



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

# Draft Statement of Accounts 2022/23



The 2022/23 Pre-Audit Statement of Accounts was certified as presenting a true and fair view of the financial position of Cambridgeshire and Peterborough Combined Authority by the Chief Financial Officer on xx July 2023.

This document is part of the Combined Authority's policy of providing full information about the Authority's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the Appointed Auditor completes the annual audit. The availability of the accounts for inspection is advertised on the Authority's web site.

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## Narrative Report:

### 1. Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom requires a Narrative Report to be published by local authorities in England, Northern Ireland and Wales with their financial statements. The purpose of the narrative report is to provide information on Cambridgeshire & Peterborough Combined Authority, its main objectives and strategies, to provide a commentary on how the Combined Authority has used its resources to achieve its desired outcomes, and to demonstrate how it is equipped to deal with the challenges ahead.

This report provides the narrative to Cambridgeshire & Peterborough Combined Authority's financial statements for the year ended 31 March 2023.

### 2. Organisational Overview and External Environment

The Combined Authority is made up of eight founding members across Cambridgeshire and Peterborough. Each of the following seven Constituent Authorities is represented by their nominated representative or substitute at Combined Authority meetings.

Cambridge City Council  
Cambridgeshire County Council  
East Cambridgeshire District Council  
Fenland District Council  
Huntingdonshire District Council  
Peterborough City Council  
South Cambridgeshire District Council

The eighth founding member of the Combined Authority was the Greater Cambridge Greater Peterborough Local Enterprise Partnership now represented by the Business Board. By virtue of their office, the Chair of the Business Board is the voting representative on the Combined Authority and the Deputy Chair is the substitute representative.  
The following bodies have co-opted member status:

The Police and Crime Commissioner for Cambridgeshire  
Cambridgeshire and Peterborough Fire Authority  
Integrated Care Board

The Business Board was constituted as a non-statutory body to be the Local Enterprise Partnership (LEP) for the region. It was independent of the Combined Authority operating as a private-public sector partnership, focusing on the key business sectors to provide strategic leadership and drive growth in the area. Since the revisions to the Combined Authority's governance structure approved in March 2023 the Business Board has now moved into an advisory function on business need for the CPCA Board.

The Business Board focuses on:

- Local Industrial Strategy – strategy development, implementation oversight, and monitoring of key objectives
- Place-based growth plans – including oversight of implementation of the Growth Fund programme, making investment recommendations, strategically managing business growth zones (including Enterprise Zones)
- Key sectors – determining our priority sectors, agreeing plans for their growth, overseeing the products and services that directly stimulate sector growth
- International trade and exports – import and export strategies, fostering key places in the world for trade accords, with particular focus on post-Brexit trade and export planning.
- Skills – strategy and delivery plans to achieve a pipeline of people with skills required by business.

- Major investment opportunities – maintaining an overview and management of the pipeline of the single most direct investment opportunities facing the area.
- Devolution – employment improvement and increased exporting impacting on GVA.

The Business Board gives commerce a stronger voice in developing the Combined Authority's plans and decision making and is committed to advising the Combined Authority on achieving its Sustainable Growth Ambition. It ensures that a clear business perspective is brought forward as the Combined Authority seeks to be at the frontier of accelerating delivery and securing new investment models, with and across Government, the private sector and the local area.

The Combined Authority Board decides the strategic direction of the Combined Authority but delegates many of its decision-making powers for operational matters to three Thematic Committees, the Transport & Infrastructure Committee, the Skills & Employment Committee and the Environment & Sustainable Communities Committee.

The Combined Authority has five subsidiary companies which have been set up to deliver specific objectives of the Combined Authority. The five companies are as follows:

Angle Holdings limited,  
Angle Developments East limited,  
Cambridgeshire and Peterborough Business Growth Company limited,  
Peterborough HE Property Company Ltd, and  
Peterborough R&D Property Company Ltd

During the course of 2022-23 a previous subsidiary company, One CAM Limited, was wound up as it was dormant following a change of strategic focus by the Combined Authority. Angle Holdings limited and Angle Developments East limited are both scheduled to be wound up in 2023-24 for similar reasons.

### **3. Governance**

Cambridgeshire & Peterborough Combined Authority 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. The Combined Authority 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.

In discharging this overall responsibility, the Combined Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions including arrangements for the management of risk.

The Business Board and Combined Authority Board work to a single Assurance Framework which has been approved by the Department for Levelling Up, Housing and Communities (DLUHC). It provides a robust, singular framework that brings cohesion to the work of the single officer team, ensuring clarity, transparency and openness for Government, partners and members of the public around governance and compliance processes, and a singular approach to the recommendation and decision-making processes of both Boards.

In June 2022, our auditors, EY, highlighted a significant weakness in the Combined Authority's governance arrangements. These weaknesses and the authority's plans to address them are covered in the Annual Governance Statement.

### **4. Operational Model**

The Devolution Deal for Cambridgeshire and Peterborough set out key ambitions for the Combined Authority to make our area a leading place in the world to live, learn and work. These include:

- Doubling the size of the local economy
- Accelerating house building rates to meet local and UK need
- Delivering outstanding and much needed connectivity in terms of transport and digital links
- Providing the UK's most technically skilled workforce
- Transforming public service delivery to be much more seamless and responsive to local need
- Growing international recognition for our knowledge-based economy
- Improving the quality of life by tackling areas suffering from deprivation

A significant element of the devolution deal was the award of a single pot investment fund. This single pot for Cambridgeshire & Peterborough Combined Authority initially comprised of a devolved, multi-year transport settlement and an additional long-term investment fund grant, worth up to £600 million over 30 year and since then the Combined Authority has also received a devolved adult education budget of c. £12m per year.

During 2022-23 the Combined Authority refreshed its overarching strategy by the approval of a Corporate Strategy and Business Plan 2023-25 by the Board in January 2023. This plan clearly sets out the vision, strategic priorities and the overall approach of the Combined Authority to enable our ambitions to be realised, and sets four strategic priorities:

- Achieving Good Growth
- Increasing Connectivity
- Ambitious Skills and Employment Opportunities
- Enabling Resilient Communities

## **5. Risks and Opportunities**

### **Inflation**

The impact of a worsening economic environment including rising inflation has created significant budgetary pressures for the Combined Authority. Whilst the impact on the 2022/23 financial year was limited, the impact of inflation will require the Board to carefully consider service delivery and funding options in going forward. To assist with mitigating this risk the Board has approved the creation of an Inflation Reserve of £2.4m from the additional income received from the Authority's Treasury Management investments in 2022/23.

### **Vision and Purpose**

We want to make sure that everything we do makes life better, healthier and fairer for all. If rising prosperity does not make life better, healthier or exhausts the resources our children will need for the future, our approach is flawed. It is now recognised that we don't just need growth: we need good growth. Our aim is not simply to increase our income, but to increase our area's wealth, in a way that is driven by our values and supports levelling up.

### **Values**

The Combined Authority has adopted a set of values, following consultation internally and with partner organisations, to help staff, members, partners and communities understand how the Combined Authority expects to operate. These values are:

- Collaboration
- Integrity
- Vision
- Innovation
- Leadership

At the Combined Authority we are also committed to enabling our mayoral values of leading with compassion, working cooperatively, and serving our community.

### **Sustainable Growth Ambition**

The adoption by the Combined Authority of a Sustainable Growth Ambition statement shifts to a broader thinking, underpinned by a strategic assessment framework based largely on the six capitals approach called 'Six Keys'. Using the Six Keys enables decision making to be informed not just by one measure but a range of measures that taken together demonstrate that the area is growing sustainably towards its growth target; these measures are grouped around six key considerations for sustainable growth. These are

**Climate and Nature:** restoring the area's depleted natural capital and addressing the impact of climate change on our low-lying area's special vulnerabilities and encouraging businesses to come up with solutions.

**People:** building human capital - the health and skills of the population - to raise both productivity and the quality of life so that that people in our region are healthy and able to pursue the jobs and lives they want.

**Innovation:** building on our reputation for new thinking, new technology and new ideas in Cambridgeshire and Peterborough to ensure this area can continue to be one of the most dynamic.

**Reducing inequalities:** investing in the community and building social capital to complement improved skills and connectivity as part of the effort to narrow the big gaps in life expectancy and people's income between places.

**Infrastructure:** from digital and public transport connectivity to water and energy, building out the networks needed to support a successful future.

**Financial and systems:** improving the institutional capital – the ways we work, organise, and fund ourselves - which supports decision-making and delivery.

## **6. Strategy and Resource allocation**

Cambridgeshire and Peterborough Combined Authority was established as a Mayoral Combined Authority in 2017 to make life better, healthier and fairer for all. As the authority revises its focus to 2025, much of the original purpose and ambition remains with increased attention to address remaining post-pandemic areas of deficit and more recent impact of climate, energy and cost of living crises. The overall strategy for the Combined Authority will aim to further enable a prosperous Cambridgeshire and Peterborough region; one that is more equitable, more environmentally sustainable, as well as securing good growth for its residents and businesses.

### **Climate and Nature**

The Combined Authority has established the Independent Commission on Climate to provide independent evidence and advice on climate issues. The Commission has made 58 recommendations for action toward a pathway to reach Net Zero by 2050 (or before). The Commission found that transport and the heating of buildings provided the most emissions and are priorities for action. Emissions from soils are also a particular issue for the area, as they add a third to overall emissions. We will take action on climate recommendations where we have direct influence and will convene and support organisations in addressing the other climate recommendations.

For the natural environment the Combined Authority Board has endorsed the "Doubling Nature" ambition. This will seek to double the amount of rich wildlife and natural green space. Our transport strategy has also evolved and business cases include increased emphasis on climate impact. Improving public transport connectivity is at the heart of our climate strategy to combat the high levels of transport emissions in the region with a high reliance on private car use. We have

developed a vision for buses that has committed to encourage sustainable growth and protect and enhance our environment. We intend to build on our strong active travel credentials building on our success as we have the highest UK cycling rates in Cambridge.

### **Employment and Skills**

Our Employment and Skills Strategy sets out what our ambition means for each of the groups interacting with the skills system:

People experience fulfilment and good physical and mental health with productive, quality working lives. They drive their own learning and can access support and learning to meet their personal and work ambitions.

Employers are providing good quality jobs, have the skills they need in their staff and can recruit the right person for the right job.

Providers work collaboratively in an integrated education and skills system to deliver learning, qualifications, careers education and support to enable people to enter the labour market in the ways that suit individual's needs and ambitions.

Place leaders secure outcomes for the whole place, convening and supporting collaboration between employers and the integrated skills system

### **Innovation**

Our Local Industrial Strategy (LIS) proposes that the area's economic growth is supported by harnessing innovation. A key priority in the LIS is to replicate and extend the infrastructure and networks that have enabled Cambridge to become a global leader in innovative growth, creating a business support and innovation eco-system to promote inclusive growth to replicate the "Cambridge Phenomenon".

