



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Draft Statement of Accounts 2023/24



The 2023/24 Pre-Audit Statement of Accounts was certified as presenting a true and fair view of the financial position of Cambridgeshire and Peterborough Combined Authority by the Chief Financial Officer on 31 May 2024.

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

DRAFT

Table of Contents

Narrative Report:	5
Independent Auditors' Report to the Members of Cambridgeshire and Peterborough Combined Authority (TBC)	12
Comprehensive Income and Expenditure Statement	14
Movement in Reserves Statement.....	15
Balance Sheet	16
Cash Flow Statement	17
Notes to the Accounts	18
1. Accounting Policies.....	18
2. Accounting Standards that have been Issued but have Not Yet Been Adopted	29
3. Critical Judgement in Applying Accounting Policies.....	30
4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	30
5. External Audit Costs.....	32
6. Mayor's and Members' Allowances	32
7. Officers' Remuneration	32
8. Defined Benefit Pension Scheme	38
9. Financing and Investment Income and Expenditure.....	43
10. Non Specific Grant Income	44
11. Related Parties	45
12. Expenditure and Income Analysed by Nature	48
13. Expenditure and Funding Analysis	48
14. Adjustments between Accounting Basis and Funding Basis under Regulations...	51
15. Earmarked Reserves	56
16. Capital Grants Unapplied Reserve	57
17. Capital Adjustment Account	57
18. Collection Fund Adjustment Account	58
19. Financial Instruments Revaluation Reserve	58
20. Accumulated Absences Account	58
21. Pensions Reserve.....	59
22. Property, Plant and Equipment.....	60
23. Capital Expenditure and Capital Financing.....	60
24. Combined Authority Leasing Arrangements	60
25. Financial Instruments.....	61
26. Fair Value of Financial Assets and Financial Liabilities.....	62
27. Nature and Extent of Risks Arising from Financial Instruments	64
28. Debtors	66

29. Creditors	66
30. Provisions	66
31. Capital Grants Receipts in Advance	67
32. Cash Flow Statement – Investing Activities	67
33. Cash Flow Statement – Cash and Cash Equivalents	68
Group Accounts.....	69
Group - Comprehensive Income and Expenditure Statement	70
Group - Movement in Reserves Statement.....	71
Group Balance Sheet	72
Group - Cash Flow Statement	72
Notes to the Group Accounts.....	73
1. Accounting Policies	73
2. Debtors	73
3. Creditors	73
Glossary	74
Annual Governance Statement.....	77

Narrative Report:

1. Introduction

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

This report provides the narrative to Cambridgeshire & Peterborough Combined Authority's financial statements for the year ended 31 March 2024.

2. Organisational Overview and External Environment

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

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

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

The following bodies have co-opted member status:

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

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

The Business Board focuses on:

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

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

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

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

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

Early in 2023-24 a previous subsidiary company, One CAM Limited, was wound up as it was dormant following a change of strategic focus by the Combined Authority. Angle Holdings limited and Angle Developments East limited are both scheduled to be wound up in 2024-25 for similar reasons. A review is also taking place of the continuing requirements (if any) for the Cambridgeshire and Peterborough Business Growth Company limited following the end of its major 'GrowthWorks' contract at the end of December 2023.

3. Governance

Cambridgeshire & Peterborough Combined Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Combined Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

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

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

In June 2022, our auditors, EY, highlighted a significant weakness in the Combined Authority's governance arrangements. This was followed up by a Best Value Notice from the Government in January 2023 and a subsequent Best Value Notice in January 2024. Further details regarding these, including the identified weaknesses and the authority's plans to address them, are covered in the Annual Governance Statement.

4. Operational Model

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

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

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

Strategic Objectives

During 2023-24 the Combined Authority refreshed its overarching strategy by updating its Corporate Plan as approved by the Board in January 2024. This approach continued with the objectives set in the 2023-25 transitional plan including the vision, strategic priorities and the overall approach of the Combined Authority to enable our ambitions to be realised, and set five strategic priorities:

- **Achieving Good Growth:** Having a strong and sustainable economy that is socially inclusive, environmentally responsible and globally competitive
- **Increasing Connectivity:** Strong digital and physical connections to communities, education, health services, leisure, nature, and employment resulting in a reduced need to travel
- **Ambitious Skills and Employment Opportunities:** A world-class skills system that meets the needs of learners, employers & communities. Giving residents the ability to adapt and seize opportunities for growth without leaving anyone behind
- **Enabling Resilient Communities:** A great place to live and work with communities that are adaptable to environmental and climate, financial and social crises
- **Achieving Best Value and high performance:** Fulfilling our duty of Best Value, by making arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

5. Risks and Opportunities

Inflation

The impact of a worsening economic environment including rising inflation has created significant budgetary pressures for the Combined Authority. The impact of this on the 2023-24 financial year was substantial, with significant rising costs in a number of areas, most particularly in supported bus contracts. Whilst it appears that the UK and the global economy is entering a more benign period of inflation, ongoing and potential geopolitical risks may cause further spikes in inflation in the medium term. The impact of inflationary risks will require the Board to carefully consider service delivery and funding options going forward. To assist with mitigating this risk the Board has an Inflation Reserve of £2.4m created from the additional income received from the Authority's Treasury Management investments in 2022/23, and will need to keep the adequacy of this and other reserves under regular review.

Vision and Purpose

We want to make sure that everything we do makes life better, healthier and fairer for all. If rising prosperity does not make life better, healthier or exhausts the resources our children will need for the future, our approach is flawed. It is now recognised that we don't just need growth: we need

good growth. Our aim is not simply to increase our income, but to increase our area's wealth, in a way that is driven by our values and supports levelling up.

Values

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

- Collaboration
- Integrity
- Vision
- Innovation
- Leadership

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

6. Strategy and Resource allocation

Cambridgeshire and Peterborough Combined Authority was established as a Mayoral Combined Authority in 2017 to make life better, healthier and fairer for all. Much of the original purpose and ambition remains with increased attention to address remaining post-pandemic areas of deficit and more recent impact of climate, energy and cost of living crises. The overall strategy for the Combined Authority will aim to further enable a prosperous Cambridgeshire and Peterborough region; one that is more equitable, more environmentally sustainable, as well as securing good growth for its residents and businesses. Our corporate strategy set out what we will be delivering with our resources in the forthcoming year in order to deliver across our strategic objectives, a selection are set out below:

Achieving Good Growth

Recognising our position as an economic powerhouse, refresh our economic strategies and plans for priority sectors and prepare for deeper devolution and pitches to the next Government.

Developing our internationalisation strategy and making the case for investment in the region including at the UK Real Estate Investment and Infrastructure Forum (UKREIIF).

Delivering funding to reduce inequalities for businesses, people and skills, communities and places, including investing in market towns, rural communities and social enterprises and improve relative performance of the regions economy.

Providing funding to support businesses to transition to a low carbon economy, develop clean technology and support community wealth building.

Increasing Connectivity

Developing joined up skills pipelines which connect employers with talent, support people 'into and between' jobs, targeting and encourage a culture and habit of career-long learning.

Supporting a thriving ecosystem of learning providers to deliver world-class learning which meets the needs of learners, employers, and communities. In doing so, addressing Further Education 'cold spots', and supporting more sustainable business models for learning providers.

Working with employers and learning providers to increase the number - and completion rates - of high quality apprenticeships offered to our young people, especially those from under-represented groups.

Identifying and addressing the skills needs of those from the region's least advantaged communities.

Ambitious Skills and Employment Opportunities

Delivering transport-related strategic plans, policies and supporting documents.

Maintaining and improving the current network and developing plans to improve it in the future, in our role as Passenger Transport Authority.

Developing and delivering the region's key strategic and key local transport/ connectivity schemes and initiatives, including bidding for additional funding.

Working towards a joined-up, net zero carbon transport system, which is high quality, reliable, convenient, affordable, safe, and accessible to everyone.

Reviewing the bus and passenger transport network and delivering bus reform, including the case for bus franchising

Enabling Resilient Communities

Leading delivery of the strategic actions in the Cambridgeshire and Peterborough Climate Action Plan 2022-2025, to mitigate and adapt to the impacts of climate change.

Developing a Local Nature Recovery Strategy to improve biodiversity as part of our Doubling Nature Vision.

Supporting businesses with the transition to a low carbon economy and net-zero agenda.

Hosting the Greater South East Net Zero Hub and supporting the delivery of the Local Net Zero Programme 2022-2025, including public sector estate decarbonisation, strategic projects, toolkit development, community projects and knowledge sharing.

Working with partners on an approach to culture to support place making, opportunities to engage in culture and reduce inequality.

Achieving Best Value and High Performance

Developing and implementing new Single Assurance, Risk Management and Performance Management Frameworks to support decision making and effective scrutiny.

Delivering key skills training for our staff and partners, such as contract and project management.

Exploring and articulating our readiness to effectively draw on the opportunities further devolution presents for our region, including the cases for fiscal and post16 technical education devolution.

Harnessing and strengthening the business voice of the region through the Business Board and its Advisory Panel to inform our activities and investment.

Undertaking and disseminating a 'State of the Region' review of the evidence underpinning our strategies and plans.

7. Performance

Our Key Achievements in 2023-24

Impact at a glance

In 2023-24 we have been successful in securing funding from Government totalling over £180m, we've supported the start-up of 254 businesses, upskilled nearly 1,800 residents, established 3 social enterprise hubs to drive economic growth and community cohesion, created over 800 apprenticeships, had 4,000 participants in numeracy courses, replaces over 1m car trips through the use of e-bikes and e-scooters and delivered 34 successful market towns projects.

Promotion

As well as what we've continued to deliver in the area we've expanded our key role in convening key stakeholders to move decisions at the national level. This can be seen most clearly in the commitment announced by the Chancellor to fund the capacity enhancements of rail north of Ely – a project of strategic national importance which had been stalled waiting for funding from central Government. Alongside this, as part of the schemes announced via Network North funding has been committed to the delivery of two strategic road projects in the Combined Authority area – the A10 and the A1139.

Delivery

2023/24 has seen the Combined Authority deliver schemes across all our strategic outcomes, a selection have been highlighted below but more detail can be found in the Combined Authority's Annual Report.

In 2023-24 the 30 Zero emission electric buses we purchased began to be used in Cambridge to help us move towards net zero aspirations. We are also part funding changes to the depot in South Cambridgeshire to support the roll out of electric waste collection vehicles. We also funded a range of environmental schemes to support biodiversity and encourage good environmental practices. Additionally our grant funding secured through the Greater South East Net Zero Hub saw thousands

of homes across the wider South East benefit from energy efficiency measures.

The **Peterborough Station Quarter** will be a new district in this ambitious and transforming city. It will create a welcoming series of new public spaces supported by a mix of new homes and offices conveniently connected by high quality rail and bus links and safe and attractive cycle options – a super connected gateway to the city and the wider region.

Since the successful outcome of the Levelling Up bid last year, the project has moved at pace. Working with Peterborough City Council, the Combined Authority achieved a major milestone in securing Government's approval of the Outline Business Case for a **£47.9 million** investment for the first phase of the Peterborough Station Quarter.

The Government allocated **£4 million** to the Cambridgeshire and Peterborough Combined Authority to enhance numeracy skills throughout the region under the **national Multiply initiative**. Colleges and training providers across the area are offering opportunities for individuals to improve their maths abilities and number confidence, to boost everything from effective household budget management to acquiring the necessary skills for career progression.

Some of the courses this year have included, Cost of Living Budgeting, Bridges to GCSE, Keeping up with the Children, Excel for Beginners, Energy Saving At Home and Game On! – teaching maths concepts to families through board games. Demand in some areas has been so strong that the Combined Authority topped up the Government Multiply funding to allow more people to access courses.

Between 2023 and 2024, the Combined Authority has made significant strides in addressing the issue of **affordable housing** in Cambridgeshire and Peterborough through various initiatives. One notable project is the **Northminster Build-to-rent Scheme**, which **received over £12.5 million** in funding from the Combined Authority's Affordable Housing Programme. This scheme, developed by Cross Keys Homes in partnership with Willmott Dixon, offers quality rental dwellings at 80% of market rent prices. These homes cater to key workers, young professionals, and lower-income earners, providing them with secure accommodation in the city centre. The rent is capped at 80% of the market norm, ensuring affordability and stability for tenants, who benefit from longer lease agreements ranging from 1 to 3 years. The Indigo development, comprising 1, 2, and 3-bedroom flats and duplexes, also includes two commercial retail units, further enhancing the community.

Strengthening partnerships with central government, particularly **Active Travel England**, highlighted the region's commitment to active travel. A visit from Active Travel Commissioner Chris Boardman and CEO Danny Williams bolstered collaboration and earned the Combined Authority a high capability rating, translating into substantial funding allocations. Notably, **£5.0 million** was secured for active travel infrastructure, alongside **£1.2 million for revenue work**, supporting diverse initiatives such as promoting active travel to schools, consulting on new routes, and running the Love to Ride campaign. This funding facilitated the **implementation of nine projects**, including construction of the Buckden to Brampton cycleway and forthcoming development of the Thorpe Wood Cycleway, signalling significant strides toward enhancing active travel infrastructure and engagement across the region.

The Combined Authority has also focussed internally in **delivering against our improvement plan**, with an Independent Improvement Board holding us to account. Key milestones on this journey in 2023/24 include **becoming the first Combined Authority to adopt**, following approval from DLUHC, **a Single Assurance Framework (SAF)**. The SAF sets out key processes for ensuring accountability, probity, transparency and legal compliance and for ensuring value for money is achieved across our investments.

In addition to the SAF, the Combined Authority also adopted a new Risk Management Framework and a new Performance Management Framework to improve the delivery of current and future projects. These improved ways of working will not only strengthen the way projects are delivered but

also how projects are developed throughout their life cycle and ultimately drive better outcomes for the residents and businesses of Cambridgeshire & Peterborough.

8. Outlook

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

Basis of Preparation and Presentation

This Statement of Accounts has been prepared in accordance with statutory requirements, detailed in the Local Government Act 2003, the Accounts and Audit Regulations 2015 and The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code).

The Statement of Accounts brings together the major financial statements for the Combined Authority for the financial year 2023-24. 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 2024.
- 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.

Rob Emery
Acting Section 73 Officer

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

To be added after the statutory audit of the 23/24 Statement of Accounts by Ernst & Young

DRAFT

Statement of Responsibilities for the Statement of Accounts

The Combined Authority's Responsibilities

The Combined Authority is required to:

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

The Section 73 Officer's Responsibilities

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

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

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

The Section 73 Officer has also:

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

Section 73 Officer's Certificate

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



Rob Emery

Acting Section 73 Officer

Approval of the Statement of Accounts

I confirm that these accounts were approved by the Audit and Governance Committee at the meeting held on the **th ***** 2024

John Pye

Chair of the Audit Committee:

To be signed after completion of

the audit

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Combined Authority has the ability to levy a council tax precept, this power has been utilised the first time in 2023-24.

