, primarily because budgets were set prior to the cost-of-living crisis. High inflation put pressure on the Council's underlying financial performance, and this continued throughout the year. Management action was put in place early on to mitigate some of these pressures, which together with a corporate surplus of £13m resulted in a net overspend of £6.7m, offset by a one-off transfer from legacy COVID reserves to give an overall balanced position.

The most significant aspects included a £9.4m overspend on Streetscene and Regulatory Services, with the key variation arising within Waste and Fleet Services as a result of an HGV driver industrial dispute. 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 in 2022/23 of the dispute of circa £8m.

Elsewhere the cost of supporting looked after children within the city reported a net overspend of £3.3m. The reasons for this continued challenging position were mainly due to increasing unit costs of placements and a lack of sufficiency in the market, which made up the vast majority of the £4.1m total net overspend across Children's and Young People's Services.

Adult social care costs resulted in a net pressure of £2.7m driven by a combination of high inflationary increases and an increase in both the number and complexity of packages of care required.

The other key overspend (circa £3m) occurred in Business Investment and Culture due primarily to the decision to acquire the former IKEA site and to redevelop it into a national collections centre.

The Council continued to take a modestly commercial approach to meeting its budgetary pressures and maintaining the strength of its balance sheet in 2022/23. 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 a new materials recycling facility in the city (the Sherbourne Recycling Limited joint venture company) and to establish a new hotel in the Friargate district of the city. Each of these ventures are planned to provide a modest commercial return to the Council as part of an approach to help the Council avoid some of the worst effects of budget cuts experienced 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.

2022/23 Revenue Outturn	Total Income	Total Expenditure	Net Expenditure	Net Budget	Overspend/ (Underspend)
	£m	£m	£m	£m	£m
Legal & Governance Services	(2.6)	8.1	5.5	4.8	0.7
Public Health	(33.8)	34.4	0.6	2.2	(1.6)
Directorate Management	(0.1)	1.3	1.2	1.2	0.0
Education and Inclusion	(214.8)	234.2	19.4	19.8	(0.4)
Children and Young People's Services	(16.6)	105.6	89.0	84.9	4.1
Adult Services & Housing	(78.9)	181.2	102.3	99.6	2.7
Human Resources	(1.6)	2.5	0.9	1.9	(1.0)
Business, Investment & Culture	(8.2)	16.6	8.4	5.7	2.7
Transportation & Highways	(14.2)	24.2	10.0	8.3	1.7
Streetscene & Regulatory Services	(19.8)	60.8	41.0	31.6	9.4
Project Management and Property Services	(19.8)	13.8	(6.0)	(7.1)	1.1
Finance & Corporate Services	(88.0)	95.7	7.7	6.9	0.8
Contingency and Central Budgets	(190.1)	147.5	(42.6)	(22.4)	(20.2)
Total	(688.5)	925.9	237.4	237.4	0.0

The Council's Financial Performance – Capital

The scale of the Council's ambition continues to be reflected in the size of its Capital Programme. The Council's 2022/23 programme spend was £159.5m, slightly less than the 2021/22 figure of £190m. The programme incorporated several large schemes that are fundamental to the city's economic development and connectivity, projects to further improve the quality of school buildings and a variety of other projects in support of its corporate priorities as follows:

£35.4m has been spent on transport and highways infrastructure across a range of both major and minor schemes. These included works to deliver the A46 Stoneleigh Junction due for completion in Summer 2023, further research and development investment in Very Light Rail, the overbridge installation on the A45 Eastern Green to unlock development land, and schemes to improve and maintain the city's highways via the City Region Sustainable Transport Settlement (CRSTS) for Highways Maintenance and our Local Network Improvement Plan.

A further £5.0m has been spent on City Centre South. This has predominantly been on the acquisition of land and promoting the Compulsory Purchase Order process.

Further programme spend of £27.2m has been made in 2022/23 on the completion of Friargate Building 2 and commencement of the hotel within Friargate Business District. The new hotel facilities are due to complete in October 2023.

Air quality and Binley Cycleway works amounting to circa £15.3m have continued with the majority of the works completed by summer 2023

There have been works totalling £21.3m across the school's property estate as part of the One Coventry Strategic Plan. There is an increasing focus now on providing additional capacity in secondary schools across the city to meet the growing numbers amongst the secondary intake.

City of Culture capital programme spend of £3.7m has continued this year on a range of Coventry's cultural capital assets, building a legacy for the city following the City of Culture year.

External grants have been used to allow £1.7m across a range of greener travel options including the cycle schemes, clean bus and electric vehicle technology and charging points.

£5m of grant funding for the investment in Climate Change related projects has been invested during 22/23; covering activities around solar, green home grant and decarbonisation project; and the investment continues into 2023/24.

Material Recycling Facility investment this year of £6m, the majority of which is a loan facility to Sherbourne Recycling Limited towards the Council's contribution to the creation of the facility.

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 2022/23, 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 to the 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, and as a result of much higher prices which has also affected capital costs.

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, exacerbated by the high levels of inflation in 2022/23 and beyond. 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 is aware that it must remain vigilant to ensure that it maintains an appropriate level and balance of commercial activities, but remains convinced that these remain an 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 have historically shown the most concern. For local councillors too, it is difficult to understand why the Council can, at the same time, make decisions to reduce expenditure on some services whilst it has millions of pounds of reserves on its balance sheet. This is likely to be a source of debate once again given that the Council's headline reserve balances shown in section 3.13 are still perceived to be at a high level, in the region of £186m.

However, the Council's reserve balances are largely earmarked, and include £33m held on behalf of Schools which are not available for use on general Council activities. A number of others are also held to cover future committed spend including PFI grant of £8m and Capital receipts of £40m.

Revenue reserves are held for a variety of reasons listed in Note 3.13. These include amounts to enable the Council to restructure its workforce so that it can balance future budgets and to protect the Council from future Business Rates volatility.

The impact of Covid and high inflation are two significant events which give clear justification for organisations such as the Council to protect their financial position by maintaining reserve balances. The Council's recent trend of increasing and maintaining these balances is one reason, although not the only one, why it has been able to avoid being one of those councils giving warnings of their financial distress because of, or following, the impacts of both the pandemic, high cost increases and increases in demand for some

services. In addition, the Council's view continues to be that the scale of the financial challenges facing it, and the range of the projects and aspirations that it has established for itself over the next few years, provides a strong justification for setting aside these amounts.

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 long-term borrowing in the year although there was some short-term borrowing (£10m) at year end for cash-flow purposes.

The Council holds investments in Collective Investment or Pooled Funds. As at 31st March 2023 the accumulated deficit on the capital value of these pooled funds is £2.6m (compared to a £0.9m surplus as at the end of 2021/22). The decline in the property market following COVID is the main contributor to the decrease in 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 approximately 12 months 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. 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 has reduced significantly. It 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 £25m 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 £590m lower than the deficit recorded in the 2021/22. The main reasons for the significant decrease in the liability are a number of changes to the financial assumptions made by the actuary. These include a reduction in the discount rate applied to the value

of expected future pension payments, reductions in the rates assumed for salary increases and a change in longevity information.

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 2022/23 the Council employed an external valuation company to

undertake this work, with assurance carried out by City Council employees.

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

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

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. The number of authorities flagging concerns has increased during 2022/23 due to the high inflationary environment experienced throughout the year. Some councils have given warnings about their future financial viability and have 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.

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

functions of the authority will continue in operation for the foreseeable future. However, as part of putting these accounts together, alongside its overall response to the inflationary environment and impact on service demand, the Council's financial monitoring and planning has continued focus on indicating the need to operate as far as possible within budgeted levels and find savings where possible, in order to continue to provide assurance that its financial position remains secure. This includes looking at expenditure pressures directly caused by inflation, the direct impact on income due to the cost of living and general slow economic growth, impairments required against existing debts and continued analysis of the Council's cashflow requirements. The inflationary environment has directly and indirectly affected local government services throughout 2022/23. The Government has partially provided funding to help manage this cost to councils through a combination of increased specific grant and ability to raise local taxes through council tax and business rates. The Council's view, however, is that this funding has not collectively offset the increases in both price and activity sufficiently, such that significant cost reductions have been and will continue to be required, in the absence of increased funding, to maintain financial sustainability.

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 was able to use £6.7m to balance 2022/23, however this contributed to a reduction in reserves. Although reserves do still remain at reasonably healthy levels as at March 2023. 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 2022/23 the Government has provided flexibilities to a significant number of 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 medium to longer-term, the extent to which inflation, cost of living, and high interest rates impact on Local Government finances, and the continued work to redefine a new local government funding mechanism, continues to provide significant uncertainty for the whole sector.

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 £64m in this area as part of an overall pooled budget of £152m. 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.

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 2023/24, complement our objectives. These include: a continued large programme of works on the city's schools, as part of the Education One Strategic

Plan; progression of the City Centre South land assembly; further works to develop a very light rail vehicle and track; significant highway works to update the city's highways to facilitate new housing developments; and completion of the improved air quality works 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 2023/24 core funding settlement provided increased 'spending power' of over 10% including increased Adult Social Care and business rates grant funding streams and ability to raise Council tax by 5% (including an Adult Social Care precept) which enabled the Council to fund pressures in social care, homelessness and some inflation. However, funding levels for the year still represented approximately £109m in real terms

less than the equivalent figure for 2010. 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. However, the degree of complexity involved means that the position remains impossible to forecast with any degree of confidence.

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

The Council continues to participate in the West Midlands Business Rates Retention Pilot, within which 99% of Business Rates income is retained locally. One of the consequences of the 99% retention has been that the Council has moved from a position where it received a resource top-up from Government to one where it pays a resource tariff to Government. This tariff was nearly £19.3m in 2022/23 and £20.5m in 2023/24. The Council's participation in the Pilot and in the Coventry and Warwickshire Business Rates Pool will prolong a small degree of optimisation of its financial position within the existing arrangements for local government finance.

The Council balanced its budget for 2023/24 and, in the process, maintained a reasonably high degree of financial resilience built up through its reserve balances, however the continued pressure

caused by inflation, and increased demand in communities as a result, will inevitably place greater pressure on these resources, should they continue for any length of time. It is likely that some services will also retain a degree of risk as a legacy of the Covid-19 pandemic. These and the uncertainty of future revenue resources means that the Council continues to face a very significant challenge to manage its Medium-Term Financial Strategy. It will need to build a significant degree of flexibility into its financial plans to allow it to respond to a range of financial scenarios.

It is still difficult to draw any firm conclusions from the 2022/23 outturn position until such time as the ongoing impact of inflationary pressures on demand for those services affected, have worked themselves through, and stability can be foreseen once again. Similar to the Council's response to the pandemic, it has again 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 constant challenges in recent years. This includes children's and adult social care services, housing 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.

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. The inflationary impacts that have passed through to all services proving to make matters worse.

It continues to be important for the Council to continue to work with its key local partners and

arms-length organisations to help strengthen its financial position and drive regenerative and enriching change to the city and its surrounds. Work will continue with the West Midlands Combined Authority to implement major transport infrastructure, regeneration, and 'net zero' carbon reduction schemes.

The Council has ambitious plans to contribute to the tackling of Climate Change, as well as continuing to develop key areas of the city, and support private investment in city centre developments. Work continues 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.

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

September 2024 Update

Given the 12-month delay in completing these accounts there have been subsequent developments that have changed the status of issues reported in the Summer of 2023. This updated section summarises the key matters to help put the position reported into context.

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 further £1.8m overspend in 2023/24 and is projecting a circa £7m overspend in 2024/25 (as at quarter 1). This reflects the significant pressures from inflation, in particular the costs (and complexity) of adults' and children's social care, a pattern reflected in many councils across the country.

The inflationary environment, exacerbated 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 a 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 the 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.

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 pension schemes 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. This leaves a liability of 35.4m in respect of the unfunded scheme.

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 Hotel Indigo have all been completed. Elsewhere the Council have awarded a contract to refurbish 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 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 2023 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:

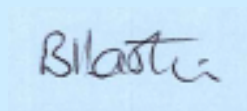
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting;

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 2023 and its income and expenditure for the year ended 31st March 2023, and that the accounts are authorised for issue.



Barry Hastie, CPFA
Director of Finance

12th September 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.

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

The Annual Governance Statement explains how Coventry City Council has complied with the Code and also meets the requirements of Regulation 6(1) (b) of The Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement and the Accounts and Audit (Amendment) Regulations 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 2023 and up to the date of approval of the Statement of Accounts.

The governance framework

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

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

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

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 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 our 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 2022-23, 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 2023. 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 (now called 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 2023:

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 one share which has a nominal value of £1. The purpose of the company is to run the proposed National Battery Development Facility.
- The Friargate Joint Venture Project limited 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 Group 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.
- An annual review and update of the Council's Local Code of Corporate Governance which is subject to approval by the Audit and Procurement Committee.

The review of effectiveness has also been informed by:

- Reports from the external auditors and other inspection agencies.
- The Council's Corporate Risk Register.
- Directors' Statements of Assurance. An annual assessment of the adequacy of governance arrangements / internal controls in relation to their service areas by each Director.
- An assessment of the Council's compliance with the principles and standards of the CIPFA Financial Management Code, which supports good practice in financial management and demonstrating financial sustainability. Overall, the Council satisfied CIPFA's requirement to demonstrate a direction of travel towards full compliance with the Code and since the assessment was completed, further actions have been taken to ensure that the standards required by the Code are met.
- The work of the Internal Audit Service during 2022-23. 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.

Significant governance issues

Table one below provides an update on the governance issues that were raised in the 2021-22 Annual Governance Statement.

Table one

No	Governance issues identified in 2021-22	2022-23 update
1	Sustainable improvement in Children’s Services	<p>National workforce issues remain. A shortage in the supply of social workers has impacted this.</p> <p>The workforce strategy has been implemented and revised for 23/24.</p> <p>An innovation and improvement forum has not been established and this will carry over to next year. Instead, an engagement piece with the workforce took place in the form of an ideas factory.</p> <p>An action plan in response to the Ofsted action plan was developed and actions have largely been completed.</p>
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 has included a range of financial pressures resulting in an overspent year-end position. The ongoing elements of this were reflected in the balanced budget for 2023/24 set by the Council in February 2023.</p> <p>The refreshed One Coventry Plan has been approved and the Council’s financial plans have continued to be aligned with the objectives in the new plan.</p>
3	Raising educational standards	<p>Implementation of an Early Years Team to focus on improving quality of settings from September 2022.</p> <p>Our post 16 data reflects considerable improvement including low number of NEETs, positive destinations above national average confirming that the system is successful in securing high levels of education, employment, or training. This is despite not meeting national attainment targets by key stage 1, 2 and 4,</p> <p>In Summer 22, as anticipated, primary results saw a widening gap to the national average in some measures as a result of the pandemic, and despite the hard work and commitment our pupils and schools demonstrated during this period. We are confident our primary schools in partnership with ourselves will mitigate this and strong improvement plans are in place.</p> <p>Whilst we anticipate a widening of the gap in Coventry secondary schools too, compared to 2019 (pre-pandemic), the 2022 Coventry GCSE results show improvements across the board in all key measures. This position is consistent across the city, as the majority of schools in the city have seen improvement across all key measures.</p>

		<p>The Government decided to drop the Schools Bill from the parliamentary process in favour of using existing legislative powers to deliver some changes to statutory provisions and there is not funding available in relation to being an Education Investment Area. The guidance on LA Attendance duties was updated, and we have been implementing a new model which will be in place for September 23.</p> <p>As arrangements for working with Schools to raise educational standards are well established and form part of business as usual, this issue will not be carried forward to the 23/24 action plan.</p>
4	Implementation of the Information Management Strategy	<p>The Information Management Strategy Group has made arrangements to undertake a review of Data Protection training with the intention of updating the training strategy.</p> <p>An information risk register was introduced in January 2023 and is now subject to quarterly review by the Information Management Strategy Group. A number of information sources are being used to inform the regular review and update of the information risk register and a process in place to identify risks which the Senior Information Risk Officer (SIRO) should raise for consideration on the corporate risk register.</p> <p>As arrangements are now in place and form part of business as usual, this issue will not be carried forward to the 2023-24 action plan.</p>
5	Management of increasing demand in relation to homelessness and the associated costs of housing families in temporary accommodation	<p>The service delivered an underspend in 2022/23 of approximately £1million.</p> <p>The initial 25 3-bed and larger Temporary Accommodation properties were purchased.</p> <p>The private rented sector (PRS) has been very buoyant and therefore the number of households housed in the PRS has reduced.</p> <p>Additional staff were embedded, income recovery and increased move-ons have been achieved.</p> <p>Two separate procurement exercises have been completed and additional properties secured.</p> <p>Due to market conditions the cost of Temporary Accommodation in the PRS has increased.</p> <p>Rent accounting system launched and embedded.</p> <p>Over 90% occupancy achieved across all contracted temporary accommodation.</p>
6	Development of a corporate data access standard	<p>This has not been progressed due to other priorities and resource pressures. The Information Management Strategy Group will consider the scope of a review to develop and implement a corporate access standard at its meeting July 2023.</p>
7	Governance over the programme of capital projects	<p>The Council continues to maintain an ambitious programme of capital projects, to provide long term benefits for the people of Coventry. Whilst providing ongoing regeneration and redevelopment of the city and supporting business rate growth, the scale of the programme requires robust governance and strategic control to ensure that the programme is delivered successfully.</p>

		<p>Governance arrangements are established with delivery overseen by project boards who report to the responsible cabinet members via established briefing and reporting mechanisms. Governance is also provided via the Council's Capital Programme Delivery Board which is currently chaired by the Chief Operating Officer. It is anticipated that this arrangement will be reviewed once the new Chief Executive joins the Council.</p> <p>In 2022/23 the focus will be on ensuring that as the programme continues to move at pace, governance arrangements remain embedded and robust and programme delivery supports the Council's wider aspirations as well as supporting the local economy.</p>
8	City of Culture legacy	<p>St. Mary's Guildhall opened to the public in July 2022, following a £5.5m restoration, with a new visitor offer and Tales of Tea destination café/restaurant in the Undercroft.</p> <p>Charterhouse opened to the public in April 2023 as a new heritage visitor destination with Purnell's Café & Bistro operating from the main building, complementing work on the adjacent Heritage Park.</p> <p>The Albany Theatre capital works are now underway, creating new studios and improving facilities for theatre visitors. The City Centre Cultural Gateway has further received planning consent and has completed RIBA Stage 4 design.</p> <p>The Coventry City of Culture Trust opened the completed Reel Store in May 2022 and delivered a summer programme of activities at the Assembly Festival Garden. The Trust encountered financial difficulties early in its legacy period, and despite receiving a £1m cashflow loan from the City Council in October 2022, the Trust entered administration in February 2023. The circumstances surrounding the Trust's financial difficulties are subject to ongoing investigations by the Administrator, by the Charity Commission and by the National Audit Office. The Council is in ongoing discussions with the Department for Culture, Media and Sport and both national and local partners around securing enduring legacies from UK City of Culture and delivering outcomes of Coventry's Cultural Strategy 2017-2027.</p> <p>The Destination Coventry proof of concept pilot continues into 2023/24, with the first cycle of Membership renewals commencing in late December 2022.</p>
9	Strengthening arrangements linked to the programme of health and safety audits undertaken	<p>A formal follow up review of the Council's health and safety audit arrangements was carried out in August 2022 with the final report issued in September 2022. The review found that arrangements for developing and monitoring the audit programme have been improved and moderate assurance was provided that effective systems are in place. The outstanding actions will be subject to the standard Internal Audit follow up process.</p> <p>As a result, this issue will not be carried forward to the 2023/24 action plan.</p>
10	Further development of the Council's IT	<p>The Council have continued to make significant improvements to the technical components of the ICT & Digital disaster recovery position.</p>

	disaster recovery plans and processes	<p>The Council's network design and architecture have continued to be reviewed following the completion last year of the move to a new secondary data centre. ICT and Digital have continued to ensure that there is proactive maintenance in place across all of the key infrastructure and the service continually review processes regarding business continuity and disaster recovery from a technical point of view.</p> <p>The Council are part of the strategic organisational planning for large-scale city-wide resilience in conjunction with Coventry, Solihull and Warwickshire and this activity will continue into the new year.</p>
11	Implementation of the Redmond Review into the oversight of local audit and the transparency of local authority financial reporting	<p>The measures indicated by the Redmond Review have not been legislated for and defined so no action has been implemented yet by the Council.</p>
12	To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security	<p>The Council have made good progress on its cyber security activities over the past twelve months, and this will continue to be a key focus for the ICT & Digital Service in the new Digital Service plan for 2023/24.</p> <p>The Council continually monitors the cyber security landscape and adapts its plans accordingly to meet industry best practice and align with the National Cyber Security Centre (NCSC) recommendations. Examples of this include updating the plans regarding Multifactor Authentication to use the "number matching" technique as a default rather than push approvals. In line with industry trend, the service are looking to adopt the NCSC Cyber Assessment Framework (CAF) rather than focus on Cyber Essentials Accreditation.</p>
13	Embedding new methods of consultation and engagement	<p>Let's Talk Coventry continues to be the Council's platform for all consultation/engagement activities. As the provider has now merged with Granicus there is now an opportunity to join up our digital channels seamlessly. Coventry Connects is still undergoing development and the platform will be linked in as appropriate moving forwards. The Council are currently in the process of updating the One Coventry performance framework and it has been agreed with the leadership team that this will include softer data including case studies. It is envisioned that the Let's Talk platform will be utilised to collect this insight.</p> <p>Continued support to the Integrated Care Strategy inviting representatives to Community Messenger meetings, stakeholder groups and facilitating better communication with the contacts held. The outcomes of this have been used to influence council led documents and the conclusions made from the engagement support the Council's own findings. Will continue to ensure communication between the council and NHS to ensure alignment continues.</p>

