CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY | JAMES PALMER CAMBRIDGESHIRE & PETERBOROUGH MAYOR

Statement of Accounts

2019/20

Draft V9 20/07/2020

Cambridgeshire and Peterborough Combined Authority

Statement of Accounts 2019/20

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Narrative Report:

1. Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom affirms the need for 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 the Cambridgeshire and 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 and Peterborough Combined Authority's financial statements for the year ended 31 March 2020

2. Organisational Overview and External Environment

The Combined Authority is made up of eight founding members across Cambridgeshire and Peterborough. Each of the following 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 Business Board also has representation on the Combined Authority 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 representative
Clinical Commissioning Group representative

The Business Board was constituted as a non-statutory body to be the Local Enterprise Partnership (LEP) for the region. It is 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 Cambridgeshire and Peterborough and wider Local Enterprise area.
The Business Board builds upon the strengths of established LEP services to create a stronger new model and focuses on:

- Local Industrial Strategy – strategy development, implementation oversight, and monitoring of key objectives
- Place-based growth plans – including master plan development for our market towns, oversight of implementation, 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 direct investment opportunities open to the area
- Devolution – employment improvement and increased exporting impacting on Gross Value Added

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 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.

At its meeting on 25 September 2019 the Combined Authority Board agreed to amendments to the Constitution. Those amendments included the establishment of three Executive Committees and provision for the appointment of Lead Members.

The changes to the constitution were made in response to the threats to the Cambridgeshire and Peterborough economy, as outlined in the Cambridgeshire and Peterborough Independent Economic Review (CPIER) report and to support a dynamic and innovative approach to delivering the growth necessary to ensure the long term prosperity of the area.

The Combined Authority Board will decide the strategic direction of the Combined Authority but will delegate many of its decision-making powers for operational matters to the Transport & Infrastructure Committee, the Skills Committee and the Housing & Communities Committee.

3. Governance

Cambridgeshire and 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. 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, having regard to a combination of economy, efficiency and effectiveness.

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.

In May 2019, the Business Board and Combined Authority Board approved a revised single Assurance Framework following the Ministry of Housing, Communities & Local Government's revised National Local Growth Assurance Framework for Mayoral Combined Authorities with a Single Pot and Local Enterprise Partnerships.

This single Assurance Framework has subsequently been submitted to and approved by the Ministry of Housing, Communities and Local Government.

By creating a single Assurance Framework, the Combined Authority and the Business Board will have 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.

4. Operational Model

The Devolution Deal for Cambridgeshire and Peterborough sets 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 of investment. This single pot for Cambridgeshire and Peterborough initially comprised of a devolved, multi-year transport settlement and an additional long-term investment fund grant, worth up to £600 million over 30 years.

5. Risks and Opportunities

COVID-19

On 25 March 2020, the Combined Authority set out its response to COVID-19 to support recovery and formulated an approach covering an immediate, short term and medium-term response.

The immediate response was to remain 'open for business' with the Combined Authority's workforce being fully mobilised to work from home, meetings taking place virtually, and the Mayor's general power of competence being relied upon to make decisions.

Innovations to support local businesses affected by COVID-19 have included:

- The re-design and re-purpose of resources towards growth coaching, advice, grants and equity investments, to provide a rapid response to support businesses.
- Supporting clients to access information regarding the Central Government Support Packages and to provide signposting to appropriate local sector Business networks
- Allocate grant funding for short term support grants to COVID recovery and regrowth strategies for local firms.

The medium-term response includes undertaking a review of all priorities to focus on those which will increase the ability of economic recovery.

The Combined Authority Board approved the budget for 2020/21 and Medium Term Finance Plan (MTFP) in January 2020. The MTFP set out assumed future funding streams and a full capital programme of investments for the period to 2023/24. The whole of the MTFP has been reviewed to consider risks to delivery and to focus on priorities which will support economic recovery.

The review updated the assumptions made in the MTFP on the funding of projects to which central government and its agencies have now made a clear public commitment. This highlights the 'promoter' role of the Combined Authority and its success in obtaining future funding commitments from central government.

The ‘remodelled’ MTFP confirms that the current mayoral priorities are still affordable within the existing MTFP funding envelope, that the refresh has refocused funds towards the immediate COVID-19 response and has enabled the release of some resources to support economic recovery, including an increased commitment to market towns and funding to support the development of the Cambridgeshire Autonomous Metro (CAM). The proposed changes, which were approved by the Board in June 2020 leave the revenue and capital budgets balanced and affordable across the lifetime of the MTFP, whilst maintaining a £1m Contingency Reserve.

Despite the potential impact of COVID-19 on local authority financial sustainability, the Combined Authority is able to maintain a balanced and affordable budget and to continue to operate for the foreseeable future. It is therefore appropriate to prepare the financial statements on a going concern basis.

Brexit

The Combined Authority has not received any material funding from EU sources in 2019-20; however, it currently has bids being evaluated by both the European Social Fund (ESF) and European Regional Development Fund (ERDF). Both these funds are available to UK projects to spend by the end of March 2023 regardless of the outcome of Brexit negotiations. The Combined Authority does not consider Brexit itself a risk to these funding streams.
If there is a delay in the funding decisions being made, or the projects slip, then replacement funding would need to be identified, or the project scope scaled back.

Our Growth Ambition

The Combined Authority has a Growth Ambition Statement to summarise it's strategy and response to the Cambridgeshire & Peterborough Independent Economic Review (CPIER).

The CPIER endorsed the Devolution Deal ambition of doubling GVA over 25 years and said that growth is of strategic importance for the future global competitiveness of Britain. It emphasised the diversity of our economy and the difference between the challenges the strongly-growing large cities and other parts of the area face.

The CPIER has also thrown down a challenge by saying that current efforts are not enough to secure that growth. It has highlighted the risk that the Greater Cambridge economy may decelerate unless there is investment in transport infrastructure and housing. It provides clear evidence that we need to do more to develop the productivity of firms, raise skill levels, make home ownership affordable, address health and educational inequalities, and generate revenue to pay for public services in the future.

Not enough homes have been built in the past. The Combined Authority will therefore lead work to review future housing demand and needs. That review will take place in a way that makes new analysis available to support those of our planning authorities which have committed to review their plans in the near future.

New homes need to be affordable. The Combined Authority's Housing Strategy aims to exceed the 2,500 affordable homes committed to in the Devolution Deal. We will also use the new Spatial Framework and direct investment in new settlements to encourage extra affordable housing provision, including by developing homes for first time buyers with a price target based on earnings.

In striking a balance between the different possible patterns for future settlements through the Spatial Framework, the Combined Authority will encourage development, where good transport can be provided, including along transport corridors and new garden villages. By linking the Spatial Framework and Local Transport Plan, this approach will be based on ensuring that transport and other infrastructure investment precedes housing development.

The Combined Authority's identified key transport priorities reflect a commitment to improve connectivity both East to West and North to South, to reduce commuting times in line with a journey to work target of within 30 minutes, and to support future development. We are committed to rigorous prioritisation based on business cases which assess the impact of the projects on future growth.

