



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

PAUL BRISTOW
MAYOR OF
CAMBRIDGESHIRE
& PETERBOROUGH

Draft Statement of Accounts 2025/26



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Narrative Report:

1. Introduction

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

This report provides the narrative to Cambridgeshire & Peterborough Combined Authority's financial statements for the year ended 31 March 2026.

2. Who we are

The Cambridgeshire and Peterborough Combined Authority was created in 2017 after an historic agreement between the UK Government and the seven councils that together make up the Combined Authority (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 aim of the agreement was to devolve decisions away from Westminster so they can be made by the communities they affect.

We have a range of responsibilities including transport, infrastructure, planning, economic growth, business support and adult education. We receive our funding in several different ways, including devolved funding for transport and skills and a £20m-a-year funding allocation from the Ministry of Housing and Communities and Local Government to grow the economy.

We play an important role in both developing bold, ambitious plans, better transport, improved skills for all and growing our crucial economic sectors, while also being responsible for delivering projects on the ground. We also advocate for and represent the region to bring in investment and funding to grow the economy for the benefit of all. We work to make Cambridgeshire and Peterborough greater than the sum of our parts and believe that accountability to the people of this region ensures we are always focused making a real, measurable difference to lives.

The Combined Authority model allows us to collaborate with our local councils to make collective decisions and work with other partners including businesses, the universities, the health sector and more, to jointly grow our region, and to tackle inequalities and the impact of climate change.

We are held to account by the Mayor and representatives from the seven councils of the Combined Authority, who sit on committees that support the final decisions of the Combined Authority Board. Our board is made up of the leaders and representatives of our seven councils, the Chair of our Business Board, the Police and Crime Commissioner, Chairman of the Fire Authority, and Chair of the NHS Cambridgeshire and Peterborough Integrated Care Board. Our Board is chaired by the directly elected Mayor, voted in by Cambridgeshire and Peterborough residents every four years.

The Combined Authority has two active subsidiary companies which were set up to deliver specific objectives of the Combined Authority. The two companies are:

Peterborough HE Property Company Ltd, and
Peterborough R&D Property Company Ltd

During 2025-26 two other subsidiaries which had not traded were wound up and a third, which finished trading in 2024-25, is in the process of closure.

3. Our Vision and Values

The Combined Authority's vision, following the Mayoral election in May 2025, is to drive sustainable economic growth and improve outcomes for residents across Cambridgeshire and Peterborough. Through the Corporate Plan 2025–2029, we have established a single, integrated framework that brings together political priorities and organisational delivery around six core objectives: Connectivity, Growth, Jobs, Homes, Resilience and Performance. This reflects a shift towards a more focused, delivery-led approach, with the Authority positioned not only as a strategic body but as a convenor of partners, using its devolved powers to unlock investment, improve infrastructure, and support inclusive growth.

This vision is underpinned by the Local Growth Plan, which provides the long-term economic strategy for the region and sets out how the Authority will translate its ambition into tangible outcomes. Together, the Corporate Plan and Local Growth Plan ensure a strong alignment between immediate priorities and longer-term growth ambitions, with a clear line of sight from strategy through to investment decisions and delivery.

Our five values of Collaboration, Integrity, Vision, Innovation and Leadership or 'CIVIL', as we know them, are the foundations upon which all our work is built. Delivering a culture of innovation and integrity requires positive collaboration, a visionary approach and strong leadership.

Underpinning our values is our behaviour framework which helps us all to understand the behaviours that are expected of us as well as showing us how we can expect to be treated. All employees are expected to model these behaviours, regardless of their role in the organisation.

It is our intention for our values and behaviours to act as our golden thread across our organisation. We will achieve this by continuing to embed them into our recruitment and HR processes and policies, including our appraisal system. We recognise and reward employees who demonstrate our values and behaviours and we celebrate individual, team and organisational successes.

4. 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.

The Combined Authority is made up of a directly elected Mayor and the following seven local authorities (referred to as the Constituent Councils) and the Authority's Board is made up of a representative from each of the Constituent Councils and chaired by the Mayor.

The Board sets the Combined Authority's overall strategies, vision, and values and, through the approval of an annual Budget and Medium-Term Financial Plan, allocate resources to enable the delivery of these.

For operational 'business as usual' expenditure, delivery and spend against the budgets is delegated to Officers in-line with the Authority's scheme of delegation to enable day to day running of the Authority and its business is done effectively and efficiently.

For project and programme related funding the Combined Authority has adopted a Single Assurance Framework (SAF), agreed with Government funders which sets out how we will make decisions on allocation of funding to projects through Green-book compliant business cases and technical review. The SAF requires that business cases and change requests are reviewed by a technical officer

panel which query and challenge project sponsors before they can progress. Following this decisions to approve cases or change requests are then taken based on the value of the decision:

- Decisions up to £2m are delegated to Chief Officers, with decision notices published online,
- Decisions between £2m-5m are taken by the Funding Committee,
- Decisions above £5m are reviewed by Funding Committee who make a recommendation to the Combined Authority Board.

More details of the governance and scrutiny arrangements in place, as well as future plans to deliver continuous improvement, are set out in the Annual Governance Statement.

5. Operational Model

Following the publication of the area's first Local Growth Plan, the Combined Authority has identified the scope for Cambridgeshire and Peterborough to deliver for the nation's economy with the potential to triple its current GVA to £97bn by 2050. Delivery of the scope of the plan is beyond any one organisation but the work of the Combined Authority is now guided by the scope of the Plan.

Operationally, the Authority delivers its objectives through an integrated planning and delivery framework, linking the Corporate Plan, Local Growth Plan and Annual Business Plan to programme and project-level activity. Resources are allocated through the Medium-Term Financial Plan, ensuring that investment decisions are directly aligned to strategic priorities. Directorate Business Plans translate these priorities into specific deliverables, supported by performance management, monitoring and evaluation processes. This creates a clear line of sight from strategy through to delivery, enabling effective oversight, accountability and value-for-money assurance.

The model is further characterised by a strong emphasis on partnership working and the use of the Mayor's convening role to unlock investment and drive regional collaboration. At the same time, the Authority continues to mature its governance, financial management and assurance arrangements to support increasing levels of devolved responsibility and prepare for Established status and a future integrated funding settlement. This reflects a transition to a more outcome-focused, delivery-driven organisation, balancing strategic influence with operational capability to achieve sustained economic growth and improved public outcomes across the region.

Delivery within the model has evolved from a purely commissioning approach in the organisation's early years to a more balanced approach in which the Combined Authority seeks to recognise the delivery model which will be most appropriate given the location of knowledge, expertise, and risk. In practice this means that the Combined Authority has a hand-on role in adult skills and employment programmes and is moving toward this with the franchising of the bus network. Elsewhere the Combined Authority still operates a funding and commissioning approach to areas such as strategic transport where constituent authorities and government organisations are more appropriate to manage delivery, while maintaining its role as accountable body.

The Combined Authority is predominantly funded from grant, with a smaller amount being received through Mayoral council tax and a transport levy on our constituent highways authorities. The key funding sources in 2025-26 were:

- £20m annual gainshare, secured as part of the original devolution deal. This is our core funding for operating and investing in the Combined Authority's key objectives which are not directly funded
- Treasury Management Income of £9.8m from investing funding received ahead of the need to spend.
- Highways Capital Maintenance grants of £37.3m which are passed to our local highways authorities for delivery
- Other transport grants totalling £28.5m to fund interventions across areas including active travel, passenger transport, local electric vehicle infrastructure and Peterborough Station Quarter.

- Mayoral Precept of £11.1m – this is to support passenger transport services in the area
- The Transport Levy of £13.7m paid by our local highways authorities to fund our work as the Local Transport Authority.
- Skills funding, split between a £12.6m devolved adult skills fund and specific grants totalling £7.0m

6. Strategic Objectives

Following the Mayoral election in May 2025 and the appointment of a new Mayor, the Combined Authority has undertaken a comprehensive refresh of its strategic direction to align with the Mayor's mandate and emerging national policy context. This has resulted in the adoption of a new Corporate Plan for the period 2025–2029, which replaces the previous Corporate Strategy and Mayoral Pledges framework with a single, integrated strategic framework.

The Corporate Plan establishes a clear and unified purpose for the organisation: to drive economic growth and improve outcomes for residents and businesses across Cambridgeshire and Peterborough. This is articulated through six interconnected strategic objectives:

- Connectivity
- Growth
- Jobs
- Homes
- Resilience
- Performance

These objectives reflect the priorities set out in the Mayor's manifesto and provide a coherent framework through which all activity across the Combined Authority is planned, delivered and assessed. They represent a shift from a broader set of ambitions to a more focused approach that prioritises delivery, outcomes, and measurable impact.

The Corporate Plan forms part of a wider and fully integrated strategic framework, underpinned by the region's first Local Growth Plan (LGP), adopted in October 2025. The LGP provides a long-term (10-year) economic strategy for the region, setting out how the Combined Authority will support growth, unlock investment, and address the barriers to economic performance.