		<p>The Joint Strategic Needs Assessment (JSNA) has been used as a starting point for engaging and involving local partners and stakeholders as well as combining intelligence that is tailored to local needs and uncovers local issues.</p> <p>An evaluation process was undertaken and found that services that used previous years JSNA based on Family Hub areas found it difficult to extract the information that they needed as the boundaries were so large and localities vastly different. Collated stakeholder feedback and understanding of how other services use the profiles so that the Council can support work across teams. As a result, the way in which data is collected has been re-evaluated to utilise work that is already happening in the city and compare outcomes of different areas. Work alongside the Community Resilience Team has also been undertaken, working closely with their coordinators in each of the priority areas feeding back community information and informing the profiles.</p> <p>Moving forward for the next profiles, continue to work with partners on information already gathered and feedback from communities will underpin the profiles and recommendations.</p>
14	Refresh of the One Coventry Plan	<p>In 2022, extensive engagement was undertaken with the Council workforce, partners and the wider public regarding the delivery of the priorities outlined in the draft Plan. This engagement created the opportunity to understand more about how the Council can collectively best deliver its vision and priorities for the city.</p> <p>Following the engagement period, the Plan was updated to reflect feedback and the One Coventry Plan 2022-2030 was formally approved at Full Council in March 2023. The ongoing delivery of the priorities will now form part of business as usual.</p> <p>As a result, this issue will not be carried forward to the 2023/24 action plan.</p>
15	Update of the Local Code of Governance	<p>Following engagement with officers across the Council, the code has been updated and now includes a description of the local arrangements in place to meet the principles of good governance. The draft code has been reviewed by the Strategic Leadership Team, the One Coventry Leadership Team, the Extended Leadership Team and the One Coventry Policy Forum. The code will be presented to the Audit and Procurement Committee in June 2023 for formal approval and arrangements have been agreed to review the code on an annual basis.</p> <p>As a result, this issue will not be carried forward to the 2023/24 action plan.</p>
16	Mandatory training for Waste Services employees returning to work	<p>All returning employees received full workplace training on their return to work. Attendance is recorded in the service training record.</p> <p>As a result, this issue will not be carried forward to the 2023/24 action plan.</p>
17	Employees Code of Conduct	<p>The code is provided to all employees when they start with the organisation and is referenced in the Corporate Induction training.</p>

18	Sustainability and Climate Change Strategy	The draft Strategy was approved by Political Cabinet. The Draft Strategy consultation was completed in the summer of 2023, the outputs of which were reported to Council's Scrutiny Coordination Committee in September. Work is ongoing to update the Strategy in the light of comments made and consultation for an Action Plan, aiming for final approval in the new year. This is slightly later than planned as there is a requirement to align with the Severn Estuary Partnership Strategic Business Plan and recommendations being produced by the city's Independent Advisory Climate Change Board.
19	Whistleblowing procedure	Work has been undertaken to put in place a digital reporting form which can be used to raise concerns, and which automatically directs the report to the Monitoring Officer / Chief Internal Auditor. As this work has now been completed, this issue will not be carried forward to the 2023/24 action plan.

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 2023-24 (table two), along with the actions planned to address these matters to further enhance our governance arrangements.

Table Two

Ref	Governance issue	Planned actions 2023-24	Responsible officer	Timescale
1	Sustainable improvement in Children's Services	The following actions are planned in 2023-24: <ul style="list-style-type: none"> • Develop a confident and competent, experienced, and stable workforce. • Deliver this year's workforce plan. • Strengthen further feedback from the front line in the form of an innovation and improvement forum. • Implement Children's Services strategy 23-26 	Director of Children's Services	March 2024
2	Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium-Term Financial Strategy	The 2023-24 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. Some underlying trends in areas have emerged in 2022/23 including inflation, adult social care and housing which are indicative of further unbudgeted pressures in 2023/24 which will be a key focus of this activity. At this stage of the monitoring cycle it is expected that the Council will not be able to balance its revenue provision by year-end 2023/24 without the use of reserve contributions. Significant work has been undertaken by senior managers to assess the range of financial scenarios facing the Council for the period from 2024-25 and proposals presented to members within the Pre-Budget Report on 12th December 2023. The	Director of Finance (S151 Officer)	June 2023 to March 2024

		<p>extent to which these proposals will be implemented will be unknown until the government settlement is announced.</p> <p>Assessment will continue of the Council's One Coventry Plan and how the Council's financial plans can be better aligned to the revised objectives of the new Plan. These proposals will be formalised through the 2024-25 Final Budget Setting process in February 2024.</p>		
3	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 experienced significant increase in demand during Q3 2022-23. This demand has continued during Q1 2023/24. The following actions are planned for 2023-24:</p> <p>Purchase the second tranche of 3-bed and larger Temporary Accommodation (TA) properties.</p> <p>Implement detailed actions set out in the TA reduction plan and the Housing & Homelessness Service plan (both developed in June 2023)</p> <p>Explore alternative procurement routes to ensure value for money for TA for families.</p> <p>Deliver additional 50 units of TA through a Registered Provider in the city.</p> <p>Continue to ensure that voids within contracted providers are minimised and meet target of 90% occupancy.</p> <p>Seek to eliminate the use of B&B accommodation for families unless in an emergency.</p> <p>Re-launch Lets Rent scheme to try and increase the properties available for people in temporary accommodation.</p> <p>Deliver on the Local Authority Housing Fund (LAHF) purchases in partnership with Stonewater.</p>	<p>Director of Adult Social Care & Housing</p> <p>Head of Housing & Homelessness</p>	March 2024
4	Development of a corporate data access standard	Development and implementation of a corporate access standard and protocol for all systems that hold personal data.	Head of Governance	December 2023
5	Governance over the programme of capital projects	In 2023/24 the focus will be on ensuring that as the programme continues to move at pace, governance arrangements remain embedded and robust and programme delivery supports the Council's wider aspirations as well as supporting the local economy.	Chief Executive	On-going
6	City of culture legacy	<p>The Albany Theatre capital project to create new studio spaces and improve facilities for theatre visitors is due to complete in 2023/24.</p> <p>The City Centre Cultural Gateway project is (subject to successful appointment of a contractor and entering of Agreements for Lease with the partners) due to mobilise on site within 2023/24, entering the construction phase of the project.</p> <p>The City Council has called for and is supporting independent investigations into the circumstances surrounding the City of Culture Trust entering administration. The</p>	Strategic Lead – Culture, Sport, Events and Destination	2022-24

		<p>Council remains in ongoing discussions with the Department for Culture, Media and Sport and with national and local partners around securing enduring legacies from UK City of Culture 2021.</p> <p>The City Council is working closely with Coventry University, the University of Warwick and local partners to develop and support new a cultural partnership to refresh and carry forward a three-year Cultural Strategy Action Plan, to deliver next-stage outcomes from the city's Cultural Strategy 2017-2027.</p> <p>The Destination Coventry proof-of-concept pilot will be reviewed and evaluated, leading to decisions on future sustainable Destination Management arrangements for the city.</p>		
7	Further development of the Council's IT disaster recovery plans and processes	Support the work of the business continuity planning across the organisation, ensuring that ICT disaster recovery processes are enhanced, with supporting documents formalised and testing arrangements agreed. The scope of this activity includes supporting resilience planning at a city level in particular in relation to connectivity and digital infrastructure across the city.	Head of ICT & Digital	March 2024
8	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.	Chief Legal Officer / Chief Operating Officer	Ongoing
9	To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security	Implementation of the cyber security activities listed in the Digital Service Plan.	Head of ICT & Digital	March 2024

10	Embedding new methods of consultation and engagement	Development of the new One Coventry performance framework including insight collected via Let's Talk platform	Consultant in Public Health (Insight and Communities)	March 2024
11	Employees Code of Conduct	Refresh of Employees Code of Conduct and promotion of refresh across the organisation.	Chief People Officer	March 2024
12	Sustainability and Climate Change Strategy	The following actions are planned for 2023-24: <ul style="list-style-type: none"> Analysing responses from consultees to the draft Climate Change Strategy. Drafting a revised Climate Change Strategy and Action Plan following incorporation of feedback, recommendations & Severn Estuary Partnership Strategic Business Plan. Finalising Strategy for Cabinet and Full Council Approval 	Director for Transport, Highways & Sustainability, Strategic Lead – Green Futures & Head of Climate Change & Sustainability	September 2023 – February 2024
13	Officer declarations of gifts and hospitality	Raise awareness around requirements to declare gifts and hospitality.	Chief Legal Officer	March 2024
14	Ethical leadership action plan	Implementation of action plan arising from Ethical Leadership session.	Chief People Officer / Chief Legal Officer	March 2024
15	Risk of use of un-regulated provision in Children's Services due to national, regional and local sufficiency issues	Steps are being taken to increase the Council's internal provision. Alongside this, a sufficiency strategy is being developed to strengthen capacity through commissioning within the private sector.	Director of Children's Services	March 2024
16	Health Check / Assurance Framework for the Council's group of companies	Undertake a health check and develop an assurance framework for the Council's Group of Companies.	Chief Legal Officer / Chief Internal Auditor	March 2024

17	Publication of decisions delegated to officers	Introduce arrangements for publishing decisions delegated to officers by Council, Cabinet and Cabinet members.	Head of Governance	March 2024
18	Transparency Code	Strengthen arrangements for ensuring that the Council complies with the Transparency Code	Corporate Governance Group / Head of Governance	March 2024
19	Implementation of Action Plan – Statement of Accounts for 2020/21, 2021/22 and 2022-23	<p>The following actions have been agreed with the Auditors:</p> <ul style="list-style-type: none"> • Undertake a root cause analysis of the delays in the 2019/20 financial statements audit and prepare an appropriate action plan in response to these delays. These should particularly focus on the valuation process. • Prepare its 2020/21 group accounts for audit as soon as possible. • Review the Council's (single entity) financial statements for 2020/21 applying additional quality checks to the accounts and land and property valuations. • Put in place the additional capacity needed to prepare and complete the 2020/21, 2021/22 and the 2022/23 financial statements. • Agree a timetable with Grant Thornton for the completion of the open accounts. Progress against this timetable should be reported to the Audit and Procurement Committee. Where there is slippage against the programme arrangements should be made to resolve these issues. 	Chief Operating Officer (S151 Officer)	September 2024

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



Cllr George Duggins
Leader of Coventry City Council



Dr Julie Nugent
Chief Executive of Coventry City Council

2 Main Financial Statements

2.1 Overview of Main Financial Statements

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

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

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

The Movement in Reserves Statement (sections 2.3 & 4.3)

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required

to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following these adjustments. Changes have been made to improve and simplify the presentation to the Movement in Reserves Statement in accordance with recommendations in the Code of Practice. Details of the movements in usable revenue reserves are provided within section 3.13.

Balance Sheet (sections 2.4 & 4.4)

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

reserves that hold timing differences shown in the Movement of Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement (sections 2.5 & 4.5)

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

2.2 Comprehensive Income & Expenditure Statement

2021/22			Service segment	2022/23			Section Ref.
Gross Expenditure *restated £000	Gross Income *restated £000	Net Expenditure *restated £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
8,290	(2,699)	5,591	Legal & Governance Services	8,559	(2,182)	6,377	3.2
28,891	(28,729)	162	Public Health	30,480	(33,826)	(3,346)	3.2
1,386	(164)	1,222	Directorate Management	1,266	(124)	1,142	3.2
247,852	(203,403)	44,449	Education and Inclusion	246,602	(214,834)	31,768	3.2
100,115	(19,563)	80,552	Children and Young People's Services	106,860	(16,584)	90,276	3.2
162,826	(85,423)	77,403	Adult Services & Housing	182,796	(78,895)	103,901	3.2
4,671	(1,267)	3,404	Human Resources	3,640	(1,602)	2,038	3.2
42,502	(10,810)	31,692	Business, Investment & Culture	33,804	(8,161)	25,643	3.2
67,120	(15,861)	51,259	Transportation & Highways	50,982	(14,069)	36,913	3.2
60,127	(19,889)	40,238	Streetscene & Regulatory Services	63,851	(19,766)	44,085	3.2
7,871	(4,030)	3,841	Project Management and Property Services	7,988	(4,743)	3,245	3.2
95,653	(89,164)	6,489	Finance & Corporate Services	96,242	(87,460)	8,782	3.2
63,252	(44,922)	18,330	Contingency and Central Budgets	52,254	(36,626)	15,628	3.2
890,556	(525,924)	364,632	Cost of Services	885,324	(518,872)	366,452	
		139,560	Other Operating Expenditure			39,050	3.1
		(18,508)	Finance and Investment Income and Expenditure			1,963	3.1
		(419,509)	Taxations and Non-Specific Grant Income			(378,094)	3.1
		66,175	(Surplus)/Deficit on the Provision of Services			29,371	
		(212,695)	Sub-total of other comprehensive Income and Expenditure			(762,244)	3.1
		(146,520)	Total Comprehensive Income and Expenditure (Surplus)/Deficit			(732,873)	

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

2.3 Movement in Reserves Statement

Usable/Unusable Reserves and Overall Position 2022/23

	31st March 2022	Total Comprehensive Income and Expenditure	Adjustments between Accounting Basis & Funding Basis under regulations	Net (increase)/ decrease	31st March 2023
	£000	£000	£000		£000
Usable Reserves					
General Fund Balance	(193,060)	29,371	2,111	31,482	(161,578)
Capital Grants Unapplied	(5,469)	0	(276)	(276)	(5,745)
Capital Receipts Reserve	(20,825)	0	2,202	2,202	(18,623)
Total Usable Reserves	(219,354)	29,371	4,037	33,408	(185,946)
Unusable Reserves					
Capital Adjustment Account	(767,106)	0	(61,296)	(61,296)	(828,402)
Revaluation Reserve	(191,180)	(53,761)	7,596	(46,165)	(237,345)
Deferred Capital Receipts Reserve	(16,973)	0	4	4	(16,969)
Financial Inst. Adjust Acc	9,763	0	(390)	(390)	9,373
Financial Instruments Revaluation Reserve	(43,960)	(26,707)	0	(26,707)	(70,667)
Collection Fund Adjust	2,653	0	(13,671)	(13,671)	(11,018)
Pensions Reserve (local government)	647,034	(681,776)	59,639	(622,137)	24,897
Accumulated Absences	3,903	0	561	561	4,464
Pooled Investment Funds Adj. Acc.	(924)	0	3,520	3,520	2,596
Total Unusable Reserves	(356,790)	(762,244)	(4,037)	(766,281)	(1,123,071)
Total Single Entity Reserves	(576,144)	(732,873)	0	(732,873)	(1,309,017)

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

Usable/Unusable Reserves 2021/22 Comparatives

	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)

2.4 Balance Sheet

31 March 2022	Balance Sheet	31 March 2023	
£000		£000	Section Ref.
1,031,515	Property, Plant and Equipment	1,130,195	3.15
25,893	Heritage Assets	25,893	3.16
321,084	Investment Property	322,956	3.17
95,612	Long Term Investments	122,318	3.21
69,539	Long Term Debtors	76,070	3.22
1,543,643	Long Term Assets	1,677,432	
50,188	Short Term Investments	27,848	3.34
398	Inventories	302	
91,421	Short Term Debtors	99,885	3.23
34,118	Cash and Cash Equivalents	56,222	2.5
1,073	Assets held for Sale	295	3.17
177,198	Current Assets	184,552	
(3,307)	Bank Overdraft	(4,101)	2.5
(13,680)	Short Term Borrowing	(20,276)	3.34
(130,545)	Short Term Creditors	(107,980)	3.24
(1,572)	Short Term Provisions	(6,241)	3.25
(149,104)	Current Liabilities	(138,598)	
(16,061)	Long Term Provisions	(18,739)	3.25
(314,690)	Long Term Borrowing	(308,152)	3.34
(614,734)	Net Pension Liability	(25,197)	3.31
(1,845)	Donated Assets Account	(1,901)	3.28
(40,483)	Capital Grants Receipts in Advance	(42,169)	3.7
(7,780)	Other Long Term Liabilities	(18,211)	3.26
(995,593)	Long Term Liabilities	(414,369)	
576,144	Net Assets	1,309,017	
(219,354)	Usable Reserves	(185,946)	2.3
(356,790)	Unusable Reserves	(1,123,071)	2.3
(576,144)	Total Reserves	(1,309,017)	

The unaudited accounts were authorised for issue on 12th September 2024

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2.5 Cash Flow Statement

2021/22	Cash Flow Statement	2022/23
£000's		£000's
66,175	Net (Surplus) or Deficit on the Provision of Services	29,371
(232,231)	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	(149,756)
190,772	Adjust items included in Net Surplus/Deficit on the Provision of Services that are Investing & Financing Activities	135,527
24,716	Net Cash Flows from Operating Activities	15,142
(43,347)	Investing Activities	(8,510)
15,258	Financing Activities	(27,942)
(3,373)	Net (Increase) or Decrease in Cash and Cash Equivalents	(21,310)
(27,438)	Cash and Cash Equivalents at the Beginning of the Reporting Period (including bank overdrafts)	(30,811)
(30,811)	Cash and Cash Equivalents at the End of the Reporting Period (including bank overdrafts)	(52,121)

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

2021/22		2022/23	
Net Expenditure £000	Category of Income or Expenditure	Net Expenditure £000	Section Ref.
123,114	(Gain)/Loss on Disposal of Fixed Assets	22,515	
16,399	Levy Payments to Other Bodies	16,491	
47	Precepts of Local Precepting Authorities	44	
139,560	Other Operating Expenditure	39,050	
17,518	Interest Payable and Similar Charges	19,553	3.34
(3,304)	External Investment Income	(6,289)	3.34
15,546	Net interest on the net defined benefit liability	17,342	3.31
(17,076)	Commercial Property Income	(17,267)	
7,868	Commercial Property Expenditure	7,655	
(27,419)	Changes in the fair value of investment properties	(13,843)	
(9,650)	Dividends and Interest Receivable	(8,200)	3.34
371	(Gain)/loss on impairment of assets	(37)	3.34
(2,362)	(Gain)/loss on revaluation of financial instruments	3,049	3.34
(18,508)	Finance and Investment Income and Expenditure	1,963	
(151,663)	Council Tax	(158,585)	3.38
(104,943)	Retained Business Rates	(96,763)	3.38
17,652	Business Rates Top-up	16,947	3.38
(32,660)	General Government Grants	(28,962)	
(147,788)	Capital Grant	(110,624)	3.7
(107)	Donated Assets – amortised credits	(107)	
(419,509)	Taxations and Non-Specific Grant Income	(378,094)	
595	(Gain)/loss on revaluation of non current assets	(53,761)	3.13
3,610	(Gain)/loss on revaluation of financial instruments	(26,707)	3.34
(216,900)	Remeasurement of the net defined benefit liability	(681,776)	3.31
(212,695)	Sub-total of other comprehensive Income and Expenditure	(762,244)	

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).