CPCA 2022/23			Comprehensive Income and Expenditure Statement	Note	CPCA 2023/24		
Expenditure £'000	Income £'000	Net Expenditure £'000			Expenditure £'000	Income £'000	Net Expenditure £'000
239	-	239	Mayor's Office		109	-	109
867	(50)	817	Chief Execs Office		2,400	(43)	2,357
4,519	(103)	4,416	Resources and Performance		4,569	(139)	4,430
50,157	(50,156)	1	GSE Net Zero Hub		23,207	(23,153)	54
29,973	(22,590)	7,383	Economy and Growth		30,589	(25,356)	5,233
61,780	(44,005)	17,775	Place and Connectivity		102,627	(70,500)	32,127
147,534	(116,904)	30,631	Net Cost of Services		163,500	(119,191)	44,310
-		-	Other Operating Income & Expenditure				-
23,755		23,755	Financing and Investment Income and Expenditure	9			(9,987)
(46,178)		(46,178)	Taxation and Non-Specific Grant Income	10			(33,970)
8,208		8,208	(Surplus) / Deficit on Provision of Services				353
(23)		(23)	Loss from investments in equity instruments designated at FVOCI				-
(7,137)		(7,137)	Actuarial (Gains) / Losses on Pension Assets / Liabilities	21			(1,582)
(7,160)		(7,160)	Other Comprehensive Income and Expenditure				(1,582)
1,048		1,048	Total Comprehensive Income and Expenditure				(1,229)

Movement in Reserves Statement

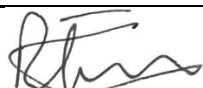
The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on reserves held by the Combined Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other 'unusable reserves'. The Statement shows how the movements in year of the Combined Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

CPCA - Movement in Reserves Statement	Note	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Usable Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Combined Authority Reserves
Balance at 1 April 2022		(9,617)	(7,497)	(36,858)	(9,174)	(63,146)	(78,695)	(141,841)
Total Comprehensive Income & Expenditure		8,208	-	-	-	8,208	(7,160)	1,048
Adjustments between accounting basis & funding basis under regulations	14	(14,675)	-	(17,087)	(20,500)	(52,262)	52,262	-
Net Increase before Transfers to Earmarked Reserves		(6,467)	-	(17,087)	(20,500)	(44,054)	45,102	1,048
Transfers to / (from) Reserves		4,259	(4,259)	-	-	-	-	-
(Increase) / Decrease in 2022/23		(2,208)	(4,259)	(17,087)	(20,500)	(44,054)	45,102	1,048
Balance at 31 March 2023 Carried Forward		(11,825)	(11,756)	(53,945)	(29,674)	(107,200)	(33,593)	(140,793)
Balance at 1 April 2023		(11,825)	(11,756)	(53,945)	(29,674)	(107,200)	(33,593)	(140,793)
Total Comprehensive Income & Expenditure		353	-	-	-	353	(1,582)	(1,229)
Adjustments between accounting basis & funding basis under regulations	14	(11,914)	-	(3,519)	10,053	(5,380)	5,380	-
Net Increase before Transfers to Earmarked Reserves		(11,561)	-	(3,519)	10,053	(5,202)	3,798	(1,229)
Transfers to / (from) Reserves		4,331	(4,331)	-	-	-	-	-
(Increase) / Decrease in 2023/24		(7,230)	(4,331)	(3,519)	10,053	(5,202)	3,798	(1,229)
Balance at 31 March 2024 Carried Forward		(19,055)	(16,087)	(57,461)	(19,621)	(112,227)	(29,795)	(142,022)

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'.

CPCA			CPCA
31/03/2023			31/03/2024
£'000		Note	£'000
71	Property, Plant & Equipment	22	286
131	Intangible Assets		1,539
36,398	Long Term Investments	8,25,26	44,352
3,682	Long Term Debtors	25,26,28	3,386
40,282	Total Long-Term Assets		49,563
111,017	Short Term Investments	25,26	147,488
15,743	Short Term Debtors	25,26,28	7,719
78,090	Cash and Cash Equivalents	25,26,33	30,320
204,850	Current Assets		185,527
(44,600)	Short Term Creditors	25,26,29	(63,020)
(426)	Short Term Provisions	30	(175)
(45,026)	Current Liabilities		(63,195)
(59,313)	Capital Grants Receipts in Advance	31	(29,873)
(59,313)	Long Term Liabilities		(29,873)
140,793	Net Assets		142,022
(107,200)	Usable Reserves	14	(112,227)
(33,593)	Unusable Reserves	14	(29,795)
(140,793)	Total Reserves		(142,022)



Rob Emery
Acting Section 73 Officer
Date: 31st May 2024

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.

2022/23	Cash Flow Statement		Notes	2023/24
£'000				£'000
8,208	Net (Surplus) or Deficit on the Provision of Services			353
75,312	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements		32	(5,813)
83,520	Net cash flows from Operating Activities			(5,460)
(109,750)	Investing Activities		32	53,230
	Financing Activities			
(26,230)	Net (Increase) or Decrease in Cash and Cash Equivalents			47,770
51,860	Cash & Cash Equivalent at the beginning of the Reporting Period			78,090
26,230	Increase / (Decrease) in Cash and Cash Equivalents			(47,770)
78,090	Cash & Cash Equivalents at the end of the Reporting Period		33	30,320

Notes to the Accounts

1. Accounting Policies

Basis of Identification of Group Boundary and Group Accounts Preparation.

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

Company	Interest (voting rights if different)	Category	In group accounts	Turnover 22/23 £'000	Profit / (Loss) 22/23 £'000	Net Assets 22/23 £'000	Turnover 23/24 £'000	Profit / (Loss) 23/24 £'000	Net Assets 23/24 £'000
Peterborough HE Property Company Limited	44% (40%)	Associate	Yes - equity	-	(28,305)	6,276	-	(745)	27,692
Cambridgeshire and Peterborough Business Growth Company Limited	100%	Subsidiary	Yes – line by line	1,083	(2,394)	954	2,290	153	1,507
Peterborough R&D Property Company Limited	86% (67%)	Subsidiary	Yes – line by line	-	(11,920)	1,616	-	(243)	1,372
Angle Holdings Limited	100%	Subsidiary	Not material		(5)	(13)		(4)	(17)
Angle Developments (East) Limited	100%	Subsidiary	Not material		(12)	(48)		(3)	(51)
Smart Manufacturing*	100% (50%)	Joint Venture	Not material		31	485	tbc	tbc	tbc
Ascendal*	58% (50%)	Joint Venture	Not material		(354)	372	tbc	tbc	tbc
MedTech Accelerator Ltd*	20%	Associate	Not material		116	417	tbc	tbc	tbc

23/24 figures not available at the time of publication of the draft accounts.

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

Cambridgeshire and Peterborough Business Growth Company Limited is a wholly owned subsidiary set up to deliver key services in the region covering Inward Investment, Skills Brokerage and provide support and resources to SMEs. Its main operations ended in December 2023 and the expectation is the company will be wound up in 2024/25.

Peterborough R&D Property Company Limited has been set up to build a commercial Research and Development facility linked to the new Peterborough University. On the 2nd April 2024 the company passed a share reduction resolution which resulted in the Combined Authority becoming the sole shareholder in the company, as this occurred after the reporting date this change has not been reflected in the statement of accounts.

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

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

Ascendal Accelerator Ltd is a joint venture with Ascendal Innovation Ltd to support the development of SMEs and new technology in the public transport sector. This company changed its name in May 2023 to Betterrides Labs Ltd but it is referred to as Ascendal within these accounts for consistency.

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

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

Revaluations

The majority of the substantial losses seen in the two Property Companies in the prior period (£28.1m in the HE Property Company which contributed to a £12.5m Fair Value loss in the Combined Authorities equity holding and £11.2m in the R&D Property Company which contributed to a £12.0m Fair Value loss in the Combined Authorities equity holding) were due to the change in how the company's buildings are valued from the historic cost basis to the fair value method.

The historic cost basis is how much the company has spent on the building while the fair value is a reflection of what the buildings would be worth if sold on the open market and reflects both existing tenancy arrangements (HE Property Company) and anticipated required fit-out costs (R&D Property Company).

This approach is standard in private companies, and reflects that these are commercial entities, but may be unfamiliar to some users of Local Authority accounts as assets which are built and operated within a Local Authority are valued at depreciated build cost – which would likely remove the vast majority of this reduction in value as the lifetime of a building is usually anticipated to be 20+ years so the depreciated build cost basis would suggest a value of 95%+ of historic cost.

As reported in the 2022/23 accounts, the drop in value of the buildings was expected when the Combined Authority made the decision to invest in the companies and demonstrates why there was the need for significant public funding – if the buildings were valued at, or above, their construction costs then it would be reasonable to expect the market to have delivered them without public subsidisation.

The buildings have been revalued as at 31st March 2024 with no material change however, over the medium-term, as ARU-Peterborough gains students and demonstrates credibility as a university campus, and the R&D building's fit out and occupancy are completed, the values are expected to recover.

The Combined Authority's investments in the companies were made to deliver the service outcomes (skills, regeneration, and jobs) rather than a financial return, thus its forecast budgets do not rely on a financial return. As such the reduction in value does not impact the wider operations of the Combined Authority

General Principles

The Statement of Accounts summarises the Combined Authority's transactions for the 2023/24 financial year and its position at the year-end 31 March 2024. 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 2023/24, supported by International Financial Reporting Standards (IFRS).

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

The same accounting policies are applied to the Combined Authority and Group accounts, with the exception of statutory adjustments between the accounting and funding basis (see note 14) which only apply to the Combined Authority accounts.

1.1. Accruals of Income and Expenditure

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

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

1.2. Cash and Cash Equivalents

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

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

1.3. Charges to Revenue for Non-current Assets

Services and support services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service

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

1.4. Employee Benefits

1.4.1 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

1.4.2 Post-employment Benefits

Employees of the authority can become members of the Local Government Pensions Scheme, administered by Cambridgeshire County Council in partnership with West Northamptonshire Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the authority.

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

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

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

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

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the comprehensive income and expenditure statement to the Combined Authority Staffing Costs line
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited in the comprehensive income and expenditure statement to the Combined Authority Staffing Costs line
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the comprehensive income and expenditure statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the pensions reserve as other comprehensive income and expenditure

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure
- contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

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

Discretionary benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.5. Events after the Reporting Period

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

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

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

1.6. Financial Instruments

1.6.1 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

1.6.2.1 Financial Asset Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

When soft loans (loans below market rate) are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the borrower, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

1.6.2.2 Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

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

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

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

1.6.3 Expected Credit Loss Model

The Combined Authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Combined Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

1.7. Government Grants and Contributions

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

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

Amounts recognised as due to the Combined Authority are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that

the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CIES.

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

1.8. Property, Plant and Equipment

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

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

1.9.1 Recognition

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

1.9.2 Measurement

Assets are initially measured at cost, comprising:

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

In 2023/24, in addition to Vehicle, plant, furniture & equipment, there have been some expenditure classified as Assets Under Construction in the group accounts. measured at the same basis as above incurred for the University of Peterborough project.

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

1.9. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Combined Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Combined Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Combined Authority has a payment obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

1.10. Reserves

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

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

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

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

1.11. 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, Net Zero Retrofit grants, and the Levelling Up Fund. While the CPCA delivers some functions and services directly, predominantly passenger transport functions, it is primarily a commissioning organisation and seeks to deliver the outcomes through third parties such as constituent authorities by giving capital grants to deliver these capital projects. Under the CIPFA prudential code such expenditure is treated as REFCUS.

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

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

- IFRS 16 Leases will require authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 20.
- Lease Liability in a Sale and Leaseback (amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS12) issued in May 2023.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

The implementation of IFRS 16 lead to the creation of a right of use asset on the balance sheet for the floor leased at Pathfinder House. This will be balanced by the recognition of the discounted value

of the future minimum lease payments as a liability on the balance sheet. The value of the asset and liability will be c.£300k. The other standards are not envisaged to have a significant effect on the Combined Authority's financial statements.

3. Critical Judgement in Applying Accounting Policies

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

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

The Authority is a member of the Local Government Pension Scheme administered by Cambridgeshire County Council. As at 31st March 2024 the scheme was in a net asset position. Accounting regulations restrict the value of the asset that can be shown on the balance sheet to the maximum economic benefit that is available from refunds, reductions in future contributions or a combination of both. This is called an Asset Ceiling calculation. As the Authority is not entitled to refunds from the scheme, the Authority has asked the scheme Actuary to provide an Asset Ceiling Calculation as a reduction in future contributions based on the present value of future service costs less the present value of future service contributions. The Asset Ceiling was higher than the net pensions asset, so the full amount has been recognised as an asset within Long Term Investments in the Balance Sheet

The Authority has provided funding to develop a Local Transport Model for Cambridgeshire and Peterborough. This expenditure will result in software the Authority this will use to test the impact and benefits of multiple transport schemes for a wide range of end users. As the software will provide service benefits to the Authority over a number of years, the expenditure is being capitalised as an intangible asset.

The Combined Authority is able to maintain a balanced and affordable budget and to continue to operate for the foreseeable future. The Combined Authority has undertaken cash flow modelling which, taking account of the cash and cash equivalent balances of £55.4 million at 31 May 2024 and forecast cash balances and cash equivalent balances up to 31 May 2025 demonstrates the Combined

Authority does not have any liquidity concerns over the next 12 months from date of authorisation. It is therefore appropriate to prepare the financial statements on a going concern basis.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The statement of accounts contains estimated figures that are based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the Authority's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Assets Held at Fair Value:

Long Term Investments – The Authority has made a number of investments in subsidiary companies and local businesses to support local public services and stimulate local economic growth. None of the shares in the companies are publicly traded so indirect information is used to estimate the Fair Value of these investments at balance sheet date. A 1% fall in the value of these assets would reduce Long Term Investments by £221k. Furthermore, at the time of the publication of the draft accounts, up to date information was outstanding for assets held at a Fair Value of £3.4m as at the last balance sheet date. The fair values for these assets will be updated for the final accounts.

Substantially all of the Fair Value of the subsidiary companies Peterborough HE Property Company Limited and Peterborough R&D Company Limited are comprised of the University buildings the companies have constructed. 2 of the 3 buildings came into operation during 2022/23 and were independently revalued as Investment Properties as at 31st March 2024. If the market value of these assets was to fall by 1% then the companies net assets would fall by £43k and the Authority's share of the net assets would fall by £26k.

5. 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). The increase seen between the two years is due to the Combined Authority not having been provided with an estimate of the total fees which are likely to be payable for the 2022-23 audit as of the time of publication. Following advice from EY we have recognised the confirmed scale fee for the audit.

2022/23 £'000	Fees Payable	2023/24 £'000
31	Fees payable with regard to external audit services carried out by the appointed auditor	106
31		106

6. Mayor's and Members' Allowances

The Mayor is the only Member of the CPCA Board who receives an allowance from the Combined Authority in relation to their position on the Combined Authority Board. The Chair of the Business Board receives an allowance for that role, and the Leaders of the constituent authorities are remunerated by their own authorities. The were periods during both 2022/23 and 23/24 where the role of Chair of the Business Board vacant.

Role	Allowances		Expenses		Total	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
Mayor	85,665	86,121	1,121	3,015	86,786	89,136
Chair of the Business Board	19,385	22,000	-	-	19,385	22,000
Chair of Audit and Governance Committee	3,068	3,068	-	-	3,068	3,068

7. Officers' Remuneration

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

These requirements only apply to directly employed staff.