Research is fundamental to achieving this replication, as it produces the new ideas and technologies that enable entrepreneurs to start up, existing businesses to scale-up and for new tech-firms to spin-out of academic and research institutions. It requires the generation of free-flowing exchange of ideas and insights that ensure research is informed by local business' needs. To achieve this, we will bring together leading entrepreneurs, innovators, mentors and coaches with growing firms to strengthen linkages across the area. We will also support businesses, universities and other partners to collaborate to maximise public and private investment, including Research & Development funding, and improving funding to support the growth of local businesses into global markets.

Peterborough and Fenland require level 5, 6, 7 & 8 skills in advanced manufacturing and technologies that support the drive to net-zero. This will require the development of an innovation and business support eco-system to grow indigenous high-value firms and attract new ones to Peterborough and Fenland. The creation of new launchpads will be the focal points for this innovation cluster development, focusing on product development to support key growth sectors such as Agri-tech, artificial intelligence and advanced manufacturing innovation.

### **Reducing Inequalities**

Levelling-Up is important to our region. Peterborough and Fenland are ranked as Priority One and Two retrospectively by the Government for levelling-up funding. Both have skills and quality of employment deficits that leads to deprivation, including:

Education deprivation – just 32.1% of the population gain a National Vocational Qualification 4 or above qualification compared to 43% nationally.

Social and health deprivation – healthy life expectancy is below retirement age in parts of Fenland.

Child poverty – 25.1% of children in Peterborough are living in poverty, compared to 20.1% nationally.

Poor social mobility – Fenland has historically had low levels of social mobility

The major contributing factors are low aspirations, poor access to higher education and high-quality employment. Our Independent Economic Review (CPIER), which was designed to identify the economic performance and potential of Cambridgeshire and Peterborough, identified a new higher education institution in Peterborough as the only viable solution to the Higher Education Cold-Spot. This has driven the creation of the new University of Peterborough.

The Local Industrial Strategy (LIS) also identifies the northward expansion of the innovation clusters and networks from Cambridge, as the primary route to improving the knowledge intensity and quality of employment for Peterborough and the Fens. An inclusive growth strategy and improving absolute standards of living is vital for the long-term economic sustainability of our economy. Local political, education and business leaders are working together to achieve this, across place, sectors and political affiliations and we are keen to work with Ministers, to re-envision what Place Based innovation means and how it can be delivered to drive levelling-up. Improving transport connectivity will also aim to connect cut off communities, to create a far-reaching and affordable public transport network.

### **Infrastructure**

Our infrastructure strategy is set out in the statutory Local Transport Plan and Digital Infrastructure Strategy. A new Local Transport and Connectivity Plan (LTCP) has been drafted and it is hoped will be approved in 2023. This document is a refresh to the first Local Transport Plan for Cambridgeshire and Peterborough published in 2020. The draft LTCP describes how transport interventions can be used to address current and future challenges and opportunities for Cambridgeshire and Peterborough. It sets out the policies and strategies needed to secure growth, address the climate crisis and ensure that transport enables opportunity for all, with people able to access key services that will improve their quality of life, in a sustainable way.

The LTCP has six objectives:

Productivity – Giving both employers and people the means to fulfil their potential, making them more efficient and more innovative to create more prosperity.

Connectivity – People and communities are brought closer together, giving more opportunities for work, education, leisure, and pleasure.

Climate – Successfully and fairly reducing emissions to Net Zero by 2050.

Environment – Protecting and improving our green spaces and improving nature with a well-planned and good quality transport network.

Health – Improved health and wellbeing enabled through better connectivity, greater access to healthier journeys and lifestyles and delivering stronger, fairer and more resilient communities.

Safety – To prevent all harm by reducing risk and enabling people to use the transport system with confidence

### **Finance and Systems**

We have committed to a continued review of the funding we receive to ensure we can meet the ambitions set out in our strategies. We will continue to lobby for funding to invest in interventions that will provide sustainable and healthy places in which to live and work. In 2022/23 we have been successful on bids from central government totalling over £200m, and in 2023 amongst other things we will continue to play a lead role in administering the UK Shared Prosperity Fund allocation and look at further opportunities to bid for Transport and other Levelling Up funding. We will also continue to build public and private partnerships where to date we have leveraged over £150 million

from the private sector through our Business Board alone. We will continue to look at innovative ways to invest in the region and our businesses including through Recycled Growth Funds. Recycled Growth Funds are made up of repayments from previous Growth Fund investments, based on recommendations from the Business Board. As these investments repay the funds these can be reinvested in new projects delivering jobs and skills in the area. The interest payments on these investments give the Business Board revenue funds as well.

## 7. Performance

### Our Key Achievements in 2022/23

#### Funding

In 2022/23 we have been successful on securing funding from Government totalling over £200m, this includes £48m of Levelling Up funding for Peterborough Station Quarter, £158m of Home Upgrade Grants, £4.4m for the Local Energy Advice Demonstrator project, £3.2m of Rural England Prosperity Funding, and £5.8m of Local Electric Vehicle Infrastructure grants.

#### Promotion

We have received funding confirmation that following the completion of a successful Cambridge South Station business case by the Combined Authority, Government have announced that this has now had £200m of funding allocated to it with a planned date for completion by 2025.

#### Delivery

Construction was completed on Manea and March stations to provide better station and platform facilities as well as improved parking and bus connectivity points. Over the course of 2022/23 town centre improvements were funded in March, Chatteris, Wisbech, Ely, Soham, Littleport, Huntingdon and St Ives.

In 2022/23 we purchased 30 Zero emission electric buses to be used in Cambridge to help us move towards net zero aspirations as well as part funding changes to the depot in South Cambridgeshire to support the roll out of electric waste collection vehicles. We also funded a range of environmental schemes to support biodiversity and encourage good environmental practices. Additionally our grant funding secured through the Greater South East Net Zero Hub saw thousands of homes across the wider South East benefit from energy efficiency measures.

In partnership with Cambridgeshire County Council, we completed King's Dyke which is a £32 million infrastructure project to place a new bridge over a railway line.

The University of Peterborough Phase 1 opened in September 2022, Phase 2 was completed by March 2023 and construction of the Phase 3 building commenced in May 2023.

During the course of 2022/23 we delivered a number of schemes – including Multiply to help numeracy skills and Skills Bootcamps to support more specific job related skills development which, along with the devolved Adult Education budget, helped thousands of local people to improve their skills.

We have also continued creating jobs through the Local Growth Funds with 4,863 created over the course of the fund, and have continued to create jobs, apprenticeships and attract inward investment through our innovative Business Growth Service.

During 2022/23 the housing programme predominantly completed and will have resulted in the delivery of 1,457 additional affordable houses.

## 8. Outlook

The Combined Authority is able to maintain a balanced and affordable budget and to continue to operate for the foreseeable future. The Combined Authority has undertaken cash flow modelling which demonstrates the Combined Authority does not have any liquidity concerns over the next 12 months. It is therefore appropriate to prepare the financial statements on a going concern basis.

**Basis of Preparation and Presentation**

This Statement of Accounts has been prepared in accordance with statutory requirements, detailed in the Local Government Act 2003, the Accounts and Audit Regulations 2015 and The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

The Statement of Accounts brings together the major financial statements for the Combined Authority for the financial year 2022/23. The financial statements, along with the notes that accompany them, aim to give a full and clear picture of the financial position of Cambridgeshire and Peterborough Combined Authority. The key contents of the various sections are as follows:

- Statement of Responsibilities – sets out the responsibilities of the Combined Authority and the Chief Finance Officer in respect of the Statement of Accounts.
- Comprehensive Income and Expenditure Statement – shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
- Movement in Reserves Statement – this statement shows the movement in the year on the reserves held by the Combined Authority.
- Balance Sheet – shows the value of the assets and liabilities recognised by the Combined Authority as at 31 March 2023.
- Cash Flow Statement – summarises the inflows and outflows of cash, and cash equivalents, arising from transactions with third parties.
- Notes to the Financial Accounts - the various statements are supported by technical notes and by the Statement of Accounting Policies.
- Annual Governance Statement – sets out how the Combined Authority's governance arrangements comply with the principles of the Local Code of Governance.

Nick Bell  
Chief Finance Officer (S73)



**Independent Auditors' Report to the Members of  
Cambridgeshire and Peterborough Combined Authority (TBC)**

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# Statement of Responsibilities for the Statement of Accounts

## The Combined Authority's Responsibilities

The Combined Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Combined Authority, that officer is the Chief Finance Officer
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

## The Section 73 Officer's Responsibilities

The Section 73 Officer is responsible for the preparation of the Combined Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Section 73 Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Section 73 Officer's Certificate

I certify that the accounts set out on pages 15 to 69 present a true and fair view of the financial position of the Combined Authority at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

**Nick Bell**

**Executive Director of  
Resources & Performance  
and Section 73 Officer**

## Approval of the Statement of Accounts

I confirm that these accounts were approved by the Audit and Governance Committee at the meeting held on the \*\*th \*\*\*\*\* 2023

**John Pye**

**Chair of the Audit Committee:**

## Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure 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. The Combined Authority has the ability to levy a council tax precept, this power has not been utilised in 2022-23 and will be implemented for the first time in 2023-24.

CPCA 2021/22			Comprehensive Income and Expenditure Statement	Note	CPCA 2022/23		
Expenditure £'000	Income £'000	Net Expenditure £'000			Expenditure £'000	Income £'000	Net Expenditure £'000
5,595	-	5,595	Chief Executive, Inc.Staffing		5,701	(12)	5,689
477	(1)	477	Externally Commissioned Support Services		421	(78)	344
499	-	499	Corporate Overheads		907	(13)	894
42	-	42	Governance Costs		28	-	28
402	-	402	Mayor's Office		239	-	239
186	(52)	135	Other Corporate Budgets		544	(50)	494
965	-	965	Election		-	-	-
38,786	(27,928)	10,858	Business and Skills		81,086	(72,943)	8,143
70,966	(56,879)	14,087	Strategy and Delivery		56,299	(42,267)	14,032
19,859	(2,340)	17,519	Housing		3,337	(1,738)	1,599
<b>137,778</b>	<b>(87,199)</b>	<b>50,578</b>	<b>Net Cost of Services</b>		<b>148,563</b>	<b>(117,101)</b>	<b>31,462</b>
		-	Other Operating Income & Expenditure				-
		2,944	Financing and Investment Income and Expenditure	8			(3,486)
		(36,131)	Taxation and Non-Specific Grant Income	9			(46,178)
		<b>17,391</b>	<b>(Surplus) / Deficit on Provision of Services</b>				<b>(18,202)</b>
		15	Loss from investments in equity instruments designated at FVOCI				-
		(222)	Actuarial (Gains) / Losses on Pension Assets / Liabilities	20			(7,137)
		<b>(207)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(7,137)</b>
		<b>17,184</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(25,339)</b>

## Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on reserves held by the Combined Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other 'unusable reserves'. The Statement shows how the movements in year of the Combined 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 for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