7. Progress and delivery in 2025-26 and looking ahead to 2026-27

The Combined Authority aims to create a healthier, wealthier and happier Cambridgeshire and Peterborough region; one that has great connectivity, secures growth for its residents and businesses, promotes skills and improves life chances and seeks resilience whilst respecting the environment. A major milestone in 2025-26 was the agreement of the region's Local Growth Plan (LGP). This strategy sets a Mayoral ambition to triple the size of the economy to £97 billion by 2050. Backed by the Combined Authority Board, it identifies six priority sectors crucial to future growth: advanced manufacturing, agri-tech, defence, digital technologies, energy and clean tech and life sciences. Paired with four Opportunity Zones for focused investment, the LGP is the guide to making this region the fastest-growing economy in the country.

Some key achievements and milestones delivered over the last 12-months across the corporate objectives are:

Connectivity

- Securing the Tiger Pass offering £1 bus travel for under 25s. Funding was due to run out in autumn 2025 and has now been secured through to March 2027, while options for a permanent young person's pass are worked up.

- More than five million journeys now recorded using the Tiger pass, with around 81,000 pass applications, making a real difference to young people and families.
- After making light rail an election priority, Cambridge Growth Company, in partnership with the Combined Authority, has started a study on options for a new mass rapid transit system for Cambridge to support better journeys and growth.
- Lifeline rural bus routes including the 31 connecting Ramsey with Peterborough and the 9 running from Cambridge to Littleport have been saved and upgraded.
- Galvanised cross-party support from council leaders and MPs to call on Government to upgrade the Ely junction rail bottleneck to unlock better train services, freight and economic growth.
- Combined Authority-funded Peterborough Station Quarter, a major transport and regeneration project, has advanced to construction stage.

Growth

- Reaching a funding agreement with Peterborough City Council, subject to final approvals, for free parking after 3pm, Monday to Friday, in four council-owned car parks to drive footfall and economic growth in the City Centre. Working to confirm the free parking offer in Huntingdonshire.
- Launched Mayor's Day Out – a scheme which will see 4,000 children across the region benefit from school trips to local heritage sites and attractions in 2026/27, supporting our cultural and historic places and broadening education.
- Funded new lighting at Peterborough Cathedral to support events and repairs to Baits Bite Lock in Cambridge to protect the River Cam with grants totalling around £800,000 combined.
- Setting out steps towards setting up a Mayoral Development Corporation to regenerate Peterborough, working with the City Council.
- Reforming the Business Board as an advisory body to the Combined Authority Board. Led by Shaun Grady, chair of AstraZeneca UK, it features business leaders from across the region and different industrial sectors, representing £18 billion in combined turnover.

Jobs

- £4.5m funding to help more than 9,400 people in St Neots, Huntingdon and East Cambridgeshire with skills projects in areas deemed a 'cold spot' for skills opportunity.
- Beginning delivery of Youth Guarantee Trailblazer – funding for the Combined Authority to help young people into work, further education or training, including the opening of a Youth Hub at Peterborough United giving young people help to find jobs. The Combined Authority also secured funding for a further year to April 2027.
- Agreed a Get Cambridgeshire and Peterborough Working plan to help people on out-of-work benefits or who are economically inactive due to long-term sickness into employment.

Homes

- Secured £26 million from Government to regenerate brownfield sites.

Resilience

- Opening of the Combined Authority-funded Green Skills Academy at College of West Anglia in Wisbech and the Green Tech Centre at Peterborough College. In Chatteris, the

Combined Authority-funded North Cambridgeshire Training Centre marked its 500th apprentice – all helping people with skills for jobs in the modern economy.

Performance

- Kicked off a series of public Mayor’s Question Time events, allowing the public to ask questions and challenge the Mayor’s record.
- Agreed that the Combined Authority will apply for Established Status, with a submission now due in June 2026.

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 and has appropriate and sufficient reserve balances across its Medium-Term Financial Plan.

9. 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 2025/26 (the Code).

The Statement of Accounts brings together the major financial statements for the Combined Authority for the financial year 2025-26. 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 2025.
- 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.

Janice Gotts
Chief Finance Officer (S73 Officer)

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

To be added following statutory audit by Ernst & Young LLP

To be added following statutory audit by Ernst & Young LLP

To be added following statutory audit by Ernst & Young LLP

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 13 to 79 present a true and fair view of the financial position of the Combined Authority at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Janice Gotts

Executive Director Resources

and Section 73 Officer

Date: 26/06/2026

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 xx xxxxxxxx 2026

Rhys Jarvis

Chair of the Audit Committee:

Date: xx/xx/2026

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.

Restated CPCA 2024/25*			Comprehensive Income and Expenditure Statement	Note	CPCA 2025/26		
Expenditure £'000	Income £'000	Net Expenditure £'000			Expenditure £'000	Income £'000	Net Expenditure £'000
229	-	229	Mayor's Office*		382	-	382
2,503	(2)	2,501	Chief Execs Office		2,456	(208)	2,248
1,389	(2)	1,387	Legal and Governance		3,117	(3)	3,114
3,083	(87)	2,996	Resources and Performance		2,444	(98)	2,346
31,166	(31,124)	42	Net Zero Hub		13,048	(13,087)	(39)
37,142	(31,989)	5,153	Economy and Growth		29,142	(27,304)	1,838
82,994	(54,623)	28,371	Place and Connectivity		98,200	(65,323)	32,877
158,506	(117,827)	40,679	Net Cost of Services		148,789	(106,023)	42,766
		-	Other Operating Income & Expenditure				-
		(867)	Financing and Investment Income and Expenditure	9			(9,229)
		(40,751)	Taxation and Non-Specific Grant Income	10			(39,830)
		(939)	(Surplus) / Deficit on Provision of Services				(6,293)
		57	Loss from investments in equity instruments designated at FVOCI				-
		2,166	Actuarial (Gains) / Losses on Pension Assets / Liabilities	22			281
		2,223	Other Comprehensive Income and Expenditure				281
		1,284	Total Comprehensive Income and Expenditure				(6,012)

*restated to move Mayoral Advisor costs from Chief Execs Office to Mayor's Office in line with 25/26 reporting structure.

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 2024		(19,350)	(17,354)	(57,464)	(19,621)	(113,789)	(28,819)	(142,608)
Total Comprehensive Income & Expenditure		(939)	-	-	-	(939)	2,223	1,284
Adjustments between accounting basis & funding basis under regulations	15	(15,910)	-	839	7,223	(7,848)	7,848	-
Net Increase before Transfers to Earmarked Reserves		(16,849)	-	839	7,223	(8,787)	10,071	1,284
Transfers to / (from) Reserves		9,770	(9,770)	-	-	-	-	-
(Increase) / Decrease in 2024/25		(7,079)	(9,770)	839	7,223	(8,787)	10,071	1,284
Balance at 31 March 2025 Carried Forward		(26,429)	(27,124)	(56,625)	(12,398)	(122,576)	(18,748)	(141,324)
Balance at 1 April 2025		(26,429)	(27,124)	(56,625)	(12,398)	(122,576)	(18,748)	(141,324)
Total Comprehensive Income & Expenditure		(6,293)	-	-	-	(6,293)	281	(6,012)
Adjustments between accounting basis & funding basis under regulations	15	(3,698)	-	626	4,022	950	(950)	-
Net Increase before Transfers to Earmarked Reserves		(9,991)	-	626	4,022	(5,343)	(669)	(6,012)
Transfers to / (from) Reserves		3,132	(3,132)	-	-	-	-	-
(Increase) / Decrease in 2025/26		(6,859)	(3,132)	626	4,022	(5,343)	(669)	(6,012)
Balance at 31 March 2026 Carried Forward		(33,288)	(30,256)	(55,999)	(8,376)	(127,919)	(19,417)	(147,336)

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 31/03/2025 £'000		Note	CPCA 31/03/2026 £'000
982	Property, Plant & Equipment	23	874
1,912	Intangible Assets	3,23	1,572
48,471	Long Term Investments	27,0	64,639
-	Net Pensions Asset	8	-
3,549	Long Term Debtors	27,30	3,755
54,914	Total Long-Term Assets		70,840
132,922	Short Term Investments	27,0	118,386
9,714	Short Term Debtors	30	10,216
24,814	Cash and Cash Equivalents	27,0,34	30,075
167,450	Current Assets		158,677
(68,333)	Short Term Creditors	31	(64,197)
(197)	Short Term Provisions	32	(175)
(68,530)	Current Liabilities		(64,372)
(532)	Long Term Creditors (Lease Liabilities)		(410)
(11,978)	Long Term Grants Receipts in Advance	13	(17,399)
(12,510)	Long Term Liabilities		(17,809)
141,324	Net Assets		147,336
(122,576)	Usable Reserves	15	(127,919)
(18,748)	Unusable Reserves	15	(19,417)
(141,324)	Total Reserves		(147,336)

Janice Gotts
Chief Finance Officer and Section 73
Officer
Date: 26 June 2026

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.