Senior Employees

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

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

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

DRAFT

	2022/23 Comparator by total post remuneration £000	Name(s) of post holders in 2023-24	Total Remuneration including Employer Pension Contributions £000				
			2023/24				
			Pay	Pension	Exit Payments	3rd Party Payments	Total
Chief Executive ¹	459	Gordon Mitchell	-	-	-	114,750	114,750
		Robert Bridge	163,088	28,678	-	-	191,766
Executive Director - Place & Connectivity ^{2,3}	255	Steve Cox	-	-	-	209,315	209,315
		Judith Barker	27,554	4,767	-	-	32,321
Executive Director - Resources and Performance ²	15	Nick Bell	147,704	26,147	-	-	173,851
Executive Director - Economy and Growth ^{2,4}	240	Richard Kenny	141,087	24,976	-	-	166,063
Director Policy & Engagement ^{2,5}	10	Kate McFarlane	107,484	18,995	-	-	126,479
Monitoring Officer	325	Edwina Adefehinti	-	-	-	297,328	297,328
Director of Corporate Resources ²	147	Mark Parkinson	-	-	-	20,300	20,300
Chief Finance Officer ²	190	Jon Alsop	4,247	581	-	-	4,828
Director of Housing ²	214	-	-	-	-	-	-
Total	1,855		591,164	104,144	-	641,693	1,337,000

1. In 22/23 this role was partially covered by an interim appointment following the departure of the substantive employee. This continued part way into 23/24
2. As part of a Board approved restructure in 2023/24 the roles of Chief Finance Officer, Director of Corporate Resources, Director of Business and Skills, Director of Housing and Director of Delivery and Strategy were deleted and new post of the Executive Directors of Place & Connectivity, Economy & Growth, Resources & Performance and the Director of Policy & Engagement were created.
3. The Executive Director of Place and Connectivity was initially filled by an interim and Judith Barker was appointed permanently in January 2024. The prior year comparator posts are the Director of Delivery and Strategy and the Associate Director as these posts were removed when the new Executive Director post was created.
4. The Executive Director of Economy and Growth was appointed toward the end of 22/23, the prior year comparator pay includes the costs of two interim associate directors who acted up to cover the previously vacant Director of Business and Skills post which was removed when the new Executive Director post was created.
5. In 23/24 the Head of Policy and Executive Support was renamed to Director Policy & Engagement.

While not required to be included in these notes, for completeness, where these posts were covered by non-employees (consultants) these are shown in the table as 3rd party payments – the costs shown are the total amounts paid by the Combined Authority whether to an individual, an employer (where the post-holder was seconded) or to the company providing the individual's services.

Employee remuneration above £50,000

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

Remuneration Band *	Number of employees 2022/23	Number of employees 2023/24
£50,000-£54,999	8	7
£55,000-£59,999	5	11
£60,000-£64,999	4	6
£65,000-£69,999	3	3
£70,000-£74,999	2	2
£75,000-£79,999	4	3
£80,000-£84,999	1	1
£85,000-£89,999	1	1
£90,000-£94,999		1
£95,000-£99,999	3	1
£100,000-£104,999	0	2
£105,000-£109,999	0	2
£110,000-£114,999	1	0
£120,000-£124,999	0	0
£125,000-£129,999	1	0
£135,000-£139,999	0	0
£140,000-£144,999	0	1
£145,000-£149,999		1
£160,000-£164,999		1
Total	33	43

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. In 2023/24 there were no new exit packages.

2023/24

	Number of compulsory redundancies	Number of other departures with exit packages	Total number of exit packages	Total exit package cost where >1 in band
Total	-	-	-	

2022/23

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	
£0-£19,999	-	2	2	30,223
£100,000-£149,999	2	-	2	247,907
Total	2	2	4	278,130

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 2023-24 the Combined Authority's pay ratio was 4.07 (22/23 3.39), the difference between the two year's figures is primarily due to the role of Chief Executive now being permanently in place and salaried, rather than an interim as in 2022/23 (interim costs are not considered when calculating the pay ratio).

8. 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. As a result of this, historically, under the actuarial calculations used for the accounts the Authority's share of the scheme has showed as a net liability. This was not a real cost to the General Fund and following the March 2022 funding valuation the scheme is now in a net asset position. An asset ceiling calculation has been performed in order to restrict the asset shown on the balance sheet to value of the benefit of reduced future payments the Combined Authority can expect to receive. The asset ceiling calculation has not resulting in a restriction to the net asset as calculated by the actuary.

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

The authority participates in the Local Government Pension Scheme, administered locally by Cambridgeshire County Council – this is a funded defined benefit scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Cambridgeshire County Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Fund Committee of Cambridgeshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The Fund invests the contributions in accordance with the Investment Strategy Statement which manages risks with diversification of asset classes, geography and asset managers.

(<https://pensions.westnorthants.gov.uk/app/uploads/2023/10/CPFFundingStrategyStatement.docx>)

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.

2022/23 £'000	Comprehensive Income and Expenditure Statement	2023/24 £'000
	Cost of service	
1,968	Current service costs	1,229
-	Past service costs	78
-	(Gain) Loss from Settlements	-
-	Financing and Investment Income & Expenditure	-
151	Interest costs	(38)
2,119	Interest income on plan assets	1,269
1,968	Total Post Employment Benefit Charged to the Surplus or Deficit on the provision of Services	
	Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(837)
632	Return on Plan Assets (excluding amounts included in net interest)	(66)
(81)	Actuarial (Gains)/Losses Arising on Changes in Demographic Assumptions	(1,065)
(8,753)	Actuarial (Gains)/Losses Arising on Changes in Financial Assumptions	(34)
14	Difference between actual employers' contributions and estimate in Actuary's report	420
1,051	Other	(313)
(5,018)	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	
	Movement in Reserves Statement	313
5,018	Reversal of net changes made to the Surplus or Deficit for the provision of Services for post-employment benefits in accordance with the Code	
	Actual amount charged against the General Fund and HRA Balance for pensions in the year	1,040
822	Employer's contributions payable to the scheme	1,353
5,840	Retirement benefits payable to pensioners	1,229

Pension assets and liabilities recognised in the balance sheet

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

2022/23 £'000	Pension Assets & Liabilities Recognised in the Balance Sheet	2023/24 £'000
(11,430)	Present value of the defined benefit obligation	(13,027)
12,344	Fair Value of Plan Assets	15,294
914	Closing fair value of scheme assets	2,267

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

2022/23 £'000	Reconciliation of the Movements in the Fair Value of the Scheme (plan) Assets	2023/24 £'000
11,503	Opening Fair Value of Scheme Assets	12,344
332	Interest Income	621
	Remeasurement Gain/(Loss)	
(632)	Return on Plan Assets, excluding amounts included in the net interest expense	837
822	Contributions from employer	1,040
(14)	Difference between actual employers' contributions and estimate in Actuary's report	34
358	Contributions from employees into the scheme	463
(25)	Benefits Paid	(45)
12,344	Closing fair value of scheme assets	15,294

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

2022/23 £'000	Reconciliation of Present Value of the Scheme Liabilities (defined benefit obligation)	2023/24 £'000
16,429	Opening balance	11,430
1,968	Current Service Cost	1,229
483	Interest Cost	583
358	Contributions from Scheme Participants	463
	Remeasurement (Gains) & Losses	
(81)	Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	(66)
(8,753)	Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(1,065)
1,051	Other	420
-	Past Service Cost	78
(25)	Benefits Paid	(45)
11,430	Net Pension Liability	13,027

Local Government Pension Scheme assets comprised

Period Ended 31 March 2023				Asset Category	Period Ended 31 March 2024			
Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percent of Total Assets		Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percent of Total Assets
£'000	£'000	£'000	%		£'000	£'000	£'000	%
-	-	-	-	Equity Securities				
-	-	-	-	Consumer	171.5	-	171.5	1%
-	-	-	-	Manufacturing	181.6	-	181.6	1%
-	-	-	-	Energy and Utilities	17.1	-	17.1	0%
-	-	-	-	Financial Institutions	159.8	-	159.8	1%
-	-	-	-	Health and Care	136.6	-	136.6	1%
-	-	-	-	Information Technology	314.6	-	314.6	2%
-	-	-	-	Other	17.4	-	17.4	0%
-	-	-	-	Total Equity Securities	998.6	-	998.6	7%
-	417.8	417.8	3%	Debt Securities -UK Government	-	1,399.0	1,399.0	9%
-	1,531.8	1,531.8	12%	Private Equity All	-	1,884.7	1,884.7	12%
-	806.3	806.3	7%	Real Estate- UK Property	-	932.5	932.5	6%
-	6,820.3	6,820.3	55%	Investment Funds & Unit Trusts				
-	1,332.6	1,332.6	11%	Equities	-	6,477.9	6,477.9	42%
-	1,085.2	1,085.2	9%	Bonds	-	2,262.0	2,262.0	15%
-	9,238.1	9,238.1	75%	Infrastructure	-	1,171.1	1,171.1	8%
-	51.8	51.8	1%	Total Investment Funds & Unit Trusts	-	9,911.0	9,911.0	65%
298.2	-	298.2	2%	Derivatives				
298.2	11,628.0	11,926.2	97%	Foreign Exchange	-	0.1	0.1	0%
				Other	-	-	-	-
				Cash & Cash Equivalents - All	182.1	-	182.1	1%
				Totals	1,180.7	14,127.2	15,307.9	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 2022.

The significant assumptions used by the actuary have been:

31-Mar-23	Basis for Estimating Assets & Liabilities	31-Mar-24
	Mortality Assumptions:	
	Longevity at 65 for current pensioners:	
23.9 years	Men	23.8 years
n/a	Women	24.2 years
	Longevity at 65 for future pensioners:	
23.4 years	Men	23.3 years
26.0 years	Women	25.8 years
	Financial Assumptions	
3.0%	Rate of inflation	2.8%
3.5%	Rate of increase in salaries	3.3%
3.0%	Rate of increase in pensions	2.8%
4.8%	Rate for discounting scheme liabilities	4.9%
51%	Take-up of option to convert annual pension into retirement lump sum for Pre-April 2008 service	51.0%
51%	Take-up of option to convert annual pension into retirement lump sum for Post-April 2008 service	51.0%

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.

Change in assumptions at year ended 31 March 2024	Approximate % increase to Employer Liability	Approximate monetary amount increase (£'000)
0.1% decrease in Real Discount Rate	3%	336
0.1% increase in salary increase rate	0%	26
0.1% increase in pension increase rate (CPI)	2%	316
1 Year Increase in member life expectancy	4%	521

Impact on the authority's cash flows

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

The authority anticipated to pay £954k expected contributions to the scheme in 2024/25 (£763k 23/24).

9. Financing and Investment Income and Expenditure

2022/23		2023/24
£'000	Financing and Investment Income	£'000
(3,591)	Interest Receivable	(10,049)
151	IAS 19 - Pension Interest & Return on Assets	(38)
27,195*	(Gain) Loss in Fair Value of Investments held at Fair Value Profit and Loss	100
23,755	Total	(9,987)

*The large movement in fair value is explained in more detail in the 'Revaluation' paragraph in Note 1 of the accounts on page 19.

10. Non Specific Grant Income

2022/23 £'000		2023/24 £'000
	Grants, Contributions credited to Taxation and Non Specific Grant Income	
	Council Tax (Mayoral Precept)	(3,621)
	Non -Specific Government Grants	
(8,000)	Gain Share - Revenue	(8,000)
(13,230)	Transport Levy	(13,494)
(1,517)	Other - Non -Specific Government Grants	(938)
(22,747)	Total Non-Specific Grants	(22,432)
	Capital Grants & Contributions	
(12,000)	Gain Share - Capital	(7,818)
(11,431)	Other - Capital Grants & Contributions	-
-	Local Transport Grant	(99)
(23,431)	Total Capital Grants & Contributions	(7,917)
(46,178)	Total Taxation and Non Specific Grant Income	(33,970)

11. Related Parties

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

Central Government

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

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

2022/23 £'000		2023/24 £'000
(8,778)	DLUHC - revenue grants	(11,540)
(20,000)	DLUHC - capital grants	(15,164)
(30,653)	DfT - capital grants	(45,092)
(1,497)	DfT - revenue grants	(1,747)
-	BEIS - revenue grants	(465)
-	DESNZ - revenue grants	(26,353)
(892)	DESNZ - capital grants	(13,775)
-	DWP - revenue grants	(490)
(59)	DEFRA - revenue grants	(191)
-	DCMS - revenue grants	(39)
(24,891)	DfE - revenue grants	(14,750)
(86,771)	Total Income	(129,605)

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;

2022/23 £'000		2023/24 £'000
	Expenditure	
	Expenditure with councils	
83	Cambridgeshire City Council	1,018
27,846	Cambridgeshire County Council	13,600
756	East Cambridgeshire District Council	414
483	Fenland District Council	5,283
765	Huntingdonshire District Council	863
8,322	Peterborough City Council	15,700
2	South Cambridgeshire District Council	385
38,258	Total	37,263
	Creditors	
	General Creditors with councils	
-	Cambridgeshire City Council	-
(5,813)	Cambridgeshire County Council	(8,194)
(319)	East Cambridgeshire District Council	(222)
(3,242)	Fenland District Council	(447)
(678)	Huntingdonshire District Council	(576)
(7,410)	Peterborough City Council	(7,115)
-	South Cambridgeshire District Council	(373)
(17,462)	Total	(16,927)

Group Companies

During the year the Combined Authority incurred spend on behalf of group companies and recharged them for services. The Combined Authority paid Cambridgeshire and Peterborough Business Growth Company Limited for services provided on its behalf. All amounts below were outstanding at 31 March 2024.

	Due from CPCA 2023/24 £'000	Due to CPCA 2023/24 £'000
Peterborough HE Property Company Limited	(556)	86
Cambridgeshire and Peterborough Business Growth Company Limited	(424)	919
Peterborough R&D Property Company Limited	(54)	29

Members

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

The following companies related to Combined Authority Board and Business Board members have received grants, payments for services or investment (Start Codon 22/23) during 2023/24.

2022/23 £'000	Company	Reason for Funding	Related Party	2023/24 £'000
(234)	FACT (Fenland Association of Community Transport)	Payments to support community transport	Cllr Seaton / Cllr Boden / Cllr Christy	(327)
(100)	Fenland Soil Ltd	Grant funding for Fenland Soil work toward their work on climate impact of peat soil.	Tina Barsby	(50)
(590)	Start Codon Fund 1 LP	Local Growth Fund project – Life Sciences Accelerator	Jason Mellad	-
(100)	Viva Arts Community Group Ltd	Grant for Market Towns programme	Cllr Schumann	-

Officers

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

There were no related party transactions involving officers during 2023/24.

12. Expenditure and Income Analysed by Nature

2022/23 £'000	Expenditure and Income Analysed by Nature	2023/24 £'000
	Expenditure	
9,284	Employee Expenses - Contracts held by CPCA	9,697
97,541	Capital Grants made treated as REFCUS	107,992
44	Depreciation	79
68,013	Other Service Expenses	45,426
174,882	Total Expenditure	163,194
	Income	
(4,504)	Interest & Investment Income	(10,593)
(161,088)	Government Grants & Contributions	(147,773)
-	Council Tax (Mayoral Precept)	(3,621)
(1,081)	Other Income	(854)
(166,674)	Total Income	(162,841)
8,208	Surplus/Deficit on the Provision of Services	353

13. 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).