CPCA - Movement in Reserves Statement	Note	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Usable Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Combined Authority Reserves
<b>Balance at 1 April 2021</b>		<b>(7,802)</b>	<b>(6,448)</b>	<b>(58,925)</b>	<b>(9,221)</b>	<b>(82,396)</b>	<b>(69,795)</b>	<b>(152,191)</b>
Total Comprehensive Income & Expenditure		17,391	-	-	-	17,391	(207)	17,184
Adjustments between accounting basis & funding basis under regulations	14	(20,753)	-	30,460	47	9,754	(9,754)	-
<b>Net Increase before Transfers to Earmarked Reserves</b>		<b>(3,362)</b>	<b>-</b>	<b>30,460</b>	<b>47</b>	<b>27,145</b>	<b>(9,960)</b>	<b>17,184</b>
Transfers to / (from) Reserves		<b>1,548</b>	<b>(1,548)</b>	-	-	-	-	-
(Increase) / Decrease in 2021/22		<b>(1,814)</b>	<b>(1,548)</b>	<b>30,460</b>	<b>47</b>	<b>27,145</b>	<b>(9,960)</b>	<b>17,184</b>
<b>Balance at 31 March 2022 Carried Forward</b>		<b>(9,616)</b>	<b>(7,996)</b>	<b>(28,465)</b>	<b>(9,174)</b>	<b>(55,252)</b>	<b>(79,756)</b>	<b>(135,008)</b>
<b>Balance at 1 April 2022</b>		<b>(9,616)</b>	<b>(7,996)</b>	<b>(28,465)</b>	<b>(9,174)</b>	<b>(55,252)</b>	<b>(79,756)</b>	<b>(135,008)</b>
Total Comprehensive Income & Expenditure		(18,202)	-	-	-	(18,202)	(7,137)	(25,339)
Adjustments between accounting basis & funding basis under regulations	14	12,465	-	(19,000)	(19,560)	(26,095)	26,095	-
<b>Net Increase before Transfers to Earmarked Reserves</b>		<b>(5,737)</b>	<b>-</b>	<b>(19,000)</b>	<b>(19,560)</b>	<b>(44,297)</b>	<b>18,958</b>	<b>(25,339)</b>
Transfers to / (from) Reserves		3,439	(3,439)	-	-	-	-	-
(Increase) / Decrease in 2022/23		(2,298)	(3,439)	(19,000)	(19,560)	(44,297)	18,958	(25,339)
<b>Balance at 31 March 2023 Carried Forward</b>		<b>(11,915)</b>	<b>(11,435)</b>	<b>(47,465)</b>	<b>(28,734)</b>	<b>(99,550)</b>	<b>(60,799)</b>	<b>(160,348)</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Combined Authority. The net assets of the Combined Authority (assets less liabilities) are matched by the reserves held by the Combined Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Combined 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 Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is that which the Combined Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

<b>CPCA 31/03/2022</b>		<b>CPCA 31/03/2023</b>	
<b>£'000</b>	<b>Note</b>	<b>£'000</b>	
72	Property, Plant & Equipment	71	
-	Intangible Assets	131	
56,411	Long Term Investments	62,675	
3,819	Long Term Debtors	3,682	
<b>60,301</b>	<b>Total Long-Term Assets</b>	<b>60,301</b>	
155,115	Short Term Investments	90,854	
53,711	Short Term Debtors	16,002	
149,886	Cash and Cash Equivalents	98,254	
<b>358,713</b>	<b>Current Assets</b>	<b>205,110</b>	
(59,071)	Short Term Creditors	(45,303)	
(546)	Short Term Provisions	(226)	
<b>(59,617)</b>	<b>Current Liabilities</b>	<b>(45,529)</b>	
(4,926)	Long Term Creditors	-	
(219,463)	Capital Grants Receipts in Advance	(65,793)	
<b>(224,389)</b>	<b>Long Term Liabilities</b>	<b>(65,793)</b>	
<b>135,007</b>	<b>Net Assets</b>	<b>160,346</b>	
(55,252)	Usable Reserves	(99,549)	
(79,756)	Unusable Reserves	(60,797)	
<b>(135,007)</b>	<b>Total Reserves</b>	<b>(160,346)</b>	

Nick Bell  
Chief Finance Officer and Section 73  
Date: xx July 2023

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Combined Authority during the reporting period. The statement shows how the Combined 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 Combined Authority are funded by way of taxation and grant income or from the recipients of services provided by the Combined Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Combined Authority's future service delivery.

2021/22			2022/23
£'000	Cash Flow Statement	Notes	CPCA £'000
17,391	Net (Surplus) or Deficit on the Provision of Services		(18,202)
(119,962)	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements	30	103,677
(102,571)	<b>Net cash flows from Operating Activities</b>		85,475
36,381	Investing Activities	30	(33,843)
-	Financing Activities		-
<b>(66,190)</b>	<b>Net (Increase) or Decrease in Cash and Cash Equivalents</b>		<b>(51,633)</b>
83,697	Cash & Cash Equivalent at the beginning of the Reporting Period		149,887
66,190	Increase / (Decrease) in Cash and Cash Equivalents		(51,633)
<b>149,887</b>	<b>Cash &amp; Cash Equivalents at the end of the Reporting Period</b>	31	<b>98,254</b>

The adjustment of net (surplus) deficit on the provision of Services for non-cash movements contains £154,670 for the movement in creditors which largely relates to Capital Grants Received in Advance, this was (£111,380k) in 21/22, see note 32 for further details .

## Notes to the Accounts

### 1. Accounting Policies

#### Basis of Identification of Group Boundary and Group Accounts Preparation.

Where the Combined Authority has the authority has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality, group accounts must be prepared. The Combined Authority has considered its group relationship as follows:

Company	Interest (voting rights if different)	Category	In group accounts	Turnover 21/22 £'000	Profit / (Loss) 21/22 £'000	Net Assets 21/22 £'000	Turnover 22/23 £'000	Profit / (Loss) 22/23 £'000	Net Assets 22/23 £'000
Peterborough HE Property Company Limited		Associate	Yes - equity						
Cambridgeshire and Peterborough Business Growth Company Limited		Subsidiary	Yes – line by line						
One Cam Limited		Subsidiary	Yes – line by line						
Peterborough R&D Property Company Limited		Subsidiary	Yes – line by line						
Angle Holdings Limited		Subsidiary	Not material						
Angle Developments (East) Limited		Subsidiary	Not material						
Smart Manufacturing		Joint Venture	Not material						
Ascendal		Joint Venture	Not material						
MedTech Accelerator Ltd		Associate	Not material						

**Peterborough HE Property Company Limited** was set up in partnership with Peterborough City Council and Anglia Ruskin University to build and run the site for Peterborough University.

**Cambridgeshire and Peterborough Business Growth Company Limited** is a wholly owned subsidiary set up to deliver key services in the region covering Inward Investment, Skills Brokerage and provide support and resources to SMEs.

**One Cam Limited** is a wholly owned subsidiary set up to develop the Cambridgeshire Autonomous Metro. It was wound down during 2022-23 and was officially dissolved as of the 4<sup>th</sup> April 2023.

**Peterborough R&D Property Company Limited** has been set up to build a commercial Research and Development facility linked to the new Peterborough University.

**Angle Holdings Limited** and its subsidiary Angle Developments Limited were set up to develop housing projects in accordance with the Combined Authority's Housing Strategy. To date no projects have been progressed through the companies. The Combined Authority Board and the Company Board have resolved to wind up both companies during 2023-24 as they are no longer expected to trade.

**Smart Manufacturing** is a joint venture with Opportunity Peterborough to establish a membership organisation supporting businesses to adapt to new technologies, business models by facilitating networking, and providing benchmarking, training and learning programmes to its members.

**Ascendal Accelerator Ltd** is a joint venture with Ascendal Innovation Ltd to support the development of SMEs and new technology in the public transport sector.

**MedTech Accelerator Ltd.** is a joint venture with Health Enterprise East, NHS Innovations East and New Anglia LEP which provides early-stage investment funding and support to organisations which have achieved proof of concept with innovations in the healthcare sector to enable these organisations to take the next step towards commercialisation.

Through the Illumina Accelerator programme the Combined Authority holds fifteen future equity agreements which will, upon maturity, become minor shareholdings in start-up companies. As these investments will not result in the Combined Authority holding a significant proportion of shares, nor having any form of control beyond its minor shareholding, these will be immaterial to the Authority's accounts.

## **General Principles**

The Statement of Accounts summarises the Combined Authority's transactions for the 2022/23 financial year and its position at the year-end 31 March 2023. The Combined Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015.

The Statement of Accounts must be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The same accounting policies are applied to the Combined Authority and Group accounts, with the exception of statutory adjustments between the accounting and funding basis (see note 13) which only apply to the Combined Authority accounts.

### **1.1. Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not when cash is paid or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract
- 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 inventories on the Balance Sheet
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where revenue and expenditure have 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected

### **1.2. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the reporting date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Combined Authority's cash management.

### 1.3. Charges to Revenue for Non-current Assets

Services and support services 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 off
- amortisation of intangible assets attributable to the service

Depreciation, revaluation and impairment losses and amortisation are not charges to the Combined Authority's General Fund. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Combined Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by Minimum Revenue Provision (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### 1.4. Employee Benefits

#### 1.4.1 Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

#### 1.4.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the

pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

#### 1.4.2 Post-employment Benefits

Employees of the authority can become members of the Local Government Pensions Scheme, administered by Cambridgeshire County Council in partnership with West Northamptonshire Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the authority.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Authority are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees
- Liabilities are discounted to their value at current prices, using a discount rate of based on the indicative rate of return on high quality corporate bonds

The assets of the pension fund attributable to the Authority are included in the balance sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pensions liability (asset) is analysed into the following components.

#### Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the comprehensive income and expenditure statement to the Combined Authority Staffing Costs line
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited in the comprehensive income and expenditure statement to the Combined Authority Staffing Costs line
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the

passage of time charged to the financing and investment income and expenditure line of the comprehensive income and expenditure statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments

**Remeasurements comprising:**

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the pensions reserve as other comprehensive income and expenditure
- actuarial gains and losses – 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 – charged to the pensions reserve as other comprehensive income and expenditure
- contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are transfers 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 pensioners and any such amounts payable but unpaid at the year-end. The balance that arises on the pensions reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

**Discretionary benefits**

The Authority 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 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.

**1.5. Events after the Reporting Period**

These are events that occur between the end of the accounting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- If events provide new evidence of conditions that existed at the balance sheet date the Statement of Accounts is adjusted

- Other events are only indicative of conditions that arose after the balance sheet date. The Statement of Accounts is not adjusted, but where such a category of events would have a material effect, disclosure is made in the notes. The note sets out of the nature of the events and their estimated financial effect

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## **1.6. Financial Instruments**

### **1.6.1 Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Combined Authority is contractually committed to a financial instrument. They are initially measured at fair value. They are carried at their amortised cost.

The amount charged to revenue is based on the effective interest rate. The effective interest rate discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The carrying value for most loans is outstanding principal repayable plus accrued interest. Interest charged to the CIES is the amount payable under the agreement.

Annual charges for these loans are made to the Financing and Investment Income and Expenditure line in the CIES. The charge is the carrying amount of the liability multiplied by the effective rate of interest.

For these loans, the difference between the annual charge and the cash paid is reversed out in the MIRS.

### **1.6.2 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
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

#### **1.6.2.1 Financial Asset 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 Council, 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.

When soft loans (loans below market rate) are made, 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 borrower, 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.