2024/25	Cash Flow Statement	Notes	2025/26
£'000			£'000
(939)	Net (Surplus) or Deficit on the Provision of Services		(6,293)
4,403	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements	33	(1,003)
3,464	Net cash flows from Operating Activities		(7,296)
1,921	Investing Activities	33	1,914
121	Financing Activities	33	121
5,506	Net (Increase) or Decrease in Cash and Cash Equivalents		(5,261)
30,320	Cash & Cash Equivalent at the beginning of the Reporting Period		24,814
(5,506)	Increase / (Decrease) in Cash and Cash Equivalents		5,261
24,814	Cash & Cash Equivalents at the end of the Reporting Period	34	30,075

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 24/25 £'000	Profit / (Loss) 24/25 £'000	Net Assets 24/25 £'000	Turnover 25/26 £'000	Profit / (Loss) 25/26 £'000	Net Assets 25/26 £'000
Peterborough HE Property Company Limited	44% (40%)	Associate	Yes - equity	-	(16,066)	11,898	-	(381)	11,517
Cambridgeshire and Peterborough Business Growth Company Limited	100%	Subsidiary	Yes – line by line	557	271	1,765	-	65	1,830
Peterborough R&D Property Company Limited	100%	Subsidiary	Yes – line by line	-	930	2,110	-	(266)	1,844
Angle Holdings Limited	100%	Subsidiary	Not material	-	-	(17)	Dissolved in year		
Angle Developments (East) Limited	100%	Subsidiary	Not material	-	-	(51)	Dissolved in year		
Smart Manufacturing	100% (50%)	Joint Venture	Not material	-	(89)	25	Dissolved in year		
Ascendal	50%	Joint Venture	Not material	-	-	1	Dormant		
MedTech Accelerator Ltd	20%	Associate	Not material	-	(273)	135	Dormant		

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 2026/27.

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.

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 and this was completed during 2025/26. These companies will not be included in future statement of accounts.

Smart Manufacturing was 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. Unfortunately model did not become self-sustaining and the company was wound up on 17th June 2025, and will not be included in future statement of accounts.

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 it's 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 eight future equity agreements which will, upon maturity, become minor shareholdings in start-up companies, and three 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 prior year £16.1m losses seen in the HE Property Company which contributed to a £9.9m Fair Value loss in the Combined Authorities equity holding is due to the forecast impact of 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 taking into account existing tenancy arrangements where they are in place.

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 in the first year of operation.

The substantial loss in the 2024/25 accounts is due to the Phase 3 Living Lab becoming operational in September 2024 and thus the valuation basis changing from historic cost to fair value as reflected in the Company's accounts, and the Combined Authority's group accounts.

As reported in the 2023/24 accounts, a 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 Phase 1 and 2 buildings were revalued as at 31st March 2025 with increases in the value of both buildings reflecting their updated market values and again as at 31st March 2026 with no change.

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 assume nor 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 2025/26 financial year and its position at the year-end 31 March 2026. 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 2025/26, 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 15) 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.

1.8.1 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.

1.8.2 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

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

1.9. Leases

The authority as lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

1.10. 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.

1.11. 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.

1.12. 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, 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:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024.
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024.

- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

These 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 2026 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 present value of future service contributions were higher than present value of future service costs meaning a reduction in future contributions cannot be realised and consequently the Net Pension Asset has been restricted to nil in the balance sheet.

The Authority has provided funding to develop a Local Transport Model for Cambridgeshire and Peterborough. This expenditure has resulted in software the Authority is using 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 and amortised over 5 years on a straight line basis. The values are disclosed in note 24.

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 £65.5 million at 26 June 2026 and forecast cash balances and cash equivalent balances up to 26 June 2027 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 2026 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 £146k.

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 have been independently revalued as Investment Properties on an annual basis since then. The second teaching building, the Living Lab owned by the HE Property Company, became operational during 2024/25; like the first 2 buildings, the change in valuation method resulted in a significant reduction in value seen as a loss in these accounts. If the assumed market value of these assets was to fall by 1% then the companies net assets would fall by £141k and the Authority's share of the net assets would fall by £80k.

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)..

Restated 2024/25* £'000	Fees Payable	2025/26 £'000
-	Fees payable with regard to external audit services carried out by the appointed auditor:	
131	Scale Fee	134
60	Scale Fee Variations (estimated)	
191		134

*restated to include estimated scale fee variations for the year

6. Mayor's and Members' Allowances

As of the financial year 2025/26 legislation was changed enabling the remuneration of political Members who sit on the Audit and Governance and Overview and Scrutiny Committees. Previously the Combined Authority could not legally remunerate these members. Following the new powers allowing for remuneration an independent remuneration panel set the allowances and these have been paid for the first time in 2025/26 as set out in the table above

Role	Allowances		Expenses		Total	
	restated 2024/25	2025/26	2024/25	2025/26	restated 2024/25	2025/26
Mayor – Nik Johnson	91,513	8,347	3,791	2,735	95,304	11,282
Mayor – Paul Bristow	-	87,343		1,266		88,609
Chair of the Business Board	24,000	2,000	-	-	24,000	2,000
Total for Audit and Governance and Overview and Scrutiny Committee Members	6,846*	54,523	-	-	6,846*	54,523

*restated to include back pay related to 2024/25

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 officers.

	2024/25 Comparator by total post remuneration £000	Name(s) of post holders in 2025-25	Total Remuneration including Employer Pension Contributions £000				
			2025/26				
			Pay	Pension	Exit Payments	3rd Party Payments	Total
Chief Executive	247	Robert Bridge	229,276	34,626	-	-	263,902
Executive Director - Place & Connectivity ¹	152	Not Disclosed	142,227	21,480	-	-	163,707
Executive Director - Resources ²	175	Janice Gotts	156,241	23,596	-	-	179,837
Executive Director - Economy and Growth ³	176	Richard Kenny	152,535	21,604	98,402	-	272,541
Director Policy & Engagement	141	Not Disclosed	129,053	19,490	-	-	148,543
Director of Legal and Governance ⁴	219	Not Disclosed	129,053	19,490	-	-	148,543
The Mayor's Chief of Staff ⁵	-	Not Disclosed	81,066	12,266	-	-	93,332
Total	1,110		1,019,451	152,552	98,402	-	1,270,404

1. Following the Senior Management Team restructure in February 2026, the post of Executive Director – Place & Connectivity was deleted, and the post holder was appointed to the role of Executive Director – Place & Economy from March 2026. To maintain consistency and avoid confusion, the title that applied for the majority of the reporting year has been used in the table above.
2. In 2025/26, the role of Executive Director – Resources and Performance was renamed Executive Director – Resources.
3. Following the Restructure of the corporate management team, the post of Executive Director - Economy and Growth was made redundant as of the end of February 2026.
4. In 2024/25 the Monitoring Officer role was initially filled by an interim and replaced by the current permanent into the new Director of Legal & Governance post.
5. For 2025/26, the Mayor's Chief of Staff has been included within the Officers' Remuneration Note as a senior employee.

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	Number of employees
	2024/25	2025/26
£50,000-£54,999	10	16
£55,000-£59,999	11	11
£60,000-£64,999	8	10
£65,000-£69,999	8	10
£70,000-£74,999	3	2
£75,000-£79,999	3	0
£80,000-£84,999	5	6
£85,000-£89,999	1	1
£90,000-£94,999	2	2
£95,000-£99,999	4	3
£100,000-£104,999	1	1
£105,000-£109,999	1	2
£110,000-£114,999	2	0
£115,000-£119,999	0	3
£120,000-£124,999	1	0
£125,000-£129,999	1	2
£130,000-£134,999	1	0
£140,000-£144,999	0	2
£150,000-£154,999	1	0
£155,000-£159,999	0	1
£210,000-£214,999	1	0
£230,000-£234,999	0	1
Total	64	73

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.

2025/26

	Number of compulsory redundancies	Number of other departures with exit packages	Total number of exit packages	Total exit package cost where >1 in band
£0-£19,999	3	1	4	£22,873
£20,000-£79,999	-	-	-	-
£80,000-£99,999	1	-	-	n/a
Total	4	1	5	-

2024/25

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total exit package cost where >1 in band
£0-£19,999	5	1	6	£30,723
£20,000-£39,999	2	-	2	£50,292
£40,000-£149,999	-	-	-	-
£150,000-£199,999	1	-	1	n/a
Total	8	1	9	-

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 2025-26 the Combined Authority's pay ratio was 4.65 (restated 24/25 4.54).

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. For 2025/26 the asset ceiling calculation has resulting in a restriction of the net asset as calculated by the actuary to nil.

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/information/about-us/key-documents-cambridgeshire/funding-and-investment-policies/#main>)

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.