2021/22			2022/23			
Net Expenditure Chargeable to the General Fund restated*	Adjustments between the Funding and Accounting Basis restated*	Net Expenditure in the Comprehensive Income and Expenditure Statement restated*	Service segment	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
5,591	0	5,591	Legal & Governance Services	6,377	0	6,377
162	0	162	Public Health	(3,356)	10	(3,346)
1,222	0	1,222	Directorate Management	1,142	0	1,142
(1,935)	46,384	44,449	Education and Inclusion	7,531	24,237	31,768
80,206	346	80,552	Children and Young People's Services	89,677	599	90,276
73,993	3,410	77,403	Adult Services & Housing	98,549	5,352	103,901
1,818	1,586	3,404	Human Resources	675	1,363	2,038
11,194	20,498	31,692	Business, Investment & Culture	12,274	13,369	25,643
(88,302)	139,561	51,259	Transportation & Highways	3,412	33,501	36,913
37,364	2,874	40,238	Streetscene & Regulatory Services	41,537	2,548	44,085
(1,740)	5,581	3,841	Project Management and Property Services	(4,474)	7,719	3,245
6,489	0	6,489	Finance & Corporate Services	8,782	0	8,782
1,038	17,292	18,330	Contingency and Central Budgets	(1,768)	17,396	15,628
127,100	237,532	364,632	Net Cost of Services	260,358	106,094	366,452
(121,826)	(176,631)	(298,457)	Other Income and Expenditure	(228,876)	(108,205)	(337,081)
5,274	60,901	66,175	(Surplus) or Deficit	31,482	(2,111)	29,371
(198,334)			Opening General Fund	(193,060)		
5,274			Plus (Surplus)/Deficit on General Fund	31,482		
(193,060)			Closing General Fund at 31 March	(161,578)		

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

3.3 Note to the Expenditure and Funding Analysis

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

2021/22				2022/23				
Adjustment for Capital Purposes (Note 1) *restated	Net Changes for the Pension Adjustment (Note 2)	Other Differences (Note 3)	Total Adjustments *restated	Service segment	Adjustment for Capital Purposes (Note 1)	Net Changes for the Pension Adjustment (Note 2)	Other Differences (Note 3)	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
0	0	0	0	Legal & Governance Services	0	0	0	0
0	0	0	0	Public Health	10	0	0	10
0	0	0	0	Directorate Management	0	0	0	0
46,384	0	0	46,384	Education and Inclusion	24,237	0	0	24,237
346	0	0	346	Children and Young People's Services	599	0	0	599
3,410	0	0	3,410	Adult Services & Housing	5,352	0	0	5,352
1,586	0	0	1,586	Human Resources	1,363	0	0	1,363
20,498	0	0	20,498	Business, Investment & Culture	13,369	0	0	13,369
139,561	0	0	139,561	Transportation & Highways	33,501	0	0	33,501
2,874	0	0	2,874	Streetscene & Regulatory Services	2,548	0	0	2,548
5,581	0	0	5,581	Project Management and Property Services	7,719	0	0	7,719
0	0	0	0	Finance & Corporate Services	0	0	0	0
(19,742)	40,577	(3,543)	17,292	Contingency and Central Budgets	(27,444)	42,297	2,544	17,397
200,498	40,577	(3,543)	237,532	Net Cost of Services	61,254	42,297	2,544	106,095
(149,601)	15,546	(42,576)	(176,631)	Other Income and Expenditure	(111,877)	17,342	(13,671)	(108,206)
50,897	56,123	(46,119)	60,901	Surplus or Deficit	(50,623)	59,639	(11,127)	(2,111)

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

Note 1: Adjustments for Capital Purposes – This column adds in depreciation and revaluation gains and losses, and includes adjustments for the following:

- Capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure Minimum Revenue Provision and

other revenue contributions not chargeable under generally accepted accounting practices.
- Capital grant income and expenditure

Note 2: Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income. This represents the removal of the employer pension contributions made by the authority as

allowed by statute and the replacement with current and past service costs.

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

3.4 Revenue Outturn

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

2022/23	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	6,377	(410)	(460)	5,507	4,827	680
Public Health	(3,356)	(71)	4,125	698	2,248	(1,550)
Directorate Management	1,142	0	0	1,142	1,167	(25)
Education and Inclusion	7,531	8,656	3,298	19,485	19,840	(355)
Children and Young People's Services	89,677	(241)	(426)	89,010	84,906	4,104
Adult Services & Housing	98,549	1,033	2,762	102,344	99,616	2,728
Human Resources	675	69	155	899	1,939	(1,040)
Business, Investment & Culture	12,274	(4,561)	630	8,343	5,685	2,658
Transportation & Highways	3,412	7,617	(981)	10,048	8,301	1,747
Streetscene & Regulatory Services	41,537	(1,469)	963	41,031	31,636	9,395
Project Management and Property Services	(4,474)	2,817	(4,322)	(5,979)	(7,116)	1,137
Finance & Corporate Services	8,782	(526)	(634)	7,622	6,868	754
Contingency and Central Budgets	(1,768)	(4,367)	(36,592)	(42,727)	(22,494)	(20,233)
Net Cost of Services	260,358	8,547	(31,482)	237,423	237,423	0
Other Income and Expenditure	(228,876)	(8,547)	0	(237,423)	(237,423)	0
Surplus or Deficit	31,482	0	(31,482)	0	0	0

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	5,591	(350)	103	5,344	4,255	1,089
Public Health	162	30	1,602	1,794	2,502	(708)
Directorate Management	1,222	0	0	1,222	1,286	(64)
Education and Inclusion	(1,935)	14,796	5,035	17,896	17,776	120
Children and Young People's Services	80,206	(268)	1,524	81,462	76,657	4,805
Adult Services & Housing	73,993	953	16,701	91,647	93,609	(1,962)
Human Resources	1,818	19	33	1,870	1,478	392
Business, Investment & Culture	11,194	(3,324)	(442)	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	(1,740)	(3,245)	(465)	(5,450)	(4,702)	(748)
Finance & Corporate Services	6,489	0	(673)	5,816	5,038	778
Contingency and Central Budgets	1,038	17,282	(28,260)	(9,940)	3,654	(13,594)
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

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

3.5 Segmental Analysis

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

2022/23	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	(133)	0	(2,460)	(2,593)	8,560	5,967	(460)	5,507
Public Health	(33,469)	0	(357)	(33,826)	30,399	(3,427)	4,125	698
Directorate Management	(124)	0	0	(124)	1,266	1,142	0	1,142
Education and Inclusion	(207,794)	0	(7,040)	(214,834)	231,021	16,187	3,298	19,485
Children and Young People's Services	(15,551)	0	(1,033)	(16,584)	106,020	89,436	(426)	89,010
Adult Services & Housing	(49,538)	0	(29,361)	(78,899)	178,481	99,582	2,762	102,344
Human Resources	(46)	0	(1,556)	(1,602)	2,346	744	155	899
Business, Investment & Culture	(5,213)	0	(2,948)	(8,161)	15,874	7,713	630	8,343
Transportation & Highways	(5,300)	0	(8,876)	(14,176)	25,205	11,029	(981)	10,048
Streetscene & Regulatory Services	(1,915)	0	(17,870)	(19,785)	59,853	40,068	963	41,031
Project Management and Property Services	(382)	0	(19,465)	(19,847)	18,190	(1,657)	(4,322)	(5,979)
Finance & Corporate Services	(86,365)	0	(1,621)	(87,986)	96,242	8,256	(634)	7,622
Contingency and Central Budgets	(165,716)	(978)	(23,445)	(190,139)	184,004	(6,135)	(36,592)	(42,727)
Net Cost of Services	(571,546)	(978)	(116,032)	(688,556)	957,461	268,905	(31,482)	237,423
Other Income and Expenditure	0	(237,423)	0	(237,423)	0	(237,423)	0	(237,423)
Surplus or Deficit	(571,546)	(238,401)	(116,032)	(925,979)	957,461	31,482	(31,482)	0

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	(177)	0	(2,872)	(3,049)	8,290	5,241	103	5,344
Public Health	(28,704)	0	(25)	(28,729)	28,921	192	1,602	1,794
Directorate Management	(122)	0	(42)	(164)	1,386	1,222	0	1,222
Education and Inclusion	(198,135)	0	(5,268)	(203,403)	216,264	12,861	5,035	17,896
Children and Young People's Services	(18,101)	0	(1,462)	(19,563)	99,501	79,938	1,524	81,462
Adult Services & Housing	(59,038)	0	(26,401)	(85,439)	160,385	74,946	16,701	91,647
Human Resources	(50)	0	(1,217)	(1,267)	3,104	1,837	33	1,870
Business, Investment & Culture	(9,463)	0	(1,346)	(10,809)	18,679	7,870	(442)	7,428
Transportation & Highways	(6,136)	0	(9,837)	(15,973)	24,884	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	(62)	0	(18,914)	(18,976)	13,991	(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)	251,435	18,320	(28,260)	(9,940)
Net Cost of Services	(622,468)	4,858	(111,930)	(729,540)	978,626	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	(622,468)	(238,954)	(111,930)	(973,352)	978,626	5,274	(5,274)	0

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

3.6 Income and Expenditure Analysis

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

Expenditure/ Income	2021/22 £000	2022/23 £000
Income		
Fees, charges and other service income	(80,871)	(83,359)
Interest and investment income	(31,059)	(32,673)
Income from council tax and non-domestic rates	(238,954)	(238,401)
Government grants and contributions	(622,468)	(571,546)
Total Income	(973,352)	(925,979)
Expenditure		
Employee benefits expenses	339,292	355,082
Other services expenses	432,470	462,469
Depreciation, amortisation, impairment	97,503	58,804
Interest payments	33,064	36,896
Precept and levies	16,446	16,535
(Gain)/Loss on Disposal of Assets	123,114	22,515
(Gain)/Loss on Revaluation of Financial Instruments	(2,362)	3,049
Total Expenditure	1,039,527	955,350
Surplus/ Deficit on the Provision of Services	66,175	29,371

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.

2021/22				2022/23		
Income from service recipients *restated £000	Other income *restated £000	Total fees, charges and other service income *restated £000	Service Segment	Income from service recipients £000	Other income £000	Total fees, charges and other service income £000
(2,069)	(453)	(2,522)	Legal & Governance Services	(1,571)	(527)	(2,098)
(25)	0	(25)	Public Health	(357)	0	(357)
(42)	0	(42)	Directorate Management	0	0	0
(5,186)	(3)	(5,189)	Education and Inclusion	(6,745)	3	(6,742)
(1,463)	0	(1,463)	Children and Young People's Services	(1,034)	0	(1,034)
(26,383)	0	(26,383)	Adult Services & Housing	(29,340)	0	(29,340)
(1,150)	(67)	(1,217)	Human Resources	(1,325)	(230)	(1,555)
(1,217)	0	(1,217)	Business, Investment & Culture	(2,644)	(53)	(2,697)
(6,287)	(3,549)	(9,836)	Transportation & Highways	(8,158)	(717)	(8,875)
(18,778)	0	(18,778)	Streetscene & Regulatory Services	(17,691)	0	(17,691)
(1,213)	(5)	(1,218)	Project Management and Property Services	(1,348)	(42)	(1,390)
(1,223)	(77)	(1,300)	Finance & Corporate Services	(1,541)	(80)	(1,621)
(7,174)	(4,507)	(11,681)	Contingency and Central Budgets	(7,736)	(2,223)	(9,959)
(72,210)	(8,661)	(80,871)	Total	(79,490)	(3,869)	(83,359)

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

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.

2021/22* £000	Grant / Grant Body	2022/23 £000
15,137	Friargate Masterplan Regeneration Project	21,508
21,093	Basic Need Allocation (school places)	16,082
2,164	Housing Infrastructure Fund	13,196
4,891	Air Quality Feasibility Studies	9,098
20,148	UK Central plus Connectivity	6,542
5,440	Better Streets / Spon End Pinchpoint / Binley Road Cycle Scheme – Transforming Cities Fund	5,857
3,558	Highways Maintenance Block	4,982
2,875	Disabled Facilities Grant	4,082
1,549	Coventry Centre Regeneration	3,900
0	City Region Sustainable Transport Settlement (CRSTS)	3,762
3,362	Capital Maintenance Grant	3,378
2,722	Integrated Transport Block	2,839
2,040	Contribution - Citizen Housing	1,726
7,063	Public Building Retrofit	1,458
6,556	Arts Council – Managed Funds	234
11,324	A46 Link Road (Coventry Connectivity)	73
5,499	Innovate UK - Faraday Scale Up Facility (Battery Plant)	16
4,842	Local Growth Fund	0
4,455	Challenge Fund	0
8,235	Getting Building Fund	0
14,835	Other Grants & Contributions	11,891
147,788	Total	110,624

* 2021/22 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 £2m.

2021/22* £000	Grant	2022/23 £000
164,831	Dedicated schools grant**	173,605
78,081	Housing Benefits	76,435
27,949	Small Business Rates Relief Compensation	26,050
21,801	Better Care Fund	23,865
22,571	Dept of Health - Public Health	23,205
11,941	Social Care Grant	16,250
15,323	Improved Better Care Fund	15,787
0	Covid-19 Additional Relief Fund (CARF)	9,114
7,386	Pupil Premium - Free School Meals	7,904
3,091	Household Support Fund	6,560
3,523	Business Rates Multiplier Cap	6,089
0	Services Grant	5,574
5,280	Adult Education Budget (WMCA)	5,059
4,990	Private Finance Initiative - Street Lighting	4,990
0	Homes for Ukraine	3,826
1,236	Unaccompanied Asylum Seeking Children	2,749
0	Schools Supplementary Grant	2,534
2,559	Universal Free School Meals	2,449
2,323	Independent Living Fund	2,323
4,568	New Homes Bonus	2,185
7,093	Contain Outbreak Management Fund	791
4,513	Additional Restrictions Grant ARG	11
2,235	COVID Local Support Grant Payment (Winter Grant Scheme)	1
11,314	COVID-19 Additional Funding	0
3,895	COVID-19 Council Tax Hardship Fund/Support Grant	0
3,072	Community Testing Funding (Lateral Flow Testing)	0
65,106	Other Grants and Contributions	43,566
474,681	Total	460,922

*2021/22 figures have been restated to reflect updated grant categories.

** The difference between the level of Dedicated Schools Grant (DSG) provided in this table and the amount provided within Deployment of Dedicated Schools Grant note (section 3.9) is due to adjustments agreed with the Department for Education.

3.9 Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the school Finance and Early Years (England) regulations 2017. The Schools Budget includes

elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2022/23 are as follows:

Notes	Schools Budget Funded by Dedicated Schools Grant	Central Expenditure £000	Individual Schools Budget £000	Total £000
A	Final DSG for 2022/23 before academy and high needs recoupment			359,819
B	Academy and high needs figure recouped for 2022/23			(185,901)
C	Total DSG after academy and high needs recoupment for 2022/23			173,918
D	Plus: Brought forward from 2021/22			5,927
E	Less: Carry-forward to 2023/24 agreed in advance			(5,477)
F	Agreed initial budgeted distribution in 2022/23	51,498	122,870	174,368
G	In year adjustments	0	222	222
H	Final budget distribution for 2022/23	51,498	123,092	174,590
I	Less: Actual central expenditure	46,738		46,738
J	Less: Actual ISB deployed to schools		123,092	123,092
K	Plus: Local authority contribution for 2022/23			0
L	In Year Carry-forward to 2023/24	4,760	0	4,760
M	Plus/Minus: Carry-forward to 2023/24 agreed in advance			5,477
N	Carry-forward to 2023/24			10,237
O	DSG unusable reserve at the end of 2020/21			0
P	Addition to DSG unusable reserve at the end of 2022/23			0
Q	Total of DSG unusable reserve at the end of 2022/23			0
R	Net DSG position at the end of 2022/23			10,237

Notes

A: Final DSG figure before any amount has been recouped from the authority as published in March 2023, excluding the January 2022 early years block adjustment.

B: Figure recouped from the authority in 2022/23 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 2022/23, as published March 2023.

D: Balance brought forward from 2021/22.

E: The amount which the authority decided after consultation with the Schools Forum to carry forward to 2023/24 rather than distribute in 2022/23.

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 2022/23.

J: Amount of ISB actually distributed to schools in 2022/23 (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 2022/23 which will have the effect of substituting for DSG in funding the Schools Budget.

L: Carry forward to 2023/24.

M: Carry forward to 2023/24 already agreed £5.477m.

N: Carry forward to 2023/24 (before any unusable reserve brought forward).

O: DSG unusable reserve adjusted at the end of 2021/22.

P: Addition to DSG unusable reserve at the end of 2022/23.

Q: Total of DSG unusable reserve at the end of 2022/23.

R: Net DSG position at the end of 2022/23

3.10 Related Party Transactions

The authority is required to disclose transactions and outstanding balances with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Transactions with related parties are disclosed to allow users of the financial statements to judge their impact on the accounts.

Key Management Personnel & Members									
Transactions with Related Party 2021/22				Related Parties	Transactions with Related Party 2022/23				
Outgoing transfer of resources *	Liabilities **	Incoming transfer of resources *	Assets **	Related Party	Outgoing transfer of resources *	Liabilities **	Incoming transfer of resources *	Assets **	Nature of relationship
£	£	£	£		£	£	£	£	
0	0	(3,350)	650	A&M Metals & Waste Ltd	0	0	0	0	Second Tier Subsidiary
0	0	(359)	(0)	Avon Fish Bar	0	0	0	(0)	Owner
0	0	(146,200)	3,796,835	Belgrade Plaza Investment Limited	0	(19,265)	(166,208)	3,807,148	Loan Support
1,138,398	(141,903)	(62,196)	185,551	Belgrade Theatre Trust (Coventry) Ltd	575,229	(19,447)	(59,172)	166,520	Director
1,691,835	(69,509)	(5,620)	0	Carers Trust Heart Of England	1,470,229	(11,667)	0	0	Director
527,279	(55,453)	(6,246)	3,927	Central England Law Centre	512,333	(61,756)	(4,015)	2,730	Director
0	(0)	(16,822)	4,070,057	City College	0	(0)	(125,035)	3,850,491	Loan Support
0	0	0	0	Coombe Abbey Park LACO	935,400	(542,872)	(6,427)	5,194	Second Tier Subsidiary
130,146	(105,982)	(1,210,307)	8,706,888	Coombe Abbey Park Limited	542,502	(25,376)	(1,233,010)	9,243,115	Second Tier Subsidiary
693,234	0	(4,018)	22	Coventry & Warwickshire LEP	746,663	(83,280)	(2,022)	11	Director
454,000	0	(85,871)	2,368,369	Coventry & Warwickshire Reinvestment Trust Ltd	165,500	0	(95,492)	1,188,096	Loan Support
1,994	0	(50,469)	1,064,433	Coventry and Warwickshire Award Trust	0	0	(55,059)	1,022,966	Loan Support
903,443	(47,092)	0	150	Coventry and Warwickshire Growth Hub Ltd	551,631	(70,815)	150	0	Director
1,250	0	(322)	0	Coventry Association for International Friendship	1,250	0	0	0	Board Member
1,053,718	(8,477)	(3,642)	239	Coventry Cathedral	65,884	(44,777)	(6,491)	893	Grants
0	(2,106)	(9,124)	0	Coventry Church (Municipal) Charities	0	(2,408)	(11,421)	0	Trustee
0	0	(5,606)	2,506	Coventry Citizens Advice Bureau	0	0	(4,244)	2,525	Trustee
3,411,570	(7,426)	(33,047)	631,586	Coventry City of Culture Trust	750,625	0	318,932	226,503	Director
0	0	(270)	0	Coventry General Charities	0	0	(275)	0	Trustee
1,050,367	0	0	0	Coventry Haven	1,117,299	(214,284)	(390)	0	Director
322,287	0	(470)	276	Coventry Independent Advice Service Ltd	322,287	0	(120)	0	Trustee
1,811,448	22,069	(13,907)	537	Coventry Mind	1,761,254	13,123	(15,129)	2,340	Grants
212,258	(62,258)	(9,773)	0	Coventry Municipal Holdings Ltd	148,157	(1,712)	(27,233)	0	First Tier Subsidiary
831,169	(256,571)	(36,649)	0	Coventry Refugee And Migrant Centre	646,758	(61,737)	(40,903)	180	Trustee
2,719	0	0	5,000	Coventry Regeneration Ltd	6,551	(6,551)	0	5,000	Second Tier Subsidiary
390,319	0	(10,742)	(0)	Coventry Technical Resources Ltd	415,645	(46,190)	(6,904)	(0)	Second Tier Subsidiary
2,426,345	(0)	(39,503)	224,081	Culture Coventry Ltd	2,026,916	(5,870)	103,012	70,754	Structured Entity
0	0	0	7,729,000	ES Coventry Ltd	0	0	0	7,729,000	Loan Support
0	(2,158)	(5,240)	429	Feeding Coventry	0	(106)	(5,450)	13	Trustee