2022/23			2023/24		
Exp Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net exp in the CIES	Exp Chargeable to the General Fund	Adjustments between accounting basis & funding basis under regulations	Net exp in the CIES
£'000	£'000	£'000	£'000	£'000	£'000
229	10	239	109	-	109
774	43	817	2,302	55	2,357
4,055	361	4,416	4,328	102	4,430
-	1	1	-	54	54
607	6,776	7,383	784	4,449	5,233
14,237	3,538	17,775	17,061	15,066	32,127
19,902	10,729	30,631	24,584	19,726	44,310
-	-	-	-	-	-
(3,622)	27,377	23,755	(10,087)	100	(9,987)
(22,747)	(23,431)	(46,178)	(26,058)	(7,912)	(33,970)
(6,467)	14,675	8,208	(11,561)	11,914	353
		(17,114)	(23,581)		
		(6,467)	(11,561)		
		(23,581)	(35,142)		

Adjustments between funding and accounting basis:

2022/23			
Adjustments for Capital Purposes ¹	Net Change for Pensions Adjustments ²	Other Differences ³	Total Adjustments
£'000	£'000	£'000	£'000
-	10	-	10
24	19	-	43
(5)	346	20	361
1	-	-	1
6,379	405	(7)	6,777
3,235	366	(64)	3,537
9,634	1,146	(51)	10,729
-	-	-	-
27,241	151	(15)	27,377
(23,431)	-	-	(23,431)
13,444	1,297	(66)	14,675

2023/24			
Adjustments for Capital Purposes ¹	Net Change for Pensions Adjustments ²	Other Differences ³	Total Adjustments
£'000	£'000	£'000	£'000
Mayor's Office	-	-	-
Chief Execs Office	-	47	8
Resources and Performance	64	32	5
GSE Net Zero Hub	-	40	14
Economy and Growth	4,386	59	3
Place and Connectivity	15,034	51	(17)
Net Cost of Services	19,484	229	13
Other Operational Expenditure	-	-	-
Financing & Investment Income and Expenditure	100	-	-
Taxation and Non-Specific Grant Income	(7,915)	-	3
Difference between general fund surplus or deficit and CIES surplus or deficit on the provision of services	11,669	229	16
			11,914

1. Adjustments for Capital Purposes:

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

2. Net change for the pension adjustments:

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

3. Other Statutory adjustments:

- for service lines this represent the removal of short term accumulated absences
- for other income and expenditure this column recognises the difference between what is chargeable under statutory regulations for council tax that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the collection fund.

*The large movement in Financing and Investment Income in 2022/23 was due to the change in fair value of equity investments, explained in more detail in the 'Revaluation' paragraph in Note 1 of the accounts on page 19.

14. 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

DRAFT

2023/24 Adjustments between Accounting Basis and Funding Basis Under regulations	Usable Reserves				
	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves
	£000	£000	£000	£000	£000
Depreciation & impairment of non-current assets	(79)			(79)	79
Capital grants and contributions	88,690			88,690	(88,690)
Reversal of Expected credit loss on capital loans	27			27	(27)
Revenue expenditure funded from capital under statute	(107,992)			(107,992)	107,992
Loss in Fair Value of capital investments	(99)			(99)	99
Adjustments involving the Capital Grants Unapplied Account (CGU)					
Capital grants & contributions unapplied from the CIES	7,814		(7,814)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-		4,295	4,295	(4,295)
Adjustments involving the Capital Receipts Reserve (CRR):					
Redemption of Financial Assets (Loans)		(8,627)		(8,627)	8,627
Redemption of Financial Assets (Equity Instruments)		(3)		(3)	3
Repayment of Capital Grants		-		-	-
Application of capital receipts to capital financing transferred to the Capital Adjustment Account	-	18,683		18,683	(18,683)
Adjustments involving the Pension Reserve					
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement	(229)			(229)	229
Adjustments involving the Accumulated Absences Adjustment Account					
Adjustments for Short term absences	(43)			(43)	43
Adjustments involving the Collection Fund Adjustment Account					
Amount by which council tax income credited to the CIES is different from amount calculated in accordance with statutory requirements	(3)			(3)	3
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.	-			-	-
TOTAL ADJUSTMENTS	(11,914)	10,053	(3,519)	(5,380)	5,380

*The large movement in fair value in the prior period is explained in more detail in the 'Revaluation' paragraph in Note 1 of the accounts on page 19.

Usable Reserves					
2022/23 Adjustments between Accounting Basis and Funding Basis Under regulations	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves
	£000	£000	£000	£000	£000
Depreciation & impairment of non-current assets	(44)			(44)	44
Capital grants and contributions	87,832			87,832	(87,832)
Reversal of Expected credit loss on capital loans	72			72	(72)
Revenue expenditure funded from capital under statute	(97,423)			(97,423)	97,423
Loss in Fair Value of capital investments	(27,241)			(27,241)	27,241
Adjustments involving the Capital Grants Unapplied Account (CGU)					
Capital grants & contributions unapplied from the CIES	23,431		(19,000)	4,431	(4,431)
Application of grants to capital financing transferred to the Capital Adjustment Account	-		1,913	1,913	(1,913)
Adjustments involving the Capital Receipts Reserve (CRR):					
Redemption of Financial Assets (Loans)	-	(31,882)		(31,882)	31,882
Redemption of Financial Assets (Equity Instruments)		(885)		(885)	885
Repayment of Capital Grants		(4,431)		(4,431)	4,431
Application of capital receipts to capital financing transferred to the Capital Adjustment Account	-	16,698		16,698	(16,698)
Adjustments involving the Pension Reserve					
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement (see also note 7)	(1,297)			(1,297)	1,297
Adjustments involving the Accumulated Absences Adjustment Account					
Adjustments for Short term absences	(20)			(20)	20
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.	15			15	(15)
TOTAL ADJUSTMENTS	(14,675)	(20,500)	(17,087)	(52,262)	52,262

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-22	Movement	31-Mar-23		01-Apr-23	Movement	31-Mar-24
£'000	£'000	£'000		£'000	£'000	£'000
(9,617)	(2,208)	(11,825)	General Fund Balance	(11,825)	(7,230)	(19,055)
(7,497)	(4,259)	(11,756)	Earmarked General Fund Reserves	(11,756)	(4,331)	(16,087)
(9,174)	(20,500)	(29,674)	Usable Capital Receipts Reserve	(29,674)	10,053	(19,621)
(36,858)	(17,087)	(53,945)	Capital Grants Unapplied Account	(53,945)	(3,519)	(57,464)
(63,146)	(44,054)	(107,200)	Total Usable Reserves	(107,200)	(5,027)	(112,227)
(83,985)	50,960	(33,025)	Capital Adjustment Account	(33,025)	5,105	(27,920)
15	(15)	-	Financial Instruments Adjustment Account	-	-	-
280	(23)	257	Financial Instruments Revaluation Reserve	257	-	257
69	20	89	Accumulated Absences Account	89	43	132
			Collection Fund Adjustment Account	-	3	3
4,926	(5,840)	(914)	Pensions Fund Reserve	(914)	(1,353)	(2,267)
(78,695)	45,102	(33,593)	Total Unusable Reserves	(33,593)	3,798	(29,795)
(141,841)	1,048	(140,793)	Total Usable and Unusable Reserves	(140,793)	(1,229)	(142,022)

15. Earmarked Reserves

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

Earmarked Reserve:	01-Apr-2023	Transfer Out	Transfer In	31-Mar-2024	Movement	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	
Revenue Reserve	1,815	-	-	1,815	-	This reserve provides a working balance to cover risks to the revenue budget.
Elections Costs Reserve	260	-	260	520	260	This reserve smooths the impact on the revenue budget of the Mayoral elections which take place every four years.
Inflation Reserve	2,400	-	-	2,400	-	This reserve has been created from the windfall in treasury management income to increase the Authority's ability to react to inflationary pressures within the supported bus network
Grant Income Reserve	-	-	1,700	1,700	1,700	This reserve has been created against funds currently being paused due to the Authority's best value notice. Discussions regarding the release of these funds are ongoing, and receiving them in full is still anticipated, but a fraction of their value has been set aside as a prudent position
AEB Reserve	3,240	-	1,126	4,366	1,126	This reserve holds the balance of adult education budget funding to maintain a locally determined ringfence between financial years.
Strategic Revenue Reserves	1,692	(18)	124	1,798	106	This reserve holds un-ringfenced revenue funds which are received by the Combined Authority from historic Local Enterprise Partnership investments and agreements
Departmental Reserves	2,349	(388)	1,527	3,488	1,139	These represent unspent grant funding and other income which does not require repayment, but is earmarked for projects in future years.
Total Earmarked Reserves	11,756	(406)	4,737	16,087	4,331	

16. Capital Grants Unapplied Reserve

Capital Grants Unapplied Reserve	01-Apr-2023	Transfer Out	Transfer In	31-Mar-2024
	£'000	£'000	£'000	£'000
Gain Share - Capital	42,650	-	7,814	50,464
DfT Zebra Grant	4,295	(4,295)	-	-
DLUHC Capital Investment Fund s50 grant	7,000	-	-	7,000
Total Capital Grants Unapplied Reserve	53,945	(4,295)	7,814	57,464

17. Capital Adjustment Account

2022/23 £'000	Capital Adjustment Account	2023/24 £'000
(83,985)	Balance as at 1 April	(33,025)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement	
(87,832)	Capital Grants & Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	(88,690)
97,423	Revenue Expenditure Funded from Capital under Statute	107,992
31,882	Redemption of financial assets (loans)	8,627
885	Redemption of Financial Assets (Equity Instruments)	3
(16,698)	transfer from usable capital receipts	(18,683)
44	charges for depreciation	79
27,241	Loss in Fair Value of capital investments	99
(72)	charges for expected credit loss relating to capital loans	(27)
(1,913)	Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(4,295)
(33,025)	Balance as at 31 March	(27,920)

*The large movement in fair value in the prior period is explained in more detail in the 'Revaluation' paragraph in Note 1 of the accounts on page 19.

18. Collection Fund Adjustment Account

The collection fund adjustment account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the collection fund.

2022/23 £'000		2023/24 £'000
-	Balance as at 1 April	-
-	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirement	3
-	Balance as at 31 March	3

19. 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.

2022/23 £'000		2023/24 £'000
280	Balance as at 1 April	257
(23)	Amounts arising from timing differences associated with certain financial instruments	-
257	Balance as at 31 March	257

20. Accumulated Absences Account

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

2022/23 £'000		2023/24 £'000
69	Balance as at 1 April	89
20	Amounts Accrued at the end of the current year	43
89	Balance as at 31 March	132

21. 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.

2022/23		2023/24
£'000		£'000
4,926	Balance as at 1 April	(914)
(7,137)	Remeasurements of the net defined benefit liability	(1,582)
2,119	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	1,269
(822)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,040)
(914)	Balance as at 31 March	(2,267)

22. Property, Plant and Equipment

Movement in 2021/22	2022/23		2023/24	
	Vehicle, Plant, furniture & equipment	Total Property, Plant & Equipment	Vehicle, Plant, furniture & equipment	Total Property, Plant & Equipment
Cost or Valuation	£'000	£'000	£'000	£'000
At 1 April	181	181	234	234
Additions	53	53	294	294
At 31 March	234	234	528	528
Accumulated Depreciation & Impairment				
At 1 April	(117)	(117)	(163)	(163)
Depreciation Charge	(46)	(46)	(79)	(79)
At 31 March	(163)	(163)	(242)	(242)
Net Book Value				
At 31 March 2024	71	71	286	286
At 1 April 2023	64	64	71	71

23. 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.

2022/23 £'000		2023/24 £'000
-	Opening Capital Financing Requirement	-
	Capital Investment	
97,597	Revenue Expenditure Funded from Capital Under Statute	107,992
53	Property Plant and Equipment	294
121	Intangible Assets	1,408
2,800	Equity Instruments	1,703
6,047	Capital loans	271
	Sources of Finance	
(18,785)	Usable Capital receipts	(18,683)
-	Capital grants unapplied	(4,295)
(87,833)	Capital Grants & Contributions	(88,690)
-	Closing Capital Financing Requirement	-

24. Combined Authority Leasing Arrangements

Combined Authority as Lessee - Operating Leases

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

2022/23 £'000	Authority as Lessee – Operating Leases	2023/24 £'000
124	Not more than one year	124
321	Later than one year and not later than five years	197
-	Later than five years	-
445	Total future minimum lease payments	321

25. 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:

2022/23 £000		2023/24 £000
(3,576)	Interest Income - Treasury Management	(10,049)
(928)	Interest Income - Service Loans	(543)
(71)	movement in expected credit loss allowances	(27)
(27,241)	loss from changes in Fair Value (FVPL assets)	(99)
(31,815)	Net impact on surplus/deficit on provision of services	(10,718)
15	loss from changes in Fair Value (FVOCI assets)	-
15	Impact on Other Comprehensive income	-
(31,800)	Net (gain)/loss for the year	(10,718)

*The large movement in fair value in the prior period is explained in more detail in the 'Revaluation' paragraph in Note 1 of the accounts on page 19.

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

31-Mar-23			31-Mar-24	
Long Assets £000	Current Assets £000		Long Term Assets £000	Current Assets £000
		Assets at Amortised Cost:		
15,000	111,017	Investments - Amortised Cost	20,000	147,488
-	78,090	Cash & Cash Equivalents	-	30,320
3,682	9,114	Debtors - Service Loans	3,386	621
-	6,589	Debtors - Other	-	3,769
-	-	Assets at Fair Value:		
21,314	-	Investments at Fair Value Profit and Loss	24,269	-
83	-	Medtech Shares - Designated FVOCI	83	-
40,079	204,811	Total Financial Assets	47,738	182,198
		Liabilities at Amortised Cost:		
-	(33,401)	Creditors	-	(33,809)
-	(33,401)	Total Financial Liabilities	-	(33,809)

26. Fair Value of Financial Assets and Financial Liabilities

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

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

- The fair values of other long-term investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March
- Service loans have been discounted using a rate with an equivalent margin over current base rate to that at the time the loan was agreed
- no early repayment is recognised
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- For equity and equity type investments, the fair value has been assumed as the Combined Authority's share of shareholders funds as at 31 March 2024, except for investments in Start Codon where the fund valuation has been used and Illumina investments where an estimate has been made of the value to be received under the agreements. At time of publication of the draft accounts information wasn't available for investments held at a Fair Value of £3.4m.

These are held at their 31 March 2023 value and will be updated for final accounts.

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-23			31-Mar-24		
Carrying Amount	Fair Value		Fair Value Level	Carrying Amount	Fair Value
£000	£000			£000	£000
Assets at Amortised Cost:					
15,000	14,773	LT Investments - Amortised Cost	2	20,000	20,595
12,796	12,122	Debtors - Service Loans	2	4,007	3,268
Assets at Fair Value:					
21,314	21,314	Investments at Fair Value Profit and Loss	3	24,269	24,269
83	83	Medtech Shares - Designated FVOCI	3	83	83
49,194	48,293	Total		48,359	48,214
Assets for which Fair Value is not disclosed:					
111,017	-	ST Investments - Amortised Cost		147,488	-
78,090	-	Cash & Cash Equivalents		30,320	-
6,589	-	Debtors - Other		3,769	-
195,697	-	Total Financial Assets		181,577	-
Liabilities for which Fair Value is not disclosed:					
(33,401)	(33,401)	Creditors		(33,809)	(33,809)
(33,401)	(33,401)	Total Financial Liabilities		(33,809)	(33,809)

27. Nature and Extent of Risks Arising from Financial Instruments

The Combined Authority's activities expose it to a variety of financial risks:

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

The Combined Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Finance team, under policies approved annually by the Combined Authority in the Treasury Management Strategy. The Combined Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

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

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

Combined Authority had a total of £195.2m deposited with the Debt Management Office (DMO), other local authorities, UK banks and MMFs at 31 March 2024. 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 2024 and no Expected Credit Loss allowances have been made on treasury investments. We are in constant communication with our treasury advisors to update our position in accordance with their advice on managing emerging risks.

Liquidity Risk

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

Market risks:**Interest rate risk**

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

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

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

Price Risk

The Combined Authority holds shares in several companies for service delivery purposes, which are not publicly traded. For most of these companies, the value in the accounts is based on the shareholder funds held on the 31st March 2024, rather than a market share value, as such for these companies, we do not consider there to be exposure to losses arising from movements in the traded price of shares. During 20/21 the Combined Authority invested Local Growth Funds in the Start Codon and Illumina projects which provide funding and support to local start-up companies across the Biomedical, healthcare technology and life sciences sectors. The value of the funds invested are exposed to the changes in the companies' values, however this risk is acceptably tolerated as no reliance has been placed on these funds for future service delivery, thus any losses would not have an effect on the wider financial sustainability of the Combined Authority.