2024/25 £'000	Comprehensive Income and Expenditure Statement	2025/26 £'000
	Cost of service	
1,530	Current service costs	1,088
15	Past service costs	-
-	(Gain) Loss from Settlements	-
-	Financing and Investment Income & Expenditure	-
(787)	Interest Costs	(1,078)
682	Interest income on plan assets	759
	Interest on the effect of the asset ceiling	311
1,440	Total Post Employment Benefit Charged to the Surplus or Deficit on the provision of Services	1,080
	Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	
531	Return on Plan Assets (excluding amounts included in net interest)	105
(24)	Actuarial (Gains)/Losses Arising on Changes in Demographic Assumptions	(265)
(3,526)	Actuarial (Gains)/Losses Arising on Changes in Financial Assumptions	(463)
(1)	Difference between actual employers' contributions and estimate in Actuary's report	19
5,327	Changes in the effect of limiting the net defined benefit asset to the asset ceiling (excluding amounts included in the net interest expense)	1,550
(141)	Other	(665)
3,606	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	1,361
	Movement in Reserves Statement	
(3,606)	Reversal of net changes made to the Surplus or Deficit for the provision of Services for post-employment benefits in accordance with the Code	(1,361)
	Actual amount charged against the General Fund and HRA Balance for pensions in the year	
1,339	Employer's contributions payable to the scheme	1,361
(2,267)	Retirement benefits payable to pensioners	-

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:

2024/25 £'000	Pension Assets & Liabilities Recognised in the Balance Sheet	2025/26 £'000
(12,134)	Present value of the defined benefit obligation	(16,051)
17,461	Fair Value of Plan Assets	23,239
5,327	Sub Total	7,188
(5,327)	Effect of the Asset Ceiling	(7,188)
-	Closing fair value of scheme assets	-

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

2024/25 £'000	Reconciliation of the Movements in the Fair Value of the Scheme (plan) Assets	2025/26 £'000
15,294	Opening Fair Value of Scheme Assets	17,461
787	Interest Income	1,078
	<i>Remeasurement Gain/(Loss):</i>	
(531)	Return on Plan Assets, excluding amounts included in the net interest expense	(105)
	Other Experience	2,858
1,339	Contributions from employer	1,361
1	Difference between actual employers' contributions and estimate in Actuary's report	(19)
661	Contributions from employees into the scheme	718
(90)	Benefits Paid	(113)
17,461	Closing fair value of scheme assets	23,239

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

2024/25 £'000	Reconciliation of Present Value of the Scheme Liabilities (defined benefit obligation)	2025/26 £'000
13,027	Opening balance	12,134
1,530	Current Service Cost	1,088
682	Interest Cost	759
661	Contributions from Scheme Participants	718
	<i>Remeasurement (Gains) & Losses:</i>	
(24)	Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	(265)
(3,526)	Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(463)
(141)	Other	2,193
15	Past Service Cost	-
(90)	Benefits Paid	(113)
12,134	Net Pension Liability	16,051

Local Government Pension Scheme assets comprised

Period Ended 31 March 2025				Asset Category	Period Ended 31 March 2026			
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	%
186.3	-	186.3	1%	Equity Securities				
188.5	-	188.5	1%	Consumer	247.4	-	247.4	1%
9.9	-	9.9	0%	Manufacturing	222.3	-	222.3	1%
203.5	-	203.5	1%	Energy and Utilities	22.7	-	22.7	0%
170.3	-	170.3	1%	Financial Institutions	239.1	-	239.1	1%
419.5	-	419.5	3%	Health and Care	184.4	-	184.4	1%
19.7	-	19.7	0%	Information Technology	553.2	-	553.2	2%
1,197.7	-	1,197.7	7%	Other	18.3	-	18.3	0%
-	1,801.4	1,801.4	10%	Total Equity Securities	1,487.4	-	1,487.4	6%
-	2,310.2	2,310.2	13%	Debt Securities -UK Government	-	2,784.2	2,784.2	12%
-	1,659.1	1,659.1	10%	Private Equity All	-	3,132.5	3,132.5	14%
-	6,442.3	6,442.3	37%	Real Estate- UK Property	-	2,005.9	2,005.9	9%
-	2,463.9	2,463.9	14%	Investment Funds & Unit Trusts				
-	1,291.9	1,291.9	7%	Equities	-	8,137.3	8,137.3	35%
-	10,198.1	10,198.1	58%	Bonds	-	3,192.8	3,192.8	14%
-	(0.1)	(0.1)	0%	Infrastructure	-	1,918.2	1,918.2	8%
-	-	-	0%	Total Investment Funds & Unit Trusts	-	13,248.3	13,248.3	57%
294.6	-	294.6	2%	Derivatives				
1,492.3	15,968.8	17,461.1	100%	Foreign Exchange	-	(0.2)	(0.2)	0%
				Other	-	-	-	0%
				Cash & Cash Equivalents - All	580.9	-	580.9	2%
				Totals	2,068.3	21,170.9	23,239.2	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 2025.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. Government is planning legislation to allow pensions schemes to retrospectively obtain confirmation where this is missing. As a result, the Cambridgeshire and Peterborough Combined Authority does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements

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 significant assumptions used by the actuary have been:

31-Mar-25	Basis for Estimating Assets & Liabilities	31-Mar-26
	Mortality Assumptions:	
	Longevity at 65 for current pensioners:	
23.7 years	Men	23.2 years
24.2 years	Women	24.9 years
	Longevity at 65 for future pensioners:	
23.2 years	Men	23.8 years
25.8 years	Women	26.4 years
	Financial Assumptions	
2.7%	Rate of inflation	3.0%
3.2%	Rate of increase in salaries	3.5%
2.7%	Rate of increase in pensions	3.0%
5.9%	Rate for discounting scheme liabilities	6.3%
51%	Take-up of option to convert annual pension into retirement lump sum for Pre-April 2008 service	60.0%
51%	Take-up of option to convert annual pension into retirement lump sum for Post-April 2008 service	60.0%

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 2026	Approximate % increase to Employer Liability	Approximate monetary amount increase (£'000)
0.1% decrease in Real Discount Rate	2%	356
0.1% increase in salary increase rate	0%	13
0.1% increase in pension increase rate (CPI)	2%	344
1 Year Increase in member life expectancy	4%	642

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 2028.

The authority anticipated to pay £1,342k expected contributions to the scheme in 2026/27 (£1,259k 25/26).

9. Financing and Investment Income and Expenditure

2024/25		2025/26
£'000	Financing and Investment Income	£'000
4	Interest Payable on Finance leases	3
(10,440)	Interest Receivable	(9,780)
(2)	Interest Income – Other Interest	-
(105)	IAS 19 - Pension Interest & Return on Assets	(8)
9,676	(Gain) Loss in Fair Value of Investments held at Fair Value Profit and Loss*	556
(867)	Total	(9,229)

*The large movement in fair value in 2024/25 is explained in more detail in the 'Revaluation' paragraph in Note 1 of the accounts on page 17.

10. Non Specific Grant Income

2024/25 £'000		2025/26 £'000
	Grants, Contributions credited to Taxation and Non Specific Grant Income	
(10,949)	Council Tax (Mayoral Precept)	(11,152)
	<i>Non -Specific Government Grants:</i>	
(8,000)	Gain Share - Revenue	(8,000)
(4,500)	Mayoral Capacity	(3,500)
(13,764)	Transport Levy	(13,727)
(1,282)	Other - Non -Specific Government Grants	(1,612)
(27,546)	Total Non-Specific Grants	(26,839)
	<i>Capital Grants & Contributions:</i>	
(2,195)	Gain Share - Capital	(1,653)
(15)	Other - Capital Grants & Contributions	(102)
(46)	Local Transport Grant	(84)
(2,256)	Total Capital Grants & Contributions	(1,839)
(40,751)	Total Taxation and Non Specific Grant Income	(39,830)

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.

See note 13 for further detail on the funds received from the Central Government in year

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;

Restated 2024/25* £'000		2025/26 £'000
	Expenditure	
	Expenditure with councils	
1,947	Cambridgeshire City Council	1,577
35,675	Cambridgeshire County Council*	44,360
640	East Cambridgeshire District Council	1,965
1,041	Fenland District Council	2,153
4,357	Huntingdonshire District Council	4,591
19,164	Peterborough City Council*	16,872
1,487	South Cambridgeshire District Council	1,953
64,311	Total	73,470
	Creditors	
	General Creditors with councils	
(697)	Cambridgeshire City Council	(344)
(6,784)	Cambridgeshire County Council	(7,487)
(1,101)	East Cambridgeshire District Council	(156)
(1,272)	Fenland District Council	(46)
(1,941)	Huntingdonshire District Council	(428)
(3,501)	Peterborough City Council	(1,819)
(699)	South Cambridgeshire District Council	(944)
(15,995)	Total	(11,224)

*restated to include passported Highways grants to Cambridgeshire County Council and Peterborough City Council

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 2026.