Bringing transport and spatial planning together around projects like the Cambridgeshire Autonomous Metro (CAM) creates opportunities to fund future investment through Land Value Capture. The Combined Authority will consider acquiring and promoting strategic housing sites along the proposed CAM routes. We will work to develop these as possible future garden villages.

Responding to the growth challenge means public sector interventions to help firms raise their productivity, especially outside the Greater Cambridge area. Our Local Industrial Strategy (LIS) will reflect the CPIER's recommendations about key sectors and the drivers of productivity. Our LIS will recognise the different economic roles that different towns play and will be about targeting support to businesses in areas that need it. It will focus on improving productivity and encouraging exporting. As part of this, the Combined Authority is already supporting digital connectivity for businesses.

The CPIER highlighted the existence of a low level of skills and educational aspiration in some communities, and mismatches with employer needs in the education system, alongside the high-skilled economy of Cambridge. The Combined Authority will continue to prioritise skills interventions, including supporting the establishment of a new university in Peterborough with a course mix driven by local employer demand for skills in both public and private sectors, encouraging apprenticeships, and through the LIS working to activate employer demand and motivate learners and their families to aspire.

The CPIER recognised that growing our economy is not just about our two large cities and emphasised the role of Market Towns. We will continue to support the Market Town Masterplans and will be ready to support proposals for delivery that come out of those masterplans. This will include supporting digital connectivity to help develop the economy of market towns.

Growth, educational attainment, health and social mobility are linked. More skilled, more productive, higher-earning Market Towns will also be healthier. That requires consideration of how public services can best be organised to focus on improving the wider determinants of health and encouraging education aspiration. The Combined Authority has launched an Independent Commission on public service reform and commissioned work on achieving a stronger health and care system.

6. Strategy and Resource allocation

LOCAL INDUSTRIAL STRATEGY

Implementing the Growth Ambition for Cambridgeshire and Peterborough requires a focussed Local Industrial Strategy (LIS) defining how the Combined Authority will support businesses and key sectors to grow and become more productive, and people in our communities to gain the skills for these jobs. Led by the Business Board in development and implementation, the LIS sets out priority productivity and skills activities for the Combined Authority for the medium-term. The LIS, which is co-produced with Government, explores the further support and investment national Government could offer to deliver the UK Industrial Strategy locally.

The local industrial strategy can be viewed here.

STRATEGIC SPATIAL FRAMEWORK

As part of the Devolution Deal, the Combined Authority is developing a non-statutory spatial strategy for Cambridgeshire and Peterborough. This will align essential infrastructure, housing and job growth, and set out how growth can be delivered. It links to other strategies of the Combined Authority. Local planning authorities, all of whom are represented on the Combined Authority Board, retain their statutory planning powers.

The Strategic Spatial Framework can be viewed here.

SKILLS STRATEGY

The Skills Strategy supports our vision of a local skills system that is world-class in matching the needs of our employers, learners and communities. The principles of the Strategy include simplifying access to skills support for employers and learners and tailoring interventions to appropriate geographies, sectors and learners by the development of the Progression and Apprenticeship Market Place, the new University of Peterborough and use of the devolved Adult Education Budget (AEB). The strategic priorities ensure local provision is matched to industry need, making sure people are work-ready, raising aspirations, and influencing choices.

The Skills Strategy can be viewed here.

LOCAL TRANSPORT PLAN

Following devolution, the Combined Authority is now the Local Transport Authority with strategic transport powers. The Local Transport Plan provides an overview of the area's aims and objectives, its strategies to address challenges and summarises the major transport schemes required to achieve targeted growth and place-making across the Combined Authority geography.

During the September refresh of the business plan, six projects were included as additions to the key projects list which the Board monitors quarterly. These projects are:

- Fenland Stations Regeneration – a project to deliver a range of interventions at train stations across March, Manea and Whittlesea and to promote more frequent and later services from these stations;
- Bus Review Task Force – this is a programme of work designed to implement the recommendations and findings of the 2018 Strategic Bus Review. This includes building business cases for possible franchising or other bus delivery models by early 2021;
- Adult Education Budget – responsibility for the devolved Adult Education funding;
- Community Land Trusts – increasing the potential CLTs in the area;
- £100,000 Homes – enabling the delivery of the first £100,000 homes;
- Business Board – tracking and monitoring progress in The Business Board's programme to deliver the Local Industrial Strategy as a key project.

The local transport plan is still in the public consultation phase and the consultation documentation can be viewed here.

7. Outlook

The Combined Authority restates its commitment to double GVA over 25 years. We recognise that this will require action and investment by both the public and private sectors. It is the role of the Combined Authority to lead and to convene partners in order to make that happen.

Partnership will be essential to delivery. The public sector in particular needs to work more closely to leverage all our resources, human and financial. We also need to depoliticise what we do about growth and build a consensus that gives our communities, businesses and central government the confidence that when they make decisions to live, grow and invest in our region they do so knowing there's not a better area in the country to do it.

Key and valued local partnerships for the Combined Authority include those with constituent authorities, with the Business Board and employers in the area, with the Greater Cambridge Partnership, and those involving cross-border working with neighbouring councils.

The Business and Skills Directorate and the Business Board, for which it supplies the executive support, is focused on the Combined Authority’s vision to double our economy. Its strategic approach in achieving this is to:

- **Improve the long-term capacity for growth in Greater Cambridge** to support the expansion of this innovation powerhouse and, crucially, reduce the risk of any stalling in the long-term high growth rates that have been enjoyed for several decades.
- **Increase sustainability and broaden the base of local economic growth**, by identifying opportunities for high growth companies to accelerate business growth where there is greater absorptive capacity, beyond the current bottlenecks to growth in Greater Cambridge.
- **Do this by expanding and building upon the clusters and networks** that have enabled Cambridge to become a global leader in innovative growth, creating an economy-wide business support eco-system to promote inclusive business growth.

The Delivery and Strategy Directorate promotes the Mayor and Combined Authority’s growth ambition by:

- Supporting their role as the Transport Authority, developing and overseeing the delivery of new transport schemes, developing the Local Transport Plan, and ensuring the provision of subsidised public transport by delivery partners;
- Supporting Local Planning Authorities by developing an overall spatial framework for the area;
- Providing programme and performance management to ensure successful delivery of Combined Authority projects; and
- Supporting the Mayor and Combined Authority’s role in public service reform.

In 2017, the Combined Authority successfully negotiated £170 million from Government for delivery of an ambitious housing programme providing 2,500 new affordable homes by March 2022.

Within this programme, £100 million is available to be used across the Combined Authority area to deliver 2,000 affordable homes and £70 million is available to Cambridge City Council to deliver 500 new council homes.

The Housing and Development Team at the Combined Authority is working with officers in all partner local authorities (via the Cambridgeshire and Peterborough Housing Board) to identify new schemes to come forward for support from the Affordable Housing Programme. The Team is also building relationships with landowners, developers and housing providers to seek opportunities to influence, enable and accelerate delivery of new affordable housing across the Combined Authority area.