#### **1.6.2.2 Financial Asset Measured at Fair Value through Other Income and Expenditure (FVOCI)**

Where the authority has eligible assets, it may elect to account for them at Fair Value through Other Income and Expenditure. This means that any gains or losses in Fair Value are charged to Other Income and Expenditure and reversed out through the MIRS to the Financial Instrument Revaluation Reserve.

#### **1.6.2.3 Financial Assets Measured at Fair Value through Profit or Loss (FVPL)**

Financial assets that are measured at 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. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Combined Authority can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **1.6.3 Expected Credit Loss Model**

The Combined 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 Combined 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.

## **1.7. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Combined Authority when there is reasonable assurance that:

- the Combined Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Combined Authority are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited

to the relevant service line (attributable revenue grants and contributions) or Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## **1.8. 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.

### **1.8.1 The Authority as Lessee**

#### **1.8.1.1 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).

## **1.9. Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Intangible Assets - Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Authority (e.g. software licences) is capitalised when it will bring benefits to the Authority for more than one financial year.

### **1.9.1 Recognition**

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### **1.9.2 Measurement**

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

In 2021/22, in addition to Vehicle, plant, furniture & equipment, there have been some expenditure classified as Assets Under Construction in the group accounts. measured at the same basis as above incurred for the University of Peterborough project.

Assets included in the Balance Sheet are held at current value.

### **1.9.3 Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

### **1.9.4 Depreciation and Amortisation**

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain community assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- Vehicle, plant, furniture and equipment – Depreciation is calculated from the year of acquisition, on a straight line basis, over a period of five years
- Assets Under construction – Assets in the course of construction are not depreciated until they are brought into use

The useful lives of assets are reviewed regularly. Where necessary, the life of an asset is revised and the carrying amount of the asset is then depreciated over the remaining useful life.

Intangible assets - amortised on a straight line basis over the economic life of the asset to reflect the pattern of consumption of benefits. All software is given a finite useful life, based on an assessment of the period that the software is expected to be of use to the Authority - usually five years

### **1.9.5 Disposals**

When an asset is disposed of or decommissioned, 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 as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same 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). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account. Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipts remain within the capital receipts reserve, and can then only be used for new capital investment or set aside to reduce the authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

## **1.10. Programme Management of Delegated Funds**

Some funds are delegated to CPCA that HM Government require it to distribute and manage to achieve the desired outcomes. Government subsequently require officers of CPCA to monitor activity and report thereon regularly. Such funds require specific project management and this sets out the methodology for funds under management in 2022/23.

### **1.10.1 Local Growth Fund**

This programme was inherited from the former GCGP LEP. Funding is allocated by the Business Board based upon the 2014/15 funding agreement to deliver increased Gross Value Added (GVA) in the area. Programme management costs are allowed by the funding agency, the Department for Business, Energy and Industrial Strategy (BEIS) as determined by the Accountable Body. Previously 4% was agreed but this was reviewed and, since it became the CPCA's responsibility in 2018/19, reduced to 2% of the funds received in year.

The final tranche of funding was received in 2020-21; however, the responsibility for monitoring and

evaluation of the funded projects continues and will be funded from the reserve built up via the programme management element of the funds.

#### **1.10.2 Housing Investment Fund**

HM Government devolved funds to the CPCA to deliver affordable homes, and the CPCA has sought out opportunities and delivered utilising a combination of grants and loans. The final tranche of this funding was received in 2022-23 from the Ministry of Housing, Communities and Local Government (MHCLG). As such this programme is winding down with only one loan still outstanding at the end of the 22-23 financial year and the grant programme having moved from an identification and award phase into monitoring of delivery and outputs. The costs of the programme to the end of 22-23 were funded by interest on the housing loan portfolio; as the portfolio is winding down, and the costs of supporting the programme are decreasing these costs will be met from the general fund in future years.

### **1.11. Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

Provisions are made where an event has taken place that gives the Combined Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Combined Authority 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 line in the Comprehensive Income and Expenditure Statement when the Combined Authority has a payment obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Combined Authority settles the obligation.

#### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Combined Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts. There are no Contingent Liabilities disclosed in the 2022/23 accounts.

### **1.12. Reserves**

The Combined Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. It is included in the Surplus or Deficit on the Provision of Services in the CIES.

The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits. These reserves are not usable resources for the Combined Authority and are explained within the relevant policies.

### **1.13. Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the General Fund Balance.

The Combined Authority receives many capital funds from H.M. Government to achieve outcomes in the area. Such funds include Gainshare (Capital), Transforming Cities Fund, Housing Investment Fund and Local Growth Fund. While the CPCA delivers some functions and services directly, predominantly passenger transport functions, it is primarily a commissioning organisation and seeks to deliver the outcomes through third parties such as constituent authorities by giving capital grants to deliver these capital projects. Under the CIPFA prudential code such expenditure is treated as REFCUS.

**1.14. Value Added Tax (VAT)**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

**1.15. Going Concern**

The Combined Authority is able to maintain a balanced and affordable budget and to continue to operate for the foreseeable future. The Combined Authority has undertaken cash flow modelling which, taking account of the cash balances of £238.7 million at 30 June 2023 and forecast cash balances of £84.4 million at the end of June 2024, demonstrates the Combined Authority does not have any liquidity concerns over the next 12 months from date of authorisation. It is therefore appropriate to prepare the financial statements on a going concern basis.

**2. Accounting Standards that have been Issued but have Not Yet Been Adopted**

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- IFRS 16 Leases will require authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2024 following the impact of the COVID-19. Local authorities can adopt IFRS16 earlier than this if an authority considers that it is able to do so.
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

The Combined Authority will not be adopting IFRS16 until 1 April 2024 and the other standards are not envisaged to have a significant effect on the Combined Authority's financial statements.

**3. Critical Judgement in Applying Accounting Policies**

In applying the accounting policies set out above, the Combined Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

The Combined Authority has received a number of capital grants. A judgement has been required for each one, and although some of the grants have been ring fenced for specific purposes, not all of these have conditions in place that satisfy the requirements of the Code to treat the unspent elements of the grants as Capital Grant Receipts in Advance. Unspent capital grant funding in relation to these grants has been accounted for in the CIES and transferred to the Capital Grants Unapplied Reserve.

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#### 4. External Audit Costs

The Combined Authority has incurred the following cost in relation to the audit of the Statement of Accounts provided by the Combined Authority's external auditors, Ernst & Young LLP (EY).

2021/22 £'000	Fees Payable	2022/23 £'000
118	Fees payable with regard to external audit services carried out by the appointed auditor	31
<b>118</b>		<b>31</b>

#### 5. Mayor's and Members' Allowances

The Mayor is the only Member of the CPCA Board who receives an allowance from the Combined Authority in relation to their position on the Combined Authority Board. The Chair of the Business Board receives an allowance for that role, and the Leaders of the constituent authorities are remunerated by their own authorities. Following the resignation of the Chair of the Business Board during 2022-23 there was a period in which the role was vacant resulting in a lower total cost for 2022-23.

Role	Allowances		Expenses		Total	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Mayor	80,742	<b>85,665</b>	567	<b>1,121</b>	81,309	<b>86,786</b>
Chair of the Business Board	24,000	<b>19,385</b>	-	-	24,000	<b>19,385</b>
Chair of Audit and Governance Committee	1,534	<b>3,068</b>	-	-	1,534	<b>3,068</b>

#### 6. Officers' Remuneration

The Accounts and Audit Regulations 2015 require the disclosure of certain details relating to employees whose remuneration was £50,000 or more. Additional disclosures are required relating to the organisation's Senior Employees.

These requirements only apply to directly employed staff.

##### Senior Employees

Senior employees whose salary is £50,000 or more, but less than £150,000, are required to be listed individually by way of job title. Employees whose salary is £150,000 or more must also be identified by name. In this context, a senior employee is identified as follows:

- the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989

- any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other

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Total Remuneration including Employer Pension Contributions £000 22/23		Pay £000	Pension £000	Exit Payments £000	3rd Party Payments £000	Total £000	Notes
Post	Name(s) of post holders						
Chief Executive	Eileen Milner	34	6	155	-	196	1
	Gordon Mitchell	-	-	-	321	321	
Director of Corporate Resources	Mark Parkinson	-	-	-	176	176	2
Monitoring Officer	Robert Parkin	44	9	51	-	104	1
	Edwina Adefehinti	-	-	-	265	265	
Chief Finance Officer	Jon Alsop	114	21	55	-	190	
Director of Business and Skills	Interim Associate Director Skills	95	17	-	-	112	2,3
	Interim Associate Director Business	96	18	-	-	114	
Director of Delivery and Strategy	Paul Raynes	64	12	70	-	147	3,4
Director of Housing	Roger Thompson	126	23	66	-	214	3
Associate Director	Steve Cox	-	-	-	130	130	
Executive Director of Resources and Performance	Nick Bell	13	2	-	-	15	2
Executive Director of Economy and Growth	Richard Kenny	12	2	-	-	15	2
Head of Policy and Executive Support	Kate McFarlane	9	2	-	-	10	2
<b>Total remuneration in 2022/23</b>		<b>608</b>	<b>112</b>	<b>397</b>	<b>892</b>	<b>2,010</b>	
<b>2021/22</b>							
Chief Executive	Eileen Milner	103	19	-	-	122	
Co-Chief Executive	John Hill	-	-	-	44	44	
Co-Chief Executive 1*	Kim Sawyer	44	8	-	-	52	6
Director of Corporate Resources		67	12	-	-	79	
Monitoring Officer	Robert Parkin	97	18	-	-	115	
	John T Hill	137	-	-	-	137	
Director of Business and Skills	Alan Downton	9	2	-	-	11	
	Jon Alsop	108	20	-	-	128	
Chief Finance Officer	Jon Alsop	108	20	-	-	128	
Director of Delivery and Strategy	Paul Raynes	140	26	-	-	166	
Director of Housing	Roger Thompson	140	26	-	-	166	
<b>Total remuneration in 2021/22</b>		<b>845</b>	<b>131</b>	<b>-</b>	<b>44</b>	<b>1,020</b>	

1. In 22/23 this role was covered by an interim appointment following the departure of the substantive employee.
2. Following the approval of an executive restructure in the Autumn, the posts of Director of Corporate Services, Delivery and Strategy, Housing and Business and Skills were removed and replaced by the Head of Policy and Executive Support and the Executive Directors of Resources and Performance, Economy and Growth and Place and Connectivity. All but the last were appointed to and took up post towards the end of 2022-23.
3. During 2022/23 the vacant post of Director of Business and Skills was covered by two Associate Directors acting up.
4. The Director of Delivery and Strategy was appointed the interim CEO between the 1<sup>st</sup> June and the 8<sup>th</sup> July 2022, their costs are all included in this line for reporting purposes.
5. Kim Sawyer covers both the role of Director of Corporate Resources and Co-Chief Executive thus the costs are split across both budgets.