Foreign Exchange Risk

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

28. Debtors

31-Mar-23		31-Mar-24
£'000	Short Term Debtors	£'000
1,984	Central government bodies	1,794
2,173	Other local authorities	246
9,462	Other entities and individuals	1,315
2,084	Group Companies	1,034
40	Prepayments	3,330
15,743	Total Short Term Debtors	7,719

31-Mar-23		31-Mar-24
£'000	Long Term Debtors	£'000
3,282	Other entities and individuals	2,760
400	Group Companies	626
-	Other local authorities	-
3,682	Total Long Term Debtors	3,386

29. Creditors

31-Mar-23		31-Mar-24
£'000	Short Term Creditors	£'000
(11,876)	Central government bodies	(30,028)
(18,082)	Other local authorities	(18,666)
(10,461)	Other entities and individuals	(13,292)
(4,180)	Group Companies	(1,034)
(44,600)	Total Short Term Creditors	(63,020)

30. Provisions

The Combined Authority has an outstanding matter in relation to pension obligations relating to the transfer of ex-GCGP LEP staff to the Combined Authority in April 2018. The Combined Authority has finalised the position on this and has started applying the provision, these transactions will conclude in 2024/25 removing the remaining potential liability estimated at £175k.

Provisions	LEP Pensions £'000	Exit Costs £'000	Total £'000
Balance at 1 April 2023	(226)	(200)	(426)
Amounts used in 2023/24	51	200	251
Balance at 31 March 2024	(175)	-	(175)

31. 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-23 £'000	Capital Grants Receipts in Advance	31-Mar-24 £'000
(26,296)	Transforming Cities Fund	(6,044)
2,028	Local Transport Grant	(331)
(75)	DLUHC UK Shared Prosperity Fund	(853)
(77)	BEIS HUG2 Grant	(10,976)
(4,355)	Active Travel England - Active Travel Grant	(4,123)
-	DLUHC - Levelling Up Fund 2	(821)
(1,993)	DfT A10 Dualling and Junctions Grant	(1,993)
-	GCP Zebra Contribution	(175)
(28,545)	BEIS Sustainable Warmth LAD3 Grant	(4,557)
(59,313)	Total Capital Grants Received in Advance	(29,873)

32. 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 date of acquisition. Sums invested with a maturity of less than three months at the date of acquisition are classified as Cash and Cash Equivalents, see note 32

Operating Activities

2022/23 £'000	Adjustments to Net Surplus or Deficit on the provision of services for Non-Cash Movements	2023/24 £'000
(44)	Depreciation of Non-Current Assets	(79)
(27,195)	(Gain) Loss in Fair Value of Investments held at Fair Value Profit and Loss	(100)
(63,000)	Increase/(Decrease) in debtors	(16,676)
13,057	(Increase)/Decrease in creditors	(18,420)
120	(Increase)/Decrease in provisions	251
(1,297)	Pension Fund costs adjustment	(229)
153,670	Capital Grants Received in Advance	29,440
-	Other Non-cash items	-
75,312	Net cash (inflow)/outflow from operating activities	(5,813)

Investing Activities

2022/23 £'000	Cash Flow Statement – Investing Activities	2023/24 £'000
(134,819)	Purchase of Short & Long-Term Investments	43,172
174	Purchase of Property, Plant & Equipment	1,702
(6,047)	Cash advanced for capital loans	(271)
30,942	Proceeds from loan repayments	8,627
(109,750)	Net cash flows from investing activities	53,230

33. Cash Flow Statement – Cash and Cash Equivalents

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

2022/23 £'000	Cash and Cash Equivalents	2023/24 £'000
77,498	Short Term Cash Investments	30,297
592	Bank Accounts	23
78,090	Total Cash & Cash Equivalents	30,320

Group Accounts

Introduction

In order to provide a full picture of the economic and financial activities of the Authority and its exposure to risk the accounting statement of a material subsidiary are consolidated with the Authority's accounts. They include the core accounting statements (movement in reserves statement, comprehensive income and expenditure statement, balance sheet and cash flow statement) presented in a similar manner to the Authority's accounts. Further explanatory notes are given and these should be read in conjunction with the Authority's (single entity) accounts.

Group accounts has been prepared under the requirement of the Code of Practice on Local Authority Accounting, consolidating and material subsidiary, associate or joint venture entities which the Authority exercises control or influence (See also Note 1 –Accounting Policies).

Accounting Policies

The Authority has reviewed the accounting policies applied to subsidiaries companies and has concluded that there are no material adjustments required to align accounting policies of both entities. As a subsidiary, the accounts have been consolidated with those of the Authority on a line by line basis and any balances and/or transactions between the parties have been eliminated in full in both the Comprehensive Income and Expenditure account and Balance sheet.

Group - Comprehensive Income and Expenditure Statement

Group 2022/23			Comprehensive Income and Expenditure Statement	Note	Group 2023/24		
Expenditure	Income	Net Expenditure			Expenditure	Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
239	-	239	Mayor's Office		109	-	109
867	(50)	817	Chief Execs Office		2,400	(43)	2,357
4,519	(103)	4,416	Resources and Performance		4,569	(139)	4,430
50,157	(50,156)	1	GSE Net Zero Hub		23,207	(23,153)	54
32,262	(22,426)	9,836	Economy and Growth		32,590	(27,489)	5,101
61,823	(43,899)	17,924	Place and Connectivity		102,756	(70,500)	32,256
149,869	(116,634)	33,233	Net Cost of Services		165,631	(121,324)	44,307
	-	-	Other Operating Income & Expenditure				-
	(3,975)	(3,975)	Financing and Investment Income and Expenditure				(9,879)
	(46,178)	(46,178)	Taxation and Non-Specific Grant Income				(33,970)
	(16,920)	(16,920)	(Surplus) / Deficit on Provision of Services				458
	(23)	(23)	Loss from investments in equity instruments designated at FVOCI				-
	24,194	24,194	Revaluation Loss on Non-Current Assets				110
	(7,137)	(7,137)	Actuarial (Gains) / Losses on Pension Assets / Liabilities				(1,582)
	17,033	17,033	Other Comprehensive Income and Exp				(1,472)
	114	114	Total Comprehensive Income and Expenditure				(1,014)

Group - Movement in Reserves Statement

Combined Authority Group Movement in Reserves Statement	Combined Authority Usable Reserves	Cambridgeshire and Peterborough Business Growth Company Limited Usable Reserves	One Cam Limited Usable Reserves	Peterborough R&D Property Company Limited Usable Reserves	Peterborough HE Property Company Limited Usable Reserves	Total Usable Reserves	Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	(60,178)	2,206	423	-	292	(57,257)	(84,583)	(141,840)
Total Comprehensive Income & Expenditure	8,208	2,453	1	149		10,810	17,034	27,845
Adjustments between group accounts and authority accounts ²	(32,668)	5,467	(423)	(107)	-	(27,730)	-	(27,730)
Adjustments between accounting basis & funding basis under regulations	(24,445)	-	-	-	-	(24,445)	24,445	-
Net Increase before Transfers to Earmarked Reserves	(48,905)	7,921	(422)	42	-	(41,365)	41,480	115
Increase / (Decrease) in 2022/23	(48,905)	7,921	(422)	42	-	(41,365)	41,480	115
Balance at 31 March 2023 Carried Forward	(109,083)	10,126	-	42	292	(98,623)	(43,103)	(141,726)
Balance at 1 April 2023	(109,083)	10,126	-	42	292	(98,623)	(43,103)	(141,726)
Total Comprehensive Income & Expenditure	353	(215)	-	212		350	(1,472)	(1,122)
Adjustments between group accounts and authority accounts	(9,494)	9,685	-	(83)	-	108	-	108
Adjustments between accounting basis & funding basis under regulations	(4,828)	-	-	-	-	(4,828)	4,828	-
Net Increase before Transfers to Earmarked Reserves	(13,969)	9,471	-	129	-	(4,369)	3,355	(1,014)
Increase / (Decrease) in 2023/24	(13,969)	9,471	-	129	-	(4,369)	3,355	(1,014)
Balance at 31 March 2024 Carried Forward	(123,227)	19,597	-	171	292	(102,992)	(39,748)	(142,740)

Group Balance Sheet

Group 31/03/2023			Group 31/03/2024
£'000		Note	£'000
71	Property, Plant & Equipment		286
1,790	Investment Property		1,831
131	Intangible Assets		1,539
35,323	Long Term Investments		44,104
3,282	Long Term Debtors		2,760
40,597	Total Long-Term Assets		50,520
111,017	Short Term Investments		147,488
15,143	Short Term Debtors	2	6,909
78,309	Cash and Cash Equivalents		30,993
204,469	Current Assets		185,390
(43,601)	Short Term Creditors	3	(63,122)
(426)	Short Term Provisions		(175)
(44,027)	Current Liabilities		(63,297)
(59,313)	Capital Grants Receipts in Advance		(29,873)
(59,313)	Long Term Liabilities		(29,873)
141,726	Net Assets		142,740
(98,623)	Usable Reserves		(102,992)
(43,103)	Unusable Reserves		(39,748)
(141,726)	Total Reserves		(142,740)

Group - Cash Flow Statement

2022/23			2023/24
Group	Cash Flow Statement	Notes	Group
£'000			£'000
(16,920)	Net (Surplus) or Deficit on the Provision of Services		458
92,874	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements		(7,654)
75,954	Net cash flows from Operating Activities		(7,196)
(100,972)	Investing Activities		54,512
	Financing Activities		
(25,018)	Net (Increase) or Decrease in Cash and Cash Equivalents		47,316
53,290	Cash & Cash Equivalent at the beginning of the Reporting Period		78,309
25,018	Increase / (Decrease) in Cash and Cash Equivalents		(47,316)
78,309	Cash & Cash Equivalents at the end of the Reporting Period		30,993

Notes to the Group Accounts

1. Accounting Policies

The Accounting policies of the group are the same as those applied to the Authority's single entity accounts.

2. Debtors

31-Mar-23		31-Mar-24
Group		Group
£'000	Short Term Debtors	£'000
1,984	Central government bodies	1,794
2,173	Other local authorities	246
10,945	Other entities and individuals	1,539
40	Prepayments	3,330
15,143	Total Short-Term Debtors	6,909

3. Creditors

31-Mar-23		31-Mar-24
Group		Group
£'000	Short Term Creditors	£'000
(11,876)	Central government bodies	(30,028)
(18,082)	Other local authorities	(18,666)
(13,643)	Other entities and individuals	(14,428)
(43,601)	Total Short-Term Creditors	(63,122)

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' and unusable reserves.

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

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

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

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

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

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

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

Annual Governance Statement

For the year ended 31 March 2024

DRAFT

Cambridgeshire and Peterborough Combined Authority Annual Governance Statement – 2023/24

Scope of Responsibility

The Cambridgeshire and Peterborough Combined Authority (“the Authority”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently, and effectively. The Authority was throughout 2023/24 also the accountable body for the Local Enterprise Partnership (known as the Business Board) and Greater South East Net Zero Hub.

The Combined Authority also has a duty under the Local Government Act 1999 to arrange to secure continuous improvement in the way in which its functions are exercised.

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

The Authority was formally established on 3 March 2017 and continues to develop and refine its governance arrangements through regular review of its key documents. Latest copies of its constitution, assurance framework and monitoring and evaluation framework are available on its website.

The governance arrangements comply with the principles of the Local Code of Governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government 2016 and the National Local Growth Assurance Framework (January 2019)*.

This statement explains how the Combined Authority has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015 Regulation 6.1 (b) in relation to the publication of an Annual Governance Statement.

The Authority acknowledges that good governance arrangements will enable it to establish effective policies and to deliver ambitious programmes for communities in the combined authority area. The arrangements put in place must be both robust and adaptable to deliver its objectives in a dynamic and strategic environment.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Authority is directed and controlled and how it engages with and leads the community in those activities for which it is accountable. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them effectively.

The Governance Framework

Context

The Cambridgeshire and Peterborough Combined Authority Order 2017 was made on 2 March 2017 and came into force on 3 March 2017.

The Cities and Local Government Devolution Act 2016 came into force on 28 March 2016, making Cambridgeshire and Peterborough local authorities amongst the first to establish a combined authority for its area under these new provisions, with a directly elected Mayor elected every 4 years. Following the making of the Order, the Authority's first directly elected Mayor was elected on 4 May 2017. The Authority's second directly elected Mayor was elected on 6 May 2021.

The powers which were devolved from Central Government to the Combined Authority included:

- Control of a £20 million a year funding allocation, over 30 years, to be invested in the Cambridgeshire and Peterborough Single Investment Fund, to boost growth.
- Funding to deliver new homes over a five-year period in Cambridgeshire and Peterborough which included affordable, rented and shared ownership housing.
- Responsibility for chairing an area-based review of 16+ skills provision.
- Responsibility to develop a more effective joint working with the Department for International Trade to boost trade and investment through agreement of a Joint Export Plan
- Powers devolved to the Mayor as part of the devolution plan included:
 - Responsibility for a multi-year, consolidated and devolved transport budget.
 - Responsibility for an identified Key Route Network of local authority roads.
 - Powers over strategic planning and the responsibility to create a non-statutory spatial framework for Cambridgeshire and Peterborough and to develop with Government a Land Commission.

Further secondary legislation has since come into force to increase its powers. This includes:

- Mayoral powers to levy a business rate supplement to raise money for projects that will promote economic development.
- Devolved powers for the Adult Education Budget and associated powers to deliver an adult education service that supports wider economic and social priorities.
- Housing regulations enabling the Combined Authority to fund homes for Affordable Rent.

The Combined Authority is small in size and while it has been strategic in nature, it is also an operational delivery body for functions including the provision of bus services and adult education. It is also the local transport authority for the area of Cambridgeshire and Peterborough. The Authority has mainly delivered through a commissioning model with delivery being undertaken by those best qualified to do so across the public and private sector. It has increased staff numbers and increasingly delivers through the internal expertise of its employed officers across a range of disciplines.

Delivery through Subsidiary Undertakings

During 2023-24, the Combined Authority had five subsidiary companies over which it has a significant level of control for the whole of the financial year. Additionally OneCAM Ltd was dissolved on the 4th April 2023 following the closure of the project. Material trading activity of the subsidiaries started in 2020-21 and therefore the governance arrangements of these companies has become increasingly important. This is an area of significant interest across the Local Authority sector given recent high-profile issues that have come to light. CIPFA have published guidance on governance of Local Authority Trading Companies (LATC) and the Combined Authority has reviewed and strengthened its own governance arrangements considering this guidance, to ensure they are appropriate and effective. This has included the creation of a Shareholder Board (detailed under the governance structures below) to improve oversight of the companies.