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 2019/20 (the Code).

The Statement of Accounts brings together the major financial statements for the Combined Authority for the financial year 2019/20. 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 2020.
- 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.

Jon Alsop
Chief Finance Officer (S73)

Independent Auditors' Report to the Members of Cambridgeshire and Peterborough Combined Authority

This report will be provided after the audit of the Authority's accounts is completed.

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 xx to xx present a true and fair view of the financial position of the Combined Authority at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

Jon Alsop

Chief Finance Officer and
Section 73 Officer:

Date:

Approval of the Statement of Accounts

I confirm that these accounts were approved by the Audit and Governance Committee at the meeting held on xxxxxxxxx.

Chair of the Audit Committee:

Date:

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, but this power has not been utilised in 2019-20.

2018/19 (Restated*)			CIES		2019/20		
Gross Exp. (Restated)	Gross Income (Restated)	Net Exp (Restated)		Notes	Gross Expend'	Gross Income	Net Exp
£000	£000	£000			£000	£000	£000
4,103	0	4,103	Combined Authority Staffing Costs		4,064	0	**4,064**
606	(80)	526	External Support Services		291	0	**291**
820	(0)	820	Corporate Overheads		985	0	**985**
(13)	0	(13)	Election Costs		0	0	**0**
0	(102)	(102)	Financing Costs		0	(503)	**(503)**
89	0	89	Governance Costs		17	0	**17**
1,058	(348)	710	Economic Strategy		1,691	(720)	**971**
439	(24)	415	Mayor's Office		370	0	**370**
14,064	(14,132)	(69)	Housing		12,561	(524)	**12,037**
41,835	(44,625)	(2,790)	Transport		38,824	(35,379)	**3,445**
704	(338)	366	Strategy, Planning and Performance		553	(277)	**276**
7,389	(934)	6,455	Business and Skills		11,724	(4,219)	**7,505**
71,094	**(60,582)**	**10,512**	**Net Cost of Services**		**71,080**	**(41,622)**	**29,458**
0	(1,410)	(1,410)	Financing & Investment Income & Expenditure	8	37	(1,646)	**(1,609)**
0	(41,961)	(41,961)	Taxation & Non-Specific Grant Income	9	0	(39,149)	**(39,149)**
71,094	**(103,954)**	**(32,859)**	**(Surplus) / Deficit on Provision of Services**		**71,117**	**(82,417)**	**(11,300)**
132	0	132	(Surplus) / deficit from investments in equity instruments designated at fair value through other comprehensive income		76	0	**76**
			Actuarial (Gains) / Losses on Pension Assets / Liabilities	7	1,028	0	**1,028**
		132	**Other Comprehensive Income & Expenditure**				**1,104**
		(32,727)	**Total Comprehensive Income & Expenditure**				**(10,196)**

* *Restated to take account of changes in organisation structure during 2019/20 in order to present figures on a like for like basis.*

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.

Movement in Reserves	**Note**	**General Fund Balance** £000	**Earmarked General Fund Reserves** £000	**Capital Grants Unapplied Account** £000	**Usable Capital Receipts Reserve** £000	**Total Usable Reserves** £000	**Unusable Reserves** £000	**Total Combined Authority Reserves** £000
Balance at 1 April 2018		(9,997)	(1,690)	(99,789)	(9,189)	(120,665)	(7,125)	(127,790)
Total Comprehensive Income & Expenditure		(32,859)	0	0	0	(32,859)	132	(32,727)
Adjustments between accounting basis & funding basis under regulations	*13*	30,814	0	(31,190)	(1,947)	(2,323)	2,323	0
Net Increase before Transfers to Earmarked Reserves		(2,045)	0	(31,190)	(1,947)	(35,182)	2,455	(32,727)
Transfers to / (from) Reserves		857	(857)	0	0	0	0	0
Increase / (Decrease) in 2018/19		(1,188)	(857)	(31,190)	(1,947)	(35,182)	2,455	(32,727)
Balance at 31 March 2019 Carried Forward		(11,185)	(2,547)	(130,979)	(11,136)	(155,847)	(4,670)	(160,517)
Balance at 1 April 2019		(11,185)	(2,547)	(130,979)	(11,136)	(155,847)	(4,670)	(160,517)
Total Comprehensive Income & Expenditure		(11,300)	0	0	0	(11,300)	1,104	(10,196)
Adjustments between accounting basis & funding basis under regulations	13	7,995	0	20,687	128	28,810	(28,810)	0
Net Increase before Transfers to Earmarked Reserves		(3,305)	0	20,687	128	17,510	(27,706)	(10,196)
Transfers to / (from) Reserves		554	(554)	0	0	0	0	0
Increase / (Decrease) in 2019/20		(2,751)	(554)	20,687	128	17,510	(27,706)	(10,196)
Balance at 31 March 2020 Carried Forward		(13,936)	(3,101)	(110,292)	(11,008)	(138,337)	(32,376)	(170,713)

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’.

31st March 2019 £000		Balance sheet	Notes	31st March 2020 £000	
208		Property, Plant & Equipment	20	544	
209		Long Term Investments	23, 24	133	
4,459		Long Term Debtors	26, 23, 24	19,677	
	4,876	**Long Term Assets**			**20,354**
1,235		Short Term Debtors	26, 23, 24	26,434	
57,743		Short Term Investments	23, 24	80,699	
109,758		Cash and Cash Equivalents	23, 24, 29	80,565	
	168,736	**Current Assets**			**187,698**
(10,786)		Short Term Creditors	27, 23, 24	(21,407)	
	(10,786)	**Current Liabilities**			**(21,407)**
0		Other Long Term Liabilities	7	(1,554)	
(2,309)		Capital Grants Receipts in Advance	28	(14,378)	
	(2,309)	**Long Term Liabilities**			**(15,932)**
	160,517	**Net Assets**			**170,713**
(155,847)	(155,847)	Usable Reserves	13	(138,337)	(138,337)
(4,670)	(4,670)	Unusable Reserves	13	(32,376)	(32,376)
	(160,517)	**Total Reserves**			**(170,713)**

Chief Finance Officer and Section 73
Officer:

Date:

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.

2018/19 £000	Cash Flow Statement	Notes	2019/20 £000
(32,859)	**Net (Surplus) / Deficit on the Provision of Services**		**(11,300)**
(33,199)	Adjust net (Surplus)/Deficit on the Provision of the Services for non cash movements		17,403
0	Adjust for items included in the net (surplus)/Deficit on the Provision of Services that are Investing & Financing Activities		0
(66,059)	**Net Cash Flows from Operating activities**		**6,104**
30,295	Investing activities	29	23,089
0	Financing activities		0
(35,763)	**Net (Increase)/Decres in Cash & cash Equivalent**		**29,193**
73,994	**Cash & Cash Equivalent at the beginning of the Reporting Period**		**109,758**
35,763	**Increase / (Decrease) in Cash and Cash Equivalents**		**(29,193)**
109,758	**Cash & Cash Equivalents at the end of the Reporting Period**	30	**80,565**

1 Accounting Policies

General Principles

The Statement of Accounts summarises the Combined Authority's transactions for the 2019/20 financial year and its position at the year-end 31 March 2020. 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 2019/20, 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.