Where these posts were covered by non-employees (consultants) these costs are shown in the table as 3<sup>rd</sup> party payments

**Employee remuneration above £50,000**

Including individuals shown in the senior officers table on the previous page, the number of Combined Authority staff with remuneration (comprising salary, fees, expenses, allowances and any exit package) above £50,000 is as follows:

Remuneration Band *	Number of employees	Number of employees
	2021/22	2022/23
£50,000-£54,999	5	8
£55,000-£59,999	5	5
£60,000-£64,999	3	4
£65,000-£69,999	0	3
£70,000-£74,999	3	2
£75,000-£79,999	2	4
£80,000-£84,999	3	1
£85,000-£89,999	3	1
£95,000-£99,999	1	3
£100,000-£104,999	1	0
£105,000-£109,999	1	0
£110,000-£114,999	1	1
£120,000-£124,999	1	0
£125,000-£129,999	0	1
£135,000-£139,999	1	0
£140,000-£144,999	2	0
<b>Total</b>	<b>32</b>	<b>33</b>

### Exit Packages

The number of exit packages in terms of compulsory and other departures is set out in the table below, total amount paid per banding is excluded as it would allow individual packages to be identified and includes pension strain payments where applicable.

#### 2022/23

	Number of compulsory redundancies	Number of other departures with exit packages	Total number of exit packages	Total exit package cost where >1 in band
£0 - £19,999	-	2	2	30,223
£40,000- £59,999	1	-	1	N/A
£100,000-£150,000	1	-	1	N/A
<b>Total</b>	<b>2</b>	<b>2</b>	<b>4</b>	

#### 2021/22

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	
£20,000-£39,999	-	1	1	N/A
£40,000-£59,999	-	1	1	N/A
£60,000-£79,999	-	1		N/A
£150,000-£199,999	-	1	1	N/A
<b>Total</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>

### Pay Multiple

The pay multiple is defined as the ratio between the highest paid taxable earnings for a given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) and the median earnings figure of the whole of the authority's workforce.

For 2022-23 the Combined Authority's pay ratio was 3.58 (21/22 4.76), the big difference between the two year's figures is primarily due to the role of Chief Executive being filled by an interim rather than a salaried employee.

Taking the salary of the Chief Executive who took up post in early 2023-24 into account would increase the pay multiple to 4.54.

## 7. Defined Benefit Pension Scheme

Following the transfer of employment contracts held by Peterborough City Council on 1 May 2019, the Authority became an admitted body to the Local Government Pension Scheme, administered locally by Cambridgeshire County Council. The scheme assets and liabilities related to these staff transferred to the Authority on a fully funded basis. For reasons of comparability between funds the Code prescribes the use of specific rates for discounting the scheme liabilities, which are different from the locally determined ones used in the calculation of the funding position and contribution rates. Therefore, under the actuarial calculations used for the accounts the Authority's share of the scheme showed an opening net liability of £3,644k. This was not a real cost to the General Fund and following the March 2022 funding valuation the scheme is now in a net asset position.

As part of the terms and conditions of employment of its officers, the authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme, administered locally by Cambridgeshire County 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 pensions liabilities with investment assets.

The Cambridgeshire County Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Fund Committee of Cambridgeshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The Fund invests the contributions in accordance with the Investment Strategy Statement which manages risks with diversification of asset classes, geography and asset managers. (<https://pensions.cambridgeshire.gov.uk/governance/key-documents/cambridgeshire> /Investment Strategy Statement - Word ).

Other principal risks to the authority of the scheme are the demographic risks, statutory changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. 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.

### Transactions relating to post-employment benefits

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge that is required to be made against the General Fund is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the general fund via the movement in reserves statement.

The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year.

2021/22 £'000	Comprehensive Income and Expenditure Statement	2022/23 £'000
	<b>Cost of service</b>	
2,235	Current service costs	1,968
-	Past service costs	-
-	(Gain) Loss from Settlements	-
	<b>Financing and Investment Income &amp; Expenditure</b>	
107	Interest costs	332
(196)	Interest income on plan assets	(483)
<b>2,324</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the provision of Services</b>	<b>2,119</b>
	<b>Other Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	
(312)	Return on Plan Assets (excluding amounts included in net interest)	632
(17)	Actuarial (Gains)/Losses Arising on Changes in Demographic Assumptions	(81)
(1,494)	Actuarial (Gains)/Losses Arising on Changes in Financial Assumptions	(8,753)
(1)	Difference between actual employers' contributions and estimate in Actuary's report	14
1,601	Other	1051
<b>2,101</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(5,018)</b>
	<b>Movement in Reserves Statement</b>	
(2,101)	Reversal of net changes made to the Surplus or Deficit for the provision of Services for post-employment benefits in accordance with the Code	5,018
	<b>Actual amount charged against the General Fund and HRA Balance for pensions in the year</b>	
819	Employer's contributions payable to the scheme	822
(1,282)	<b>Retirement benefits payable to pensioners</b>	<b>5,840</b>

### Pension assets and liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

2021/22 £'000	Pension Assets & Liabilities Recognised in the Balance Sheet	2022/23 £'000
(16,429)	Present value of the defined benefit obligation	(11,430)
11,503	Fair Value of Plan Assets	12,344
<b>(4,926)</b>	<b>Closing fair value of scheme assets</b>	<b>914</b>

#### Reconciliation of the movements in the fair value of scheme (plan) assets

2021/22 £'000	Reconciliation of the Movements in the Fair Value of the Scheme (plan) Assets	2022/23 £'000
4,607	Opening Fair Value of Scheme Assets	11,503
107	Interest Income	332
-	Remeasurement Gain/(Loss)	-
5,280	Other Experience	-
312	Return on Plan Assets, excluding amounts included in the net interest expense	(632)
819	Contributions from employer	822
1	Difference between actual employers' contributions and estimate in Actuary's report	(14)
380	Contributions from employees into the scheme	358
(3)	Benefits Paid	(25)
<b>11,503</b>	<b>Closing fair value of scheme assets</b>	<b>12,344</b>

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

2021/22 £'000	Reconciliation of Present Value of the Scheme Liabilities (defined benefit obligation)	2022/23 £'000
8,251	Opening balance	16,429
2,235	Current Service Cost	1,968
196	Interest Cost	483
380	Contributions from Scheme Participants	358
-	Remeasurement (Gains) & Losses	-
(17)	Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	(81)
(1,494)	Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(8,753)
6,881	Other	1051
-	Past Service Cost	-
(3)	Benefits Paid	(25)
<b>16,429</b>	<b>Net Pension Liability</b>	<b>11,430</b>

## Local Government Pension Scheme assets comprised

Period Ended 31 March 2022				Asset Category	Period Ended 31 March 2023			
Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percent of Total Assets		Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percent of Total Assets
£'000	£'000	£'000	%		£'000	£'000	£'000	%
				<b>Debt Securities</b>				
-	565	565	5%	UK Government	-	418	418	3%
				<b>Private Equity</b>				
-	1228	1228	11%	All	-	1532	1532	12%
				<b>Real Estate</b>				
-	808	808	70%	UK Property	-	806	806	7%
-	-	-	0%	<b>Overseas Property</b>	-	-	-	0%
				<b>Investment Funds &amp; Unit Trusts</b>				
-	6,632	6,632	58%	Equities	-	6,820	6,820	55%
-	1,223	1,223	10%	<b>Bonds</b>	-	1,333	1,333	11%
-	914	914	8%	Infrastructure	-	1,085	1,085	9%
-	8,769	8,769	76%	<b>Total Investment Funds &amp; Unit Trusts</b>	-	9,238	9,238	75%
				<b>Derivatives</b>				
-	23	23	0.0%	<b>Other</b>	-	52	52	1%
				<b>Cash &amp; Cash Equivalents</b>				
111	-	111	1%	All	298	-	298	2%
<b>111</b>	<b>11,392</b>	<b>11,503</b>	<b>100%</b>	<b>Totals</b>	<b>298</b>	<b>12,046</b>	<b>12,344</b>	<b>100%</b>

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the county council fund being based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

31-Mar-22	Basis for Estimating Assets & Liabilities	31-Mar-23
	<b>Mortality Assumptions:</b>	
	<b>Longevity at 65 for current pensioners:</b>	
22.0 years	Men	23.9 years
24.2 years	Women	n/a
	<b>Longevity at 65 for future pensioners:</b>	
22.9 years	Men	23.4 years
26.0 years	Women	26.0 years
	<b>Financial Assumptions</b>	
3.2%	Rate of inflation	3.0%
3.7%	Rate of increase in salaries	3.5%
3.2%	Rate of increase in pensions	3.0%
2.8%	Rate for discounting scheme liabilities	4.8%
25%	Take-up of option to convert annual pension into retirement lump sum for Pre-April 2008 service	51%
64%	Take-up of option to convert annual pension into retirement lump sum for Post-April 2008 service	51%

The liabilities include an estimated allowance with respect to the McCloud judgement which relates to transitional protection given to some scheme members with respect to changes in the scheme which the Court of Appeal ruled was unlawful discrimination.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method.

Change in assumptions at year ended 31 March 2023	Approximate % increase to Employer Liability	Approximate monetary amount increase (£'000)
0.1% decrease in Real Discount Rate	3%	293
1 Year Increase in member life expectancy	4%	457
0.1% increase in salary increase rate	0%	28
0.1% increase in pension increase rate (CPI)	2%	270

### Impact on the authority's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The county council has agreed a strategy with the scheme's actuary to achieve a 70% likelihood of a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

The authority anticipated to pay £763k expected contributions to the scheme in 2023/24 (£819k 22/23).

## 8. Financing and Investment Income and Expenditure

2021/22		2022/23
£'000	Financing and Investment Income	CPCA £'000
(486)	Interest Receivable	(3,591)
89	IAS 19 - Pension Interest & Return on Assets	151
3,341	Loss in Fair Value of Investments held at Fair Value Profit and Loss	(46)
<b>2,944</b>	<b>Total</b>	<b>(3,486)</b>

## 9. Non Specific Grant Income

2021/22 £'000		2022/23 £'000
	Grants, Contributions credited to Taxation and Non Specific Grant Income	
	Non -Specific Government Grants	
(9,000)	Gain Share - Revenue	(8,000)
(13,040)	Transport Levy	(13,230)
(2,497)	Other - Non -Specific Government Grants	(1,517)

(24,536)	Total Non-Specific Grants	(22,747)
	Capital Grants & Contributions	
-	Gain Share - Capital	(12,000)
(7,300)	Getting Building Fund	-
(4,295)	DfT ZEBRA grant	-
	Other - Capital Grants & Contributions	(11,431)
(11,595)	Total Capital Grants & Contributions	(23,431)
(36,131)	<b>Total Taxation and Non Specific Grant Income</b>	<b>(46,178)</b>

## 10. Related Parties

The Combined Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Combined Authority or to be controlled or influenced by the Combined Authority.

### Central Government

The UK Central Government has significant influence over the general operations of the Combined Authority, it is responsible for providing the statutory framework, within which the Combined Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Combined Authority has with other parties.

The funds received from the Central Government in year were as follows;

2021/22 £'000		2022/23 £'000
(9,000)	DLUHC - revenue grants	(10,207)
(12,000)	DLUHC - capital grants	(20,300)
(30,144)	DfT - capital grants	(30,653)
(1,612)	DfT - revenue grants	(2,535)
(7,110)	BIES - revenue grants	(2,368)
(118,389)	BEIS - capital grants	(892)
(213)	DWP - revenue grants	(576)
-	DEFRA - revenue grants	(59)
(365)	DfE revenue grants	(18,801)
(178,832)	<b>Total Income</b>	<b>(86,391)</b>

### Cambridgeshire and Peterborough Constituent Councils

The Leaders of the district councils, county council and unitary authority also serve as members of the Combined Authority.