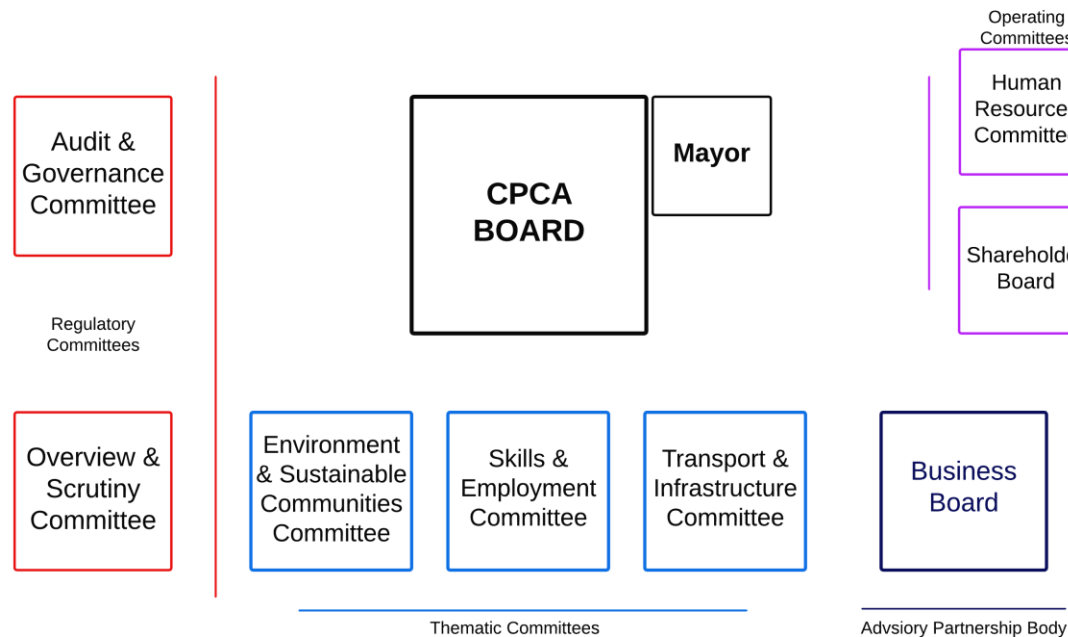
Cambridgeshire and Peterborough Combined Authority Structure

The Authority is made up of a directly elected Mayor and the following seven local authorities (referred to as the Constituent Councils) and the Local Enterprise Partnership known as the Business Board:

- Cambridge City Council;
- Cambridgeshire County Council;
- East Cambridgeshire District Council;
- Fenland District Council;
- Huntingdonshire District Council;
- Peterborough City Council; and
- South Cambridgeshire District Council.

The Constitution for the Authority sets out the Authority's governance arrangements. It sets out the powers and functions of the Combined Authority, including matters reserved to the Mayor and Board, financial procedures, contract standing orders, Member Codes of Conduct, the scheme of delegation to officers and arrangements for the operation of executive committees, an overview and scrutiny committee, and an audit and governance committee function.

Following the concerns raised by the External Auditor and the Best Value Notice issued by DLUHC in January 2023 there was a significant overhaul of the governance structure for the whole of the 2023-24 financial year to reflect best practice and a rewrite of the Constitution to support the new structure. The new structure (shown in the diagram below) was approved by the Board in March 2023 and implemented following the Authority's Annual General Meeting on 31st May 2023.



Within the new governance framework the roles of both Audit & Governance and Overview & Scrutiny Committees were clarified, three new Thematic Committees were created to replace the 4 previous Executive Committees, with the new Thematic Committees having more delegated responsibilities and powers from the Board, the Business Board was repositioned as an Advisory Body to the Board and two new operating committees were

established – a Human Resources Committee to deal with senior management recruitment and HR issues as well as approving new and changed HR policies, and a Shareholder Board to keep clear and effective oversight of the Authority's subsidiary companies (as noted above).

Within the Constitution is a Scheme of Delegation which provides for the day-to-day management and oversight of the Authority including the responsibilities of the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer.

The key elements of the governance framework, its systems and processes, are outlined below.

Combined Authority Board

Each of the Constituent Councils appoints a nominated representative to be a Member of the Combined Authority and another Member to act in his or her absence. The Business Board (LEP) also nominates one of its members, normally the Chair and a substitute member, to be its representative. The Business Board representative has full voting rights on the Combined Authority Board.

The Board's role and powers are set out in the constitution. The Board provides strategic leadership for the Combined Authority area, approving strategies, policies and budget allocation to ensure that the required outcomes are delivered.

The Combined Authority Board has invited the following organisations with direct responsibility for functions relevant to the Combined Authority objectives to become co-opted Members to attend the Combined Authority Board take part in the debate, but they do not have voting rights.

- (a) The Police and Crime Commissioner for Cambridgeshire;
- (b) Cambridgeshire and Peterborough Fire Authority representative;
- (c) Cambridgeshire and Peterborough Integrated Care Board representative.

Mayor

Certain functions are reserved to the Mayor as set down in the Order and the Constitution. The Mayor has an overall leadership role and chairs the Board meetings. Both the Mayor and the Combined Authority have a general power of competence.

The functions of the Combined Authority are grouped into portfolios. In accordance with the Combined Authority's Constitution, the Mayor and the Combined Authority Board agree portfolio responsibilities in respect of those functions. The Mayor nominates Lead Members from amongst the Members of the seven constituent councils who are formally approved by the Board. Each Lead Member leads on his/her allocated portfolio functions and is accountable for his/her allocated area. Lead Members do not have delegated powers.

Thematic Committees

In May 2023, the Board set up three Thematic committees; the Transport and Infrastructure Committees, the Skills & Employment Committee and the Environment and Sustainability Committee with enhanced decision-making powers. This change continued the practice of placing responsibility for

three of the largest portfolios into a committee system, with representation from each constituent council on each Committee, so enabling the Combined Authority to meet challenges of resilience and volume. The Chair of each committee leads the portfolio responsibilities of that committee and can distribute responsibility for delivering discreet areas of the portfolio amongst the members of the committee. By creating a division of the portfolio workload across the committee members, the Combined Authority ensures a measure of continuity in the delivery of its key projects. A committee system also allows member oversight of the delivery of its programme of works against the Combined Authority's Assurance Framework and Monitoring and Evaluation Framework.

The advantages of these arrangements included:

- Creating more realistic workloads for the members of the Combined Authority Board.
- Allowing members of the Combined Authority Board to have a strategic focus.
- Increasing the profile of the Authority amongst the constituent councils.
- Increasing the understanding of the Authority amongst constituent councils.
- Sharing of knowledge and regional issues.
- Improving cross-boundary co-operation.
- Bringing in additional member expertise to the Authority in key areas, and
- Decreasing the frequency of Combined Authority Board meetings.

Overview and Scrutiny Committee

The Combined Authority has established an Overview and Scrutiny Committee to comply with the requirements of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017. The Committee comprises 14 elected councillors, two from each of the seven constituent councils, and reflects the political balance across the Combined Authority area. Its primary role is to review and scrutinise decisions of the Combined Authority and the Business Board. They monitor the Forward Plan of forthcoming key decisions and may call-in any of these decisions where members consider that further scrutiny and challenge is required.

The committee undertakes other roles including pre-decision scrutiny where they can act as a “critical friend” to highlight key issues and challenge policies at the developmental stage. The Mayor and Chief Executive attend meetings at least quarterly to update the committee and to answer any questions.

A review of the working arrangements was conducted by The Centre for Governance and Scrutiny (CfGS) to support the future work of the Overview and Scrutiny Committee and to develop its role. The review included an examination of:

Culture: The mindset and mentality underpinning the operation of the overview and scrutiny process

Information: How information is prepared, shared, accessed and used in the service of the scrutiny function, and

Impact: Ways to ensure that scrutiny is effective, that it makes a tangible difference to the lives of local people.

Following that review, the Overview and Scrutiny Committee decided to adopt a model of delivery where they had increased ability to conduct pre-scrutiny of major policy decisions and deep dives into areas of interest to the Committee. To assist the Committee in its new model of delivery it appointed 'rapporteurs' from its membership to liaise with the Thematic Committees, developed informal meetings of the Committee Members with officers in advance of its formal meetings to discuss potential areas of focus and used a wider range of tools, including the Forward Plan and the Performance Management report, to ensure its effectiveness.

These changes to the operation of the Overview & Scrutiny Committee were implemented early in the financial year, following training offered to all Members of the Committee, and monitored during the year to ensure their effectiveness.

Audit and Governance Committee

The Board has established an Audit and Governance Committee in accordance with the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017. It comprises 7 elected members reflecting the political balance across the area and an Independent Person who chairs the meetings.

The Chair of the Audit and Governance Committee will present his Annual Report to the Combined Authority Board at its Annual General Meeting on 5th June 2024. The Annual Report will highlight the work of the Committee for the Municipal Year and detail the following:

- Background to the Committee, its roles, responsibilities and membership;
- An overview and coverage of its remit including Internal Audit, Accounts and Financial Management, External Audit, Risk Management, Control Assurance, Corporate Governance, and Fraud and Irregularities;
- Training provided to ensure that suitable challenge and scrutiny is adopted.
- Records of complaints, Freedom of Information requests and attendance levels for the committee to consider.

The Audit and Governance Committee has an Independent Chair, who was re-appointed for a second period of four years in 2021. The Committee has agreed to appoint an additional Independent Person for the 2024-25 Municipal year to strengthen its expertise and succession planning.

Business Board (Local Enterprise Partnership)

On 1 April 2018, the Greater Cambridge Greater Peterborough Local Enterprise Partnership was dissolved. A new Local Enterprise Partnership was formally created in September 2018, known as the Business Board. The Business Board is a voluntary partnership between constituent councils and the business community and plays a key role in determining local economic priorities and growth. The Partnership is a key interface with Central Government and the region and offers policy advice and strategic direction aligned to the Authority's objectives.

The current membership comprises fourteen members, which includes two public sector members and up to twelve business representatives from amongst the key sectors across the Cambridgeshire and Peterborough area. The majority members on the Board are from the private sector. Membership of the Business Board reflects two key priorities:

- (1) that the Business Board should be predominantly private sector led to provide the best possible platform for businesses within the area and that
- (2) the Board ought to be comprised of representatives of those key sectors which are driving economic growth in the area.

The Mayor and the Lead Member for Economic Growth are members of the Business Board recognising the importance of its role and of the private sector in any growth strategies for delivery in the Authority's area.

The Business Board is closely aligned to the Authority through a unified assurance framework and has a single staffing structure under the Authority's Chief Executive. The Combined Authority is the accountable body for the Business Board.

The Business Board's constitutional arrangements comply with the National Local Growth Assurance Framework and with the joint Local Assurance Framework for the Authority and the Business Board.

The role and terms of reference of the Business Board were reviewed in 2023-24, following the implementation of the new governance structure noted above, to ensure its role within the Combined Authority aligns with the national policy for LEPs set out in the Government's Levelling Up whitepaper and to reflect the national abolition of Local Enterprise Partnerships with effect from 1st April 2024.

Corporate Management Team

Head of Paid Service is the Chief Executive and is responsible for all staff and leading an effective corporate management team (CMT). During this period there has been a transition to a new corporate structure, with new Executive Directors appointed. The leadership continues to transform how the Combined Authority works and delivers financial savings and improvements.

Strategic Direction

The Combined Authority's Corporate Plan sets out the overarching strategic objectives for the Authority. The five key strategic objectives contained within the Plan approved by the Board in January 2024 are:

- Achieving ambitious skills and employment opportunities
- Achieving good growth
- Increased connectivity
- Enabling resilient communities
- Achieving best value and high performance

The Corporate Plan is supported by Directorate Business Plans for each of the 4 areas of the Combined Authority (Transport & Connectivity, Economy & Growth, Resources & Performance, CEO's office). Each Directorate Business Plan has a set of actions linked to the delivery of the 5 strategic priorities noted above.

A review of key successes and achievements against our strategic priorities can be found in more detail in our Annual Report for 2023/24.

The **Medium-Term Financial Plan** forms the investment plan for the Combined Authority and allocates resources to deliver the next stages of these priority programmes. The Combined Authority has taken a significant step toward greater maturity in the plan published in January 2023 with the Board setting budgets for thematic areas, linked to our strategic objectives, and approval and allocation of those funds to projects which will deliver these objectives delegated to a new Investment Committee below £5m.

This Corporate Plan and the Medium-Term Financial Plan set out at a high level the transformational investments that the Cambridgeshire and Peterborough Combined Authority will commit resources to, subject to the detailed consideration and appraisal of project business cases. Some are project ideas at an early stage, whilst others are in-progress construction projects. The Corporate Plan and the Medium-Term Financial Plan are not intended to be an exhaustive list of activity as new opportunities will arise during the financial year, but they identify the key activities that will need investment during the plan period to unlock the opportunities they could bring. Prioritisation has been undertaken to ensure that our investment goes into projects that will have a significant impact on growing the whole Cambridgeshire and Peterborough economy.

The Corporate Plan aligns with the Performance Management Framework that is designed to provide improved performance monitoring information to the Authority, its Members and a wider audience.

The Combined Authority has progressed key investment decisions in a range of transport and infrastructure, skills, housing and economic development initiatives.

Assurance Framework

The Assurance Framework complies with the National Local Growth Assurance Framework and was approved by the Board in March 2022 following feedback and sign off from CLGU (Cities and Local Growth Unit). The Assurance Framework sets out:

- (a) How the seven principles of public life shape the culture within the Combined Authority in undertaking its roles and responsibilities in relation to the use and administration of the Cambridgeshire and Peterborough Investment, incorporating the Single Pot funding.
- (b) The respective roles and responsibilities of the Combined Authority, the Business Board and officers, in decision-making and ways of working.
- (c) The key processes for ensuring accountability, including public engagement, probity, transparency, legal compliance and value for money.
- (d) How potential investments to be funded through the Cambridgeshire and Peterborough Medium Term Financial Plan incorporating the Single Pot, will be appraised, prioritised, approved, signed off and delivered.

- (e) The processes for oversight of projects, programmes and portfolios and how the progress and impacts of these investments will be monitored and evaluated.

A refreshed Single Assurance Framework (SAF) has been developed and was approved by the Board (following sign off from DLUHC) in November 2023. The new SAF is being implemented in a number of stages and is scheduled to be fully operational by July 2024.

Project Delivery

The Monitoring and Evaluation Framework provides assurance to the Combined Authority Board and to Central Government through robust monitoring and evaluation arrangements for each of the commissioned projects. Monitoring and Evaluation (M&E) is a critical component of an effective performance management regime. Monitoring supports the effective tracking of a scheme or series of policy interventions ensuring that intended outputs are being achieved. Evaluation quantifies and assesses outcomes, including how schemes were delivered and whether the investment generated had the intended impact and ultimately delivered value for money.

The Monitoring & Evaluation Framework incorporates the Local Growth Fund monitoring and evaluation plan. Being able to show the efficacy and impact of the Business Board's investments enables a positive case to be made to Government in discussions regarding the allocation and responsibility for future funding streams.

Decision Making

All agendas and reports produced for meetings of the Combined Authority, its associated Committees and the Business Board are issued to members and published on the Authority's website in accordance with access to information requirements in the 2017 Order. All Combined Authority Board and Committee meetings are held in public, unless there are clear requirements to hold them in private (eg the HR Committee interviewing applicants for senior roles), in which case the date of the meeting and its reason to be held in private will be publicised in advance.

A Forward Plan identifying strategic decisions that will be made by the Board over a four-month period is updated and presented to the Combined Authority Board at each meeting. The Forward Plan also includes all forthcoming key decisions which require at least 28 days' notice.

Notice of decisions are also published no more than two days after the meeting and are not implemented until five days after they are published to enable the Overview & Scrutiny Committee to exercise its right to call-in decisions.

The Combined Authority's constitution is updated throughout the year and sets out how the Combined Authority operates. It states what matters are reserved for decision by the Board, the responsibilities of committees and the powers delegated to panels, committees and officers. Decision-making powers not reserved for individual members. The Chief Executive, Monitoring Officer and Chief Financial Officer/S73 Officer ensure that all decisions made are legal and supports the audit, governance and standards committee in promoting high standards of conduct amongst members.