Transactions with Related Party 2021/22				Key Management Personnel & Members Related Parties	Transactions with Related Party 2022/23				Nature of relationship
Outgoing transfer of resources *	Liabilities **	Incoming transfer of resources *	Assets **	Related Party	Outgoing transfer of resources *	Liabilities **	Incoming transfer of resources *	Assets **	
£	£	£	£		£	£	£	£	
550,989	(14,519)	(454,179)	150,606	Finham Park Academy	717,911	(50,804)	(540,447)	144,452	Director
750,000	0	(35,350)	0	Friargate JV Project Ltd	0	0	(32,572)	0	Joint Venture
(683,515)	0	(284,271)	5,848,051	Friargate LLP	0	0	(298,753)	6,137,537	Loan Support
				Hamlet Catering Limited and Revelan Estates					
0	0	0	1,322,650	(Harborne) Ltd	0	0	0	1,322,067	Loan Support
842,117	(0)	(14,160)	174,849	Historic Coventry Trust	2,105,339	(4,910)	(6,115)	5,000	Loan Support
4,525	(2,027)	(1,181)	0	Holbrooks Community Association	3,145	0	(971)	0	Trustee
0	0	(213)	0	Maya Solicitors	0	0	(284)	0	Director
0	0	(4,442)	4,083,490	Mclaren (the Oaks) Ltd	0	0	1,989	4,081,033	Loan Support
0	0	0	0	No Ordinary Hospitality Management	0	0	(173,868)	172,221	Second Tier Subsidiary
0	0	0	0	Sahara (Coventry) Ltd	1,940	0	0	0	Director
55,700	(457)	(32,485)	1,060,435	Shearer Property C Limited	98,800	(467)	(113,727)	931,861	Loan Support
3,762,589	0	(572,004)	5,184,312	Sherbourne Recycling Ltd	5,991,516	0	(534,768)	11,705,763	Associate
0	0	0	0	Southam Town Council	90	0	0	0	Councillor
				The Coventry And Solihull Waste Disposal					
6,037,253	(1,150,394)	(9,387,680)	8,457,007	Company	6,151,957	(1,037,083)	(8,292,493)	9,124,223	Joint Venture
27,080	(10,614)	(869)	0	The Godiva Awakes Trust	117,953	(17,001)	(1,016)	28	Grants
4,039,713	(267,378)	(2,450,947)	837,335	Tom White Waste Ltd	8,686,558	(188,827)	(1,228,243)	1,270,750	Director
0	0	0	12,365,224	UK Battery Industrialisation Centre Ltd	500,000	0	(699,343)	16,449,787	First Tier Subsidiary
				University Of Warwick Science Park Business					
0	0	(25,751)	1,044,012	Innovation Centre Limited	0	0	(25,845)	1,057,827	Minority Shareholder
261,000	0	0	0	Voluntary Action Coventry	326,250	0	0	0	Director
0	(1,506)	(282)	3,832,356	Watkin Jones & Son Ltd	0	(1,506)	0	3,830,332	Loan Support
132,092	0	(168,588)	60,587	West Coventry Academy	129,199	0	(123,504)	18,515	Governor
17,206,245	(821,331)	(56,793,405)	24,281,462	West Midlands Combined Authority	17,696,337	(292,954)	(57,260,413)	23,227,649	Board Member
66,869	(66,569)	480,643	0	West Midlands Fire Service	325,588	(392,157)	0	0	Board Member
48,555	(10,000)	0	0	West Midlands Growth Company Ltd	9,332	(4,675)	0	0	Director
89,899	(14,474)	(7,588)	0	Willenhall Community Forum	88,263	(15,869)	(6,862)	0	Trustee
50,244,888	(3,096,131)	(71,512,501)	97,492,912	Total	55,712,289	(3,211,242)	(70,780,139)	106,802,521	

Notes

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

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

The following entities are related parties, over which Coventry City Council may have control; but there have been no financial transactions in either 2021/22 or 2022/23

Abdul Jobbar (Self-Employed)	Jayne Innes Consultant (Self-Employed)	Peter Male (Self-Employed)
Cosy Properties Ltd	Kamran Caan (Self-Employed)	Quinton Street Management Company
Coventry Vacuum Supplies Ltd	Logan Berry's Café	Roger Bailey (Self-Employed)
Delta8 Ltd	Mastgrove Ltd	Sensational Ltd
Fellgreen Investments Ltd	Naeem Akhtar (Self-Employed)	South Ave Properties Ltd
Food Angels - A project by IACF C.I.C.	No Ordinary Hotels Ltd	Tariq Khan (Self-Employed)
Gold1 Ltd	One Care Midlands Ltd	The Mothers' Union (Coventry Diocese)

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 Warwickshire Integrated Care Board 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 Warwickshire Integrated Care Board (ICB) 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	Coventry City Council	ICB	Total	Coventry City Council	Coventry City Council	Coventry City Council	Coventry City Council
2022/23	Contribution	Contribution	Contribution	Expenditure Internal ¹	Expenditure Lead Commissioner ²	Expenditure Shared ³	Expenditure Total
Workstreams	£000	£000	£000	£000	£000	£000	£000
Urgent Care	0	(7,226)	(7,226)	0	0	0	0
Out of Hospital & Nursing Care	(10,334)	(39,128)	(49,462)	10,334	0	0	10,334
Voluntary Sector Review	(1,413)	(943)	(2,356)	1,390	0	0	1,390
Community Support Services	(1,986)	(2,773)	(4,759)	849	0	1,028	1,877
Reablement / Discharge to Assess	(5,360)	(3,716)	(9,076)	4,152	1,299	0	5,451
Dementia	(8,318)	(3,701)	(12,019)	8,318	0	0	8,318
Care Act Implementation	(414)	(775)	(1,189)	0	832	0	832
Disabled Facility Grants	(8,186)	0	(8,186)	4,053	0	0	4,053
Protecting Social Care	(15,977)	(8,370)	(24,347)	15,959	8,370	0	24,329
Integrating Commissioning	(64)	0	(64)	67	0	0	67
Whole System Prevention	(238)	0	(238)	245	0	0	245
Mental Health Resource Centre	(16)	(209)	(225)	0	0	205	205
LD Homes	(1,691)	(1,522)	(3,213)	0	0	3,025	3,025
LD Compact	(128)	(312)	(440)	0	0	306	306
Winter Pressures	(2,323)	0	(2,323)	1,824	0	0	1,824
Development Fund	(7,203)	(2,000)	(9,203)	0	0	171	171
Population Health Management (PHM)	(1,500)	0	(1,500)	0	0	0	0
Improving Lives	(4,000)	(3,000)	(7,000)	73	0	0	73
Discharge Fund	(1,293)	(2,616)	(3,909)	1,116	0	0	1,116
Autism Diagnosis	0	(5,000)	(5,000)	0	0	0	0
Total	(70,444)	(81,291)	(151,735)	48,380	10,501	4,735	63,616

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 ICB account for their share of the expenditure as a joint operation in line with the Section 75 agreement.

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

Better Care Fund 2021/22 Workstreams	Coventry City Council	ICB	Total	Coventry City Council	Coventry City Council	Coventry City Council	Coventry City Council
	Contribution	Contribution	Contribution	Expenditure Internal ¹	Expenditure Lead Commissioner ²	Expenditure Shared ³	Expenditure Total
	£000	£000	£000	£000	£000	£000	£000
Urgent Care	0	(6,935)	(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

3.12 External Audit Costs

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

2021/22 £000	Audit Fees	2022/23 £000
144	Fees payable to the appointed auditors in respect of statutory external audit services	144
	Fees payable in respect of any other services provided by the external auditor:	
70	Housing Benefit grant certification	106
7	Teachers Pension certification	10
221	Total Fees	260

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

3.13 Usable and Unusable Reserves

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

Usable Reserves

Usable Reserves	31st March 2021 £000	Contributions from reserves 2021/22 £000	Contributions to reserves 2021/22 £000	31st March 2022 £000	Contributions from reserves 2022/23 £000	Contributions to reserves 2022/23 £000	31st March 2023 £000
General Fund Balance - Uncommitted *	(10,277)	0	0	(10,277)	0	0	(10,277)
Earmarked Revenue Reserves:							
Schools Reserves (specific to individual schools)	(22,297)	0	(2,868)	(25,165)	2,066	0	(23,099)
Schools Reserves (retained centrally)	(4,807)	2,529	(3,650)	(5,928)	1,849	(6,159)	(10,238)
Total Schools Reserves	(27,104)	2,529	(6,518)	(31,093)	3,915	(6,159)	(33,337)
Adult Social Care	(12,664)	7,555	(23,364)	(28,473)	9,336	(12,621)	(31,758)
Public Health	(1,754)	1,430	(2,745)	(3,069)	3,367	(4,904)	(4,606)
Air Quality	(4,517)	284	0	(4,233)	312	0	(3,921)
City of Culture Readiness	(5,043)	1,060	0	(3,983)	4,520	(1,937)	(1,400)
City of Culture	(2,500)	1,500	0	(1,000)	1,000	0	0
Potential Loss of Business Rates Income	(7,735)	0	0	(7,735)	4,302	0	(3,433)
Early Retirement and Voluntary Redundancy	(9,323)	0	0	(9,323)	2,082	0	(7,241)
Covid-19 Government Funding	(7,558)	0	(3,423)	(10,981)	6,721	0	(4,260)
Covid Business Rates Relief	(48,302)	29,667	0	(18,635)	18,635	0	0
Reset and Recovery	(5,467)	0	0	(5,467)	0	0	(5,467)
Commercial Developments	(4,419)	722	0	(3,697)	666	0	(3,031)
Budget Risk Contingency	0	0	(2,939)	(2,939)	0	(2,916)	(5,855)
Innovation and Development Fund	(5,549)	1,188	0	(4,361)	431	0	(3,930)
Insurance Fund	(2,048)	552	0	(1,496)	1,311	(878)	(1,063)
Management of Capital	(4,028)	1,098	(480)	(3,410)	676	(3,589)	(6,323)
Private Finance Initiatives	(10,994)	3,495	(2,127)	(9,626)	2,321	(803)	(8,108)
Corporate Priorities (2020/21 Outturn Underspend)	(9,225)	526	0	(8,699)	5,705	0	(2,994)
Corporate Property Management	(1,394)	500	(475)	(1,369)	1,600	(1,050)	(819)
Children's Social Care Family Valued Programme	(639)	982	(1,572)	(1,229)	1,316	(731)	(644)
Adult Education Income	(1,005)	0	(82)	(1,087)	0	(5)	(1,092)
Friargate Lifecycle	(1,378)	0	(217)	(1,595)	0	0	(1,595)
Homes for Ukraine	0	0	0	0	9	(2,539)	(2,530)
Other Directorate	(10,655)	5,140	(8,137)	(13,652)	10,604	(10,598)	(13,646)
Other Corporate *	(4,756)	4,488	(5,363)	(5,631)	1,493	(110)	(4,248)
Revenue Earmarked Reserves (Non-School)	(160,953)	60,187	(50,924)	(151,690)	76,407	(42,681)	(117,964)
Total Revenue Earmarked Reserves	(188,057)	62,716	(57,442)	(182,783)	80,322	(48,840)	(151,301)
Other Usable Reserves:							
Usable Capital Receipts Reserve	(24,736)	23,072	(19,161)	(20,825)	45,629	(43,427)	(18,623)
Capital Grant Unapplied Account	(1,828)	1,863	(5,504)	(5,469)	5,514	(5,790)	(5,745)
Total Other Usable Reserves	(26,564)	24,935	(24,665)	(26,294)	51,143	(49,217)	(24,368)
Total Usable Reserves	(224,898)	87,651	(82,107)	(219,354)	131,465	(98,057)	(185,946)

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

Unusable Reserves

Capital Adjustment Account [CAA] £000	2021/22		Category of Reserve Movement	2022/23		
	Revaluation Reserve [RR] £000	CAA & RR Combined £000		Capital Adjustment Account [CAA] £000	Revaluation Reserve [RR] £000	CAA & RR Combined £000
(813,707)	(199,282)	(1,012,989)	Opening Balance	(767,106)	(191,180)	(958,286)
28,168	0	28,168	Depreciation	30,965	0	30,965
127,013	0	127,013	Derecognitions	22,296	0	22,296
6,651	595	7,246	Revaluations	(1,295)	(53,761)	(55,056)
(27,419)	0	(27,419)	Investment Property Revaluations	(13,843)	0	(13,843)
936	0	936	Intangibles	931	0	931
(144,147)	0	(144,147)	Capital grants and contributions applied	(110,348)	0	(110,348)
88,798	0	88,798	REFCUS	42,084	0	42,084
(13,348)	0	(13,348)	Capital receipts applied	(15,154)	0	(15,154)
9,381	0	9,381	Disposal of Assets	12,660	0	12,660
(696)	0	(696)	Management of Capital Reserve	(590)	0	(590)
(3,124)	0	(3,124)	CERA	(1,708)	0	(1,708)
(1,202)	0	(1,202)	Issue of Loans	(863)	0	(863)
(7,507)	7,507	0	Amounts written out of the Revaluations Reserve	(7,596)	7,596	0
(16,010)	0	(16,010)	Revenue provision for the Repayment of Debt	(17,383)	0	(17,383)
(107)	0	(107)	Donated Assets (PFI)	(107)	0	(107)
295	0	295	Impairment of Financial Assets	(52)	0	(52)
(901)	0	(901)	Revaluation of Financial Assets	(1,094)	0	(1,094)
(180)	0	(180)	Other Gains and Losses	(199)	0	(199)
(767,106)	(191,180)	(958,286)	Closing Balance	(828,402)	(237,345)	(1,065,747)

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.

2021/22	Adjustments made to Comprehensive Income and Expenditure Statement (CIES)	2022/23
£000		£000
	Reversal of items debited or credited to the CIES	
	Usable Reserves	
3,641	Capital grants & contributions unapplied movement to the CIES	276
	Unusable Reserves	
(28,168)	Charges for depreciation non-current assets	(30,965)
(126,979)	Charges for derecognition of non-current assets	(22,038)
20,771	Revaluation of Property, Plant & Equipment and Assets Held for sale	15,139
(936)	Amortisation of intangible assets	(931)
144,147	Capital grants and contributions applied	110,348
(88,798)	Revenue expenditure funded from capital under statute	(42,084)
384	Movement in Debt Redemption Premia	390
576	Reversal of impact of Soft Loans and Stepped Loan on the General Fund Balance, in line with statutory requirements	623
(56,123)	Retirement benefit Adjustment Account debited or credited to the CIES	(59,639)
42,576	Collection Fund Adjustment Account (difference between amount credited to CIES & tax income for the year)	13,671
517	Accumulated Absences Account (difference between remuneration charged to the CIES and remuneration paid for the year)	(561)
(227)	Loss on Disposal funded from Capital Receipts	(477)
(34)	Rescheduling of Finance Lease Repayments	(258)
105	Amortised Deferred Receipts	107
(295)	Loss on Impairment of Debtors	52
2,362	(Gain)/Loss on Revaluation of Fair Value through P&L Financial Instruments	(3,050)
4,087	Movement in Deferred Capital Receipts	(4)
16,010	Statutory provision for the financing of capital investment	17,383
1,664	Repayment of Transferred Debt Principal	1,831
3,819	Capital expenditure charged against the General Fund balance.	2,298
(64,542)	Sub Total of adjustments affecting Unusable Reserves	1,835
(60,901)	Total Adjustments	2,111

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 2022	580,731	42,460	16,511	25,059	23,732	688,493
Additions	20,276	5,712	1,422	0	43,669	71,079
Revaluation increase/(decrease)	31,581	0	0	(1,016)	0	30,565
Disposals	0	(1,620)	0	0	0	(1,620)
Derecognition	(18,117)	(125)	(83)	0	(3,564)	(21,889)
Reclassifications	29	0	0	(10,979)	10,950	0
31 March 2023	614,500	46,427	17,850	13,064	74,787	766,628
Depreciation and Impairment						
01 April 2022	16,078	28,209	0	0	0	44,287
Depreciation Charge	18,144	3,083	0	0	0	21,227
Disposals	0	(1,223)	0	0	0	(1,223)
Derecognition	(450)	0	0	0	0	(450)
Depreciation written out on revaluation	(24,492)	0	0	0	0	(24,492)
Impairment Losses/reversals recognised in Revaluation Reserve	0	0	0	0	0	0
Impairment Losses/reversals recognised in Provision of Services	0	0	0	0	0	0
31 March 2023	9,280	30,069	0	0	0	39,349
Net Book Value						
31 March 2023	605,220	16,358	17,850	13,064	74,787	727,279
01 April 2022	564,653	14,251	16,511	25,059	23,732	644,206

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

	Other Land & Buildings	Vehicles, Plant & Equip't	Community Assets	Surplus Assets	Under Construction	Total (excluding Infrastructure Assets)
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
01 April 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 increase/(decrease)	(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 to Surplus/Deficit on the Provision of Services	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 following table provides the Infrastructure Asset balances and movements during 2022/23 and the previous year.

	Infrastructure Assets 2021/22 £000	Infrastructure Assets 2022/23 £000
Net book value		
Opening Balance	348,845	387,309
Additions	37,706	25,449
Depreciation Charge	(8,371)	(9,738)
Disposals	0	0
Derecognition	(61,201)	(104)
Reclassification	70,330	0
Closing Balance	387,309	402,916

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

	Total (excluding Infrastructure Assets) £000	Infrastructure Assets £000	Total Property, Plant and Equipment £000
Net book value			
31st March 2023	727,279	402,916	1,130,195
31st March 2022	644,206	387,309	1,031,515
31st March 2021	736,998	348,845	1,085,843

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 2022/23 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 2022 and the carried forward balance on 31st March 2023. 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 2022 £000	31 March 2023 £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 2022/23, followed by comparative movements for the previous year.

	Investment Property £000	Assets Held for Sale £000	Heritage Assets £000	Total £000
01 April 2022	321,084	1,073	25,893	348,050
Additions	8	0	0	8
Revaluation increase/(decrease)	13,843	0	0	13,843
Disposals	(11,484)	(778)	0	(12,262)
Derecognition	(495)	0	0	(495)
Reclassifications	0	0	0	0
31 March 2023	322,956	295	25,893	349,144
01 April 2021	317,073	1,588	25,893	344,554
Additions	204	0	0	204
Revaluation increase/(decrease)	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

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 2022 £000	31 March 2023 £000
Commercial	175,370	183,306
Office Units	25,428	22,967
Agricultural	14,656	3,251
Residential	101,976	110,462
Other	3,654	2,970
Total	321,084	322,956

3.18 Capital Expenditure and Capital Financing

The table below shows how capital expenditure was financed in 2022/23 and in the previous year.

2021/22		2022/23
£000		£000
503,213	Opening Capital Financing Requirement	513,625
	Capital Investment	
93,316	Property, Plant and Equipment	96,528
204	Investment Properties	8
936	Intangible Assets	931
88,798	Revenue Expenditure Funded from Capital Under Statute	42,084
660	Investments	0
5,553	Debtors	7,305
189,467	Total Capital Investment	146,856
	Sources of Finance	
(13,348)	Capital Receipts	(15,154)
(144,147)	Government Grants and Other Contributions	(110,348)
(3,819)	Revenue Contributions	(2,298)
(16,010)	Revenue Provision for Debt Repayment	(17,383)
(348)	Donated Assets	(163)
(1,383)	Other Adjustments	(1,061)
(179,055)	Total from Sources of Finance	(146,407)
513,625	Closing Capital Financing Requirement	514,074
	Explanation of movement in year	
(16,010)	Revenue Provision for Debt Repayment	(17,383)
(1,202)	Repayment of Transferred Debt Principal	(863)
27,804	Capital Investment funded by borrowing	18,893
(180)	Restatement of Historic Debt Liability	(198)
10,412	Increase/(decrease) in Capital Financing Requirement	449

3.19 Revaluation of Property, Plant and Equipment

The following statement shows the total value of the revaluations carried out in the financial years 2018/19 to 2022/23. 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	16,358	402,916	17,850	0	74,787	511,911
Valued at current value as at:							
31st March 2019	1,331	0	0	0	0	0	1,331
31st March 2020	1,359	0	0	0	0	0	1,359
31st March 2021	129,514	0	0	0	555	0	130,069
31st March 2022	28,674	0	0	0	0	0	28,674
31st March 2023	444,342	0	0	0	12,509	0	456,851
Total Cost or Valuation	605,220	16,358	402,916	17,850	13,064	74,787	1,130,195

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

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

3.20 Capital Commitments

The City Council approved a capital programme for 2022/23 of £145m and a provisional programme of £159m for both 2023/24 and £104m for 2024/25. The following are significant contracts legally committed to finish projects already started on 31st March 2023.

As of 31st March 2023, the authority has entered into a number of contracts for the construction and enhancement of property, plant and equipment in 2022/23 and future years budgeting costs at £9.6m. Similar commitments at 31st March 2022 were £54.2m.

The major capital commitments on 31st March 2023 are listed below:

Capital Commitments	Outstanding Commitment £000
Blue Coat School New Sixth Form Block	1,200
Very Light Rail	2,000
Friargate Building	2,900
Friargate Hotel	1,000
City Centre South	500
Finham Park School	100
Westwood School	600
Cardinal Wiseman Modular Build	600
Coventry Station Masterplan	700
	9,600

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 2022 £000	Long Term Investments	31st March 2023 £000
58,000	The Coventry and Solihull Waste Disposal Company Limited	72,100
17,420	Birmingham Airport Holdings Limited	33,515
18,806	Coventry Municipal Holdings Limited	11,868
1,124	Friargate Joint Venture Project Limited	2,790
262	Sherbourne Recycling Limited	2,045
0	UK Battery Industrialisation Centre Ltd	0
0	University of Warwick Science Park Innovation Centre Limited	0
95,612	Total	122,318

A valuation exercise undertaken jointly with BDO LLP in 2022 valued the Council's shareholding in the Coventry and Solihull Waste Disposal Company at £58.0m. A subsequent valuation exercise in 2023 again undertaken jointly with BDO LLP resulted in an increased valuation at £72.1m. The increase in electricity prices during 2022/23 was a significant factor in the valuation change.