	Due from CPCA 2025/26 £'000	Due to CPCA 2025/26 £'000
Peterborough HE Property Company Limited	(25)	-
Peterborough R&D Property Company Limited	-	45

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 or payments for services during 2025/26.

2024/25 £'000	Company	Reason for Funding	Related Party	2025/26 £'000
(252)	FACT (Fenland Association of Community Transport)	Payments to support community transport	Cllr Seaton / Cllr Boden / Cllr Christy	(276)

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 2025/26.

12. Expenditure and Income Analysed by Nature

2024/25 £'000	Expenditure and Income Analysed by Nature	2025/26 £'000
	Expenditure	
12,845	Employee Expenses - Contracts held by CPCA	13,826
83,795	Capital Grants made treated as REFCUS	66,643
699	Depreciation	756
70,741	Other Service Expenses	68,140
168,080	Total Expenditure	149,365
	Income	
(10,732)	Interest & Investment Income	(9,905)
(146,968)	Government Grants & Contributions (see note 13)	(133,197)
(10,949)	Council Tax (Mayoral Precept)	(11,152)
(370)	Other Income	(1,404)
(169,019)	Total Income	(155,658)
(939)	Surplus/Deficit on the Provision of Services	(6,293)

13. Grant Income

Restated 2024/25* £'000	Credited to Taxation and Non-Specific Grant Income and Expenditure	2025/26 £'000
(1,281)	Enterprise Zone Receipts	(1,372)
(13,764)	Transport Levy	(13,727)
(12,500)	MHCLG - revenue grants	(11,741)
(2,204)	MHCLG - capital grants	(1,653)
(46)	DfT - capital grants	(84)
	DSIT - capital grants	(32)
(7)	Other capital grants	(69)
(29,802)	Total Credited to Taxation and Non-Specific Grant Income and Expenditure	(28,678)
	Credited to Services	
(40,024)	DfT - capital grants	(48,768)
(8,378)	DfT - revenue grants*	(5,487)
(18,387)	DESNZ - capital grants	(732)
(12,736)	DESNZ - revenue grants	(13,055)
(10,826)	MHCLG - revenue grants	(3,787)
(10,603)	MHCLG - capital grants	(12,463)
(15,4077)	DfE - revenue grants*	(13,937)
(298)	DBT revenue grants	(352)
(197)	DEFRA - revenue grants	(163)
(5)	DWP - revenue grants	(5,373)
(117)	Other capital grants	(58)
(188)	Other- revenue grants	(344)
(117,166)	Total Credited to Services	(104,519)
(146,968)	Total Credited to Surplus/Deficit on the Provision of Services	(133,197)

*restated to correct misclassification of Adult Skills Funding £12,180k.

31-Mar-25 £'000	Short Term Grants Receipts in Advance	31-Mar-26 £'000
	Revenue Grants	
(21,388)	DESNZ - revenue grants	(11,229)
(1,172)	DfT - revenue grants	(774)
(237)	DfE - revenue grants	(281)
(180)	DWP - revenue grants	-
-	MHCLG - revenue grants	(1,019)
	Capital grants	
(7,741)	DfT - capital grants	(27,305)
	DfE - capital grants	(500)
	MHCLG - capital grants	(237)
(58)	Other capital grants	-
(30,776)	Total Short Term Grants Receipts in Advance	(41,345)
31-Mar-25 £'000	Long Term Grants Receipts in Advance	31-Mar-26 £'000
	Revenue Grants	
(1,162)	S106 Contributions	(1,791)
	Capital grants	
	S106 Contributions (capital)	(372)
(10,816)	DfT - capital grants	(3,236)
-	DfE - capital grants	(12,000)
(11,978)	Total Long Term Grants Receipts in Advance	(17,399)

14. 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).

2024/25				2025/26			
Adjustments for Capital Purposes1	Net Change for Pensions Adjustments2	Other Differences3	Total Adjustments	Adjustments for Capital Purposes1	Net Change for Pensions Adjustments2	Other Differences3	Total Adjustments
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	-	Mayor's Office	-	-	24
-	34	8	42	Chief Execs Office	-	(51)	(24)
-	16	7	23	Legal and Governance	-	(21)	(6)
87	(74)	(3)	10	Resources and Performance	104	(53)	10
-	42	-	42	Net Zero Hub	-	(52)	(2)
491	44	(5)	530	Economy and Growth	1,999	(58)	9
7,724	39	(11)	7,752	Place and Connectivity	3,154	(46)	8
8,302	101	(4)	8,399	Net Cost of Services	5,257	(281)	19
-	-	-	-	Other Operational Expenditure	-	-	-
9,676	-	-	9,676	Financing & Investment Income and Expenditure*	556	-	-
(2,257)	-	92	(2,165)	Taxation and Non-Specific Grant Income	(1,839)	-	(14)
15,721	101	88	15,910	Difference between general fund surplus or deficit and CIES surplus or deficit on the provision of services	3,974	(281)	5
							3,698

Adjustments between funding and accounting basis:

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 and removes the statutory charges for capital financing ie minimum revenue provision and other revenue contributions as these are not chargeable under generally accepted

- 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, the statutory charges for capital financing ie minimum revenue provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted
 - accounting practices.
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 2024/25 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 17.

15. 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.

2025/26 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	(756)			(756)	756
Capital grants and contributions	63,790			63,790	(63,790)
Reversal of Expected credit loss on capital loans	(12)			(12)	12
Revenue expenditure funded from capital under statute	(66,643)			(66,643)	66,643
Statutory provision for repayment of debt (finance leases)	121			121	(121)
Loss in Fair Value of capital investments	(582)			(582)	582
Adjustments involving the Capital Grants Unapplied Account (CGU)					
Capital grants & contributions unapplied from the CIES	-		-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-		626	626	(626)
Adjustments involving the Capital Receipts Reserve (CRR):					
Redemption of Financial Assets (Loans)		(328)		(328)	328
Redemption of Financial Assets (Equity Instruments)	26	(26)		-	-
Repayment of Capital Grants	70	(70)		-	-
Application of capital receipts to capital financing transferred to the Capital Adjustment Account	-	4,446		4,446	(4,446)
Adjustments involving the Pension Reserve					
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement	281			281	(281)
Adjustments involving the Accumulated Absences Adjustment Account					
Adjustments for Short term absences	(7)			(7)	7
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	14			14	(14)
TOTAL ADJUSTMENTS	(3,698)	4,022	626	950	(950)

Usable Reserves

2024/25 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	(699)			(699)	699
Capital grants and contributions	78,314			78,314	(78,314)
Reversal of Expected credit loss on capital loans	17			17	(17)
Revenue expenditure funded from capital under statute	(83,795)			(83,795)	83,795
Loss in Fair Value of capital investments*	120			120	(120)
Adjustments involving the Capital Grants Unapplied Account (CGU)					
Capital grants & contributions unapplied from the CIES	15		-	15	(15)
Application of grants to capital financing transferred to the Capital Adjustment Account	-		839	839	(839)
Adjustments involving the Capital Receipts Reserve (CRR):					
Redemption of Financial Assets (Loans)		(493)		(493)	493
Redemption of Financial Assets (Equity Instruments)		-		-	-
Repayment of Capital Grants		(15)		(15)	15
Application of capital receipts to capital financing transferred to the Capital Adjustment Account	-	7,731		7,731	(7,731)
Adjustments involving the Pension Reserve					
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement (see also note 7)	(101)			(101)	101
Adjustments involving the Accumulated Absences Adjustment Account					
Adjustments for Short term absences	(13)			(13)	13
Adjustments involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(92)			(92)	92
TOTAL ADJUSTMENTS	(12,890)	10,053	(3,519)	(6,356)	6,356

*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 17

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-24	Movement	31-Mar-25		01-Apr-25	Movement	31-Mar-26
£'000	£'000	£'000		£'000	£'000	£'000
(19,350)	(7,079)	(26,429)	General Fund Balance	(26,429)	(6,859)	(33,288)
(17,354)	(9,770)	(27,124)	Earmarked General Fund Reserves	(27,124)	(3,132)	(30,256)
(19,621)	7,223	(12,398)	Usable Capital Receipts Reserve	(12,398)	4,022	(8,376)
(57,464)	839	(56,625)	Capital Grants Unapplied Account	(56,625)	626	(55,999)
(113,789)	(8,787)	(122,576)	Total Usable Reserves	(122,576)	(5,343)	(127,919)
(26,944)	7,642	(19,302)	Capital Adjustment Account	(19,302)	(662)	(19,964)
-	-	-	Financial Instruments Revaluation Reserve	314	-	314
257	57	314	Accumulated Absences Account	145	7	152
132	13	145	Collection Fund Adjustment Account	95	(14)	81
3	92	95	Pensions Fund Reserve	-	-	-
(2,267)	2,267	-	Total Unusable Reserves	(18,748)	(669)	(19,417)
(28,819)	10,071	(18,748)	Total Usable and Unusable Reserves	(141,324)	(6,012)	(147,336)