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 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 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, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority.

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 are can become members of the Local Government Pensions Scheme, administered by Cambridgeshire County 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 – ie 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 is analysed into the following components:

- Service cost comprising:

o 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

o 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

o net interest on the net defined benefit liability (asset), ie 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:

o 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

o 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.

o 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 negative 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 are 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 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 voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council 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 Council 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 (eg 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.

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 (ie 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 2019/20, in addition to Vehicle, plant, furniture & equipment, there have been some expenditure classified as Assets Under Construction 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

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 (ie assets under construction).

Deprecation 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.

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 2019/20.

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 GVA in the area. It ceases in 2021. Programme management costs are allowed by the funding agency, Department for Business, Energy and Industrial Strategy (BEIS) as determined by the Accountable Body. Previously 4% was agreed but this has been reviewed, since it became the CPCA's responsibility in 2018/19, to 2% of the funds received in year.

1.10.2 Housing Investment Fund

£170m has been devolved by HM Government to deliver 2,500 affordable homes by 2022. This seeks out opportunities and delivers grant to achieve this stretched target. Regular reporting and review is undertaken with the Ministry of Housing, Communities and Local Government. In 2017/18, this was undertaken by a constituent council on behalf of CPCA and paid for from the programme fund. In 2018/19, that arrangement was terminated and staff employed specifically to deliver the programme management. The costs of that programme management function is paid for from the fund.

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 an 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.

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 – these reserves are explained in 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. The CPCA 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

Despite the potential impact of COVID-19 on local authority financial sustainability, the Combined Authority is able to maintain a balanced and affordable budget and to continue to operate for the foreseeable future. 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

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

The above changes in accounting requirements which have been introduced by the 2020/21 code are not anticipated to have a material impact on the authority's financial performance or financial position.

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.

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).

2018/19 £ 000	External Audit Costs	2019/20 £ 000
35	Fees payable with regard to external audit services carried out by the appointed auditor	46
	PSAA audit refund	(3)
35	**Total**	**42**

5 Mayor's and Members' Allowances

The Mayor is the only Member of the CPCA Board who receives an allowance and expenses as the other Members are Leaders of their respective Constituent Authority and receive expenses and an allowance through this.

The 18-19 allowances have been restated to reflect that, while an allowance for the interim Chair of the Business Board in 2018-19 was accrued, he subsequently waived his allowance and therefore there was no actual cost realised – a new chair took up the role in 2019-20 and thus there have been payments made for both allowance and expenses.

	Allowances (Restated)		Expenses		Total	
Role	2018/19 (Restated)	2019/20	2018/19	2019/20	2018/19	2019/20
Mayor	£75,000	£75,000	£5,835	£4,471	£80,835	**£79,471**
Chair of the Business Board	£0	£18,204	£0	£2,585	£0	**£20,789**
Chair of Audit and Governance Committee	£1,534	£1,534	£0	£0	£1,534	**£1,534**

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.

During 2018/19 some Combined Authority staff were contractually employed by Peterborough City Council. For clarity of the accounts, these staff have been included in the prior year's figures to enable meaningful comparisons.

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 others.

	2018-19 Comparator by total post remuneration £000	Name(s) of post holders in 2019-20	Total Remuneration including Employer Pension Contributions £000			
			2019/20			
			Pay	Pension	3rd Party Payments[6]	Total
Co-Chief Executive[1]	350	John Hill	-	-	129	**129**
Co-Chief Executive and Director of Corporate Resources		Kim Sawyer	164	25	-	**189**
Monitoring Officer[2]	166	Robert Parkin	2	-	-	**2**
		Dermot Pearson	-	-	156	**156**
		Howard Norris	-	-	35	**35**
Chief Finance Officer[3]	201	Jon Alsop	77	12	-	**89**
		Noel O'Neill	-	-	46	**46**
Director of Business and Skills	161	John T Hill	148	-	-	**148**
Director of Delivery and Strategy[4]	77	Paul Raynes	135	22	-	**157**
Director of Housing[4]	109	Roger Thompson	135	22	-	**157**
Director of Transport[5]	171		-	-	-	**-**
Total	**1,235**		**661**	**81**	**366**	**1,108**

1. CPCA has two joint CEOs (Kim Sawyer and John Hill) have been in post since 26th September 2018, prior to this the CPCA had a single Chief Executive
2. H Norris was in post between March 2019 and May 2019, D Pearson was in this post between June 2019 and March 2020 and R Parkin was appointed as the Monitoring Officer in March 2020.
3. N O'Neill was Chief Finance Officer until the end of May 2019 and J. Alsop was appointed from June 2019.
4. Directors of Housing and Delivery and Strategy were appointed part way through 2018-19
5. The Director of Transport role was removed as a result of restructuring.
6. Where these posts were covered by non-employees (consultants) these costs are shown here.

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 Banding	2018-19	2019-20
		Total
£50,000-£54,999	2	6
£55,000-£59,999	2	4
£60,000-£64,999	2	4
£65,000-£69,999	2	2
£70,000-£74,999	2	3
£75,000-£79,999	3	1
£80,000-£84,999	2	-
£85,000-£89,999	-	3
£105,000-£109,999	1	1
£140,000-£144,999	1	-
£150,000-£154,999	-	1
£155,000-£159,999	-	2
£185,000-£189,999	-	1
£195,000-£199,999	1	-
Total	**18**	**28**

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.

	Number of compulsory redundancies		Number of other departures with exit packages		Total number of exit packages	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0-£20,000	1	-	-	1	1	1
£80,001-£100,000	-	-	1	-	1	
£180,000 - £200,000	-	1	-	-	-	1
Totals	1	1	1	1	2	2

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 2019-20 the Combined Authority's pay ratio takes into account those members of staff employed by the CA and was 4.21 (18/19 5.09)

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 £1,351k. This is not a real cost to the General Fund and has no impact on the funding calculation.

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 (https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Investment-Strategy-Statement.pdf) which manages risks with diversification of asset classes, geography and asset managers.

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.