A valuation exercise undertaken by BDO LLP in 2022 valued the Council's shareholding in Birmingham Airport Holdings Limited at £17.4m. A subsequent valuation in 2023 undertaken jointly with BDO LLP resulted in an increased valuation of £33.5m. This reflects the recovery of passenger numbers following the restrictions during the pandemic.

The valuation of the Council's 100% shareholding in Coventry Municipal Holdings Limited (CMH) includes Coombe Abbey Park Limited (CAPL), Coventry Regeneration

Limited (CR), Coventry Technical Resources (CTR) and Tom White Waste Limited (TWW).

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

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

The Council purchased a 100% shareholding in TWW in March 2020. The company provides a commercial waste collection service in the local area. The purpose of the acquisition is to complement the Council's existing in-house waste services. A valuation exercise undertaken by RSM in 2022 valued

the Council's shareholding in TWW at £10.6m. A subsequent valuation in 2023 undertaken by RSM resulted in a reduced valuation of £7.9m. This is due to an increased net debt position due to a loan from the Council and entering into leases for two new storage sites during 2022/23.

The Council completed the purchase of a 100% shareholding in CAPL in December 2017. The company operates Coombe Abbey Hotel on a long term lease from the Council. The property is situated just outside the city boundary. A valuation exercise undertaken by RSM in 2022 valued the Council's shareholding in CAPL at £5.3m. A subsequent valuation in 2023 undertaken by RSM has resulted in a reduced valuation of £1.1m. This is due to the impact of inflationary cost pressures on the hospitality sector during 2022/23.

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 2023.

The Council purchased 50% of Friargate Joint Venture Project Limited in January 2019. This is a 50/50 joint venture with Friargate Holdings 2 Limited, established to develop new buildings within the Friargate district of the city. A valuation exercise undertaken by RSM in 2022 valued the Council's shareholding in FJVP at £1.1m. A subsequent valuation in 2023 undertaken by Mazars has resulted in an increased valuation of £2.8m.

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

These conclusions remain valid at 31st March 2023.

See the note on Associated Company Interests & Holdings for details of the Council's investment in North Coventry Holdings Limited and further details regarding the Council's other company interests.

3.22 Long Term Debtors

This note identifies the amounts owing to the authority, which are being repaid over various periods longer than one year. Long term debtors include a number of different types of financial assets, including loans provided for service purposes and debtors arising from finance lease disposals. Under IFRS9 debtors are accounted for as either at amortised cost or fair value through profit and loss, with the former being assessed for impairment.

31st March 2022	Long Term Debtors	31st March 2023		
£000	Held at amortised cost:	Gross Debtor £000	Impairment £000	Net Debtor £000
12,365	UKBIC Indemnity & Guarantee	13,612	(571)	13,041
5,163	Sherbourne Recycling Loan (Mixed Recycling Facility)	11,688	0	11,688
11,564	Student Accommodation Finance Leases	11,558	0	11,558
5,848	Friargate LLP Loan	6,163	(25)	6,138
3,979	The Oaks Finance Leases	4,081	0	4,081
3,704	Belgrade Plaza Finance Lease	3,786	0	3,786
4,005	Coombe Abbey Park Loan Facility A (2021)	3,868	(97)	3,771
3,900	City College Car Park	3,665	(18)	3,647
3,520	Coventry and Solihull Waste Disposal Company Finance Lease	3,495	0	3,495
3,144	Coombe Abbey Park Loan Facility B (2021)	3,007	(75)	2,932
1,296	Torrington Avenue Finance Lease	1,322	0	1,322
1,046	Science Park Debentures	1,066	(12)	1,054
1,049	Coventry and Warwickshire Award Trust Loan (2018)	1,035	(12)	1,023
1,066	Shearer Property C (Cathedral Lanes Loan)	969	(40)	929
626	Coombe Abbey Park Loan Facility (2019)	937	(43)	894
610	Coventry and Warwickshire Reinvestment Trust Duplex Facility	770	(9)	761
0	Tom White Waste (Materials Recycling Facility) loan	533	0	533
663	CBILS-Duplex Loan	400	(5)	395
0	UKBIC Cashflow loan (2022)	325	(16)	309
1,544	Coventry and Warwickshire Reinvestment Trust Coronavirus Business Interruption Scheme Loans	259	(6)	253
218	Coventry and Warwickshire Reinvestment Trust Recovery Growth Fund	176	(2)	174
180	Belgrade Theatre Loan	166	0	166
80	Residential Property Debts - pre Care Act 2014	80	0	80
67	Housing Loans	67	0	67
51	Mortgages	41	0	41
5	Coventry Regeneration Limited (Cashflow Assistance Loan)	5	0	5
146	Residential Property Debts - post Care Act 2014	0	0	0
2	Car Loans	0	0	0
65,841	Total held at amortised cost	73,074	(931)	72,143
31st March 2022		31st March 2023		
£000	Held at fair value:	Gross Debtor £000	Revaluation £000	Net Debtor £000
2,908	Kickstart	1,232	1,804	3,036
790	Pathways to Care Loans	605	286	891
3,698	Total held at fair value through profit and loss	1,837	2,090	3,927
69,539	Total Long Term Debtors	74,911	1,159	76,070

3.23 Short Term Debtors

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

31st March 2022				Debtors Classification	31st March 2023			
Debtor	Payment In Advance	Impairment Allowance	Total		Debtor	Payment In Advance	Impairment Allowance	Total
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
14,445	0	(9)	14,436	Central Government Bodies	17,566	0	(9)	17,557
19,427	367	0	19,794	Other Local Authorities	19,146	0	0	19,146
9,550	0	0	9,550	NHS Bodies	12,273	0	0	12,273
0	0	0	0	Public Corporations	72	0	0	72
39,926	12,395	(18,733)	33,588	All Other Bodies	42,980	12,273	(16,694)	38,559
29,309	0	(15,255)	14,054	Debts Relating to Local Taxation	28,782	0	(16,504)	12,278
112,657	12,762	(33,997)	91,422	Total Debtors	120,819	12,273	(33,207)	99,885

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 2022			Debts Relating to Local Tax	31st March 2023		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000s	£000s	£000s		£000s	£000s	£000s
5,640	3,613	9,253	Less than one year	5,545	1,801	7,346
1,566	831	2,397	1-2 years	1,773	737	2,510
1,765	389	2,154	2-6 years	1,878	309	2,187
250	0	250	More than 6 years	235	0	235
9,221	4,833	14,054	Total	9,431	2,847	12,278

3.24 Short Term Creditors

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

31st March 2022			Creditors Classification	31st March 2023		
Creditors	Receipts in Advance	Total		Creditors	Receipts in Advance	Total
£000s	£000s	£000s		£000s	£000s	£000s
(12,639)	(45,370)	(58,009)	Central Government Bodies	(12,420)	(16,953)	(29,373)
(7,593)	(77)	(7,670)	Other Local Authorities	(1,906)	(296)	(2,202)
(999)	(37)	(1,036)	NHS Bodies	(7,483)	0	(7,483)
0	0	0	Public Corporations	0	0	0
(45,387)	(10,659)	(56,046)	All Other Bodies	(48,042)	(11,794)	(59,836)
(900)	(6,884)	(7,784)	Credits Relating to Local Taxation	(1,064)	(8,022)	(9,086)
(67,518)	(63,027)	(130,545)	Total Creditors	(70,915)	(37,065)	(107,980)

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 2022/23 is explained below:

Provisions	Self-Insurance	Business Rates Appeals	Other	Total
	£000	£000	£000	£000
1st April 2022	(5,051)	(12,316)	(266)	(17,633)
Increase in provision	0	(14,310)	0	(14,310)
Amounts used	0	5,350	0	5,350
Unused amounts reversed	541	806	266	1,613
31st March 2023	(4,510)	(20,470)	0	(24,980)

The split between short and long term provisions, as at 31st March 2023, is provided in the following table:

Provisions	Self-Insurance	Business Rates Appeals	Total
	£000	£000	£000
Short Term Provisions	0	(6,241)	(6,241)
Long Term Provisions	(4,510)	(14,229)	(18,739)
Total	(4,510)	(20,470)	(24,980)

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 2022/23 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 2022 £000	31st March 2023 £000
Trust Funds:		
Tenant Contributions	(1,459)	(1,370)
Social Services Client Funds	(154)	(162)
Trust Funds Total	(1,613)	(1,532)
Developer Contributions(e.g s106)	(13,418)	(24,593)
PFI refinancing gain	(1,074)	(999)
Other, including bequests and charity donations	(1,902)	(1,867)
Overall Total	(18,007)	(28,991)
Of which:		
Short Term Creditors	(10,227)	(10,781)
Other Long Term Liabilities	(7,780)	(18,211)

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:

2021/22	Adjustments for Non Cash Movements	2022/23
£000		£000
(28,168)	Depreciation	(30,965)
(126,979)	Derecognition of non-current Assets	(22,038)
20,771	Revaluation of non-current assets	15,139
(936)	Amortisation	(931)
(1,973)	(Increase)/ Decrease in Impairment Provision for Bad Debts	2,038
2,776	(Increase)/ Decrease in Creditors and Provisions	4,044
(6,744)	Increase/ (Decrease) in Debtors	(18,490)
37	Increase/ (Decrease) in Inventory	(98)
(88,723)	Pension Liability	(92,239)
(2,292)	Other Non Cash items charged to Net Surplus or Deficit on Provision of Services	(6,216)
(232,231)	Total	(149,756)

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

2021/22	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2022/23
£000		£000
147,788	Net Application of grants to capital financing	110,624
42,984	Council Tax and NNDR Adjustments	24,903
190,772	Total	135,527

2021/22	Cash Flows from Investing Activities	2022/23
£000		£000
96,484	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	103,410
529,211	Purchase of Short Term and Long Term Investments	655,555
6,553	Other Payments for Investing Activities	8,805
(9,357)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(12,441)
(517,514)	Proceeds from Short Term and Long Term Investments	(651,189)
(148,724)	Other Receipts from Investing Activities	(112,650)
(43,347)	Total	(8,510)

2021/22 £000	Cash Flows from Financing Activities	2022/23 £000
72,660	Repayments of Short and Long Term Borrowing	20,917
2,854	Cash Payment for Reduction of outstanding liability relating to Finance Lease & on Bal Sheet PFI Contract	2,956
(17,273)	Cash Receipts of Short and Long Term Borrowing	(26,061)
1	Net Other Payment and Receipts for Financing Activities	(851)
(42,984)	Council Tax and NNDR Adjustments	(24,903)
15,258	Total	(27,942)

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:

2021/22 £000	Cash Flows from Interest and Dividends	2022/23 £000
(3,304)	Interest received	(6,289)
17,518	Interest paid	19,553
(9,650)	Dividends received	(8,200)
4,564	Total	5,064

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

2021/22 £000	Breakdown of Cash and Cash Equivalents	2022/23 £000
16	Cash held by the council	(19)
(12,527)	Bank current accounts	(9,142)
(18,300)	On call deposits	(42,960)
(30,811)	Total	(52,121)

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 2022/23 expenditure on unitary charge payments to the contractor was £3,357k, compared with £2,971k in 2021/22. In each of these years £1,875k of PFI grant was received, giving a net cost of £1,482k in 2022/23 (£1,449k in 2021/22). The school contribution was £736k in 2022/23 (£700k in 2021/22). The unitary charge is divided into three elements; service charge, repayment of the liability and interest.

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

Year	Service Charge £000	Repayment of Liability £000	Interest Charge £000	Contingent Rent £000	Total Unitary Charge £000
2023-24	1,661	650	530	243	3,084
2024-25 to 2027-28	7,257	2,556	1,694	1,061	12,568
2028-29 to 2032-33	9,866	3,543	1,207	1,825	16,441
2033-34 to 2034-35	3,529	1,486	138	928	6,081
Total	22,313	8,235	3,569	4,057	38,174

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 2022/23 are shown in the tables below.

Loans	£000
Liability brought forward	(8,885)
Adjustment to brought forward position	0
Unitary Charge (Lease repayment)	650
Liability carried forward (breakdown below)	(8,235)
Long term liability	(7,585)
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 2022/23 expenditure on unitary charge payments to the contractor was £7,904k, compared with £7,649k in 2021/22. 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	Contingent Rent	Total Unitary Charge
	£000	£000	£000	£000	£000
2023-24	5,301	1,187	970	7,458	14,916
2024-25 to 2027-28	25,639	4,136	2,998	2,731	35,504
2028-29 to 2032-33	28,895	7,143	1,500	4,396	41,934
Total	59,835	12,466	5,468	14,585	92,354

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 2022/23 are shown in the tables below.

Operational Assets Other Land & Buildings	
Long Term Loans	£000
Liability brought forward	(13,526)
Unitary Charge (Lease repayment)	1,060
Liability carried forward (breakdown below)	(12,466)
Long term liability	(11,279)
Current liability	(1,187)

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 2022/23 expenditure on unitary charge payments to the contractor was £7,127k, compared with £8,016k in 2021/22. This unitary charge is divided into three elements; service charge, repayment of the liability and interest.

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

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

Year	Service Charge £000	Repayment of Liability £000	Interest Charge £000	Contingent Rent £000	Total Unitary Charge £000
2023-24	2,767	1,272	3,525	79	7,643
2024-25 to 2027-28	9,520	8,304	12,349	1,106	31,279
2028-29 to 2032-33	14,324	15,173	10,174	1,512	41,183
2033-34 to 2035-36	7,524	11,537	1,871	1,246	22,178
Total	34,135	36,286	27,919	3,943	102,283

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
Long Term Loans	£000
Liability brought forward	(37,532)
Liability to be recognised in year	0
Unitary Charge (Lease repayment)	1,246
Liability carried forward (breakdown below)	(36,286)
Long term liability	(35,014)
Current liability	(1,272)
Donated Assets Account	£000
Donated Assets account brought forward	(1,845)
Donated Assets recognised in year	(163)
Credited to Comprehensive Income & Expenditure account	132
Donated Assets account carried forward	(1,876)

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 2022 £000	31 March 2023 £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 2022 £000	31 March 2023 £000
Finance lease liabilities :		
- current	0	0
- non-current	0	0
Finance costs payable in future years	11,431	14,679
Minimum Lease Payments	11,431	14,679

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

	31 March 2022 £000	31 March 2023 £000
Not later than one year	202	265
Later than one year and not later than five years	807	1,058
Later than five years	10,422	13,356
	11,431	14,679

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 2023/24 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 2022 £000	31 March 2023 £000
Not later than one year	710	706
Later than one year and not later than five years	1,281	665
Later than five years	301	316
	2,292	1,687

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 2022 £000	31 March 2023 £000
Finance lease debtor (net present value of minimum lease payments):		
- current	259	276
- non-current	29,011	28,965
Unearned finance income*	307,017	305,999
Unguaranteed residual value of property	0	0
Gross Investment in the lease	336,287	335,240

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

	31 March 2022 £000	31 March 2023 £000
Not later than one year	1,048	1,206
Later than one year and not later than five years	4,482	4,368
Later than five years	330,757	329,666
	336,287	335,240

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 2022/23, contingent rents receivable by the Authority totalled £230k.

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 2022 £000	31 March 2023 £000
Not later than one year	10,933	11,663
Later than one year and not later than five years	31,316	10,559
Later than five years	309,023	319,970
Total	351,272	342,192

3.30 Pension Costs

The Council currently participates in two post-employment pension schemes on behalf of its employees: the West Midlands Metropolitan Authorities Pension Fund in relation to the majority of Council employees; and the Teachers' Pension Scheme which covers Teachers employed by the Council (there are now no employees contributing to the NHS Pension Scheme).

The Council's pension deficit decreased significantly in 2022/23. Despite the decrease, the overall pension deficit remains a significant matter for consideration. Further details on pension liabilities are provided in note 3.31.

Officers

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 £37,424k, (£34,791k in 2021/22), 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 2022/23 this amounted to £1,649k (£1,782k in 21/22).

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 2022/23, the City Council paid £12,594k (£12,373k in 2021/22) to the Department for Education (DfE) for teachers' pension costs, which represents 23.68% of pensionable pay. In addition, the City Council is responsible for all pension payments relating to teachers who retire early and additional pension contributions. In 2022/23, these amounted to £2,099k (£2,131k in 2021/22).

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 £14,000k although the actual level would be significantly affected in the event of transfers of schools to academy status.

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.

Summary of Outcome

The overall decrease in the deficit is analysed as follows:

2021/22		2022/23
LGPS & Teachers		LGPS & Teachers
£000		£000
(742,911)	Deficit b/fwd	(614,734)
(79,469)	Current Service Cost	(79,375)
4,371	Employer Contributions	5,505
(264)	Past Service Gain (Cost)	(1,424)
29,353	Return on Assets	42,169
(44,899)	Interest on Pension Liabilities	(59,511)
216,900	Remeasurements	681,776
2,930	Settlements and curtailments	1,224
(745)	Administration Expenses	(827)
(614,734)	Surplus/(Deficit)	(25,197)

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 markedly in 2022/23 and there were some significant movements within the outcome which can largely be explained as follows:

- **Pension Increase Rate** – Market derived CPI inflation has fallen over the period which has led to a 0.20% reduction in this assumption. This has served to reduce the obligations and led to a gain of around £68,820k.
- **Salary Increase Rate** – The salary increase assumption has fallen over the period by 0.20%. This has served to reduce the obligations and led to a gain of around £7,300k on the balance sheet.
- **Discount Rate** - The corporate bond yield (upon which the discount rate is derived) has risen over the period, which has led to a 2.5% increase in this assumption. This has served to reduce the obligations and led to a gain of around £671,150k on the balance sheet.
- **Changes in demographic assumptions** – the latest available longevity information has been used resulting in a £46,780k gain on the balance sheet
- **Other experience (Obligations)** – the pensions increase order, March 22 funding valuation and unfunded pensioners has led to a £78,070k loss on the balance sheet

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:

	2021/22	2022/23
	LGPS & Teachers	LGPS & Teachers
	Total	Total
	£000	£000
<u>Net Cost of Services</u>		
Current Service Cost	79,469	79,375
Past Service Costs (Gain)	264	1,424
Settlements and curtailments	(2,930)	(1,224)
Administration Expenses	745	827
Net Cost of Services sub-total	77,548	80,402
<u>Financing and Investment Income and Expenditure</u>		
Interest cost	41,147	59,511
Expected return on scheme assets	(29,353)	(42,169)
Net Interest Cost	11,794	17,342
Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	89,342	97,744
<u>Other Post Employment Benefit Charged to CIES</u>		
Re-measurements	(216,900)	(681,776)
Total Post Employment Benefit Charged to the CIES	(127,558)	(584,032)
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the surplus/deficit for the Provision of Services	93,094	97,744
<u>Actual amount charged against the General Fund for pensions in the year:</u>		
Employers contributions payable to scheme	34,791	37,424
Retirement benefits payable to pensioners	2,131	2,099

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

<u>Local Government Pension Scheme</u>	2021/22	2022/23
	£000	£000
Opening balance at 1st April	1,492,460	1,574,460
Expected rate of return	29,353	42,169
Re-measurements	98,887	(34,200)
Employer contributions	397	1,922
Contributions by scheme participants	9,639	10,694
Benefits paid	(54,704)	(53,821)
Settlements	(1,572)	(984)
Administration Expenses	0	0
Closing balance at 31st March	1,574,460	1,540,240

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

Reconciliation of present value of the scheme liabilities (defined benefit obligation):	2021/22	2022/23
	£000	£000
LGPS & Teachers		
Opening Balance at 1st April	2,235,371	2,189,194
Current Service Cost	80,214	80,202
Interest Cost	44,899	59,511
Contributions from scheme participants	9,639	10,694
Remeasurement (gains) and losses:		
(Gain)/loss arising from changes in financial assumptions	(110,206)	(747,270)
(Gain)/loss arising from changes in demographic assumptions	(13,263)	(46,777)
Experience (gain)/loss	5,456	78,071
Past service cost	264	1,424
Losses/(gains) on curtailment	0	0
Liabilities assumed on entity combinations	0	0
Benefits paid	(58,678)	(57,404)
Liabilities extinguished on settlements	(4,502)	(2,208)
Closing balance at 31st March	2,189,194	1,565,437

The present value of funded obligations is £1,528,394k and the unfunded obligations comprise of £15,255k in respect of LGPS unfunded pensions and £21,788k 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 and an estimate of the pensions that will be payable in future years dependent on assumptions about factors such as mortality rates and salary levels.