16. 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-2025	Transfer Out	Transfer In	31-Mar-2026	Movement	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	
Revenue Reserve	1,815	-	224	2,039	224	Provides a working balance to cover immediate risks to the revenue budget.
Elections Costs Reserve	780	(780)	-	-	(780)	Smooths the impact on the revenue budget of the Mayoral elections which take place every four years.
Inflation Reserve	4,100	-	-	4,100	-	Increases the Authority's ability to react to inflationary pressures and other significant financial shocks whilst mitigating action is sought to address any long term implications.
Tiger Pass Reserve	2,306	(2,306)	-	-	(2,306)	Funding was made available to support the Tiger Pass concession scheme for a time limited period. Underspend from 2024/25 was set aside to support the scheme into 2025/26.
Adult Skills Funding Reserve	611	-	2,144	2,754	2,143	This reserve holds the balance of adult skills funding to maintain a locally determined ringfence between financial years.
Passenger Transport Operational Reserve	10,708	-	-	10,708	-	This reserve to manage the risks of demand led Passenger Transport and in recognition of the financial risks posed during the implementation and operation of bus franchising.
Response Reserve	1,074	-	1,373	2,447	1,373	This reserve holds funds set aside to meet costs expected to be incurred as result of the Authority preparing for and acting on the new powers within the English Devolution and Community Empowerment Bill.

Strategic Revenue Reserves	2,088	(91)	578	2,575	487	This reserve holds un-ringfenced revenue funds which are received by the Combined Authority from historic Local Enterprise Partnership investments and agreements
Departmental Reserves	3,642	(849)	2,840	5,633	1,991	These represent unspent grant funding and other income which does not require repayment, but is earmarked for projects in future years.
Total Earmarked Reserves	27,124	(4,026)	7,159	30,256	3,132	

17. Capital Grants Unapplied Reserve

Capital Grants Unapplied Reserve	01-Apr-2025	Transfer Out	Transfer In	31-Mar-2026
	£'000	£'000	£'000	£'000
Gain Share - Capital	49,625	(436)	-	49,189
DLUHC Capital Investment Fund s50 grant	7,000	(190)	-	6,810
Total Capital Grants Unapplied Reserve	56,625	(626)	-	55,999

18. Capital Adjustment Account

2024/25 £'000	Capital Adjustment Account	2025/26 £'000
(26,944)	Balance as at 1 April	(19,302)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement	
(78,314)	Capital Grants & Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	(63,790)
83,795	Revenue Expenditure Funded from Capital under Statute	66,643
493	Redemption of financial assets (loans)	328
(7,731)	transfer from usable capital receipts	(4,446)
699	charges for depreciation	756
9,676	Loss in Fair Value of capital investments*	582
(17)	charges for expected credit loss relating to capital loans	12
(120)	Statutory provision for repayment of debt (finance leases)	(121)
(839)	Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(626)
(19,302)	Balance as at 31 March	(19,964)

*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 17.

19. 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.

2024/25 £'000		2025/26 £'000
3	Balance as at 1 April	95
92	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	(14)
95	Balance as at 31 March	81

20. 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.

2024/25 £'000		2025/26 £'000
257	Balance as at 1 April	314
57	Amounts arising from timing differences associated with certain financial instruments	-
314	Balance as at 31 March	314

21. 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.

2024/25 £'000		2025/26 £'000
132	Balance as at 1 April	145
13	Amounts Accrued at the end of the current year	7
145	Balance as at 31 March	152

22. 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.

2024/25		2025/26
£'000		£'000
(2,267)	Balance as at 1 April	-
2,166	Remeasurements of the net defined benefit liability	281
1,440	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	1,080
(1,339)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,361)
-	Balance as at 31 March	-

23. Property, Plant and Equipment

Movement in 2025/26	2024/25			2025/26		
	Other Land and Buildings*	Vehicle, Plant, furniture & equipment	Total Property, Plant & Equipment	Other Land and Buildings*	Vehicle, Plant, furniture & equipment	Total Property, Plant & Equipment
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April	774*	528	1,302*	774*	664	1438
Additions	-	136	136	-	134	134
At 31 March	774	664	1,438	774	798	1,572
Accumulated Depreciation & Impairment						
At 1 April	-	(242)	(242)	(122)	(334)	(456)
Depreciation Charge	(122)	(92)	(214)	(122)	(120)	(242)
At 31 March	(122)	(334)	(456)	(244)	(454)	(698)
Net Book Value						
At 31 March 2025	652	330	982	530	344	874
At 1 April 2024	774	286	1,060	652	330	982

*opening balance adjusted to reflect Pathfinder house right of use on IFRS16 transition, see note 25.

24. Intangible Assets

Movement in 2025/26	2024/25			2025/26			
	Transport Model	HR System	Total Intangible Assets	Transport Model	HR System	Regulatory Platform Pilot	Total Intangible Assets
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April	1,539	-	1,539	2,355	42	-	2,397
Additions	816	42	858	135	7	32	174
At 31 March	2,355	42	2,397	2,490	49	32	2,571
Accumulated Amortisation & Impairment							
At 1 April	-	-	-	(471)	(14)	-	(485)
Amortisation Charge	(471)	(14)	(485)	(498)	(14)	-	(514)
At 31 March	(471)	(14)	(485)	(969)	(14)	-	(999)
Net Book Value							
At 31 March 2025	1,884	28	1,912	1,521	19	32	1,572
At 1 April 2024	1,539	-	1,539	1,884	28	-	1,912

25. 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.

Restated 2024/25* £'000 773		2025/26 £'000 653
	Opening Capital Financing Requirement	
	Capital Investment	
83,795	Revenue Expenditure Funded from Capital Under Statute	66,643
136	Property Plant and Equipment	134
858	Intangible Assets	174
-	Equity Instruments	1,000
2,095	Capital loans	911
	Sources of Finance	
(7,731)	Usable Capital receipts	(4,446)
(839)	Capital grants unapplied	(626)
(78,314)	Capital Grants & Contributions	(63,790)
(120)	Statutory provision for repayment of debt (finance leases)	(121)
653	Closing Capital Financing Requirement	532

*restated to include opening CFR and repayment related to finance lease for Pathfinder House

26. Combined Authority Leasing Arrangements

Combined Authority as Lessee

The Combined Authority leases office space within Huntingdon District Council's Pathfinder House building. The lease was previously treated as an operating lease, but following the implementation of IFRS16 it has been accounted for as a finance lease from 1 April 2024 resulting in an adjustment to the 2024/25 opening balance sheet to recognise a right of use asset and corresponding lease liability of £774k. The future minimum lease payments expected under the lease are:

2024/25 £'000	Authority as Lessee – Maturity Analysis of Lease Liabilities	2025/26 £'000
124	Not more than one year	124
497	Later than one year and not later than five years	414
41	Later than five years	0
662	Total future minimum lease payments	538

27. 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:

2024/25 restated* £000		2025/26 £000
(10,440)	Interest Income - Treasury Management	(9,780)
(290)	Interest Income - Service Loans	(125)
51*	movement in expected credit loss allowances	24
9,676	loss from changes in Fair Value (FVPL assets)**	582
(1,003)	Net impact on surplus/deficit on provision of services	(9,299)
	57 loss from changes in Fair Value (FVOCI assets)	-
	57 Impact on Other Comprehensive income	-
(946)	Net (gain)/loss for the year	(9,299)

*Restated to include movement in expected credit loss allowances

**The large movement in fair value in the prior year is explained in more detail in the 'Revaluation' paragraph in Note 1 of the accounts on page 17.

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

31-Mar-25			31-Mar-26	
Long Assets £000	Current Assets £000		Long Term Assets £000	Current Assets £000
Assets at Amortised Cost:				
35,000	132,922	Investments - Amortised Cost	50,000	118,386
-	24,814	Cash & Cash Equivalents	-	30,075
3,549	325	Debtors - Service Loans	3,755	168
-	8,430	Debtors - Other	-	7,087
Assets at Fair Value:				
13,445	-	Investments at Fair Value Profit and Loss	14,613	-
26	-	Medtech Shares - Designated FVOCI	27	-
52,020	166,491	Total Financial Assets	68,395	155,716
Liabilities at Amortised Cost:				
-	(37,270)	Creditors	-	(22,720)
-	(37,270)	Total Financial Liabilities	-	(22,720)

28. 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 2026, except for investments in Start Codon where the fund valuation has been used and Illumina investments which have not converted to equity where an estimate has been made of the value to be received under the agreements.