The period's transactions, and period end balances were as follows;

2021/22 £'000		2022/23 £'000
	<b>Expenditure</b>	
	Expenditure with councils	
9,855	Cambridgeshire City Council	83
42,581	Cambridgeshire County Council	27,846
1,529	East Cambridgeshire District Council	756
2,784	Fenland District Council	483
1,740	Huntingdonshire District Council	765
9,652	Peterborough City Council	8,322
-	South Cambridgeshire District Council	2
<b>68,142</b>	<b>Total</b>	<b>38,258</b>
	<b>Creditors</b>	
	General Creditors with councils	
-	Cambridgeshire City Council	-
(1,663)	Cambridgeshire County Council	(5,758)
(183)	East Cambridgeshire District Council	(319)
(1,557)	Fenland District Council	(3,242)
(634)	Huntingdonshire District Council	(678)
(589)	Peterborough City Council	(7,375)
(1,267)	South Cambridgeshire District Council	-
<b>(5,893)</b>	<b>Total</b>	<b>(17,372)</b>

### Group Companies

During the year the Combined Authority incurred spend on behalf of group companies and recharged them for services. The Combined Authority paid Cambridgeshire and Peterborough Business Growth Company Limited for services provided on its behalf. All amounts below were outstanding at 31 March 2023.

	Due from CPCA 2022/23 £'000	Due to CPCA 2022/23 £'000
Peterborough HE Property Company Limited	(1,933)	144
Cambridgeshire and Peterborough Business Growth Company Limited	(2,522)	2,732
One Cam Limited	-	-
Peterborough R&D Property Company Limited	(25)	60
Angle Developments Limited	-	-
Angle Holdings	-	-

**Members**

**Waiting for final info to be received**

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## 11. Expenditure and Income Analysed by Nature

2021/22 £'000	Expenditure and Income Analysed by Nature	2022/23 £'000
	<b>Expenditure</b>	
8,805	Employee Expenses - Contracts held by CPCA	8,939
86,400	Capital Grants made treated as REFCUS	97,628
38	Depreciation	44
45,967	Other Service Expenses	42,058
<b>141,210</b>	<b>Total Expenditure</b>	<b>148,669</b>
	<b>Income</b>	
(1,853)	Interest & Investment Income	(4,504)
(115,313)	Government Grants & Contributions	(160,911)
(6,652)	Other Income	(1,456)
<b>(123,819)</b>	<b>Total Income</b>	<b>(166,871)</b>
<b>17,391</b>	<b>Surplus/Deficit on the Provision of Services</b>	<b>(18,202)</b>

## 12. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (e.g., government grants) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Combined Authority's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2021/22			2022/23		
Exp Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net exp in the CIES	Exp Chargeable to the General Fund	Adjustments between accounting basis & funding basis under regulations	Net exp in the CIES
£'000	£'000	£'000	£'000	£'000	£'000
4,263	1,332	5,59	4,533	1,156	5,689
477	-	477	344	-	344
476	23	499	874	20	894
42	-	42	28	-	28
375	27	402	229	10	239
135	-	135	494	-	494
965	-	965	-	-	-
478	10,381	10,858	1,677	6,466	8,143
13,168	920	14,087	12,750	1,282	14,032
(685)	18,204	17,519	(298)	1,897	1,599
<b>19,691</b>	<b>30,887</b>	<b>50,578</b>	<b>20,631</b>	<b>10,831</b>	<b>31,462</b>
-	-	-	-	-	-
(486)	3,430	2,944	(3,622)	136	(3,486)
(22,568)	(13,564)	(36,131)	(22,747)	(23,431)	(46,178)
<b>(3,362)</b>	<b>20,753</b>	<b>17,391</b>	<b>(5,737)</b>	<b>(12,465)</b>	<b>(18,202)</b>
		<b>(14,250)</b>	<b>(17,612)</b>		
		(3,362)	(5,737)		
		<b>(17,612)</b>	<b>(23,350)</b>		
Combined Authority Staffing Costs			Externally Commissioned Support Services		
Corporate Overheads			Governance Costs		
Mayor's Office			Other Corporate Budgets		
Election			Business and Skills		
Strategy and Delivery			Housing		
<b>Net Cost of Services</b>			<b>Other Operational Expenditure</b>		
Financing & Investment Income and Expenditure			Taxation and Non-Specific Grant Income		
<b>(Surplus) / Deficit on Provision of Services</b>			<b>Opening General Fund balance</b>		
Less/plus (surplus) or deficit on HRA			<b>Closing General Fund</b>		

## Adjustments between funding and accounting basis:

2021/22			
Adjustments for Capital Purposes <sup>1</sup>	Net Change for Pensions Adjustments <sup>2</sup>	Other Differences <sup>3</sup>	Total Adjustments
£'000	£'000	£'000	£'000
-	1,376	(44)	1,332
-	-	-	-
38	-	(14)	23
-	-	-	-
-	40	(13)	27
-	-	-	-
10,395	-	(14)	10,381
1,085	-	(166)	920
18,509	-	(305)	18,204
<b>30,027</b>	<b>1,416</b>	<b>(556)</b>	<b>30,887</b>
-	-	-	-
3,341	89	-	3,430
(13,564)	-	-	(13,564)
<b>19,804</b>	<b>1,505</b>	<b>(556)</b>	<b>20,753</b>

	2021/22			
	Adjustments for Capital Purposes1	Net Change for Pensions Adjustments2	Other Differences3	Total Adjustments
	£'000	£'000	£'000	£'000
Combined Authority Staffing Costs	-	1,136	20	1,156
Externally Commissioned Support Services	-	-	-	-
Corporate Overheads	20	-	-	20
Governance Costs	-	-	-	-
Mayor’s Office	-	10	-	10
Other Corporate Budgets	-	-	-	-
Business and Skills	6,467	-	(1)	6,466
Strategy and Delivery	1,282	-	-	1,282
Housing	1,953	-	(56)	1,897
<b>Net Cost of Services</b>	<b>9,722</b>	<b>1,146</b>	<b>(37)</b>	<b>10,831</b>
Other Operational Expenditure	-	-	-	-
Financing & Investment Income and Expenditure	-	151	(15)	136
Taxation and Non-Specific Grant Income	(23,431)	-	-	(23,431)
<b>Difference between general fund surplus or deficit and CIES surplus or deficit on the provision of services</b>	<b>(13,710)</b>	<b>1,297</b>	<b>(52)</b>	<b>(12,465)</b>

## 1. Adjustments for Capital Purposes:

- for service lines this column adds in depreciation, Revenue Expenditure Funded by Capital Under Statute and associated grant funding and the expected credit losses on capital loans
- the other income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year and adjusted for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets

## 2. Net change for the pension adjustments:

- for service lines this represents the removal of the employer pension contributions made by the Combined authority as allowed by statute and the replacement with current service costs and past service costs
- for other income and expenditure – the net interest on the defined benefit liability is charged to the CIES

### 3. Other Statutory adjustments:

- for service lines this represent the removal of short term accumulated absences
- for other income and expenditure this column recognises adjustments to the general fund for the timing differences for premiums and discounts

## 13. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement (CIES) recognised by the Combined Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Combined Authority to meet future capital and revenue expenditure.

General Fund Balance - is the statutory fund into which all the receipts of the Combined Authority are required to be paid, and out of which all liabilities of the Combined Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Combined Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Combined Authority is required to recover) at the end of the financial year.

Capital Receipts Reserve – holds the proceeds from the disposal of land or other assets and repayment of loans and continues to be restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.

Capital Grants Unapplied Account – holds the grants and contributions received towards capital projects for which the Combined Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is not restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

Usable Reserves are those reserves that can be applied to fund expenditure. The Capital Grants Unapplied Account can only be used to finance the Capital Programme and the General Fund is used by the Combined Authority to maintain a prudent level of reserves.

Unusable Reserves are those reserves that absorb the timing differences arising from different accounting arrangements

Usable Reserves					
2021/22 Adjustments between Accounting Basis and Funding Basis Under regulations	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves
	£000	£000	£000	£000	£000
Depreciation & impairment of non-current assets	(44)			(44)	44
Capital grants and contributions	87,832			87,832	(87,832)
Reversal of Expected credit loss on capital loans	57			57	(57)
Revenue expenditure funded from capital under statute	(97,510)			(97,510)	97,510
Loss for Interest foregone on capital loan	-			-	-
Loss in Fair Value of capital investments	-			-	-
<b>Adjustments involving the Capital Grants Unapplied Account (CGU)</b>					
Capital grants & contributions unapplied from the CIES	23,431		(19,000)	4,431	(4,431)
Application of grants to capital financing transferred to the Capital Adjustment Account	-		-	-	-
<b>Adjustments involving the Capital Receipts Reserve (CRR):</b>					
Redemption of Financial Assets (Loans)	-	(30,942)		(14,887)	30,942
Redemption of Financial Assets (Equity Instruments)		(885)		(885)	885
Repayment of Capital Grants		(4,431)		(4,431)	4,431
Application of capital receipts to capital financing transferred to the Capital Adjustment Account	-	16,698		16,698	(16,698)
<b>Adjustments involving the Pension Reserve</b>					
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement	(1,297)			(1,297)	1,297
<b>Adjustments involving the Accumulated Absences Adjustment Account</b>					
Adjustments for Short term absences	(20)			(20)	20
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>					
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements.	15			15	(15)
<b>TOTAL ADJUSTMENTS</b>	<b>12,465</b>	<b>(19,560)</b>	<b>19,000</b>	<b>(26,095)</b>	<b>26,095</b>

Usable Reserves					
2021/22 Adjustments between Accounting Basis and Funding Basis Under regulations	General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000
Depreciation & impairment of non-current assets	(38)			(38)	38
Capital grants and contributions	67,905			67,905	(67,905)
Reversal of Expected credit loss on capital loans	485			485	(485)
Revenue expenditure funded from capital under statute	(88,702)			(88,702)	88,702
Loss for Interest foregone on capital loan	76			76	(76)
Loss in Fair Value of capital investments	(3,341)			(3,341)	3,341
<b>Adjustments involving the Capital Grants Unapplied Account (CGU)</b>					
Capital grants & contributions unapplied from the CIES	4,295		(4,295)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account			34,755	34,755	(34,755)
<b>Adjustments involving the Capital Receipts Reserve (CRR):</b>					
Redemption of Financial Assets (Loans)		(14,887)		(14,887)	14,887
Application of capital receipts to capital financing transferred to the Capital Adjustment Account		14,934		14,934	(14,934)
<b>Adjustments involving the Pension Reserve</b>					
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement (see also note 7)	(1,505)			(1,505)	1,505
<b>Adjustments involving the Accumulated Absences Adjustment Account</b>					
Adjustments for Short term absences	56			56	(56)
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>					
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements.	14			14	(14)
<b>TOTAL ADJUSTMENTS</b>	(20,753)	47	30,460	9,754	(9,754)

### Summary of Usable and Unusable Reserves

The table below shows the movement on each reserve to give total balances as at 31 March for usable and unusable reserves.