2018/19 *£000*	***Comprehensive Income and Expenditure Statement***	**2019/20** **£000**
	Cost of Services:	
	Service cost comprising:	
-	Current Service Cost	975
-	Past Service Costs Including Curtailments	105
-	(Gain)/ Loss from Settlements	-
	Financing & Investment Income & Expenditure	-
-	Net Interest Expense	37
-	**Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services**	**1,117**
	Other post-Employment Benefits Charged to the Comprehensive Income & Expenditure Statement	
	Remeasurement of the net Defined Benefit Liablilty Comprising:	
-	Recognition of net Defined Benefit Liability on transfer on IAS19 basis	1,351
-	Return on Plan Assets (excluding amounts included in net interest)	289
-	Actuarial (Gains)/Losses Arising on Changes in Demographic Assumptions	-
-	Actuarial (Gains)/Losses Arising on Changes in Financial Assumptions	(588)
-	Other	(24)
-	**Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement**	**2,145**
	Movement in Reserves Statement	
-	Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(2,145)
	Actual Amount charged against the General Fund Balance for pensions in the year:	
-	Employers' contributions payable to scheme	**591**
-	**Retirement benefits payable to pensioners**	**(1,554)**

Pensions 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:

31-Mar-19 £000	Pension Assets & Liabilities Recognised in the Balance Sheet	31-Mar-20 £000
-	Present value of the defined benefit obligation	(4,404)
-	Fair Value of Plan Assets	2,850
-		**(1,554)**

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

31-Mar-19 £000	Reconciliation of the Movements in the Fair Value of the Scheme (plan) Assets	31-Mar-20 £000
-	Opening Fair Value of Scheme Assets at transfer 1st May 2020	2,271
-	Interest Income	61
	Remeasurement Gain/(Loss)	
-	Return on Plan Assets, excluding amounts included in the net interest expense	(289)
-	Contributions from employer	591
-	Contributions from employees into the scheme	216
-	Benefits Paid	-
-	**Closing Fair Value of Scheme Assets**	**2,850**

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

31-Mar-19 £000	Reconciliation of Present Value of the Scheme Liabilities (defined benefit obligation)	31-Mar-20 £000
-	Opening balance at transfer 1st May 2020	3,622
-	Current Service Cost	975
-	Interest Cost	98
-	Contributions from Scheme Participants	216
	Remeasurement (Gains) & Losses	
-	Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	-
-	Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(588)
-	Other	(24)
-	Past Service Cost	105
-	Benefits Paid	-
-	**Closing balance at 31 March**	**4,404**

Local Government Pension Scheme assets comprised

Local Government Pension Scheme Assets Comprised	*Period Ended 31st March 2019*				**Period Ended 31st March 2020**			
	Quoted Prices in Active Markets £000	*Quoted Prices not in Active Markets £000*	*Total £000*	*Percent of Total Assets*	**Quoted Prices in Active Markets** £000	**Quoted Prices not in Active Markets** £000	**Total** £000	**Percent of Total Assets**
Debt Securities								
UK Government	-	-	-	0%	-	147.5	147.5	5%
Private Equity								
All	-	-	-	0%	-	233.8	233.8	8%
Real Estate								
UK Property	-	-	-	0%	-	213.3	213.3	7%
Investment Funds & Unit Trusts								
Equities	-	-	-	0%	-	1,727.4	1,727.4	61%
Bonds	-	-	-	0%	-	193.3	193.3	7%
Infrastructure	-	-	-	0%	-	257.0	257.0	9%
Total Investment Funds & Unit Trusts	-	-	-	0%	-	2,177.7	2,177.7	77%
Derivatives								
Other	-	-	-	0%	-	34.7	34.7	1%
Cash & Cash Equivalents								
All	-	-	-	0%	43.0	-	43.0	2%
Total Assets	-	-	-	0%	**43.0**	**2,807.0**	**2,850.0**	**100%**

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 2019.

The significant assumptions used by the actuary have been:

31-Mar-19	***Basis for Estimating Assets & Liabilities***	**31-Mar-20**
	Mortality Assumptions	
	Longevity at 65 for Current Pensioners:	
	- Men	22.0 years
	- Women	24.0 years
	Longevity at 65 for Future Pensioners:	
	- Men	22.7 years
	- Women	25.5 years
	Financial Assumptions	
	- Rate of inflation	1.8%
	- Rate of increase in salaries	3.0%
	- Rate of increase in pensions	2.5%
	- Rate for discounting scheme liabilities	2.5%
	- Take-up of option to convert annual pension into retirement lump sum for Pre-April 2008 service	25.0%
	- Take-up of option to convert annual pension into retirement lump sum for Post-April 2008 service	64.0%

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.

Changes in Assumptions at 31 March 2020	**Approximate % Increase to Defined Benefit Obligation**	**Approximate Monetary Amount £000**
0.5% Decrease in Real Discount Rate	13%	590
0.5% Increase in the Salary Increase Rate	2%	100
0.5% Increase in the Pension Increase Rate	11%	482
1 Year Increase in Member Life Expectancy	3-5%	132-220

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 2022.

The authority anticipated to pay £505k expected contributions to the scheme in 2020/2021.

8 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

2018/19 £000	Financing & Investment Income & Expenditure	2019/20 £000
(1,410)	Interest Receivable & Similar Income	(1,646)
0	IAS 19 - Pesnion Interest & Return on Assets	37
(1,410)	**Total**	(1,609)

9 Comprehensive Income & Expenditure Statement – Non Specific Grant Income

There are two material differences in the funding received by the Combined Authority between 2018-19 and 2019-20:

1) the Adult Education Budget was devolved to the authority for the first time for the academic year 2019-20 and the funding associated with these responsibilities was therefore received.

2) No payments for the Cambridge and General Housing grants were received in 2019-20. The Cambridge grant was paid directly to the City Council, who deliver the programme, however overall responsibility for this devolved programme remains with the Combined Authority. The General element's release was delayed due to discussions with Government around the expenditure profile of the programme. Once these are concluded the Combined Authority expects to receive the funds expected in 19-20 and those for 20-21 in the new financial year.

2018/19 £000	Taxation & Non-Specific Grant Income	2019/20 £000
	Non-Specific Government Grants	
(8,000)	Gain Share - Revenue	(8,000)
0	DfE - Adult education budget	(7,255)
(2,170)	other	(1,904)
(10,170)	**Total Non-Specific Grants**	**(17,159)**
	Capital Grants & Contributions	
(11,332)	Gain Share - Capital	(9,946)
(14,539)	Housing Grant - General	0
(3,458)	Housing Grant - Cambridge	0
(2,462)	Growth Deal	(12,044)
(31,791)	**Total Capital Grants & Contributions**	**(21,990)**
(41,961)	**Total Income**	**(39,149)**

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.

a) 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;

2018/19 £000	Income	2019/20 £000
(9,928)	CLG – revenue grants	(14,884)
(60,705)	CLG – capital grants	(29,199)
(33,055)	DfT – capital grants	(43,658)
(2,500)	DWP – career and pay progression	(1,400)
(237)	DfE – adult education budget and skills panel	(7,255)
(106,425)	**Total Income**	**(96,396)**

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;

2018/19 £000		2019/20 £000
	Expenditure	
	Expenditure with Councils	
12,889	Cambridge City Council	12,654
34,882	Cambridgeshire County Council	23,093
(3)	East Cambridgeshire District Council	286
501	Fenland District Council	556
20	Huntingdonshire District Council	265
8,683	Peterborough City Council	5,873
0	South Cambridgeshire District Council	(210)
56,973		**42,516**
	Creditors	
	General creditors with Councils	
(2,684)	Cambridge City Council	(5,459)
(984)	Cambridgeshire County Council	3,953
0	East Cambridgeshire District Council	(0)
(185)	Fenland District Council	(506)
(20)	Huntingdonshire District Council	(50)
(688)	Peterborough City Council	(2,643)
0	South Cambridgeshire District Council	0
(4,562)		**(4,704)**

c) Members

The Members of the Combined Authority have direct control over the Combined Authority's financial and operating policies.

d) Officers

The senior officers of the Combined Authority may have direct control over the Combined Authority's financial and operating policies.