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

The Fair Values calculated are as follows:

31-Mar-25			31-Mar-26		
Carrying Amount	Fair Value		Fair Value Level	Carrying Amount	Fair Value
£000	£000			£000	£000
		Assets at Amortised Cost:			
35,000	35,864	LT Investments - Amortised Cost	2	50,000	50,367
3,874	3,005	Debtors - Service Loans	2	3,923	3,016
		Assets at Fair Value:			
13,445	13,445	Investments at Fair Value Profit and Loss	3	14,613	14,613
26	26	Medtech Shares - Designated FVOCI	3	27	27
52,345	52,339	Total		68,563	68,023
		Assets for which Fair Value is not disclosed:			
132,922	-	ST Investments - Amortised Cost		118,386	-
24,814	-	Cash & Cash Equivalents		30,075	-
8,430	-	Debtors - Other		7,087	-
166,166	-	Total Financial Assets		155,548	-
		Liabilities for which Fair Value is not disclosed:			
(37,270)	(37,270)	Creditors		(22,720)	(22,720)
(37,270)	(37,270)	Total Financial Liabilities		(22,720)	(22,720)

29. 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 £195.9m deposited with the Debt Management Office (DMO), other local authorities, UK banks and MMFs at 31 March 2026. 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 2026 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 2026, 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.

30. Debtors

31-Mar-25		31-Mar-26
£'000	Short Term Debtors	£'000
6,989	Central government bodies	5,895
889	Other local authorities	409
780	Other entities and individuals	906
97	Group Companies	45
959	Prepayments	2,961
9,714	Total Short Term Debtors	10,216

31-Mar-25		31-Mar-26
£'000	Long Term Debtors	£'000
2,576	Other entities and individuals	2,530
973	Group Companies	1,225
-	Other local authorities	-
3,549	Total Long Term Debtors	3,755

31. Creditors

31-Mar-25		31-Mar-26
£'000	Short Term Creditors	£'000
(31,850)	Central government bodies	(42,223)
(16,538)	Other local authorities	(13,168)
(19,891)	Other entities and individuals	(8,781)
(54)	Group Companies	(25)
(68,333)	Total Short Term Creditors	(64,197)

32. 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 2026/27 removing the remaining potential liability estimated at £175k.

Provisions	LEP Pensions £'000	Exit Costs £'000	Total £'000
Balance at 1 April 2025	(175)	(22)	(197)
Additional Provisions made in 2024/25	0	22	22
Amounts used in 2025/26	0	0	0
Balance at 31 March 2026	(175)	0	(175)

33. 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 34

Operating Activities

2024/25 £'000	Adjustments to Net Surplus or Deficit on the provision of services for Non-Cash Movements	2025/26 £'000
(699)	Depreciation of Non-Current Assets	(756)
(9,676)	Gain/(Loss) in Fair Value of Investments held at Fair Value Profit and Loss	(556)
1,151	Increase/(Decrease) in debtors	1,291
(13,871)	(Increase)/Decrease in creditors	4,136
(22)	(Increase)/Decrease in provisions	22
(101)	Pension Fund costs adjustment	281
27,621	Long Term Grants Received in Advance	(5,421)
4,403	Net cash (inflow)/outflow from operating activities	(1,003)

Investing Activities

2024/25 £'000	Cash Flow Statement – Investing Activities	2025/26 £'000
2,529	Purchase of Short & Long-Term Investments	2,163
994	Purchase of Property, Plant & Equipment	308
(2,095)	Cash advanced for capital loans	(911)
493	Proceeds from loan repayments	354
1,921	Net cash flows from investing activities	1,914

Financing Activities

2024/25 £'000	Cash Flow Statement – Financing Activities	2025/26 £'000
121	Cash payments for the reduction of the outstanding liabilities relating to finance leases	121
121	Net cash flows from financing activities	121

34. Cash Flow Statement – Cash and Cash Equivalents

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

2024/25	Cash and Cash Equivalents	2025/26
£'000		£'000
24,730	Short Term Cash Investments	30,008
84	Bank Accounts	67
24,814	Total Cash & Cash Equivalents	30,075

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 have 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 2024/25			Comprehensive Income and Expenditure Statement	Note	Group 2025/25		
Expenditure £'000	Income £'000	Net Expenditure £'000			Expenditure £'000	Income £'000	Net Expenditure £'000
229	-	229	Mayor's Office	382	-	382	
2,503	(2)	2,501	Chief Execs Office	2,456	(208)	2,248	
1,389	(2)	1,387	Legal and Governance	3,117	(3)	3,114	
3,083	(87)	2,996	Resources and Performance	2,444	(98)	2,346	
31,166	(31,124)	42	Net Zero Hub	13,048	(13,087)	(39)	
37,543	(31,867)	5,676	Economy and Growth	29,651	(27,177)	2,474	
82,994	(54,623)	28,371	Place and Connectivity	98,200	(65,323)	32,877	
158,907	(117,705)	41,202	Net Cost of Services	149,298	(105,896)	43,402	
	-	-	Other Operating Income & Expenditure			-	
	(9,535)	(9,535)	Financing and Investment Income and Expenditure			(9,586)	
	(40,751)	(40,751)	Taxation and Non-Specific Grant Income			(39,830)	
	(9,084)	(9,084)	(Surplus) / Deficit on Provision of Services			(6,014)	
	57	57	Loss from investments in equity instruments designated at FVOCI			-	
	(1,397)	(1,397)	Revaluation Loss on Non-Current Assets			(1,085)	
	2,166	2,166	Actuarial (Gains) / Losses on Pension Assets / Liabilities			281	
	826	826	Other Comprehensive Income and Exp			(804)	
	(8,258)	(8,258)	Total Comprehensive Income and Expenditure			(6,818)	

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	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
Balance at 1 April 2024	(121,377)	16,364	171	292	(104,550)	(38,750)	(143,300)
Total Comprehensive Income & Expenditure	(939)	(257)	779		(417)	30	(387)
Adjustments between group accounts and authority accounts	(9,103)	537	(130)	-	(8,696)	825	(7,871)
Adjustments between accounting basis & funding basis under regulations	729	-	-	-	729	(729)	-
Net Increase before Transfers to Earmarked Reserves	(9,313)	280	649	-	(8,384)	126	(8,258)
Increase / (Decrease) in 2024/25	(9,313)	280	649	-	(8,384)	126	(8,258)
Balance at 31 March 2025 Carried Forward	(130,690)	16,644	820	292	(112,934)	(38,624)	(151,558)
Balance at 1 April 2025	(130,690)	16,644	820	292	(112,934)	(38,624)	(151,558)
Total Comprehensive Income & Expenditure	(6,293)	63	701		(5,529)	(804)	(6,333)
Adjustments between group accounts and authority accounts	(447)	1	(155)	-	(601)	116	(485)
Adjustments between accounting basis & funding basis under regulations	1,318	-	-	-	1,318	(1,318)	-
Net Increase before Transfers to Earmarked Reserves	(5,422)	64	546	-	(4,812)	(2,006)	(6,818)
Increase / (Decrease) in 2025/26	(5,422)	64	546	-	(4,812)	(2,006)	(6,818)
Balance at 31 March 2026 Carried Forward	(136,112)	16,708	1,366	292	(117,746)	(40,630)	(158,376)

Group Balance Sheet

Group 31/03/2025		Note	Group 31/03/2026
£'000			£'000
14,171	Property, Plant & Equipment	1	15,033
1,912	Intangible Assets		1,572
46,424	Long Term Investments		62,798
-	Net Pensions Asset		0
2,503	Long Term Debtors		2,405
65,010	Total Long-Term Assets		81,808
132,922	Short Term Investments		118,386
9,776	Short Term Debtors	2	10,364
25,114	Cash and Cash Equivalents		30,288
167,812	Current Assets		159,038
(68,557)	Short Term Creditors	3	(64,486)
(197)	Short Term Provisions		(175)
(68,754)	Current Liabilities		(64,661)
(532)	Long Term Creditors		(410)
(11,978)	Long Term Grants Receipts in Advance		(17,399)
(12,510)	Long Term Liabilities		(17,809)
151,558	Net Assets		158,376
(112,934)	Usable Reserves		(117,746)
(38,624)	Unusable Reserves		(40,630)
(151,558)	Total Reserves		(158,376)

Janice Gotts
 Chief Finance Officer and Section 73
 Officer
 Date: 26 June 2026

Group - Cash Flow Statement

2024/25			2025/26
Group	Cash Flow Statement	Notes	Group
£'000			£'000
(9,084)	Net (Surplus) or Deficit on the Provision of Services		(6,014)
12,904	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements		(1,195)
3,820	Net cash flows from Operating Activities		(7,209)
1,938	Investing Activities		1,914
121	Financing Activities		121
5,879	Net (Increase) or Decrease in Cash and Cash Equivalents		(5,174)
30,993	Cash & Cash Equivalent at the beginning of the Reporting Period		25,114
(5,879)	Increase / (Decrease) in Cash and Cash Equivalents		5,174
25,114	Cash & Cash Equivalents at the end of the Reporting Period		30,288

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.