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

The main assumptions used in the actuarial calculation are:	31st March 2022	31st March 2023
Rate of CPI inflation	3.20%	3.00%
Rate of increase in salaries	4.20%	4.00%
Rate of increase in pensions	3.20%	3.00%
Discount rate	2.70%	4.75%
Mortality Assumptions		
Longevity at 65 for current pensioners		
Men	21.2	20.9
Women	23.6	23.7
Longevity at 65 for future pensioners in 20 years time		
Men	22.9	21.6
Women	25.4	25.0

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

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

Changes in assumptions	31st March 2023	
	Approximate % increase to Defined Benefit Obligation	Approximate monetary Amount £000
0.1% decrease in Real Discount Rate	1.00%	25,752
1 year increase in member life expectancy	4.00%	62,617
0.1% increase in Salary Increase Rate	0.00%	2,505
0.1% increase in the Pension Increase Rate (CPI)	2.00%	23,611

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

Total £000	31st March 2022		Total %	Asset Categories	Total £000	31st March 2023		Total %
	Quoted %	Unquoted %				Quoted %	Unquoted %	
954,827	13.40%	47.20%	60.60%	Equities	961,327	12.21%	50.20%	62.41%
189,042	0.00%	12.00%	12.00%	Bonds	151,981	0.00%	9.87%	9.87%
112,924	0.00%	7.20%	7.20%	Property	108,084	0.00%	7.02%	7.02%
61,830	0.00%	3.90%	3.90%	Cash/Liquidity	48,057	0.00%	3.12%	3.12%
255,837	1.80%	14.50%	16.30%	Other	270,792	0.00%	17.58%	17.58%
1,574,460	15.20%	84.80%	100.00%	Total	1,540,240	12.21%	87.79%	100.00%

Impact on council's cash flows

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

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

In 2020/21 the 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 2022/23 was £37,424k.

The employer's contribution for 2023/24 is estimated by the actuaries to be £34.132m

The weighted average duration of the defined benefit obligation for scheme members is 17 years for 2022/23 (20 years for 2021/22).

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

2021/22				Remuneration Band	2022/23			
Local Authority Schools Staff	Voluntary Aided & Foundation Schools Staff	Other Staff	Total		Local Authority Schools Staff	Voluntary Aided & Foundation Schools Staff	Other Staff	Total
50	1	163	214	£50000-£54999	55	5	178	238
35	0	32	67	£55000-£59999	23	0	54	77
15	2	31	48	£60000-£64999	25	0	31	56
12	0	27	39	£65000-£69999	18	2	24	44
10	2	5	17	£70000-£74999	8	1	12	21
12	1	15	28	£75000-£79999	8	2	18	28
4	0	7	11	£80000-£84999	8	0	15	23
4	0	4	8	£85000-£89999	5	0	6	11
3	0	6	9	£90000-£94999	1	0	3	4
0	0	4	4	£95000-£99999	1	0	7	8
1	0	2	3	£100000-£104999	1	0	5	6
0	0	3	3	£105000-£109999	0	0	3	3
0	0	1	1	£110000-£114999	0	0	6	6
0	0	1	1	£115000-£119999	0	0	1	1
0	0	6	6	£120000-£124999	0	0	5	5
0	0	4	4	£125000-£129999	0	0	0	0
0	0	0	0	£130000-£134999	0	0	1	1
0	0	0	0	£135000-£139999	0	0	2	2
0	0	1	1	£140000-£144999	0	0	0	0
0	0	1	1	£155000-£159999	0	0	0	0
0	0	0	0	£165000-£169999	0	0	1	1
0	0	1	1	£185000-£189999	0	0	0	0
0	0	0	0	£190000-£194999	0	0	1	1
0	0	1	1	£195000-£199999	0	0	0	0
0	0	1	1	£205000-£209999	0	0	0	0
0	0	1	1	£235000-£239999	0	0	0	0
0	0	1	1	£310000-£314999	0	0	0	0
0	0	1	1	£615000-£619999	0	0	0	0
146	6	319	471	Total	153	10	373	536

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	
2022/23	£	£	£	£	Notes
CEO- Martin Reeves	191,895	0	39,147	231,041	1&2
Interim Chief Executive (Section 151 officer)/ Chief Operating Officer - Barry Hastie	135,409	0	27,623	163,032	1
Interim Chief Executive/ Chief Partnerships Officer - Kirston Nelson	121,761	0	27,623	149,384	1
Chief Legal Officer, City Solicitors & (Monitoring Officer)	113,939	0	23,099	137,037	
Director of Children & Education (DCS)	123,975	0	25,291	149,266	
Director of Adult Services & Housing	123,975	0	25,291	149,266	
Chief People Officer	115,773	0	23,618	139,390	
Director of Health & Wellbeing	105,020	0	23,372	128,391	3
TOTAL	1,031,746	0	215,063	1,246,809	

Management Board and Statutory Post Holders	Salary Inc Fees & Allowances	Loss of Office	Pension Contributions Note 4	Total Remuneration	
2021/22	£	£	£	£	
CEO- Martin Reeves	239,114	0	40,644	279,758	2
Deputy Chief Executive (People) - Gail Quinton	164,706	454,069	29,520	648,294	4
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	
Director of Health & Well-Being (Director of Public Health)- Left 31.12.21	88,455	0	12,720	101,175	3
Director of Public Health (Acting 1.1.22 to 28.2.22)	13,676	0	2,790	16,466	3
Director of Public Health (From 1.3.22)	9,387	0	1,915	11,302	3
TOTAL	1,228,941	454,069	232,401	1,915,410	

Notes

1. The CEO left the Council in February 2023, and Barry Hastie and Kirston Nelson are Interim Chief Executive officers from 1.3.23. They are continuing in their substantive roles of Chief Operating Officer and Chief Partnership Officer.
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
4. 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.

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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
							£000	£000
£0 - £20,000	0	12	52	32	52	44	402	333
£20,001 - £40,000	2	5	15	16	17	21	527	609
£40,001 - £60,000	1	0	6	4	7	4	351	183
£60,001 - £80,000	0	0	4	8	4	8	285	565
£80,001 - £100,000	0	0	3	6	3	6	280	538
£100,000 - £150,000	0	0	4	2	4	2	490	245
£150,001 - £200,000	0	0	1	0	1	0	174	0
£200,001 - £250,000	0	0	1	0	1	0	249	0
£450,001 - £500,000	0	0	1	0	1	0	474	0
Total cost inc in bandings	3	17	87	68	90	85	3,232	2,473

3.33 Members' Allowances

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

Financial Year	2021/22	2022/23
	£000s	£000s
Basic Allowances	781	828
Other Allowances	291	330
Expenses	3	3
Total	1,075	1,161

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 2022 £000	31st March 2023 £000	31st March 2022 £000	31st March 2023 £000
Financial Liabilities				
Loans at Amortised Cost				
- principal sum borrowed	257,703	254,274	7,744	14,155
- accrued interest	0	0	2,980	3,012
- equivalent interest rate adjustment	0	0	0	0
Total Borrowing	257,703	254,274	10,724	17,167
- Cash Overdrawn	0	0	3,307	4,101
Other Long Term Liabilities at amortised cost:				
- PFI arrangements	56,987	53,878	2,956	3,109
- Transferred Debt	0	0	0	0
Total Financial Liabilities (excluding creditors)	314,690	308,152	16,987	24,377
Creditors	0	0	45,387	48,042

	Long Term		Current	
	31st March 2022 £000	31st March 2023 £000	31st March 2022 £000	31st March 2023 £000
Financial Assets				
At amortised Cost				
- Principal sum invested	0	0	28	0
- Accrued interest	0	0	132	0
- Loss allowance	0	0	0	0
At Fair Value through other comprehensive income				
- Principal at amortised cost	0	0	0	0
- Accrued interest	0	0	0	0
- Loss allowance	0	0	0	0
- Equity investments elected FVOCI	95,757	124,783	18,863	0
At Fair Value through profit & loss				
- Fair value	0	0	31,165	27,848
Total Investments	95,757	124,783	50,188	27,848
At amortised Cost				
- Principal sum invested	0	0	15,827	13,262
- Accrued interest	0	0	0	0
- Loss allowance	0	0	0	0
At Fair Value through profit & loss				
- Fair value	0	0	18,300	42,960
Total Cash & Cash Equivalents	0	0	34,127	56,222
At amortised Cost				
- Trade receivables	0	0	37,341	38,606
- Lease receivables	0	0	0	0
- Loans made for service purposes	48,837	54,073	2,550	4,349
- Accrued Interest	0	0	35	25
- Loss allowance	(970)	(931)	0	0
At Fair Value through profit & loss				
- Fair value	3,128	3,927	0	0
Included in Debtors	50,995	57,069	39,926	42,980
Total Financial Assets	146,752	181,852	124,241	127,050

31st March 2023	Included in Financial Instruments £000	Other Debtors/ Creditors £000	Total
Long term debtors	57,069	19,001	76,070
Short term debtors	42,980	56,905	99,885
Short term creditors	48,042	59,938	107,980

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

Current borrowings and investments represent amounts due to be settled within 12 months, including accrued interest. In 2022/23 borrowing costs of £214k on qualifying assets were capitalised (£1,385k in 2021/22).

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 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023
	£000	£000	£000	£000	£000	£000
Shareholdings:						
Coventry and Solihull Waste Disposal Company Limited	58,000	72,100	58,000	72,100	7,040	8,200
Birmingham Airport Holdings Limited	17,420	33,515	5,770	21,865	1,616	0
Tom White Waste Limited	0	0	0	0	0	0
Friargate JV Project Limited	1,124	2,790	(6,390)	(7,705)	0	0
Coombe Abbey Park Limited	0	0	0	0	0	0
Coventry Technical Resources	0	0	0	0	0	0
Coventry Municipal Holdings Ltd	18,806	11,868	(5,278)	(12,215)	500	0
University of Warwick Science Park Innovation Centre Limited	0	0	(154)	(154)	0	0
UK Battery Industrialisation Centre Ltd	0	0	(4,910)	(4,910)	0	0
Total	95,350	122,318	47,038	70,811	9,156	8,200

As part of the adoption of IFRS 9 Financial Instruments the Council presents changes in the fair value of pooled investment funds through profit and loss. The cumulative loss on these pooled funds as at 31st March 2023 totalled £2,596k (£924k in 2021/22).

The 2022/23 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	19,553	0	0	0	19,553
Impairment losses	0	0	0	0	0
Interest payable and similar charges	19,553	0	0	0	19,553
Interest & Dividend income	0	(3,608)	(8,200)	(2,681)	(14,489)
Gains on derecognition	0	0	0	0	0
Gains from changes in fair value	0	0	0	3,049	3,049
Impairment Loss reversals	0	0	0	0	0
Interest and investment income	0	(3,608)	(8,200)	368	(11,440)
Net Impact on Surplus/deficit on provision of services	19,553	(3,608)	(8,200)	368	8,113
Gains on revaluation *	0	0	(33,896)	0	(33,896)
Losses on revaluation	0	0	7,189	0	7,189
Surplus arising on revaluation of financial assets	0	0	(26,707)	0	(26,707)
Net (gain) / loss for the year	19,553	(3,608)	(34,907)	368	(18,594)

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 2023, 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 2023.
- 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 2022		31st March 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
		£000	£000	£000	£000
Financial Liabilities at amortised cost					
▪ PWLB	2	192,626	252,575	187,111	181,607
▪ Market Loans	2	38,570	62,007	38,576	46,477
▪ Stock Issue	2	12,248	15,086	12,290	13,161
▪ Other Local Authorities	2	24,571	79,071	33,063	77,280
▪ PFI	2	59,943	96,528	56,986	87,529
▪ Short Term Creditors	N/A	45,387	45,387	48,042	48,042
▪ Cash Overdrawn	N/A	3,316	3,316	4,101	4,101
▪ Other	N/A	413	413	403	403
Total Liabilities		377,074	554,383	380,572	458,600
Financial Assets at fair value:					
▪ Money Market Funds	1	18,300	18,300	42,960	42,960
▪ Collective Investment Funds	1	0	0	127	127
▪ Corporate and Government Bonds	1	0	0	0	0
▪ Shares in Unlisted Companies	3	95,612	95,612	124,783	124,783
▪ Long Term Debtors	3	3,698	3,698	3,927	3,927
Financial Assets at amortised cost:					
▪ Short Term Cash Deposits	N/A	0	0	0	0
▪ Long Term Debtors	3	66,656	70,355	66,788	67,240
▪ Short Term Debtors	N/A	39,921	39,921	42,980	42,980
▪ Bank Accounts	N/A	15,835	15,835	13,243	13,243
Total Financial Assets		240,022	243,721	294,808	295,260

The fair value of financial liabilities reflects the amount of fixed interest debt taken out in the past at higher rates of interest, and includes accrued interest. The fair value figures for PWLB, Market Loans & Stock Issue above have been calculated by the Council's treasury advisors, Arlingclose. The loan stock, which is listed on the London Stock Exchange, totals £12.004m, is at a fixed interest rate of 8.25% and is due to mature for repayment on 5th January 2026. The fair value figure for PFI has been calculated in house, using an Arlingclose calculator. Fair value figures for Other Local Authority, Creditors & Other Liabilities are all calculated in house.

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

The borrowing from WMCA is treated as a soft loan payable of £15,796k as at 1st April 2023, 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 £12,413k as at 1st April 2023, with the difference between the nominal and fair value being treated as an investment of £5,054k 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 market based multipliers and discount rates to the forecast maintainable earnings 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 £7.8m.
- 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 2023. A 1% variation in the discount rate would alter the value of the loans by £21.8m.

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 2022/23 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 2023 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 2022	31 March 2023
	£000	£000
AAA	18,300	42,960
AA+	0	0
AA	0	0
AA-	339	290
A+	3,113	2,437
A	11,574	4,241
A-	10,000	6,193
BBB+	0	0
Unrated Local Authorities	0	0
Unrated Building Societies	0	0
Unrated Pooled Funds	30,000	0
Total Investments	73,326	56,121

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

	31 March 2022	31 March 2023
Country	£000	£000
United Kingdom	73,326	56,121

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 Revolving Credit Facility Agreements with two charitable organisations providing social housing giving them access to borrow up to £5m each at an agreed interest rate should this be demanded. The organisations have an "A" rating for credit scoring purposes. The credit facilities were not activated in 2022/23.

Credit risk on long term debtors including service loans, is assessed through the review of the risk of default and the level of loss given the occurrence of a default, taking into account collateral. Where available, and where relevant, the following information is used to assess the risk of default:

- financial and other information about the particular debtor, including statutory accounts, credit rating and forward looking business planning data;
- the extent to which contract payments are overdue;
- recovery or repayment plans where payments are overdue;
- the wider local and national context.

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

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

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

The Council does not generally allow credit for trade debtors. Loss allowances are calculated by reference to the historic cost of default, viewed on collective basis. £12,322k of the £42,980k trade debtor balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2022	31 March 2023
Past Due Date	£000	£000
Less than three months	2,956	3,300
Three to six months	2,697	1,624
Six months to one year	2,413	2,418
More than one year	3,610	4,980
Total	11,676	12,322

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	31/03/2022	31/03/2023
	£000	£000
Less than one year	17,738	9,653
Between one and two years	9,256	3,715
Between two and five years	49,156	46,941
Between six and ten years	7,500	25,500
More than ten years	183,718	174,218
Total	267,368	260,027

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 £94.9m in 2022/23. 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 2023, 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 £21.6m. 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 2023 would result in a £594k (2022 £691k) 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 2023 would result in a £308k (2022 £353k) 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 £122m 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 2022/23.

Foreign Exchange Risk

The Council has no (€6k -2022) financial assets or liabilities denominated in foreign currencies. It therefore 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 2022 Audited	31 March 2023 Audited
The principal activity of the BAHL is the operation and management of Birmingham International Airport. The figures included are the group accounts, which consolidates the results for BAHL's subsidiary undertakings. The seven local authority shareholders together hold 49% of the ordinary shares.			
The Council owns: - 5.8% of the 324m ordinary shares - £1.8m preference shares - 6% of the 1,000 C Class shares of 0.01p			
	Net Assets (liabilities)	31,375	105,740
	Profit (loss) before taxation	(22,347)	30,173
	Profit (loss) after taxation	(21,993)	21,715
	Statement of changes in equity	(8,059)	74,365
Coombe Abbey Park Ltd (Company Number: 02700383)		31 December 2021 Audited	31 March 2023 Audited
The principal activity of the company is the running of Coombe Abbey Hotel, Brinklow Road, Coventry.			
The Council acquired 100% of the shares in the company on 22nd December 2017.			
	Net Assets (liabilities)	1,665	400
	Profit (loss) before taxation	(606)	(2,045)
	Profit (loss) after taxation	(606)	(2,045)
	Statement of changes in equity	(606)	(1,265)
The variance to the figures presented in the 2021/22 accounts for December 2021 is due to the company's transition to IFRS accounting during 2022/23, primarily the recognition of the long lease of Coombe Abbey Hotel.			
Coventry Regeneration Ltd (Company Number: 02690488)		31 March 2022 Audited	31 March 2023 Audited
NCH holds 100% of the shares in Coventry Regeneration Limited (CR) and has 100% of the voting rights. CR is included within the Council's group accounts as a subsidiary.			
The company changed its name from Coventry North Regeneration Limited to Coventry Regeneration Limited in November 2021.			
The company's principal activity was to build Coventry Arena. The Arena, combines a sports stadium, conference and exhibition space, hotel, casino and other leisure and community facilities.			
	Net Assets (liabilities)	0	0
	Profit (loss) before taxation	0	0
	Profit (loss) after taxation	0	0
	Statement of changes in equity	0	0

Name and Nature of Business	Financial Results	Year ending £000	Year ending £000
The Coventry and Solihull Waste Disposal Company Ltd (Company Number: 02690488)		31 March 2022 Audited	31 March 2023 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 and is entitled to 67% of distributions.</p>			
	Net Assets (liabilities)	23,091	25,512
	Profit (loss) before taxation	12,039	16,919
	Profit (loss) after taxation	9,286	13,795
	Statement of changes in equity	(3,883)	2,421
Culture Coventry (Company Number: 08359113)		31 March 2022 Audited	31 March 2023 Audited
<p>The merger of Coventry Transport Museum and The Herbert Art Gallery Museum was completed in August 2013. Culture Coventry is a charitable trust set up to run both museums and is also responsible for running the Lunt Roman Fort and the Priory Visitor Centre.</p> <p>The Council is the primary funder in the form of a contract agreement to provide museum services. The Council does not have a shareholding in the company or any representatives on the board.</p>			
	Net Assets (liabilities)	1,814	4,752
	Net movement of funds	1,818	2,938
Friargate Joint Venture Project Ltd (Company Number: 11730348)		31 March 2022 Unaudited	31 March 2023 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)	19,072	19,334
	Profit (loss) before taxation	(450)	262
	Profit (loss) after taxation	(450)	262
	Statement of changes in equity	(450)	262

Name and Nature of Business	Financial Results	Year ending £000	Year ending £000
Coventry Technical Resources Ltd (Company Number: 04931967)		31 March 2022 Audited	31 March 2023 Audited
The Council holds 100% of the shares in Coventry Technical Resources Limited (CTR) and has 100% of the voting rights. CTR is included within the Council's group accounts as subsidiary.	Net Assets (liabilities)	2,763	2,770
	Profit (loss) before taxation	6	7
	Profit (loss) after taxation	6	7
	Statement of changes in equity	6	7
CTR's main activity is to provides business development and commercialisation related services to the Council under a series of contracts. CTR also holds 100% shares in Coventry Regeneration Limited (CR). CTR has not prepared group accounts as it qualifies as a small group under the Companies Act 2006 and the Council, as the parent company, prepares group accounts on an IFRS basis.			
University of Warwick Science Park Business Innovation Centre Ltd (Company Number: 03616665)		31 July 2021 Audited	31 July 2022 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)	(911)	74
	Profit (loss) before taxation	191	986
	Profit (loss) after taxation	191	986
	Statement of changes in equity	191	986
The Council holds: - Just under 20% (value £2,000) of the ordinary share capital (total value £10,001) - £152,166 of preference share capital			
UK Battery Industrialisation Centre Ltd (Company Number: 11227726)		31 December 2021 Audited	31 March 2023 Audited
	Net Assets/(liabilities)	0	642
The purpose of the company is to set up and run a facility for the development and manufacture of batteries, initially for the automotive sector but with wider application.	Profit (loss) before taxation	0	642
	Profit (loss) after taxation	0	642
	Statement of changes in equity	0	642
The Council is the sole shareholder, holding a single share with a nominal value of £1.00. From March 2023, UKBIC have changed their year end date from December to March to align with the local authority parent.			
Tom White Waste Ltd (Company Number: 01201361)		31 March 2022 Audited	31 March 2023 Audited
The principal activity of the company is waste management and recycling.	Net Assets/(liabilities)	3,358	3,044
	Profit (loss) before taxation	(3,427)	(100)
The Council acquired 100% of the shares in the company on 5th March 2020.	Profit (loss) after taxation	(3,257)	(314)
	Statement of changes in equity	(3,757)	(314)
The difference to the March 2022 figures presented in the 2021/22 accounts is due to the company's transition from UK GAAP to IFRS accounting from 2022/23.			