Inner Circle Consulting Limited provided consultancy and project management support to the Combined Authority. One of the Directors of Inner Circle, Chris Twigg, fulfilled the role of Interim Director of Transport for the Combined Authority for part of the year.

11 Expenditure and Income Analysed by Nature

2018/19 (Restated) £000	Expenditure and Income Analysed by Nature	2019/20 £000
	Expenditure	
1,095	Employee Expenses - Contracts held by CPCA	5,193
2,137	Employee Expenses - Contracts held by PCC	181
59,958	Capital Grants made treated as REFCUS	50,737
52	Depreciation	52
7,853	Other Service Expenses	14,954
71,095	**Total Expenditure**	**71,117**
	Income	
(1,410)	Interest & Investment Income	(2,226)
(101,965)	Government Grants & Contributions	(79,471)
(579)	Other Income	(720)
(103,954)	**Total Income**	**(82,417)**
(32,859)	**Deficit / (Surplus) on the Provision of Services**	**(11,300)**

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).

2018/19				2019/20		
Expenditure Chargeable to the General Fund (Restated)	Adjustments between the Funding and Accounting Basis (Restated)	Net Expenditure in the Comprehensive Income and Expenditure Statement (Restated)		Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
4,103	0	4,103	Combined Authority Staffing Costs	3,593	471	4,064
526	0	526	External Support Services	291	0	291
768	52	820	Corporate Overheads	933	52	985
(13)	0	(13)	Election Costs	0	0	0
(102)	0	(102)	Financing Costs	(503)	0	(503)
89	0	89	Governance Costs	17	0	17
710	0	710	Economic Strategy	377	594	971
415	0	415	Mayor's Office	352	18	370
(69)	0	(69)	Housing	420	11,617	12,037
1,851	(4,640)	(2,790)	Transport	2,871	574	3,445
366	0	366	Strategy, Planning and Performance	276	0	276
762	5,693	6,455	Business and Skills	8,350	(845)	7,505
9,407	**1,105**	**10,512**	**Net Cost of Services**	**16,977**	**12,481**	**29,458**
(11,452)	(31,919)	(43,371)	Other Income and Expenditure	(20,282)	(20,476)	(40,758)
(2,045)	**(30,814)**	**(32,859)**	**Surplus or Deficit**	(3,305)	(7,995)	(11,300)
(11,687)			Opening General Fund Balance	(13,732)		
(2,045)			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	(3,305)		
(13,732)			**Closing General Fund Balance**	(17,037)		

Adjustments between funding and accounting basis:

2018/19					2019/20			
Adjustments for Capital Purposes [1]	Net Channge for the Pensions Adjustments [2]	Other Differences [3]	Total Adjustments		Adjustments for Capital Purposes [1]	Net Channge for the Pensions Adjustments [2]	Other Differences [3]	Total Adjustments
£000	£000		£000		£000	£000		£000
0	0	0	0	Combined Authority Staffing Costs	0	471	0	471
0	0	0	0	External Support Services	0	0	0	0
52	0	0	52	Corporate Overheads	52	0	0	52
0	0	0	0	Election Costs	0	0	0	0
0	0	0	0	Financing Costs	0	0	0	0
0	0	0	0	Governance Costs	0	0	0	0
0	0	0	0	Economic Strategy	594	0	0	594
0	0	0	0	Mayor's Office	0	18	0	18
0	0	0	0	Housing	11,617	0	0	11,617
(4,640)	0	0	(4,640)	Transport	574	0	0	574
0	0	0	0	Strategy, Planning and Performance	0	0	0	0
5,693	0	0	5,693	Business and Skills	(845)	0	0	(845)
1,105	**0**	**0**	**1,105**	**Net Cost of Services**	**11,992**	**489**	**0**	**12,481**
(31,791)	0	(128)	(31,919)	Other Income and Expenditure	(20,500)	37	(13)	(20,476)
(30,686)	**0**	**(128)**	**(30,814)**	**Difference between general fund surplus or deficit and comprehensive income and expenditure statement surplus or deficit on the provision of services**	(8,508)	526	(13)	(7,995)

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.

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 other income and expenditure this column recognises adjustments to the general fund for the timing differences for premiums and discounts.

13 Movement in Reserves Statement – 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.

Adjustments between Accounting Basis and Funding Basis under Regulations 2019/20	Usable Reserves General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
Adjustments involving the Capital Adjustment Account:	£000	£000	£000	£000
Reversal of items debited or credited to the CIES:				
Depreciation & impairment of non-current assets	(52)			(52)
Capital grants and contributions	38,797			38,797
Reversal of Expected credit loss on capital loans	(643)			(643)
Revenue expenditure funded from capital under statute	(50,720)			(50,720)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants & contributions unapplied from the CIES	21,673		(21,673)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(547)		42,360	41,813
Adjustments involving the Capital Receipts Reserve:				
Redemption of Financial Assets (Loans)		(254)		(254)
Application of capital receipts to capital financing transferred to the Capital Adjustment Account		382		382
Adjustments involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(526)			(526)
Adjustments involving the Financial Instruments Adjustment Account:				
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements.	13			13
Total Adjustments	**7,995**	**128**	**20,687**	**28,810**

Adjustments between Accounting Basis and Funding Basis under Regulations 2018/19	Usable Reserves General Fund Balance	Capital Receipts	Capital Grants	Movement in Unusable Reserves
Adjustments involving the Capital Adjustment Account:	£000	£000	£000	£000
Reversal of items debited or credited to the CIES:				
Depreciation & impairment of non-current assets	(52)			52
Capital grants and contributions	58,905			(58,905)
Revenue expenditure funded from capital under statute	(59,958)			59,958
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants & contributions unapplied from the CIES	31,791		(31,791)	-
Application of grants to capital financing transferred to the Capital Adjustment Account			601	(601)
Adjustments involving the Capital Receipts Reserve:				
Redemption of Financial Assets (Loans)		(3,000)		3,000
Application of capital receipts to capital financing transferred to the Capital Adjustment Account		1,053		(1,053)
Adjustments involving the Financial Instruments Adjustment Account:				
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements.	128			(128)
Total Adjustments	**30,814**	(1,947)	(31,190)	**2,323**