01-Apr-21	Movement	31-Mar-22		01-Apr-22	Movement	31-Mar-23
£'000	£'000	£'000		£'000	£'000	£'000
(7,802)	(1,815)	(9,617)	General Fund Balance	(9,617)	(2,298)	(11,915)
(6,448)	(1,548)	(7,996)	Earmarked General Fund Reserves	(7,996)	(3,440)	(11,435)
(9,221)	47	(9,174)	Usable Capital Receipts Reserve	(9,174)	(19,560)	(28,734)
(58,925)	30,460	(28,465)	Capital Grants Unapplied Account	(28,465)	(19,000)	(47,465)
<b>(82,396)</b>	<b>27,144</b>	<b>(55,252)</b>	<b>Total Usable Reserves</b>	<b>(55,252)</b>	<b>(44,297)</b>	<b>(99,549)</b>
(73,858)	(11,188)	(85,046)	Capital Adjustment Account	(85,046)	24,794	(60,252)
29	(14)	15	Financial Instruments Adjustment Account	15	(15)	( )
265	15	280	Financial Instruments Revaluation Reserve	280	-	280
125	(56)	69	Accumulated Absences Account	69	20	88
3,644	1,282	4,926	Pensions Fund Reserve	4,926	(5,840)	(914)
<b>(69,795)</b>	<b>(9,961)</b>	<b>(79,756)</b>	<b>Total Unusable Reserves</b>	<b>(79,756)</b>	<b>18,959</b>	<b>(60,798)</b>
<b>(152,191)</b>	<b>17,183</b>	<b>(135,008)</b>	<b>Total Usable and Unusable Reserves</b>	<b>(135,008)</b>	<b>(25,339)</b>	<b>(160,346)</b>

## 14. Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

Earmarked Reserve:	01-Apr-2022	Transfer Out	Transfer In	31-Mar-2023	Movement	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	
Revenue Reserve	1,000	-	815	<b>1,815</b>	<b>815</b>	This reserve provides a working balance to cover risks to the revenue budget.
Elections Costs Reserve	-	-	260	<b>260</b>	<b>260</b>	This reserve smooths the impact on the revenue budget of the Mayoral elections which take place every four years.
Inflation Reserve	-	-	2,400	<b>2,400</b>	<b>2,400</b>	This reserve has been created from the windfall in treasury management income to increase the Authority's ability to react to inflationary pressures within the supported bus network
AEB Reserve	2,607	-	686	<b>3,293</b>	<b>686</b>	This reserve holds the balance of adult education budget funding to maintain a locally determined ringfence between financial years.
Business Board Strategic Revenue Reserves	1,316		376	<b>1,692</b>	<b>376</b>	This reserve holds un-ringfenced revenue funds which are received by the Combined Authority as the Accountable Body for the Business Board.
Departmental Reserves	3,073	(2,255)	1,157	<b>1,975</b>	<b>(1,098)</b>	These represent unspent grant funding and other income which does not require repayment, but is earmarked for projects in future years.
<b>Total Earmarked Reserves</b>	<b>7,996</b>	<b>(2,255)</b>	<b>5,694</b>	<b>11,435</b>	<b>3,439</b>	

## 15. Capital Grants Unapplied Reserve

Capital Grants Unapplied Reserve	01-Apr-2022	Transfer Out	Transfer In	31-Mar-2023
	£'000	£'000	£'000	£'000
Gain Share - Capital	24,171	-	12,000	36,171
DfT Zebra Grant	4,295	-	-	4,295
DLUHC Capital Investment Fund s50 grant	-	-	7,000	7,000
<b>Total Capital Grants Unapplied Reserve</b>	<b>28,466</b>	<b>-</b>	<b>19,000</b>	<b>47,466</b>

## 16. Capital Adjustment Account

2021/22 £'000	Capital Adjustment Account	2022/23 £'000
(73,858)	Balance as at 1 April	(85,046)
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income &amp; Expenditure Statement</b>	
(67,905)	Capital Grants & Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	(87,832)
88,702	Revenue Expenditure Funded from Capital under Statute	97,510
14,887	Redemption of financial assets (loans)	30,942
-	Redemption of Financial Assets (Equity Instruments)	885
(14,934)	transfer from usable capital receipts	(16,698)
38	charges for depreciation	44
(76)	Loss for Interest foregone on capital loan	-
3,341	Loss in Fair Value of capital investments	-
(485)	charges for expected credit loss relating to capital loans	(57)
(10,264)	Application of grants to finance capital loans from the Capital Grants Unapplied Accounts	-
(24,491)	Application of Grants to Capital Financing from the Capital Grants Unapplied Account	-
<b>(85,046)</b>	<b>Balance as at 31 March</b>	<b>(60,252)</b>

## 17. Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

2021/22  
£'000

2022/23  
£'000

<b>29</b>	<b>Balance as at 1 April</b>	<b>15</b>
<b>(14)</b>	Amounts arising from timing differences associated with certain financial instruments	<b>(15)</b>
<b>15</b>	<b>Balance as at 31 March</b>	<b>( )</b>

## 18. Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains and losses made by the Combined Authority arising from changes in the value of its investments that are measured at fair value through other comprehensive income.

<b>2021/22</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
<b>265</b>	<b>Balance as at 1 April</b>	<b>280</b>
<b>15</b>	Amounts arising from timing differences associated with certain financial instruments	<b>-</b>
<b>280</b>	<b>Balance as at 31 March</b>	<b>280</b>

## 19. Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
<b>125</b>	<b>Balance as at 1 April</b>	<b>69</b>
<b>(56)</b>	Amounts Accrued at the end of the current year	<b>20</b>
<b>69</b>	<b>Balance as at 31 March</b>	<b>88</b>

## 20. Pensions Reserve

The Pensions 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. The Combined Authority accounts for post-employment benefits in the comprehensive income and expenditure statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on

any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Combined Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

2021/22		2022/23
£'000		£'000
3,644	<b>Balance as at 1 April</b>	<b>4,926</b>
	Recognition of net Defined Benefit Liability on transfer in IAS19 basis	
(222)	Remeasurements of the net defined benefit liability	(7,137)
2,324	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	2,119
(820)	Employer's pensions contributions and direct payments to pensioners payable in the year	(822)
<b>4,926</b>	<b>Balance as at 31 March</b>	<b>(914)</b>

## 21. Property, Plant and Equipment

Movement in 2021/22	2021/22		2022/23	
	Vehicle, Plant, furniture & equipment	Total Property, Plant & Equipment	Vehicle, Plant, furniture & equipment	Total Property, Plant & Equipment
Cost or Valuation	£'000	£'000	£'000	£'000
At 1 April	287	648	181	181
Additions	22	22	53	53
Disposals	-	-	-	-
At 31 March	181	181	234	234
Accumulated Depreciation & Impairment				
At 1 April	(79)	(79)	(117)	(117)
Depreciation Charge	(38)	(38)	(46)	(46)
Disposals	-	-	-	-
At 31 March	(117)	(117)	(163)	(163)
Net Book Value				
At 31 March 2023	64	64	71	71
At 1 April 2022	80	80	64	64

## 22. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table, together with the resources that have been used to finance the expenditure.

2020/21 £'000		2021/22 £'000
-	Opening Capital Financing Requirement	-
	Capital Investment	
88,701	Revenue Expenditure Funded from Capital Under Statute	97,510
30	Property Plant and Equipment	53
	Intangible Assets	121
18,073	Equity Instruments	800
10,265	Capital loans	6,047
	Sources of Finance	
(14,934)	Usable Capital receipts	(16,698)
(54,658)	Capital grants unapplied	-
(47,478)	Capital Grants & Contributions	(87,833)

## 23. Combined Authority Leasing Arrangements

### Combined Authority as Lessee - Operating Leases

During the year the Combined Authority entered into a lease to rent office space within Huntingdon District Council's Pathfinder House building and co-located the Mayor's office and the Combined Authority's offices to deliver efficiencies. The lease is for a term of 8 years, with a break clause after 4 years. The future minimum lease payments due under the non-cancellable period of the lease are:

2021/22 £'000	Authority as Lessee – Operating Leases	2022/23 £'000
-	Not more than one year	124
-	Later than one year and not later than five years	321
-	Later than five years	-
-	<b>Total future minimum lease payments</b>	<b>445</b>

## 24. Financial Instruments

Under IFRS 9 the financial assets on the Balance Sheet are now classified by one of the following categories in the table below:

- Amortised Cost
- Fair Value through the Income and Expenditure (FVOCI)
- Fair Value through the Profit and Loss (FVPL)

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2021/22 £000		2022/23 £000
(472)	Interest Income - Treasury Management	(3,576)
(1,382)	Interest Income - Service Loans	(928)
(485)	movement in expected credit loss allowances	(57)
-	loss from changes in Fair Value (FVPL assets)	-
<b>(2,338)</b>	<b>Net impact on surplus/deficit on provision of services</b>	<b>(4,561)</b>
15	loss from changes in Fair Value (FVOCI assets)	15
<b>15</b>	<b>Impact on Other Comprehensive income</b>	<b>15</b>
<b>(2,323)</b>	<b>Net (gain)/loss for the year</b>	<b>(4,546)</b>

The following categories of financial instrument are carried in the Balance Sheet:

31-Mar-22			31-Mar-23	
Long Assets £000	Current Assets £000		Long Term Assets £000	Current Assets £000
		<b>Assets at Amortised Cost:</b>		
<b>10,000</b>	<b>155,115</b>	Investments - Amortised Cost	<b>15,000</b>	<b>90,854</b>
-	149,886	Cash & Cash Equivalents	-	98,254
<b>3,819</b>	<b>35,974</b>	Debtors - Service Loans	<b>3,682</b>	<b>9,100</b>
-	<b>9,278</b>	Debtors - Other	-	<b>6,862</b>

-	-	<b>Assets at Fair Value:</b>	-	-
46,351	-	Investments at Fair Value Profit and Loss	47,615	-
60	-	Medtech Shares - Designated FVOCI	60	-
<b>60,229</b>	<b>350,254</b>	<b>Total Financial Assets</b>	<b>66,357</b>	<b>205,070</b>
		Liabilities at Amortised Cost:		
-	(45,292)	Creditors	-	(33,927)
-	(45,292)	<b>Total Financial Liabilities</b>	-	(33,927)

## 25. Fair Value of Financial Assets and Financial Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at amortised cost.

Their fair value has been assessed by calculating the net present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The fair values of other long-term investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March
- Service loans have been discounted using a rate with an equivalent margin over current base rate to that at the time the loan was agreed
- no early repayment is recognised
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- For equity and equity type investments, the fair value has been assumed as the Combined Authority's share of shareholders funds as at 31 March 2023, except for investments in Start Codon where the fund valuation has been used and Illumina investments where an estimate has been made of the value to be received under the agreements.

With the introduction of IFRS 9 the authority has designated the Medtech shares at 31 March 2020 as fair value through other comprehensive income. This is because the shares are not held for trading or income generation, rather a longer-term policy initiative.