Name and Nature of Business	Financial Results	Year ending £000	Year ending £000
Coventry Municipal Holdings Limited (Company Number: 13705254)		31 December 2021 Audited	31 March 2023 Audited
Coventry Municipal Holdings Limited (CMH) was incorporated on 26th October 2021, as a holding company to manage the wholly owned arms length investments made by Coventry City Council. CMH acquired the share capital in subsidiaries from the Council by way of a share exchange at fair value. The Council remains the ultimate controlling entity through its ownership of 100% of the shares in CMH. The figures shown are for CMH's consolidated accounts. The CMH group includes the following subsidiaries:	Net Assets (liabilities)	8,098	6,333
	Profit (loss) before taxation	(627)	(1,940)
	Profit (loss) after taxation	(783)	(2,155)
	Statement of changes in equity	8,098	(1,764)
<ul style="list-style-type: none"> - Coombe Abbey Park Limited - Coventry Regeneration Limited - Coventry Technical Resources Limited - Tom White Waste Limited 			
Sherbourne Recycling Limited (Company Number: 13227088)		31 March 2022 Audited	31 March 2023 Audited
The principal activity of the company during the period was the completion of the procurement, design and commencing the construction of a material recycling facility.	Net Assets (liabilities)	1,206	252
	Profit (loss) before taxation	(73)	(503)
	Profit (loss) after taxation	206	(503)
There are eight local authority shareholders and Coventry City Council has the largest shareholding with 21.5%. The shareholdings are based on the proportion of waste tonnage that the shareholders are forecast to deliver under their waste supply contracts once the facility becomes operational.	Statement of changes in equity	1,206	(954)

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 12th September 2024. Where events taking place before this date provided information about conditions existing as at 31 March 2023, 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. The indicative (and subject to audit) position for 31st March 2024 was a net asset position for the pension schemes 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 of £35.4m in the accounts which represents the unfunded element of the Council's Pension Fund.

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 2023 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.

Sherbourne Recycling Limited (SRL)

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

The Council will receive revenue from the sale of materials recycled at the MRF, as well as a saving from reduced waste transport costs. Furthermore, as the landowner of the MRF site, the Council will receive ongoing rental income from leasing the site to SRL.

The Council provided a guarantee for all of SRL's construction contracts, indemnified by the other local authority shareholders. As at 31st March 2023 SRL had capital commitments of £9.2m. The Council would have been liable to meet these costs if SRL were unable to pay. The Council's exposure as a result of the indemnity was limited to £2.0m based on its shareholding of 21.5%. The guarantee no longer holds any value following the completion of the facility.

UK Battery Industrialisation Centre Ltd (UKBIC)

In July 2023 UKBIC secured a grant variation for an additional £7m from the Government to cover its operating costs to March 2025. When added to

the funding secured in March 2023, this provides a total of £15.3m grant funding to cover the company's operational costs until March 2025.

Coventry and Solihull Waste Disposal Company Limited (CSWDC)

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. As a result, it is not envisaged that there will be any significant impact on the valuation of the future company which reflects both historic as well as earnings potential.

Coventry and Warwickshire Growth Hub (CWGH)

Following the closure of Coventry and Warwickshire Local Enterprise Partnership (CWLEP) in March 2023, Coventry City Council and Warwickshire County Council each acquired a 50% shareholding in CWGH for a nominal £1.00 on 2nd November 2023.

CWGH is a government supported non-profit company which offers advice and support to businesses in the region. The legacy reserves of CWLEP were transferred to CWGH as part of the closure process.

Equal Pay

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

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.

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 £45m of the overall cost had been incurred by 31st March 2023. A further £4m 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.

Strategic Energy Partnership (SEP)

In September 2023 the Council entered into a 15 year Strategic Energy Partnership with E.ON UK. The partnership is intended to use the expertise, knowledge and skills of both Coventry City Council and E.ON to help achieve the Council's commitment to reach net zero by taking a strategic approach to decarbonisation. There is no financial obligation on the Council to invest, or provide project funding, however, the contractual arrangements have been designed to ensure the Council can explore opportunities to invest in projects where appropriate and where funds and governance allow.

2023/24 Revenue Outturn

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

There will be a continued focus on managing these pressures, 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.

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 uncertainty around whether a financial obligation exists or the measurement of the size of any obligation it is appropriate to record a contingent liability at this stage.

Reinforced autoclaved aerated concrete (RAAC)

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

Following the collapse of a section of roof of a primary school in Kent, central government sent out a questionnaire, in March 2022, to responsible bodies for schools to determine the prevalence of RAAC across the school estate. Coventry City

Council conducted surveys of its locally maintained schools to identify whether any of these buildings contained RAAC within their roof decking. The investigation was approved by the Department for Education to ensure the methodology of the study was robust. No RAAC was identified in the construction of the school building roof decks.

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

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

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 central government, the Police (West Midlands Police and Crime Commissioner) and Fire (West Midlands Fire and Rescue Authority). The difference between these two amounts is then a surplus or a deficit which is shared between the Council, Police and Fire organisations.

2021/22			2022/23			
Business Rates £000	Council Tax £000	Total £000	Collection Fund	Business Rates £000	Council Tax £000	Total £000
INCOME						
0	(176,025)	(176,025)	Council Tax Receivable	0	(184,415)	(184,415)
(104,391)	0	(104,391)	Business Rates Receivable	(106,223)	0	(106,223)
1,870	0	1,870	Transitional Relief	230	0	230
(102,521)	(176,025)	(278,546)	Total Income	(105,993)	(184,415)	(290,408)
EXPENDITURE: Precepts, Demands & Shares						
116,609	146,276	262,885	Coventry City Council	103,328	153,394	256,722
0	14,686	14,686	West Midlands Police	0	15,804	15,804
1,178	5,214	6,392	West Midlands Fire	1,044	5,732	6,776
117,787	166,176	283,963	Total: Precepts, Demands & Shares:	104,372	174,930	279,302
Distribution of previous years' surplus/deficit						
(49,120)	266	(48,854)	Coventry City Council	(17,995)	2,950	(15,045)
0	26	26	West Midlands Police	0	296	296
(496)	10	(486)	West Midlands Fire	(182)	105	(77)
(49,616)	302	(49,314)	Total: Distribution of previous years Surplus/(Deficit)	(18,177)	3,351	(14,826)
68,171	166,478	234,649	TOTAL EXPENDITURE	86,195	178,281	264,476
Charges to Collection Fund						
264	1,126	1,390	Less: Write offs uncollectable amounts	523	1,103	1,626
(604)	2,585	1,981	Less: Increase/(Decrease) in Bad Debt Provision	(877)	2,461	1,584
(3,509)	0	(3,509)	Less: Increase/(Decrease) in Appeals Provision	8,236	0	8,236
368	0	368	Less: Costs of Collection	369	0	369
(3,481)	3,711	230	Total Charges to Collection Fund	8,251	3,564	11,815
(37,831)	(5,836)	(43,667)	(Surplus)/Deficit Arising During Year	(11,547)	(2,570)	(14,117)
47,534	(2,078)	45,456	(Surplus)/Deficit b/fwd	9,703	(7,914)	1,789
9,703	(7,914)	1,789	(Surplus)/Deficit c/fwd	(1,844)	(10,484)	(12,328)
Commitments						
(18,177)	3,351	(14,826)	Surplus/(Deficit) committed in future year's budget setting	3,388	10,179	13,567
(8,474)	(4,563)	(13,037)	Excess (Surplus)/Deficit c/fwd to following year's tax setting.	1,544	(305)	1,239

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 which was 51.2p/£ of rateable value in 2022/23 (it was also 51.2p/£ in 2021/22). The Valuation Office Agency sets the rateable value of each property, and the total was £316,321,697 as at 31st March 2023 (£315,539,818 as at 31st March 2022). 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 148,441 of which 9,192 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	168	72.8
A	55,477	27,463.0
B	41,879	25,163.1
C	23,564	16,387.7
D	9,678	7,659.6
E	4,678	4,595.3
F	2,311	2,695.7
G	1,389	1,871.3
H	105	163.3
Total	139,249	86,071.8
Estimated eventual collection rate		97.9%
Total Council Tax Base Band D 2022/23		84,264.3
Total Council Tax Base Band D 2021/22		82,717.1

Provisions and Write Offs

Level of Provisions & Write Offs	Business Rates Impairment allowance for doubtful debts £000	Council Tax Impairment allowance for doubtful debts £000	Business Rates Appeals Provision * £000
Provision Brought forward	(4,617)	(12,138)	(12,441)
Written off in year	523	1,103	5,404
Increase/Decrease in provision	354	(3,564)	(13,640)
Provision Carried Forward	(3,740)	(14,599)	(20,677)

* 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	9,499	22,612
Gross Debtors carried forward	6,617	25,352

Precepts and Demands on the Collection Fund

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

2021/22		2022/23		
Total £000	Council Tax	Precept £000	Share of surplus /(deficit) £000	Total £000
151,663	Coventry City Council	153,394	5,191	158,585
15,237	West Midlands Police	15,804	536	16,340
5,413	West Midlands Fire Service	5,732	194	5,926
172,313	Total	174,930	5,921	180,851

2021/22		2022/23			
Total £000	Business Rates	Precept £000	Share of surplus /(deficit) £000	Top-up/(Tariff) £000	Total £000
87,291	Coventry City Council	103,328	(6,565)	(16,947)	79,816
1,060	West Midlands Fire Service	1,044	(66)	0	978
88,351	Total	104,372	(6,631)	(16,947)	80,794

3.39 Prior Period Restatement

The service segments reflecting the Council's management structure was revised during 2022/23. As a result the cost of services element of the comprehensive income and expenditure account for the previous year has been restated to enable direct comparison with the 2022/23 figures. The table below provides the details of the impact of this restatement.

Comprehensive Income & Expenditure Statement	2021/22 Structure	2022/23 Structure	Impact of Restatement	2021/22 Structure	2022/23 Structure	Impact of Restatement
Cost of Services	Gross Expenditure	Gross Expenditure	Gross Expenditure	Gross Income	Gross Income	Gross Income
Service Segment	£000	£000	£000	£000	£000	£000
Legal & Governance Services	8,340	8,290	(50)	(2,685)	(2,699)	(14)
Public Health	28,177	28,891	714	(28,100)	(28,729)	(629)
Directorate Management	1,386	1,386	0	(164)	(164)	0
Education and Inclusion	243,375	247,852	4,477	(200,006)	(203,403)	(3,397)
Children and Young People's Services	100,032	100,115	83	(19,563)	(19,563)	0
Adult Services & Housing	0	162,826	162,826	0	(85,423)	(85,423)
Adult Social Care	144,050	0	(144,050)	(75,337)	0	75,337
Housing & Transformation	26,128	0	(26,128)	(14,396)	0	14,396
Human Resources	2,570	4,671	2,101	(945)	(1,267)	(322)
Business, Investment & Culture	42,492	42,502	10	(10,894)	(10,810)	84
Transportation & Highways	67,120	67,120	0	(15,861)	(15,861)	0
Streetscene & Regulatory Services	60,127	60,127	0	(19,889)	(19,889)	0
Project Management and Property Services	7,854	7,871	17	(3,998)	(4,030)	(32)
Finance & Corporate Services	95,653	95,653	0	(89,164)	(89,164)	0
Contingency and Central Budgets	63,252	63,252	0	(44,922)	(44,922)	0
Net Cost of Services	890,556	890,556	0	(525,924)	(525,924)	0

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. CMH prepare consolidated accounts which include the results of the following second tier subsidiaries in which it holds shares – Coombe Abbey Park Limited (CAPL), Coventry Regeneration Limited (CR), Coventry Technical Resources Limited (NCH), Tom White Waste Limited (TWW). The Council remains the ultimate parent company through its 100% ownership of CMH.

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

Birmingham Airport Holdings Limited, Culture Coventry and University of Warwick Science Park Business Innovation Centre Limited have not been included within the Group as it was deemed

under IAS 28 that the Council did not have the power to exercise significant influence over the business and financial affairs of these companies.

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 2023 for CMH, CSWDC, FJVP, SRL and UKBIC have been used.

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

4.2 Group Comprehensive Income and Expenditure Account

Gross Expenditure *restated £000	2021/22 Gross Income *restated £000	Net Expenditure *restated £000	Service segment	2022/23		
				Gross Expenditure £000	Gross Income £000	Net Expenditure £000
8,290	(2,699)	5,591	Legal & Governance Services	8,559	(2,182)	6,377
28,890	(28,729)	161	Public Health	30,476	(33,826)	(3,350)
1,386	(164)	1,222	Directorate Management	1,266	(124)	1,142
247,851	(203,403)	44,448	Education and Inclusion	246,601	(214,834)	31,767
100,106	(19,563)	80,543	Children and Young People's Services	106,817	(16,584)	90,233
162,817	(85,423)	77,394	Adult Services & Housing	182,731	(78,895)	103,836
4,671	(1,263)	3,408	Human Resources	3,636	(1,592)	2,044
57,692	(24,774)	32,918	Business, Investment & Culture	61,205	(29,060)	32,145
67,119	(15,835)	51,284	Transportation & Highways	50,949	(14,051)	36,898
82,511	(40,108)	42,403	Streetscene & Regulatory Services	89,272	(43,319)	45,953
7,829	(3,347)	4,482	Project Management and Property Services	7,956	(4,720)	3,236
96,168	(89,257)	6,911	Finance & Corporate Services	96,686	(87,482)	9,204
63,099	(44,922)	18,177	Contingency and Central Budgets	52,247	(36,626)	15,621
928,429	(559,487)	368,942	Cost of Services	938,401	(563,295)	375,106
		139,560	Other Operating Expenditure			36,371
		(8,076)	Finance and Investment Income and Expenditure			12,313
		0	Profit or Loss on Discontinued Operations			0
		(419,509)	Taxations and Non-Specific Grant Income			(378,094)
		80,917	(Surplus) / Deficit on the Provision of Services			45,696
		(4,407)	Associates and JVs accounted for on Equity Basis			(9,533)
		1,666	Tax Expenses			2,297
		78,176	Group (Surplus) or Deficit			38,460
		595	(Gain)/loss on revaluation of non current assets			(53,761)
		(3,540)	(Gain)/loss on revaluation of financial instruments			(16,094)
		(216,900)	Remeasurement of the net defined benefit liability			(681,776)
		(371)	Share of other comprehensive income and expenditure of associates & joint ventures			(617)
		(216,606)	Sub-total of other Comprehensive Income and Expenditure			(752,248)
		(138,430)	Total Comprehensive Income and Expenditure (Surplus)/Deficit			(713,788)

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

4.3 Group Movement in Reserves Statement

2022/23	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	(193,060)	(5,469)	(20,825)	(219,354)	(319,654)	(539,008)	(2,562)	(68,440)	(71,002)	(221,916)	(388,094)	(610,010)
Total Comprehensive Income and Expenditure	30,780	0	0	30,780	(753,725)	(722,945)	295	8,862	9,157	31,075	(744,863)	(713,788)
Adjustments between group accounts and authority accounts	(1,409)	0	0	(1,409)	0	(1,409)	1,409	0	1,409	0	0	0
Net (increase) or decrease before transfers	29,371	0	0	29,371	(753,725)	(724,354)	1,704	8,862	10,566	31,075	(744,863)	(713,788)
Adjustments between Accounting Basis and Funding Basis under Regulations	2,111	(276)	2,202	4,037	(4,037)	0	0	0	0	4,037	(4,037)	0
Net (Increase) / Decrease	31,482	(276)	2,202	33,408	(757,762)	(724,354)	1,704	8,862	10,566	35,112	(748,900)	(713,788)
Balance Carried forward	(161,578)	(5,745)	(18,623)	(185,946)	(1,077,416)	(1,263,362)	(858)	(59,578)	(60,436)	(186,804)	(1,136,994)	(1,323,798)

Group Movement in Reserves – Comparatives

2021/22	Authority Reserves						Authority's share of the reserves of subsidiaries, associates and joint ventures			Group		
	General Fund	Capital Grants Unapplied	Capital Receipts Reserve	Usable Reserves	Unusable Reserves	Sub total	Usable Reserves	Unusable Reserves	Sub total	Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance Brought forward	(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)

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 2022			31st March 2023			
Single Entity	Group Adjustments	Total	Group Balance Sheet	Single Entity	Group Adjustments	Total
£000	£000	£000		£000	£000	£000
1,031,515	102,606	1,134,121	Property, Plant and Equipment	1,130,195	91,562	1,221,757
25,893	0	25,893	Heritage Assets	25,893	0	25,893
0	0	0	Surplus Assets	0	0	0
321,084	(7,482)	313,602	Investment Property	322,956	(7,482)	315,474
0	11,641	11,641	Intangible Assets	0	11,641	11,641
95,612	(78,192)	17,420	Long Term Investments	122,318	(88,803)	33,515
0	31,323	31,323	Investment in Associates and Joint Ventures	0	33,868	33,868
69,539	(20,189)	49,350	Long Term Debtors	76,070	(21,485)	54,585
0	0	0	Deferred Tax Assets	0	0	0
1,543,643	39,707	1,583,350	Long Term Assets	1,677,432	19,301	1,696,733
50,188	0	50,188	Short Term Investments	27,848	0	27,848
398	71	469	Inventories	302	320	622
91,421	4,210	95,631	Short Term Debtors	99,885	37,124	137,009
34,118	5,369	39,487	Cash and Cash Equivalents	56,222	9,182	65,404
1,073	0	1,073	Assets held for Sale	295	0	295
0	509	509	Current Tax Asset	0	509	509
177,198	10,159	187,357	Current Assets	184,552	47,135	231,687
(3,307)	0	(3,307)	Bank Overdraft	(4,101)	0	(4,101)
(13,680)	(1,228)	(14,908)	Short Term Borrowing	(20,276)	(295)	(20,571)
(130,545)	(8,361)	(138,906)	Short Term Creditors	(107,980)	(10,039)	(118,019)
(1,572)	0	(1,572)	Short Term Provisions	(6,241)	0	(6,241)
0	0	0	Liabilities in Disposal Groups	0	0	0
0	(151)	(151)	Current Tax Liability	0	0	0
(149,104)	(9,740)	(158,844)	Current Liabilities	(138,598)	(10,334)	(148,932)
0	0	0	Long Term Creditors	0	0	0
(16,061)	0	(16,061)	Long Term Provisions	(18,739)	0	(18,739)
(314,690)	(5,226)	(319,916)	Long Term Borrowing	(308,152)	(2,931)	(311,083)
(614,734)	0	(614,734)	Net Pension Liability	(25,197)	0	(25,197)
(7,780)	0	(7,780)	Other Long Term Liabilities	(18,211)	(407)	(18,618)
(1,845)	0	(1,845)	Donated Assets Account	(1,901)	0	(1,901)
(40,483)	0	(40,483)	Capital Grants Receipts in Advance	(42,169)	(36,734)	(78,903)
0	(1,034)	(1,034)	Deferred Tax Liability	0	(1,249)	(1,249)
(995,593)	(6,260)	(1,001,853)	Long Term Liabilities	(414,369)	(41,321)	(455,690)
576,144	33,866	610,010	Net Assets	1,309,017	14,781	1,323,798
(219,354)	(2,562)	(221,916)	Usable Reserves	(185,946)	(858)	(186,804)
(356,790)	(31,304)	(388,094)	Unusable Reserves	(1,123,071)	(13,923)	(1,136,994)
(576,144)	(33,866)	(610,010)	Total Reserves	(1,309,017)	(14,781)	(1,323,798)

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.