- **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-18 £000	Movement £000	31-Mar-19 £000	Summary of Usable and Unusable Reserves	01-Apr-19 £000	Movement £000	31-Mar-20 £000
			Usable Reserves			
(9,997)	(1,188)	(11,185)	General Fund Balance	(11,185)	(2,751)	(13,936)
(1,690)	(857)	(2,547)	Specific Earmarked Reserves	(2,547)	(554)	(3,101)
(9,189)	(1,947)	(11,136)	Capital Receipts Reserve	(11,136)	128	(11,008)
(99,789)	(31,190)	(130,979)	Capital Grants Unapplied Account	(130,979)	20,687	(110,292)
(120,665)	(35,182)	(155,847)	**Total Usable Reserves**	(155,847)	17,510	(138,337)
			Unusable Reserves			
(7,310)	2,451	(4,859)	Capital Adjustment Account	(4,859)	(29,323)	(34,182)
185	(128)	57	Financial Instruments Adjustment Account	57	(13)	44
0	132	132	Financial Instruments Revaluation Reserve	132	76	208
0	0	0	Pensions Fund Reserve	0	1,554	1,554
(7,125)	2,455	(4,670)	**Total Unusable Reserves**	(4,670)	(27,706)	(32,376)
(127,790)	(32,727)	(160,517)	**Total Usable and Unusable Reserves**	(160,517)	(10,196)	(170,713)

14 Movement in Reserves Statement – Transfers to / (from) 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.

General Fund Earmarked Reserves	01-Apr-19 £000	Trf. Out £000	Trf. In £000	Movement £000	31-Mar-20 £000	Purpose of the Earmarked Reserve
Revenue Reserve	1,000	0	0	0	1,000	This reserve provides a working balance to cover risks to the revenue budget
Elections Costs Reserve	260	0	260	260	520	This reserve smooths the impact on the revenue budget of the Mayoral elections which take place every four years.
AEB Reserve	0	0	659	659	659	This reserve holds the balance of adult education budget funding to maintain a locally determined ringfence between financial years
Departmental Reserves	1,287	(364)	0	(364)	923	These represent unspent grant funding which does not require repayment, but is earmarked for projects in future years.
Total Reserves	**2,547**	**(364)**	**919**	**555**	**3,101**	

15 Capital Grants Unapplied Reserve

Capital Grants Unapplied Reserve Reserves	31-Mar-19 £000	Transfers In £000	Transfers Out £000	31-Mar-20 £000
Gain Share - Capital	33,785	9,946	(388)	43,343
Housing Grant - General	52,148		(35,761)	16,387
Housing Grant - Cambridge	23,864		(9,885)	13,979
Local Growth Fund	21,182	11,727	(1,726)	31,183
Total Reserves	**130,979**	**21,673**	**(47,760)**	**104,892**

16 Capital Adjustment Account

2018/19 £'000		2019/20 £'000
(7,310)	Balance Brought Forward	(4,859)
	Reversal of Items Debited or Credited to the Comprehensive Income & Expenditure Statement:	
(58,905)	Capital Grants & Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	(38,797)
59,958	Revenue Expenditure Funded from Capital under Statute	50,720
3,000	Redemption of financial assets (loans)	254
(1,053)	transfer from usable capital receipts	(382)
52	charges for depreciation	52
0	charges for expected credit loss relating to capital loans	643
0	Application of grants to finance capital loans from the Capital Grants Unapplied Accounts	(35,284)
(601)	Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(11,929)
(4,859)		**(39,582)**

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.

2018/19 £000	Financial Instruments Adjustment Account:	2019/20 £000
185	Balance at start of year	57
(128)	Amounts arising from timing differences associated with the certain financial instruments	(13)
57	Balance at end of the year	**44**

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.

2018/19 £000	Financial Instruments Revaluation Reserve:	2019/20 £000
-	Balance at start of year	132
132	Impairment of Equity Instrument	76
132	Balance at end of the year	**208**

19 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. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Combined Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/19 £000	Pensions Reserve:	2019/20 £000
-	Balance at start of year	-
-	Recognition of net Defined Benefit Liability on transfer on IAS19 basis	1,351
-	Remeasurements of the net defined benefit liability/(asset)	(323)
-	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	1,117
-	Employer's pensions contributions and direct payments to pensioners payable in the year	(591)
-	Balance at end of the year	**1,554**

20 Property Plant and Equipment

Property, Plant & Equipment	Vehicle, Plant, furniture & equipment	Assets under construction	Total Property, Plant & Equipment
	£000	£000	£000
Cost or valuation			
At 01 April 2019	261	**0**	**261**
Additions	27	361	**388**
At 31 March 2020	**287**	**361**	**648**
Accumulated Depreciation & Impairments			
At 01 April 2019	52	**0**	**52**
Depreciation charge	52	0	**52**
At 31 March 2020	**104**	**0**	**104**
Net book value			
At 31 March 2019	**208**	**0**	**208**
At 31 March 2020	**183**	**361**	**544**

21 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.

2018/19 £000	Capital Financing Requirement	2019/20 £000
0	**Opening Capital Financing Requirement**	0
	Capital Investment	
59,958	Revenue Expenditure Funded From Capital Under Statute	50,720
260	Property Plant and Equipment	388
341	Equity Instruments	0
0	Capital loans	35,284
	Sources of Finance	
(1,053)	Usable Capital receipts	(382)
(601)	Capital grants unapplied	(47,213)
(58,905)	Capital Grants & Contributions	(38,797)
0	**Closing Capital Financing Requirement**	**0**

2018/19 £000	Reconciliation of Grant Funding Applied to Capital Financing	2019/20 000
601	Applied from Capital Grants Unapplied Account	47,213
	Grants used to Fund Revenue Expenditure Funded from Capital under Statute:	
58,905	In Year	38,797
59,506	**Total Grants & Contributions applied**	**86,010**

2018/19 £000	Body of Grant Funding Applied	2019/20 £000
24,522	Dept for Transport - Local Transport Grant	23,541
4,667	Transforming Cities Fund	4,103
1,596	National Productivity Infrastructure Fund	3,944
13,249	Local Growth Fund	5,155
86	C&P Housing Capital Grant	0
13,542	Cambridge Housing Grant	0
894	Gainshare Funding - Capital	2,054
58,556		**38,797**

22 Combined Authority Leasing Arrangements

Combined Authority as Lessee - Operating Leases

The Combined Authority's operating leases are for the office in Alconbury and the Mayor's office in Ely, however there are two other leases relating to equipment held under operating leases.

2018/19 *£000*	Combined Authority as Lessee - Operating Leases	2019/20 £000
212	Not later than one year	*216*
742	Later than one year & not later than five years	*733*
1,634	Later than five years	*1,461*
2,588		***2,410***

The amount charged to Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases is shown in the table below:

2018/19 £000	Combined Authority as Lessee - Operating Leases	2019/20 £000
143	Minimum lease payments	212
143		**212**

23 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:

2018/19 £000	Financial Assets	2019/20 £000
(1,410)	Interest Income	(1,646)
-	**Financial Liabilities**	-
(1,410)	**Net (gain)/loss for the year**	**(1,646)**

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

31-Mar-19			31-Mar-20	
Long Term £000	Current £000	Financial Instruments Balances	Long Term £000	Current £000
		Assets at Amortised Cost:		
-	57,743	Investments - Amortised Cost	-	80,699
209	-	Medtech Shares - FVOCI	133	-
-	109,758	Short Term Investments classed as Cash & Cash Equivalents	-	80,565
4,459	-	Debtors - Amortised Cost	19,677	-
-	1,235	Debtors - Other	-	20,377
4,667	**168,736**		**19,809**	**181,641**
		Liabilities at Amortised Cost:		
-	(10,786)	Creditors	-	(21,407)
-	**(10,853)**		-	**(21,407)**

24 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 present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- the prevailing rate of a similar instrument with a published market rate has been used as the discount factor for other loans receivable and payable;

- 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.