The Fair Values calculated are as follows:

Table to be completed once the valuation for the subsidiary companies assets have been completed

## 26. Nature and Extent of Risks Arising from Financial Instruments

The Combined Authority'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 Combined Authority
- Liquidity risk – the possibility that the Combined Authority might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Combined Authority as a result of changes in such measures as interest rates and money market movements

The Combined Authority'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 the Finance team, under policies approved annually by the Combined Authority in the Treasury Management Strategy. The Combined Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

### Credit risk

The Combined Authority manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice.

A limit of £25m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £15m applies. The Combined Authority also sets limits on investments in certain sectors.

Combined Authority had a total of £202.4m deposited with the Debt Management Office (DMO), other local authorities, UK banks and MMFs at 31 March 2023. As the DMO is within the scope of HM Treasury this reduces the overall credit risk. There is a specific risk attached to amounts deposited with the individual institutions based on their ability to make interest payments and repay the principal outstanding, it is however more difficult to assess the risk in general terms. Recent experience has shown that it is rare for such entities to not meet their commitments. Whilst there is a risk of recoverability with regard to these deposits, there was no evidence that this was likely at 31 March 2023 and no Expected Credit Loss allowances have been made on treasury investments. We are in constant communication with our treasury advisors to update our position in accordance with their advice on managing emerging risks.

**Liquidity Risk**

The Combined Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. In the unlikely event that unexpected movements happen, the Combined Authority has ready access to borrowings from the Public Works Loans Board (PWLB), other local authorities at favourable rates and the money market generally. There is no significant risk that it will be unable to raise finance to meet its commitments.

**Market risks:****Interest rate risk**

The Combined Authority is exposed to risk in terms of its exposure to interest rate movements on its and investments. Movements in interest rates have a complex impact on the Combined Authority. For instance, a rise in interest rates would have the following effects:

- investments at fixed rates – the fair value of the assets will fall
- investments at variable rates – the interest income credited to the (Surplus) / Deficit on the Provision of Services will rise

The Finance Team assesses interest rate exposure which feeds into the setting of the annual budget and is used to update the forecasts during the period. This allows any adverse changes to be accommodated.

**Price Risk**

The Combined Authority holds shares in several companies for service delivery purposes, which are not publicly traded. For most of these companies, the value in the accounts is based on the shareholder funds held on the 31st March 2023, rather than a market share value, as such for these companies, we do not consider there to be exposure to losses arising from movements in the traded price of shares. During 20/21 the Combined Authority invested Local Growth Funds in the Start Codon and Illumina projects which provide funding and support to local start-up companies across the Biomedical, healthcare technology and life sciences sectors. The value of the funds invested are exposed to the changes in the companies' values, however this risk is acceptably tolerated as no reliance has been placed on these funds for future service delivery, thus any losses would not have an effect on the wider financial sustainability of the Combined Authority.

**Foreign Exchange Risk**

The Combined Authority has no liabilities denominated in foreign currencies and thus there is no material risk arising from movements in exchange rates.

## 27. Debtors

31-Mar-22		31-Mar-23
CPCA		CPCA
£'000	Short Term Debtors	£'000
2,187	Central government bodies	1,148
4,264	Other local authorities	2,173
35,995	Other entities and individuals	9,705
2,806	Group Companies	2,935
8,459	Prepayments	40
<b>53,711</b>	<b>Total Short Term Debtors</b>	<b>16,002</b>

31-Mar-22		31-Mar-23
CPCA		CPCA
£'000	Long Term Debtors	£'000
3,819	Other entities and individuals	3,682
-	Other local authorities	-
<b>3,819</b>	<b>Total</b>	<b>3,682</b>

## 28. Creditors

31-Mar-22		31-Mar-23
£'000	Short Term Creditors	CPCA £'000
	<b>Creditors:</b>	
(14,584)	Central government bodies	(12,050)
(7,320)	Other local authorities	(17,992)
(19,270)	Other entities and individuals	(10,780)
(17,896)	Group Companies	(4,480)
<b>(59,071)</b>	<b>Total Short Term Creditors</b>	<b>(45,303)</b>

## 29. Provisions

The Combined Authority has an outstanding matter in relation to pension obligations relating to the transfer of ex-GCGP LEP staff to the Combined Authority in April 2018. The Combined Authority is working with the pension fund providers to confirm the nature and timing of the obligation and of the quantum of any liability attached to this obligation. The total potential liability is estimated at £226k. Exit cost provision for the FY 2022/23 is £74k.

## 30. Capital Grants Receipts in Advance

The Combined Authority has received a number of capital grants that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the funding body if not met. The balances at the year-end are as follows:

31-Mar-22 £'000	Capital Grants Receipts in Advance	31-Mar-23 £'000
(39,641)	Transforming Cities Fund	(26,296)
(5,849)	Local Transport Grant	(4,452)
-	DLUHC UK Shared Prosperity Fund	(75)
-	BEIS HUG2 Grant	(77)
-	Active Travel England - Active Travel Grant	(4,355)
(53,684)	Green Homes LAD 2 Energy Grant	-
(1,993)	DfT A10 Dualling and Junctions Grant	(1,993)
(118,296)	BEIS Sustainable Warmth LAD3 Grant	(28,545)
<b>(219,463)</b>	<b>Total Capital Grants Received in Advance</b>	<b>(65,793)</b>

## 31. Cash Flow Statement – Investing Activities

Short Term Investments are sums invested with a maturity of greater than three months but less than 12 months at the balance sheet date. Sums invested with a maturity of less than three months at the balance sheet date are classified as Cash and Cash Equivalents, see note 32

### Operating Activities

2021/22 £'000	Adjustments to Net Surplus or Deficit on the provision of services for Non-Cash Movements	2022/23 £'000
(37)	Depreciation of Non-Current Assets	(44)
-	Assets de-recognised during year	-
(7,934)	Increase/(Decrease) in debtors	(62,742)
1,201	(Increase)/Decrease in creditors	13,769
(320)	(Increase)/Decrease in provisions	320
(1,504)	Pension Fund costs adjustment	(1,297)
(111,380)	Capital Grants Received in Advance	153,670
15	Other Non-cash items	1
<b>(119,960)</b>	<b>Net cash (inflow)/outflow from operating activities</b>	<b>103,677</b>

## Investing Activities

2021/22	Cash Flow Statement – Investing Activities	2022/23
£'000		£'000
32,367	Purchase of Short & Long-Term Investments	(58,912)
30	Purchase of Property, Plant & Equipment	174
	Cash advanced for capital loans	(6,047)
3,984	Proceeds from loan repayments	30,942
<b>36,381</b>	<b>Net cash flows from investing activities</b>	<b>(33,843)</b>

## 32. Cash Flow Statement – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is shown in the following table.

2021/22	Cash and Cash Equivalents	2022/23
£'000		£'000
143,141	Short Term Cash Investments	97,662
6,745	Bank Accounts	592
<b>149,886</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>98,254</b>

## Group Accounts

To be completed once property valuations which will have a material impact on subsidiary company accounts have been received.

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## Glossary

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**Accounting Period** - 1 April to 31 March is the local authority accounting period. It is also termed the financial year.

**Accruals** - Revenue and capital income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Transactions are accrued with income and expenditure due but unpaid at 31 March brought into the accounts.

**Annual Governance Statement** – Identifies the systems that the Combined Authority has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded.

**Balance Sheet** – This statement is fundamental to the understanding of the Combined Authority's financial position at the year-end. It shows the balances and reserves at the Combined Authority's disposal and its long term indebtedness. It also shows the long term and net current assets employed in its operations.

**Balances** – The non-earmarked reserves of the Combined Authority. These are made up of the accumulated surplus of income over expenditure. This is known as the General Fund Balance. Adequate revenue balances are needed to meet unexpected expenditure or a shortfall in income. The Combined Authority may decide to use its revenue balances to reduce its budget and thus its call on the Collection Fund.

**Budget** - A statement of an Combined Authority's plans for net revenue and capital expenditure.

**Capital Expenditure** - Expenditure on the acquisition or development of major assets which will be of use or benefit to a Authority in providing its services beyond the year of account.

**Capital Grant** - A grant received towards the capital expenditure incurred on a particular service or project. Capital grants can be made by an Authority.

**Cash Equivalent** – An investment that is liquid and matures within three months. There is no significant risk to the value on redemption.

**Code of Practice on Local Authority Accounting** – The statutory accounting code published by CIPFA.

**Comprehensive Income and Expenditure Statement or CIES** - Reports the income and expenditure for all the Combined Authority's services. The CIES demonstrates how services have been financed from general government grants and income from taxpayers.

**Creditor** - An amount owed by the Combined Authority for work done, goods received or services rendered to the Combined Authority within the accounting period but for which payment has not been made.

**Current Asset** - An asset which can be expected to be consumed or realised during the next accounting period.

**Current Liability** - An amount which will become payable or could be called in within the next accounting period.

**Debtor** - An amount owed to the Combined Authority within the accounting period, but not received at the Balance Sheet date.

**Effective Rate of Interest** – The rate of interest that is consistent with estimated cash flows over the life of a financial instrument and its initial value in the balance sheet. It is calculated using discounted cash flow.

**Fair Value** – Fair value is an important in setting the value for various assets in the balance sheet. It is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Financial Asset** – A right to future economic benefits controlled by the Combined Authority. Examples include bank deposits, investments made and loans receivable by the Combined Authority.

**Financial Instrument** – This is an important definition in understanding the accounts. It includes both financial assets and liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

**Financial Liability** – An obligation to transfer economic benefits controlled by the Combined Authority. Examples include borrowings, financial guarantees and amounts owed to trade creditors.

**General Fund** - The main fund of the Combined Authority that meets the cost of most services provided by the Combined Authority. The services are paid for from Council Tax, business rates, government grant and other income.

**Government Grants and Subsidies** - Grants towards either the revenue or capital cost of Combined Authority services. These may be either in respect of particular services or purposes, (specific and supplementary grants), or in aid of local services generally such as Revenue Support Grant.

**Movement in Reserves Statement or MIRS** – This statement shows the movement in the year on the different reserves held by the Combined Authority, analysed into 'usable reserves' and unusable reserves.

**Non-current asset** - An asset which has value beyond one financial year.

**Non-Domestic Rates (NDR) or business rates** - The rates payable by businesses on their properties are calculated by applying a nationally determined multiplier to the rateable value of the property. There is a lower multiplier for small businesses.

**Precept** – The Combined Authority is not empowered to bill council tax payers directly. Instead it may raise a precept on the billing authorities that are its members.

**Reserves** - Amounts set aside for purposes falling outside the strict definition of provisions are considered as reserves. Reserves include earmarked reserves set aside for specific projects or service areas, or expected future commitments.

**Revenue Expenditure** - The day-to-day running costs the Combined Authority incurs in providing services (as opposed to capital expenditure).

**Usable Reserves** – Those reserves that can be applied by the Combined Authority to fund expenditure or reduce local taxation.

**Unusable Reserves** – Those reserves that absorb the timing differences arising from different accounting arrangements. Unusable reserves are not available to fund expenditure or reduce local taxation.

# Annual Governance Statement

For the year ended 31 March  
2023

Presented to Audit and Governance Committee as a separate document