2021/22	2021/22	2021/22		2022/23	2022/23	2022/23
Single Entity	Group Adjustment	Total	Cash Flow Statement	Single Entity	Group Adjustment	Total
£000's	£000's	£000's		£000's	£000's	£000's
66,175	14,742	80,917	Net (Surplus) or Deficit on the Provision of Services	29,371	16,325	45,696
(232,231)	(23,609)	(255,840)	Adjust Net (Surplus) or Deficit on the Provision of Services for Non Cash Movements	(149,756)	(19,097)	(168,853)
190,772	0	190,772	Adjust for items included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	135,527	0	135,527
0	20	20	Income tax paid	0	149	149
24,716	(8,847)	15,869	Net Cash Flows from Operating Activities	15,142	(2,623)	12,519
(43,347)	8,128	(35,219)	Investing Activities	(8,510)	614	(7,896)
15,258	(990)	14,268	Financing Activities	(27,942)	(1,804)	(29,746)
(3,373)	(1,709)	(5,082)	Net (Increase) or Decrease in Cash and Cash Equivalents	(21,310)	(3,813)	(25,123)
(27,438)	(3,660)	(31,098)	Cash and Cash Equivalents at the Beginning of the Reporting Period	(30,811)	(5,369)	(36,180)
(30,811)	(5,369)	(36,180)	Cash and Cash Equivalents at the End of the Reporting Period	(52,121)	(9,182)	(61,303)

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

4.6 Group Balance Sheet Reconciliation

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

Group Balance Sheet	31st March 2023	Group Adjustments to authority	Coventry Municipal Holdings Ltd	Coventry & Solihull Waste Disposal Company	Friargate Joint Venture	Sherbourne Recycling Limited	UK Battery Industrialisation Centre	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Property, Plant and Equipment	804	35,895	0	0	0	0	54,863	91,562
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	(88,803)	0	0	0	0	0	0	(88,803)
Investment in Associates and Joint Ventures	0	0	30,438	3,376	54	0	0	33,868
Long Term Debtors	(21,485)	0	0	0	0	0	0	(21,485)
Deferred Tax Assets	0	0	0	0	0	0	0	0
Long Term Assets	(105,325)	35,895	30,438	3,376	54	54,863	19,301	19,301
Short Term Investments	0	0	0	0	0	0	0	0
Inventories	0	76	0	0	0	244	0	320
Short Term Debtors	(1,910)	4,451	0	0	0	34,583	0	37,124
Cash and Cash Equivalents	0	4,601	0	0	0	4,581	0	9,182
Assets Held for Sale	0	0	0	0	0	0	0	0
Current Tax Asset	0	509	0	0	0	0	0	509
Current Assets	(1,910)	9,637	0	0	0	39,408	47,135	47,135
Bank Overdraft	0	0	0	0	0	0	0	0
Short Term Borrowing	0	(301)	0	0	0	6	0	(295)
Short Term Creditors	269	(7,363)	0	0	0	(2,945)	0	(10,039)
Short Term Provisions	0	0	0	0	0	0	0	0
Liabilities in Disposal Groups	0	0	0	0	0	0	0	0
Current Tax Liability	0	0	0	0	0	0	0	0
Current Liabilities	269	(7,664)	0	0	0	(2,939)	(10,334)	(10,334)
Long Term Creditors	0	0	0	0	0	0	0	0
Long Term Provisions	0	0	0	0	0	0	0	0
Long Term Borrowing	0	(2,931)	0	0	0	0	0	(2,931)
Net Pension Liability	0	0	0	0	0	0	0	0
Other Long Term Liabilities	0	0	0	0	0	(407)	0	(407)
Donated Assets Account	0	0	0	0	0	0	0	0
Capital Grants Receipts in Advance	0	0	0	0	0	(36,734)	0	(36,734)
Deferred Tax Liability	0	(1,249)	0	0	0	0	0	(1,249)
Long Term Liabilities	0	(4,180)	0	0	0	(37,141)	(41,321)	(41,321)
Net Assets	(106,966)	33,688	30,438	3,376	54	54,191	14,781	14,781
Usable Reserves	0	7,945	(16,311)	7,989	161	(642)	0	(858)
Unusable Reserves	45,656	(19,601)	(4,177)	0	0	(35,801)	0	(13,923)
Total Reserves	45,656	(11,656)	(20,488)	7,989	161	(36,443)	(14,781)	(14,781)

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

Comparative year:

Group Balance Sheet 31st March 2022	Group Adjustments to authority	Coventry Municipal Holdings Ltd	Coventry & Solihull Waste Disposal Company	Friargate Joint Venture	Sherbourne Recycling Limited	UK Battery Industrialisation Centre	Total
	£000	£000	£000	£000	£000	£000	£000
Property, Plant and Equipment	804	40,687	0	0	0	61,115	102,606
Heritage Assets	0	0	0	0	0	0	0
Surplus Assets	0	0	0	0	0	0	0
Investment Property	(7,482)	0	0	0	0	0	(7,482)
Intangible Assets	11,641	0	0	0	0	0	11,641
Long Term Investments	(78,192)	0	0	0	0	0	(78,192)
Investment in Associates and Joint Ventures	0	0	29,445	1,619	259	0	31,323
Long Term Debtors	(20,189)	0	0	0	0	0	(20,189)
Deferred Tax Assets	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
Inventories	0	71	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 Tax Liability	0	(151)	0	0	0	0	(151)
Current Liabilities	436	(8,079)	0	0	0	(2,097)	(9,740)
Long Term Creditors	0	0	0	0	0	0	0
Long Term Provisions	0	0	0	0	0	0	0
Long Term Borrowing	0	(5,226)	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.

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

Movement in share of reserves of Group Entities	Coombe Abbey Park Ltd	Coventry North Regeneration	Coventry & Solihull Waste Disposal Company	Friargate Joint Venture	North Coventry Holdings	Tom White Waste	UK Battery Industrialisation Centre	Total
	£000	£000	£000	£000	£000	£000	£000	£000
1st April 2022	(14,883)	(19,494)	7,067	(44)	(43,648)	0	0	(71,002)
Net increase/decrease in Usable Reserves	2,809	(1,590)	922	205	(642)	0	0	1,704
Net increase/decrease in Unusable Reserves	418	596	0	0	7,847	0	0	8,861
1st April 2023	(11,656)	(20,488)	7,989	161	(36,443)	0	0	(60,437)

Analysis of comparative year

Movement in share of reserves of Group Entities	Coombe Abbey Park Ltd	Coventry North Regeneration	Coventry & Solihull Waste Disposal Company	Friargate Joint Venture	North Coventry Holdings	Tom White Waste	UK Battery Industrialisation Centre	Total
	£000	£000	£000	£000	£000	£000	£000	£000
1st April 2021	(18,803)	(22,765)	4,086	0	(44,881)	0	0	(82,363)
Net increase/decrease in Usable Reserves	3,493	2,589	2,981	(44)	0	0	0	9,019
Net increase/decrease in Unusable Reserves	427	682	0	0	1,233	0	0	2,342
1st April 2022	(14,883)	(19,494)	7,067	(44)	(43,648)	0	0	(71,002)

4.8 Group Surplus/Deficit Reconciliation

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

31/03/2022 £000	Group Surplus/Deficit Reconciliation £000	31/03/2023 £000
66,175	The Authority's Single Entity (Surplus)/Deficit on the Provision of Services for the year	29,371
9,650	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	5,521
75,825	(Surplus)/Deficit in the Group Income & Expenditure attributable to the Authority	34,892
	Add: (Surplus)/Deficit arising from other entities included in the Group Accounts	
4,923	Subsidiaries	11,018
(2,572)	Joint Ventures	(7,450)
78,176	Group Account (Surplus)/Deficit for the year	38,460

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	Coventry Municipal Holdings	Coventry & Solihull Waste Disposal Company	Friargate Joint Venture	Sherbourne Recycling Limited	UK Battery Industrialisation Centre	Total
	£000	£000	£000	£000	£000	£000
Adjustment to reverse elimination of dividends receivable applied to the General Fund and restore statutory balance	0	(8,200)	0	0	0	(8,200)
Adjustments to reverse intra-group transactions applied to the General Fund and restore statutory balance	6,815	0	0	0	(24)	6,791
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	6,815	(8,200)	0	0	(24)	(1,409)

Prior year comparative figures:

Reversal of adjustments made between group accounts and authority accounts	Coventry Municipal Holdings	Coventry & Solihull Waste Disposal Company	Friargate Joint Venture	Sherbourne Recycling Limited	UK Battery Industrialisation Centre	Total
	£000	£000	£000	£000	£000	£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	0	0	0	0	(8,166)

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 and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Under Constructure	Total (Excluding Infrastructure Assets)
	£000's	£000's	£000's	£000's	£000's	£000's
Cost of Valuation						
1st April 2022	616,746	131,745	16,511	25,059	23,732	813,793
Additions	20,572	7,371	1,422	0	43,669	73,034
Revaluation increase/(decreases) to Revaluation Reserve	31,581	0	0	(1,016)	0	30,565
Revaluation increase/(decrease) to SDPS	143	0	0	0	0	143
Disposals	0	(2,215)	0	0	0	(2,215)
Derecognition	(18,123)	(5,889)	(83)	0	(3,564)	(27,659)
Reclassifications	(167)	196	0	(10,979)	10,950	0
31st March 2023	650,752	131,208	17,850	13,064	74,787	887,661
Depreciation and Impairment						
1st April 2022	17,901	49,080	0	0	0	66,981
Depreciation Charge	18,627	11,347	0	0	0	29,974
Disposals	0	(1,789)	0	0	0	(1,789)
Derecognition	(450)	(1,808)	0	0	0	(2,258)
Depreciation written out on revaluation	(24,088)	0	0	0	0	(24,088)
Impairment Losses/reversals recognised in RR	0	0	0	0	0	0
Impairment Losses/reversals recognised in SDPS	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
31st March 2023	11,990	56,830	0	0	0	68,820
Net Book Value						
31st March 2023	638,762	74,378	17,850	13,064	74,787	818,841
1st April 2022	598,845	82,665	16,511	25,059	23,732	746,812

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

	Other Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Under Constructure	Total (Excluding Infrastructure Assets)
	£000's	£000's	£000's	£000's	£000's	£000's
Cost of Valuation						
1st April 2021	588,907	118,552	15,220	14,079	144,480	881,238
Additions	30,718	15,446	947	24	20,564	67,699
Revaluation increase/(decreases) to Revaluation Reserve	(9,726)	(3,581)	0	(50)	(144)	(13,501)
Revaluation increase/(decrease) to SDPS	0	0	0	0	0	0
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	616,746	131,745	16,511	25,059	23,732	813,793
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						
At 31 March Current Year	598,845	82,665	16,511	25,059	23,732	746,812
At 1st April Previous Year	586,224	80,304	15,220	14,079	144,480	840,307

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)	Infrastructure Assets	Total Property, Plant & Equipment
Net Book Value	£000	£000	£000
31 March 2023	818,841	402,916	1,221,757
31 March 2022	746,812	387,309	1,134,121
31 March 2019	840,307	348,845	1,189,152

4.11 Consolidated Breakdown of Reserves

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

	Single Entity	Adjustments	Adjusted Single Entity	Group	Group Adjustments	Authority's share of the reserves of subsidiaries, Associates & Joint ventures	Total
	£000	£000	£000	£000	£000	£000	£000
Usable Reserves							
General Fund Balance*	(161,578)	1,409	(160,169)	0	0	0	(160,169)
Capital Grants Unapplied	(5,745)	0	(5,745)	0	0	0	(5,745)
Capital Receipts Reserve	(18,623)	0	(18,623)	0	0	0	(18,623)
Income and Expenditure Reserve	0	0	0	62,319	(64,436)	(2,117)	(2,117)
Pensions Reserve (private sector)	0	0	0	0	0	0	0
Capital Contribution Reserve	0	0	0	(150)	0	(150)	(150)
Total Usable Reserves	(185,946)	1,409	(184,537)	62,169	(64,436)	(2,267)	(186,804)
Unusable Reserves							
Capital Adjustment Account	(828,402)	(3,746)	(832,148)	0	(35,800)	(35,800)	(867,948)
Revaluation Reserve	(237,345)	0	(237,345)	0	(23,778)	(23,778)	(261,123)
Deferred Capital Receipts Reserve	(16,969)	0	(16,969)	0	0	0	(16,969)
Financial Instruments Adjustment account	9,373	0	9,373	0	0	0	9,373
Financial Instruments Revaluation Reserve	(70,667)	49,401	(21,266)	0	0	0	(21,266)
Collection fund adjustment	(11,018)	0	(11,018)	0	0	0	(11,018)
Pensions Reserve (local government)	24,897	0	24,897	0	0	0	24,897
Accumulated Absence	4,464	0	4,464	0	0	0	4,464
Pooled Investment Funds Adj. Acc.	2,596	0	2,596	0	0	0	2,596
Share Capital	0	0	0	(5,054)	5,054	0	0
Share Premium	0	0	0	(62,862)	62,862	0	0
Minority Interest	0	0	0	0	0	0	0
Capital Redemption Reserve	0	0	0	0	0	0	0
Total Unusable Reserves	(1,123,071)	45,655	(1,077,416)	(67,916)	8,338	(59,578)	(1,136,994)
Total Reserves	(1,309,017)	47,064	(1,261,953)	(5,747)	(56,098)	(61,845)	(1,323,798)

* 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
	£000	£000	£000	£000	£000	£000	£000
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	0	0	0	0	0	0	0
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.

4.12 Group Tax Expense

2021/22 £000	Group Tax Expense	2022/23 £000
	CURRENT TAX:	
1,334	Current Tax Expense / (Income)	1,779
(557)	Adjustment Recognised in the Period for Current Tax of Prior Periods	(141)
777	Total Current Tax	1,638
	DEFERRED TAX:	
253	Origination and Reversal of Temporary Differences	211
299	Changes in Tax Rates or the Imposition of New Taxes	44
337	Adjustment Recognised in the Period for Deferred Tax of Prior Periods	147
0	Other Adjustments	257
889	Total Deferred Tax	659
1,666	Total Tax Expense	2,297
	Analysis of Tax Expense	
(169)	Subsidiaries	214
1,835	Joint Ventures/Associates	2,083
1,666	Total Tax Expense	2,297

4.13 Notes to the Group Cashflow

31st March 2022				31st March 2023		
Single Entity	Group	Total	Adjustments for Non Cash movements	Single Entity	Group	Total
£000	£000	£000		£000	£000	£000
(28,168)	(11,662)	(39,830)	Depreciation	(30,965)	(9,151)	(40,116)
(126,979)	0	(126,979)	Derecognition of Non-current Assets	(22,038)	0	(22,038)
20,771	0	20,771	Revaluation of Non-current Assets	15,139	0	15,139
(936)	(214)	(1,150)	Amortisation	(931)	781	(150)
(1,973)	0	(1,973)	(Increase)/Decrease in Impairment Provision for Bad Debts	2,038	0	2,038
2,776	(2,470)	306	(Increase)/Decrease in Creditors and Provisions	4,044	(38,077)	(34,033)
(6,744)	1,744	(5,000)	Increase/(Decrease) in Debtors	(18,490)	32,753	14,263
37	46	83	Increase/(Decrease) in Inventory	(98)	249	151
(88,723)	0	(88,723)	Pension Liability	(92,239)	0	(92,239)
(2,292)	(11,053)	(13,345)	Other Non Cash items charged to Net Surplus or Deficit on Provision of Services	(6,216)	(5,652)	(11,868)
(232,231)	(23,609)	(255,840)	Total	(149,756)	(19,097)	(168,853)

31st March 2022				31st March 2023		
Single Entity	Group	Total	Cashflows from Investing activities	Single Entity	Group	Total
£000	£000	£000		£000	£000	£000
96,484	8,146	104,630	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	103,410	987	104,397
529,211	0	529,211	Purchase of Short Term and Long Term Investments	655,555	0	655,555
6,553	0	6,553	Other Payments for Investing Activities	8,805	0	8,805
(9,357)	(18)	(9,375)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(12,441)	(372)	(12,813)
(517,514)	0	(517,514)	Proceeds from Short Term and Long Term Investments	(651,189)	0	(651,189)
(148,724)	0	(148,724)	Other Receipts from Investing Activities	(112,650)	(1)	(112,651)
(43,347)	8,128	(35,219)	Total	(8,510)	614	(7,896)

31st March 2022				31st March 2023		
Single Entity	Group	Total	Cashflows from Financing activities	Single Entity	Group	Total
£000	£000	£000		£000	£000	£000
72,660	1,140	73,800	Repayments of Short and Long Term Borrowing	20,917	523	21,440
2,854	1,088	3,942	Cash Payment for Reduction of outstanding liability relating to Finance Lease & on the Bal Sheet PFI Contracts	2,956	0	2,956
(17,273)	(2,976)	(20,249)	Cash Receipts of Short and Long Term Borrowing	(26,061)	(1,153)	(27,214)
1	(242)	(241)	Net Other Payment and Receipts for Financing Activities	(851)	(1,174)	(2,025)
(42,984)	0	(42,984)	Council Tax and NNDR Adjustments	(24,903)	0	(24,903)
15,258	(990)	14,268	Total	(27,942)	(1,804)	(29,746)

31st March 2022				31st March 2023		
Single Entity	Group	Total	Cashflows from Interest and Dividends	Single Entity	Group	Total
£000	£000	£000		£000	£000	£000
(3,304)	1,047	(2,257)	Interest received	(6,289)	1,765	(4,524)
17,518	108	17,626	Interest paid	19,553	356	19,909
(9,650)	9,650	0	Dividends received	(8,200)	8,200	0
4,564	10,805	15,369	Total	5,064	10,321	15,385

31st March 2022				31st March 2023		
Single Entity	Group	Total	Breakdown of Cash and Cash Equivalents	Single Entity	Group	Total
£000	£000	£000		£000	£000	£000
16	0	16	Cash held by Group Entities	(19)	(5)	(24)
(12,527)	(5,364)	(17,891)	Bank Current Accounts	(9,142)	(8,609)	(17,751)
(18,300)	(5)	(18,305)	On call deposits	(42,960)	(568)	(43,528)
(30,811)	(5,369)	(36,180)	Total	(52,121)	(9,182)	(61,303)

4.14 Group Companies Disclosure

Coventry Municipal Holdings Limited (CMH)

CMH was incorporated in October 2021 to act as an intermediary parent company within the Council's group structure. In November 2021 CMH acquired equity interests in Coombe Abbey Park Limited (CAPL), Coventry Regeneration Limited (CNR), Coventry Technical Resources Limited (CTR) and Tom White Waste Limited (TWW) via a share issue. 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 (fair value £11.9m). This valuation includes CMH and its subsidiaries.

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, are not eligible for dividends or capital distributions and do not give the power to appoint directors.

The Council's share of the CSWDC voting rights is 65.35% but the share of dividends and capital distributions is 66.67%. The proportion used in applying the equity method in the group accounts is 66.67%, as this method is based on recognising the investor's share of the profit or loss of the investee. The fair value of the Council's investment is £72.1m.

As at 31st March 2023 CSWDC had capital commitments of £0.7m.

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 (fair value £2.8m).

Sherbourne Recycling Limited (SRL)

Coventry City Council holds 21.5% of the shares (fair value £2.0m) in SRL. The Council is the largest single shareholder and has one of its officers as directors of the board. SRL is included within the Council's group accounts as an associate.

As at 31st March 2023 SRL had capital commitments of £9.2m. The Partner Councils provided a guarantee for these construction costs in proportion to their shareholdings. The amount guaranteed by Coventry City Council was £2.0m.

UK Battery Industrialisation Centre Ltd (UKBIC)

UKBIC was incorporated on 27th February 2018. The purpose of the company is to run a battery development facility for the motor industry. Coventry City Council is currently the sole shareholder with 1 share which has a nominal value of £1.00.

As at 31st March 2023 UKBIC had capital commitments of £10.4m.

5 Statement of Accounting Policies

5.1 General

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023. It has been prepared in

accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, 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 decreased to £25.2m at the end of the 2022/23 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 2022/23 the updating of data and assumptions by the

Council's actuaries has led to a net liability decrease of £589m.

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

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 £10m 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 £21m.

5.3 Critical Judgements in Applying Accounting Policies

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

The Better Care Fund

Coventry City Council and Coventry and Warwickshire Integrated Care Board (ICB) drew up an agreement to operate a Better Care Fund (BCF) pooled budget from 1st April 2015, with the purpose of further integrating the health and social care services within Coventry. Note 3.11 details the respective contributions to the pooled budget during 2022/23 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 2022/23) to reflect that the advances under the Indemnity and Guarantee have been provided at a non-market rate.

5.4 Accounting standards issued, but not yet adopted

The Council is required to disclose information relating to the impact of any accounting changes that will be required by new standards that have been issued but not yet adopted in the CIPFA Code of Practice. The following changes will be adopted in the 2023/24 Code:

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors will be amended to define accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. This change is not anticipated to significantly impact on the Council's financial statements.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 will be amended to give more guidance on the disclosure of accounting policies in financial statements. This change is not anticipated to significantly impact on the Council's financial statements.

IAS 12 Income Taxes will be amended in relation to deferred tax. This change is not anticipated to significantly impact on the Council's financial statements.

IFRS 3 Business Combinations will be amended in terms of references to conceptual framework. As no acquisitions have happened or are planned in the relevant time period, this will have no impact on the Council's financial statements.

5.5 Changes in Accounting Policies

There have been no changes to the Council's accounting policies for 2022/23

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.

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.

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.