All Financial Assets and Liabilities held by the Combined Authority are assessed for Fair Value and are therefore held at the carrying amount, except loans. The input level in the fair value hierarchy is Level 1 for all Financial Assets held except the Medtech shares which are Level 2.

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:

31-Mar-19			31-Mar-20	
Carrying Amount £000	**Fair Value £000**	**Financial Liabilities**	**Carrying Amount £000**	**Fair Value £000**
(10,786)	(10,786)	Creditors	(21,407)	(21,407)
(10,786)	(10,786)	**Total**	(21,407)	(21,407)

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

31-Mar-19			31-Mar-20	
Carrying Amount	***Fair Value***	**Financial Assets**	**Carrying Amount**	**Fair Value**
£000	**£000**		**£000**	**£000**
57,500	57,500	Temporary Investments	80,000	80,000
243	243	Interest asscociated with Temporary Investments	699	699
209	209	Medtech Shares - FVOCI	133	133
109,300	109,300	Short Term Investments classified as Cash & Cash Equivalents	79,921	79,921
289	289	Interest associated with Short Term Investments	-	-
169	169	Total Cash & Bank	644	644
4,459	4,459	Debtors - Loans	39,662	40,127
-	-	12 months ECL on loans	(643)	-
1,235	1,235	Other Debtors	1,735	1,735
173,403	**173,403**		**202,152**	**203,259**

25 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. During the 2019-20 year risk management was carried out by PCC's Capital and Treasury Team, under policies approved by the Combined Authority in the Annual Treasury Management Strategy, this function has been brought in house for 2020-21 and will be supported by the creation of a new post within the Combined Authority's Finance department. 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

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Combined Authority's customers.

The risk is minimised through the Annual Investment Policy set out in the approved Treasury Strategy, which requires that investments are not made with financial institutions unless they meet minimum credit criteria in accordance with the Fitch Moody's and Standard & Poor's Credit Ratings Services. This Policy also imposes a maximum sum to be invested with a financial institution located within each category.

The 2019/20 Annual Investment Policy sets out the credit criteria below although the Combined Authority actually minimised the risk further by only investing with the Debt Management Office, other local authorities, its banking provider (Barclays), and the CCLA money market fund.

The credit criteria in respect of financial assets held by the Combined Authority are as follows:

- Deposits could be made with banks and other financial institutions that have been rated by recognised independent credit rating agencies with a minimum score of "A", with £100m of the total amounted deposited in the highest rated category. The credit element of the methodology focuses solely on the Short and Long Term investment ratings, therefore no longer including the viability and financial strength of the institution.
- Deposits can be made with other institutions that have not found it necessary to maintain a credit rating e.g. local authorities, and these are subject to an assessment of risk that is carried out internally. Deposits to these bodies are limited to £200m in total.
- No more than £15m is held with any one banking institution, except for the Debt Management Office (DMO), regardless of standing or duration, and a range of counterparties that operate in different sectors in the UK is used to reduce risk exposure.
- All the counterparties used are licensed to accept deposits in the United Kingdom and are regulated by the Financial Conduct Authority.
- Creditworthiness advice and market intelligence is received from treasury advisors as required.

The Combined Authority had a total of £159.9m deposited with the Debt Management Office (DMO), other local authorities, UK banks and CCLA at 31 March 2020. 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 2020. We are in constant communication with our treasury advisors to update our position in accordance with their advice on managing emerging risks particularly relating to COVID 19.

Expected Credit Loss calculations on loans outstanding at year end have been adjusted for the expected impact of COVID-19 across the relevant sector.

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) and the money market generally. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market risk

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 a single company outside its group, which is not publicly traded. It's value in the accounts is based on the shareholder funds held on the 31st March 2020, rather than a market share value, as such we do not consider there to be exposure to losses arising from movements in the traded price of shares.

Foreign Exchange Risk

The Combined Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

26 Debtors

31-Mar-19 £000	Short Term Debtors	31-Mar-20 £000
547	Central government bodies	616
487	Other local authorities	226
201	Other entities and individuals	19,535
0	Prepayments	6,057
1,235	**Total Debtors**	**26,434**

31-Mar-19 £000	Long Term Debtors	31-Mar-20 £000
4,459	Other entities and individuals	19,677
4,459	**Total Debtors**	**19,677**

'Other' includes loans of £26.3m to East Cambs Trading Company, £6.8m to other housing developers and £5.9m of Growth Fund loans (18/19 £4.5m of Growth Fund Loans).

27 Creditors

31-Mar-19 £000	Creditors	31-Mar-20 £000
(3,520)	Central government bodies	(8,652)
(4,562)	Other local authorities	(4,704)
(2,704)	Other entities and individuals	(8,051)
(10,786)	**Total Creditors**	**(21,407)**

28 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-19 £000	Capital Grants Receipt In Advance	31-Mar-20 £000
(988)	Pothole and Flood Resistance	0
(371)	Transforming Cities Fund	(13,268)
(950)	National Productivity Infrastructure Fund	(1,110)
(2,309)	**Total Creditors**	**(14,378)**

29 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 30. The cash flows for investing activities include the following items:

2018/19 £000	Cash Flow Statement - Investing Activities	2019/20 £000
32,694	Purchase of Short Term Investments	22,956
601	Purchase of Property, Plant & Equipment	388
(3,000)	Proceeds from loan repayments	(254)
30,295	**Net Cash flows from investing activities**	**23,089**

30 Cash Flow Statement – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is shown in the following table. The 'Bank Current Accounts' line includes payments that have not yet cleared in the actual bank accounts.

2018/19 £000	Cash Flow Statement - Cash & Cash Equivalent	2019/20 £000
109,589	Short Term Cash Investments	79,921
169	Bank Accounts	644
109,758		**80,565**

31 Group Accounts

The CPCA's group structure includes one wholly owned subsidiary, Angle Holding Ltd, which itself has a wholly owned subsidiary (Angle Development (East) Ltd). The CPCA's total investment in Angle Holdings is £100, the company has not undertaken any trading activity and has incurred expenses of <£10k in 19-20 thus is deemed immaterial and not consolidated in to CPCA accounts as of 31 March 2020 in compliance with the definition in the Code of Practice.

Glossary

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' (i.e. those that can be applied to fund expenditure or reduce local taxation) 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.