Financial Management

A key responsibility of the Combined Authority is determining, agreeing and monitoring appropriate budgets for it to be able to fulfil its strategic objectives.

A budget framework has been agreed for setting the budget in future years which takes account of the process laid down in the Combined Authorities (Finance) Order 2017

In summary, the draft Budget shall be submitted to the Combined Authority Board for consideration and approval for consultation purposes before the end of December. The Board will agree the timetable for consultation and those to be consulted. The consultation period shall not be less than four weeks, and the consultees shall include Constituent Authorities, the Business Board (LEP) and the Overview and Scrutiny Committee.

Before 1st February, having considered the draft Budget, the consultation responses, and any other relevant factors, the proposed budget for the following financial year, including the Mayor's budget, will be submitted to the Board for final approval. There is also a process for determining the Mayor's budget where no agreement can be reached.

Budget update reports are presented bi-monthly at Combined Authority Board meetings to provide information on income and expenditure for the year to date and the forecast outturn position against the approved budget. The reports also provide analysis of material variances for both Revenue Funds and the Capital Programme.

The Combined Authority is required to adhere to the CIPFA Financial Management Code. A number of actions were identified in the 2022-023 Annual Governance Statement and these are being picked up as part of the Improvement framework noted elsewhere in this Annual Governance Statement.

Developing Capacity

The Combined Authority's external auditors highlighted a concern that *"the Authority has insufficient capacity, capability and an inappropriate culture to support the effective governance and operation of the organisation."* The staffing structure was reviewed in 2022 as part of the Combined Authority's Improvement plan to address these concerns and a revised senior management structure implemented. That senior management structure has now been implemented and recruited to. With effect from the end of June all substantive roles at first, second and third tier in the Authority will be filled by permanent postholders.

Internal Audit

RSM Assurance Limited provide the Chief Internal Auditor function for the Combined Authority and presented the audit plan for approval to the Audit & Governance Committee in March 2023 and has provided the Committee with regular updates since then.

External Audit

On 1 June 2022, the Combined Authority's auditors, EY, wrote to the Chair of the Audit and Governance Committee in accordance with their responsibilities under the National Audit Office (NAO) 2020 Code of Audit Practice. The NAO Code sets out how auditors are expected to approach their work on Value for Money arrangements. The Code requires that where the auditor has concluded that there is a significant weakness in a body's arrangements, it should be reported to this body as soon as practicable, supported with recommendations for improvement. The EY letter identified a significant weakness in the Combined Authority's Governance arrangements – How the Authority ensures that it makes informed decisions and properly manages its risks. To address the significant governance weakness, *“the Authority needs to urgently ensure that it has sufficient appropriate leadership capacity to be able to deliver its objectives and statutory responsibilities. In order to do so, we (EY) believe more formal intervention is required, and expeditious discussions with the Authority's sponsoring department to this end are time critical”*.

Best Value Notice

On 24 January 2023 the Department for Levelling Up, Homes & Communities wrote to the Combined Authority to inform them that it was placing the Authority under a Best Value Notice, formally notifying the Authority that the Department had concerns regarding the Authority and requesting that the Authority engaged with the Department to provide assurance of improvement.

The Notice was issued to the CPCA following:

- *Significant concerns highlighted by the external auditor, published on 1 June 2022, in relation to the 2021/22 audit year confirming significant weakness in the Authority's governance arrangements that they believe to be pervasive.*
- *The Department writing, on 30 June 2022, to Paul Raynes, the then Interim Chief Executive, in response to the Authority's formal approach to the Department for assistance in driving improvement. The letter further set out that, in the first instance, the Department will be taking a precautionary approach to the transfer of funding to CPCA until we have assurance that there are appropriate plans in place to reach a resolution.*
- *Significant delivery concerns in some of the programmes delivered by the Authority.*
- *Concerns around partnership working, as outlined in the Minister for Local Government's letter to the then Mayor, James Palmer, on 13 July 2020, which remains an area that requires work*
- *Concerns raised within the Authority in respect of procurement of services to the Authority.*

The latter point relating to procurement followed concerns being raised by a CPCA Board Member regarding the governance of the procurement of two transport related contracts.

In the letter it was clear that the Department expected the Authority to:

- *Fully engage with the Independent Improvement Board and its recommendations.*
- *Continue in your efforts to deliver at pace against the Improvement framework and the action plan, meeting the set milestones.*
- *Continue in its efforts to conduct investigations at pace and to implement cultural change, particularly in relation to the relationships between officers and members and with the Mayor's office.*
- *Endeavour to achieve strong partnership working, built on consensus and shared vision.*
- *Ensure a robust, open and transparent recruitment campaign to make permanent appointments to the senior team in a timely manner.*
- *Commit to regular official level engagement on progress against this Notice, on a quarterly basis initially, recognising that this may change according to need over time. We expect any requests for information to be fully and promptly met. The Department will also look to the Independent Improvement Panel for regular updates and assurance on the Authority's plan and its delivery as part of our engagement on this matter.*

The letter made it clear that the Notice would remain in place for 12 months although it could be withdrawn or escalated at any point based on the available evidence.

On 30 January 2024 the Combined Authority received a further Best Value Notice for a period of 6 months, the Best Value Notice dated 24 January 2023 having lapsed. The letter noted the progress made by the Combined Authority since the original Best Value Notice was issued, specifically:

- *Your constructive engagement with both the Independent Improvement Board and the Department over the last 12 months*
- *Delivering [the] agreed improvement plan, which has included making permanent appointments to the senior leadership team in a robust and timely manner. The benefits of a strengthened senior officer team are reflected in the progress made against the improvement plan.*
- *Although the investigation into breaches of the member code of conduct was not concluded quickly, we note that it has now been and is an important milestone for the Authority*

However the letter also noted that:

- *Embedding cultural change across the organisation and ensuring that it is having the desired, long term impacts is likely to take time and will require sustained effort from both officers and, indeed, members at CPCA*
- *The Department remains concerned that, despite efforts made, more work is needed to ensure effective partnership working between all levels of the Combined Authority and its constituent authorities, to enable the area to reach its full potential*
- *Whilst the Improvement Board "continues to draw assurance from the work of the officer team within [CPCA], this needs to be matched by the actions of the [Combined Authority] Board itself"*

The letter therefore requires the Combined Authority to:

- *Continue with the Independent Improvement Board, making full use of its support and engaging with its recommendations over the next six months*
- *Continue to implement and embed the changes agreed by the Combined Authority Board as part of the improvement plan*
- *Continue to implement and monitor cultural change across the organisation, for both officers and members, with a focus on measurable outcomes*
- *Commit, through strong partnership working at both officer and member level, to develop the strategic priorities and aspirations for the area that will benefit local residents, and a credible delivery strategy for progressing these. We hope that these can be achieved through consensus but, if not all stakeholders are ready to fully engage, the opportunity should be left open for them to do so when they feel ready. This work is also important in informing CPCA's approach to further devolution*
- *Continue to engage regularly with the Department at official level throughout the duration of this Notice*

Improvement Framework

In July 2022, the Interim Chief Executive took a paper to the CPCA Board to seek approval for an Improvement Framework to address the weaknesses highlighted in the EY letter. The Board was recommended to:

- Note the recommendations of the Audit and Governance Committee and provide a response as requested
 - Delegate authority to the Interim Chief Executive for the recruitment and appointment of additional resources, including interim Chief Officers and Statutory Officers,
 - Delegate authority to the Interim Chief Executive to finalise the senior management structure of the Authority
 - Acknowledge the scope and scale of the intended self-assessment exercise and recognition of the scale of the current issues facing the Combined Authority.
 - Support the self-assessment exercise
 - Note the review of governance and ways of working
- Request that the Board, and the Chairs of Audit & Governance Committee and the Overview & Scrutiny Committee, receive regular updates on all improvement action

In October 2022, the Board agreed an improvement plan to address issues raised across six key themes:

- A. Establish clarity on the scale of political ambition and develop an overarching strategy for the remainder of this mayoral term and to chart the next steps on that journey. This needs to include defining the purpose and role of the CPCA and in particular where the CPCA can add value

- B. Implement a comprehensive reset of ways of working and align the policy development and pre-Board processes to support this
- C. Prioritise work to establish a long-term strategy for transport, an urgent development of a bus strategy and review the role and functioning of the Business Board
- D. Undertake a strategic review of income projections, including options, to secure sustainability and the possibility of taking a more strategic approach to the application of funds for identified priorities
- E. Design and implement an organisation for today's performance, and with the agility to act on emerging demands and opportunities
- F. Map the approach, capacity and arrangements needed to build effective public relations and influencing delivery operation

The Improvement plan set out a number of key deliverables over a three-month period and agreed the establishment of an Independent Improvement Board to be chaired by Lord Kerslake.

Unfortunately, Lord Kerslake had to step down from this role in March 2023 owing to ill health. Julie Spence, the Deputy Chair of the Independent Improvement Board, took over the Chair role on an interim basis pending the appointment of a more permanent Chair. In June 2023 it was announced that Richard Carr had been appointed to the role of Chair of the Independent Improvement Board, commencing in July 2023.

Regular updates have been taken to the Board, the Overview and Scrutiny Committee and the Audit and Governance Committee to highlight progress being made against the Improvement plan.

In May 2023, given the significant progress that had been made against the six key themes noted above, approval was given by the Board to reframe the Improvement Plan against the five themes highlighted in the Best Value Notice, namely:

- Governance and decision-making;
- Procurement;
- Project delivery;
- Partnerships; and
- Culture, capability and confidence

The Improvement Plan was monitored and reported against these reframed themes, and significant progress made against each of them, as referenced in the latest Best Value Notice.

During 2023-24 and early in 2024-25 three Internal Audits were completed of the first three of the above workstreams (Governance and decision-making, Procurement and Project Delivery). All three internal audits received positive assurance opinions, with both Governance and decision making and Project Delivery rated as 'Reasonable Assurance' and Procurement rated as 'Substantial Assurance'.

In March 2024 approval was given by the Board to refocus the Improvement plan on the key themes included in the latest Best Value Notice, namely:

- Shared Ambition;
- Culture; and
- Continuous Improvement/Embedding Improvements

Improving partnerships was approved to be a theme which ran through all of the three themes noted above rather than a separate theme on its own.

Risk Management

The Authority's Audit and Governance Committee is responsible for overseeing the Authority's risk management strategy and corporate risk register. During 2023-24 a new Risk Management Framework and Policy was approved by the Audit & Governance Committee and the Combined Authority Board, and a new system (4Risk) implemented to help to monitor and manage risk across the Authority. The Audit and Governance Committee also began to undertake deep dives of key strategic risks in line with best practice.

In line with the approved Risk Management Framework both corporate and project risks are regularly reported to Senior Managers and, on a quarterly basis, to the Corporate Management Team before being reported to the Audit & Governance Committee. Significant risks are escalated to the Combined Authority Board where necessary.

Managing Performance

Given the level of investment undertaken by the Combined Authority, it is vital that it follows robust programme management processes for its programmes and for collective consideration of outputs and outcomes. Alongside the approved Monitoring and Evaluation framework, a Performance Management Framework has also been developed and approved by the Board, to monitor and report on programme delivery (time, quality, cost), the outcomes and impact of projects/programmes and more overarching performance for both outcomes and outputs within the Combined Authority's control and those covering the wider Cambridgeshire and Peterborough region. Regular Performance reports are taken to Overview and Scrutiny Committee and Board meetings which report on the performance of the Combined Authority. The analysis includes a progress against agreed targets and KPIs, including direction of travel of performance and reasons for significant variances, along with a description of progress for the Combined Authority's largest and most complex projects.

Review of Effectiveness

The Authority has responsibility for conducting an annual review of the effectiveness of its governance framework. This includes consideration of systems of internal control and arrangements for internal audit and assurance statement from key officers. This has focused on where we are now and where we want to be in the year ahead against the Good Governance Principles.

The Combined Authority had 6 subsidiary companies over which it has a significant level of control during 2023-24, one of which was dissolved on the 4th April 2023 and two others are in the process of winding up as they have never traded. The Combined Authority has reviewed its governance arrangements for its remaining subsidiary companies in light of recommendations from the relevant RSM internal audit review and the guidance published by CIPFA.

The Chief Internal Auditor of a Local Authority is required annually to provide their opinion on the overall systems of internal control and their effectiveness. As the Combined Authority has an external company (RSM) undertaking its internal audit function, one of the partners of RSM acts as the Chief Internal Auditor for the purposes of that reporting.

The Annual Internal Audit Opinion

The annual internal audit opinion is based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

For the 12 months ended 31 March 2024, the Chief Internal Auditor's draft opinion for Cambridgeshire and Peterborough Combined Authority has been split between Risk Management, Governance and Internal Control as follows:

Risk Management: *"There are weaknesses in the framework of risk management, such that it could become, inadequate and ineffective."*

Governance: *"There are weaknesses in the framework of governance, such that it could become, inadequate and ineffective."*

Internal Control: *"The organisation has an adequate and effective framework for internal control. However, our work has identified further enhancements to the framework of internal control to ensure that it remains adequate and effective."*

Produced below is an extract from the Head of Internal Audit's draft annual opinion:

"Risk Management

We have relied upon our cumulative knowledge of the Authority's risk management arrangements and drawn upon our attendance at the Audit and Governance Committee throughout 2023/24, where we have observed risk registers being presented and discussed, and key strategic risks being discussed and challenged, to inform our risk management opinion. We would specifically note that the Authority needs to ensure that the content of the Corporate Risk Register is kept under regular review, discussed and updated by risk owners.

We have also undertaken an internal audit review of the Authority's **Risk Management** arrangements in 2023/24 which resulted in a positive **Reasonable Assurance** opinion for the design of the control framework, and a negative **Partial Assurance** opinion for compliance with that framework. Overall, we confirmed through our review that the Authority has made a number of improvements in the design of the control framework for managing risks, demonstrating a positive trend in developing a revised Risk Management Framework, delivery of risk management training and the implementation of risk management guidance. However, there remains a number of issues in regard to the application and compliance with the revised framework that now need to be the focus for the Authority to fully address some of the previous weaknesses identified.

We identified application and compliance weaknesses relating primarily to the content, completeness, and timeliness and comprehension of the review of the risks held in the Project, Programme, and Corporate Risk Registers. We also identified that whilst there have been notable improvements in the design of the framework, there was no formal plan in place to guide the implementation of the revised risk management approach. We included an assessment of the progress to implement previously agreed actions in these areas and identified that out of six medium priority management actions, three had been addressed and three had not yet been fully implemented. It should be noted that it has taken some time to implement some of these improvements to the design of the framework, but the focus now needs to be on the compliance with the revised risk management control framework.

Our internal audit plan is driven by and linked to strategic risks facing the Authority. One of the risk-driven reviews (subsidiary company governance) resulted in a partial (negative) assurance opinion, and an advisory review on IT Change & Project Management was also driven from a strategic risk and identified one high and four medium priority actions to address. All of the other risk driven reviews resulted in a positive opinion.

Governance

We have relied upon a number of factors when informing our Governance opinion in 2023/24.

We have undertaken an Internal Audit review of the Authority's **Improvement Plan - Governance** which resulted in a (positive) **Reasonable Assurance** opinion.

We have also undertaken a review of Subsidiary Company Governance. This audit concluded with a **Partial Assurance** (negative) opinion. The review considered the effectiveness of the governance and support arrangements in place to manage the Authority's subsidiary company, Cambridgeshire and Peterborough Business Growth Company Limited (GrowthCo). The review considered the governance approaches adopted within GrowthCo, the formation and formalisation of roles and responsibilities, and how matters are escalated or reported through to the Combined Authority Board for due oversight, challenge, and scrutiny. We agreed one high, three medium and two low priority actions.

Best Value Notices:

Whilst outside of our direct internal audit coverage in 2023/24, we need to take into account the fact that the Authority was issued a second Best Value Notice (BVN) issued on 30 January 2024. The Department originally issued a BVN to the Authority on 24 January 2023 as a formal notification of the Department's concerns regarding the Authority and requesting that the Authority engages with the Department to provide assurance of improvement.

The latest notice acknowledges the steps the Authority has taken to address the serious issues identified at the Authority since the previous BVN in January 2023, including the Authority's constructive engagement with both the independent Improvement Board and the Department over the last 12 months. The

notice recognised the progress in delivering the Authority's improvement plan, which included making permanent appointments to the senior leadership team in a robust and timely manner.

The notice further notes that although the investigation into breaches of the member code of conduct was not concluded quickly, but that it now has been and is an important milestone for the Authority. The notice states that embedding cultural change across the organisation and ensuring that it is having the desired, long-term impacts is likely to take time and will require sustained effort from both officers and, indeed, members at CPCA. Further, the Department remained concerned that, despite efforts made, more work is needed to ensure effective partnership working between all levels of the Combined Authority and its constituent authorities, to enable the area to achieve its full potential. It was also noted that, whilst the Improvement Board "continues to draw assurance from the work of the officer team within [CPCA], this needs to be matched by the actions of the [Combined Authority] Board itself." Ministers remain concerned as to CPCA's capacity to comply with its Best Value Duty under the Local Government Act 1999. The notice went on to say that the Authority is expected to continue to improve and, specifically, to:

- Continue with the independent Improvement Board, making full use of its support and engaging with its recommendations over the next six months.
- Continue to implement and embed the changes agreed by the Combined Authority Board as part of the improvement plan.
- Continue to implement and monitor cultural change across the organisation, for both officers and members, with a focus on measurable outcomes.
- Commit, through strong partnership working at both officer and member level, to develop the strategic priorities and aspirations for the area that will benefit local residents, and a credible delivery strategy for progressing these. We hope that this can be achieved through consensus but, if not all stakeholders are ready to fully engage, the opportunity should be left open for them to do so when they feel ready to. This work is also important in informing CPCA's approach to further devolution.
- Continue to engage regularly with the Department at official level throughout the period of this Notice.

The notice also stated that the Department will continue to closely monitor CPCA's progress, including by looking to the Improvement Board and your external auditor for updates and assurance that the necessary changes are being made at sufficient pace.

RSM work in this area in 2023/24 - The CPCA have put an Improvement Board in place and agreed an Improvement Plan that is regularly reported on, including to the A&GC. We have undertaken three reviews focusing on specific workstreams, as outlined in our work summary below, for which we have provided positive assurance opinions. Albeit these audits did not provide assurance as to the adequacy of the delivery frameworks created as part of the Improvement Plan or whether they were being applied in practice, nor did they provide assurance that the best value notice will be lifted.

We have further work in the 2024/25 internal audit plan that will review the forward plan and subsequent stages and iterations of the improvement plan which is focussing on the embedding of the changes implemented in the early stages of the process. From our review of key documents, our internal audit work, review of the best value notice and conversations held with the Chief Executive of the Authority and Chair of the Independent Improvement Board we can see the progress made by the Officer team in particular. We will continue to work with the Officer team, but we recognise some of the significant challenges still facing the Authority and the further work still required to ensure all element of the BVNs are addressed.

Audit and Governance Committee - We have also noted the Authority's governance arrangements by our regular attendance at the Audit and Governance Committee throughout 2023/24, where we have observed robust governance arrangements at this Committee and appropriate challenge and engagement, and discharge of the committee's terms of reference. This forum has been a particular strength in the Authority's governance arrangements in 2023/24.

Internal control

As detailed below, we have undertaken ten assurance assignments in 2023/24 that resulted in assurance opinions during the year. Of these we issued:

- One **Minimal Assurance** (negative opinion);
- Two **Partial Assurance** (negative opinion);
- A split opinion (Risk Management); a positive **Reasonable Assurance** opinion for design but a negative **Partial Assurance** opinion for compliance;
- Four **Reasonable Assurance**; (positive opinion) and
- One **Substantial Assurance** (positive opinion)

A **Reasonable Progress** opinion was also issued in regard to our **Follow Up** review.

Budget Setting and Budgetary Control	Reasonable Assurance
Improvement Plan – Governance	Reasonable Assurance
Key Financial Controls	Partial Assurance
Risk Management	
Control	Reasonable Assurance
Compliance	Partial Assurance
Business Continuity Planning	Minimal Assurance
Project Planning and Delivery - Improvement Plan	Reasonable Assurance
Strategic Planning	Reasonable Assurance
Subsidiary Company Governance	Partial Assurance
Procurement Workstream - Improvement Plan	Substantial Assurance
IT Change & Project Management	Advisory
Follow Up	Reasonable Progress

Additional factors and findings informing our opinion - Please refer to the commentary contained above relating to the best value notice in place from 23 January 2023 – January 2024, and the new best value notice issued on 30 January 2024 and in place for 6 months until 30 July 2024.

The references to some significant Governance weaknesses and challenges at the Authority have been used to further inform our opinion, as noted in the Governance section above. We note some very good progress being made by Officers, particularly through the work we have carried out on the Improvement Plan and the updates provided to the Improvement Board and the Audit and Governance Committee against the actions agreed. However, the best value notice makes it clear that this will take time, that further work is still required to embed some of the changes made and embedding cultural change will take time and require sustained effort from officers and members at the Authority. We would also note that whilst the Improvement Board “continues to draw assurance from the work of the officer team within [CPCA], this needs to be matched by the actions of the [Combined Authority] Board itself.” “

For those audits with Minimal or Partial Assurance a summary of the findings are set out below, along with the actions taken and planned by the Combined Authority to address the identified weaknesses in controls:

Business Continuity Planning

“Throughout our review, we identified significant control issues in regard to the CA's business continuity and disaster recovery arrangements. Specifically, we identified that CA's Business Continuity Plan, the Business Continuity Policy, Information Security Event Assessment Procedure and Serious Incident Procedure had not been subjected to formal approval, there were inconsistencies in uploads to SharePoint, the Information Security Event Assessment Procedure only provided a framework to respond to IT events and was not a defined recovery plan, and links between the CA's plans and its local partners were yet to be established.

Additionally, the ICT Support Services Contract with Socitm did not outline the roles and responsibilities for business continuity, a dedicated business continuity and disaster recovery planning group had not been established, and communication plans had not been shared with staff. We also found that test plans did not consider multiple scenarios which could threaten business continuity, plans which had been developed had not actually been tested, training was yet to be shared with relevant stakeholders, gaps were noted in regard to the completion of Business Impact Questionnaires and Business Impact Analysis' documentation and that the Business Continuity Policy described the key role that the Emergency Planning Manager has, however the CA had not appointed an Emergency Planning Manager at the time of the review.”

In 2024/25 the Combined Authority will be creating additional client-side capacity to ensure appropriate oversight of IT systems related business continuity plans as well as ensuring this is specifically addressed within the new ICT support services contract being procured within the year. The responsibilities of a business recovering planning group will be incorporated into the existing Information Risk Group.

Risk Management, Compliance

“Overall, we confirmed through our review that the Authority has made a number of improvements in the design of the control framework for managing risks, however there remained a number of issues in regard to the application and compliance with the revised framework.

Specifically, we identified application and compliance weaknesses relating primarily to the content, completeness, and timeliness and comprehension of the review of the risks held in the Project, Programme, and Corporate Risk Registers, no formal plan in place to guide the implementation of the revised risk management approach, areas for improvement regarding the recording of actions from the CMT monthly meetings and a governance point relating to the content and the need to review the Performance and Risk Meetings and Audit and Governance Terms of Reference documents.”

The Combined Authority has implemented 4risk software to consistently capture risks from the programme level upwards, training and access is being rolled out over the summer to be completed by end of August. The system also generates regular automatic reminders to risk owners where residual risks are higher than the acceptable risk appetite threshold. The Programme Management Office also meet monthly with corporate risk owners, and with programme risk owners with a risk-based frequency.

Subsidiary Company Governance

“We identified a number of control weaknesses and agreed one high, three medium and two low priority management actions. Specifically, we identified that the Growth Co. Subsidiary Company Board did not have a Terms of Reference in place, that the Programme Management Committee (PMC) meetings had ceased provided with evidence to demonstrate the support arrangements in place for subsidiary companies.

We further noted the absence of interim governance measures to oversee subsidiary companies’ activities until the establishment and operation of the new Investment Committee and that since April 2023, the Combined Authority Board had not received any updates on Growth Co.’s operations and performance for due oversight, challenge, and scrutiny which could potentially affect the winding up of the Growth Works Programme.”

The planned business of the Growth Co. concluded in December 2023 and the company is expected to be wound up in 2024/25, as such direct actions relating to the governance of the company would not be timely, however the lessons learned from the audit will be applied to the ongoing running of the Combined Authority’s subsidiaries. The Investment Committee’s first meeting is scheduled for 2024/25, following the general election, and it will be meeting at least quarterly to ensure appropriate monitoring and scrutiny of the Authority’s subsidiaries with the ability to escalate matters of concern to the Combined Authority Board.

Key Financial Controls

“General Ledger - *We identified control weaknesses in regard to a lack of guidance documentation for General Ledger processes, including for the setting up and removing users, the creation, suspension, and closure of cost centres, or month-end processes such as control and bank account reconciliations. We also noted a lack of independent review and approval of new cost centres, journals, and month-end control account reconciliations and the Authority’s 2023/24 SLA with PCC had not been signed.*

Income and Debtors - *We identified weaknesses in relation to the Authority’s Finance Process and Procedure document being out of date and not reflective of the current sales invoice process in place and the absence of a formalised procedure document for chasing and managing aged debts. We also noted the Finance team were in the process of validating the level of debt (and supporting information) held in the old Sales Invoice Register. The debt outstanding was c£536k (excluding invoices to subsidiary companies), although we were not provided details of the debts and the aged debt profile at the time of the review.”*

We have implemented control account reconciliation review procedures and are working with internal audit to consider a risk-based approach to journal review. The lack of process documentation is a legacy of a relatively small finance team and, in-line with good practice in a growing organisation guidance documentation for key processes and systems will be improved.

In 2023/24 the Combined Authority updated its sales invoice processes to improve control and monitoring and the documentation of this improved process will be put in place in 2024/25 alongside the completion of the review of aged debt undertaken as part of 23/24 year-end closedown procedures.

Governance Arrangements

There is a dedicated Governance team to ensure the Combined Authority complies with its regulatory responsibilities and to advise Members, employees and partner organisations. The team oversees several areas including supporting the Board and committees, transparent decision making, Declarations of Interest, Whistle-blowing and Freedom of Information request handling.

Freedom of Information and Environmental Information Regulation Requests

The Combined Authority is subject to the Freedom of information Act 2000 and the Environmental Information Regulations 2004, and the Governance team processes such requests. Over the last financial year, the Combined Authority has received and responded to several such requests for information. The Combined Authority's business activities means that there are ongoing information governance risks, including cyber security and IT network security, which continues to require careful management. Cyber security is an issue that is regularly monitored and plans put in place to mitigate risks.

Review of Effectiveness

The Combined Authority is responsible for conducting, at least annually, a review of the effectiveness of its governance framework. The review of effectiveness is informed by the work of the officers within the Authority who have responsibility for the development and maintenance of the governance environment, assurance work undertaken by Internal Audit, and by comments made by the external auditors and other review agencies and inspectorates. Any areas for review will be overseen and coordinated by the Chief Executive, Chief Finance Officer and Monitoring Officer and any findings reported to the Audit and Governance Committee, as appropriate.

The Authority is aware and is planning for the coming year that:

1. The improvement plan, initiated in response to the concerns raised by our External Auditors and targeted by the two Best Value Notices, continues to move forward and ensure that the changes implemented over the past 12 months will be embedded in business as usual within the Authority. The improvement workstream also incorporates the ongoing work in developing a single strategic vision and strategy for the Combined Authority and work with our Leaders and other key stakeholders will continue.
2. The Internal Audit plan for 24/25 will provide assurance over the Combined Authority's actions agreed in response to their audit findings in 23/24, as well as targeting key areas of risk around financial systems, risk management and business continuity.
3. The implementation of the Single Assurance Framework will be completed, improving the internal system of control supporting project approval and delivery. This also includes the regular meetings of the Investment Committee which will be taking on responsibility for oversight of subsidiary companies for the Combined Authority as a shareholder.

Code of Conduct

All Combined Authority employees and members should be subject to a formal Code of Conduct. Employees sign a code of conduct form which includes a commitment to declare interests and conflicts. A Member's code of conduct has been adopted by the Authority, which forms part of the Authority's Constitution, and an officers code of conduct has been developed.

During 2023-24 an investigation was concluded into a Code of Conduct complaint against the Mayor. Following a rigorous Independent Investigation, a cross party Panel from the Audit & Governance Committee, formed and run in line with the requirements of the Combined Authority's Constitution, concluded that the Mayor had breached the Member's Code of Conduct in respect of both civility and bringing the Office of the Mayor into disrepute.

The Hearing Panel imposed sanctions on the Mayor, including requiring him to undertake HR related training and formally apologise to the complainants, and requested that officers considered lessons learnt and potential improvements to the Code of Conduct and the relevant investigation and determination process.

The Monitoring Officer took a report to the Audit & Governance Committee in January 2024 identifying lessons learnt and potential areas for discussion, and subsequent to that took a further report to the March 2024 meeting of the Audit & Governance Committee recommending the adoption of the Local Government Association (LGA) Model Code of Conduct by the Authority. The Audit & Governance Committee agreed that the implementation of the LGA Code should be recommended for approval by the Combined Authority Board at its meeting in June 2024.

Declaration of Interests

The Authority holds a Register of Interests for members which is reviewed annually. In the interests of transparency, the declarations are reviewed by both the Chief Executive and Monitoring Officer and published on the Authority's website.

Gifts and Hospitality

The Combined Authority has implemented a register of offers of Gifts and Hospitality made to members and officers of the Combined Authority, even if these offers are declined.

Conclusion

The Combined Authority recognises its responsibilities for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively, alongside a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised.

As shown by the letter from our External Auditors, in 2021-22 "there are significant weaknesses in the Authority's governance arrangements", and as shown by the Department of Levelling Up, Homes & Communities there remain concerns around the Authority's ability to achieve and demonstrate Best Value. The Authority recognises this and has put in place a detailed and well resourced Improvement Framework to address the identified concerns. We are confident that the Authority is well on its way to emerging with a clear strategic direction, stronger and more effective governance arrangements, and the capability to deliver for the people of Cambridgeshire and Peterborough.

Certification

We have been advised on the implications of the results of the review of the effectiveness of the Combined Authority's governance framework, by the Audit and Governance Committee.

The Annual Governance Statement was reviewed by the Audit Committee on XXXXX

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment. The Combined Authority's auditors have identified a significant value for money risk relating to its governance arrangements and the Department of Levelling Up, Homes & Communities have issued a Best Value Notice following their concerns. The Combined Authority is taking action to address these highlighted concerns through an Improvement Framework to ensure that the Authority has the appropriate capacity, culture and processes to be able to deliver its objectives and statutory responsibilities and to achieve and demonstrate Best Value. The Improvement Framework will support the Authority in achieving value for money through appropriate governance arrangements and safeguard the future delivery of services.

Signed: _____

Mayor of Cambridgeshire and Peterborough

Date: _____

Signed: _____

Chief Executive Officer

Date: _____