A consolidation adjustment has been made to the classification of the building held by Peterborough R&D Property Company as an Investment Property at Fair Value. In the group accounts this is now being shown as Property, Plant and Equipment, valued at Depreciated Replacement Cost. This is because the investment that the Combined Authority made in the company was for service purposes therefore it has been judged that it is more appropriate to treat this as an operational building for service delivery purposes in the group accounts. This has resulted in an upward valuation in the prior period of £11,996k and accumulated depreciation since 2021/22 of £542k.

2. Debtors

31-Mar-25		31-Mar-26
Group		Group
£'000	Short Term Debtors	£'000
6,989	Central government bodies	5,895
889	Other local authorities	409
939	Other entities and individuals	1,099
959	Prepayments	2,961
9,776	Total Short-Term Debtors	10,364

3. Creditors

31-Mar-25		31-Mar-26
Group		Group
£'000	Short Term Creditors	£'000
(31,850)	Central government bodies	(42,223)
(16,538)	Other local authorities	(13,168)
(20,061)	Other entities and individuals	(9,095)
(68,449)	Total Short-Term Creditors	(64,486)

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 2026

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Cambridgeshire and Peterborough Combined Authority Annual Governance Statement – 2025/26

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 2025/26 also the accountable body for the Greater South East Net Zero Hub.

Alongside the Combined Authority’s continuing duty under the Local Government Act 1999 to arrange to secure continuous improvement in the way in which its functions are exercised, it has also introduced a new Corporate Plan to ensure alignment between the organisations objectives and those of the Mayor following the election in May 2025.

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. The 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.

Strategic Direction

Following the Mayoral election in May 2025 and the appointment of a new Mayor, the Combined Authority has undertaken a comprehensive refresh of its strategic direction to align with the Mayor's mandate and emerging national policy context. This has resulted in the adoption of a new Corporate Plan for the period 2025–2029, which replaces the previous Corporate Strategy and Mayoral Pledges framework with a single, integrated strategic framework.

The Corporate Plan establishes a clear and unified purpose for the organisation: to drive economic growth and improve outcomes for residents and businesses across Cambridgeshire and Peterborough. This is articulated through six interconnected strategic objectives:

- Connectivity
- Growth
- Jobs
- Homes
- Resilience
- Performance

These objectives reflect the priorities set out in the Mayor’s manifesto and provide a coherent framework through which all activity across the Combined Authority is planned, delivered and assessed. They represent a shift from a broader set of ambitions to a more focused approach that prioritises delivery, outcomes, and measurable impact.

The Corporate Plan forms part of a wider and fully integrated strategic framework, underpinned by the region’s first **Local Growth Plan (LGP)**, adopted in October 2025. The LGP provides a long-term (10-year) economic strategy for the region, setting out how the Combined Authority will support growth, unlock investment, and address the barriers to economic performance.

The Local Growth Plan identifies priority sectors, opportunity areas and growth scenarios, including an ambition to significantly increase Gross Value Added (GVA) across the region. It also establishes a clear evidence base and investment pipeline to guide decision-making and prioritisation.

Together, the Corporate Plan and Local Growth Plan ensure that the Authority’s strategic intent is aligned across the short, medium and long term, with a clear “line of sight” from high-level priorities through to delivery at programme, project and directorate level. This alignment is reinforced through the Annual Business Plan and Directorate Business Plans, which translate strategic objectives into specific activities, milestones and performance measures.

A key feature of the new strategic direction is the integration of Mayoral priorities directly into the Authority’s core governance and planning framework, ensuring that political leadership, organisational strategy, and operational delivery are fully aligned. This represents a maturation of the Authority’s governance arrangements, building on previous improvement activity and strengthening the link between strategy, resource allocation and performance management.

The Medium-Term Financial Plan (MTFP) continues to operate as the Authority’s primary resource allocation mechanism and is aligned to the Corporate Plan objectives. This ensures that financial planning decisions are directly driven by strategic priorities and that investment is targeted towards those programmes and interventions that will deliver the greatest impact.

The Governance Framework

Context

The Authority was established under the Cambridgeshire and Peterborough Combined Authority Order 2017 and operates as a Mayoral Combined Authority with Mayor Bristow taking up office in May 2025 following the area's third mayoral election.

The powers which are devolved from Central Government to the Combined Authority have, and continue to, evolve over time. The most significant of those during 2025/26 were:

- 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.
- Responsibility for adult skills provision, including the Adult Skills Funding, as well as new initiatives across the Youth Guarantee Trailblazer and Connect to Work programmes.
- Development and adoption of the region's first 10-year Local Growth Plan and associated responsibilities for promoting economic growth in the region.
- The powers of a Local Transport Authority, in particular the power to create a franchise scheme for the provision of bus transport within the region.
- Responsibility for the delivery of the UK Shared Prosperity Fund within the region.

The Combined Authority is relatively small in size and as well as being strategic in nature, it is also an operational delivery body for functions such as the provision of passenger transport and adult education. The Authority has mainly delivered its services through a commissioning model with delivery being undertaken by those best qualified to do so across the public and private sector. It has grown its staffing numbers over time and increasingly delivers through the internal expertise of its employed officers across a range of disciplines.

Delivery through Subsidiary Undertakings

During 2025/26, the Combined Authority formally closed two of its subsidiary companies which were not trading, and has continued to close a third. It has retained its significant, or whole, control of the two Property Development companies associated with the University of Peterborough campus. The three buildings owned by these companies were all complete at the start of the 2025/26 financial year so activity within those companies has been relatively limited and continues to be overseen via the Funding Committee (formally Investment Committee) as the Combined Authority's Shareholder Board during 2025/26 with responsibility for both monitoring and decision-making of subsidiary companies as their corporate parent.

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). The Business Board Chair was previously represented on the Board but this ceased following the national closure of Local Enterprise Partnerships:

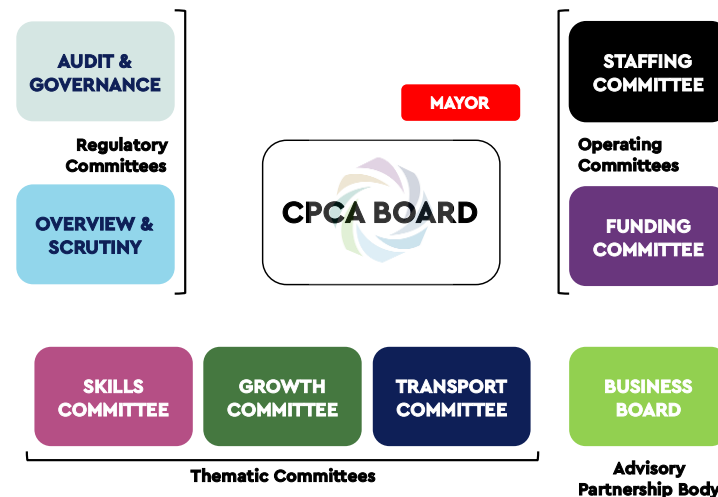
- Cambridge City Council;
- Cambridgeshire County Council;
- East Cambridgeshire District Council;
- Fenland District Council;
- Huntingdonshire District Council;
- Peterborough City Council; and
- South Cambridgeshire District Council.

Following Government's withdrawal of support for Local Enterprise Partnership (LEP) in April 2024, the Authority has incorporated the remaining LEP functions and, during 2025/26, has developed a new Business Board with an advisory role to bring business insight to the Combined Authority. The Board held its first meeting on 13 May 2026

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.

Updates have been made to the constitution throughout the year. A working group of the Audit & Governance Committee has been established, as and when required, to look at the changes in detail before the main Committee consider whether or not to recommend the changes to the Board. As set out below, changes to the Committees have resulted in a programme to update their respective terms of reference which continues into 2026/27. All sections have been reviewed and many updates have been made by way of Board decision. Some proposals have been referred back for further consideration. Some appendices have been removed as they are not required in the constitution in an attempt to keep the document at a workable size without reducing good governance. Also, these changes are with consideration to the increased size of the constitution expected with new legislation such as the English Devolution and Community Empowerment Act 2026. Keeping the constitution under review is a continuous requirement and further updates will follow.

Following his election as Mayor of Cambridgeshire and Peterborough in May 2025, Mayor Bristow initiated a review of the governance structure of the Combined Authority with the aim to focus the Thematic Committees to align to the Combined Authority’s strategic objectives. The structure of the key bodies within the Combined Authority’s governance framework is set out below:



Within the new governance framework the roles of both Audit and Governance and Overview and Scrutiny Committees were clarified, three new Thematic Committees were created to replace the four previous Executive Committees, with the new Thematic Committees having more delegated responsibilities and powers from the Combined Authority Board. The Business Board was repositioned as an Advisory Body to the Board and two new operating committees were established – a Staffing Committee to deal with senior management recruitment and HR

related issues as well as approving new and changed HR policies, and a Funding Committee to keep clear and effective oversight of the Authority's subsidiary companies (as noted above) as well as investment proposals.

Following the approval of the Authority's Single Assurance Framework in 2023, the Funding Committee (previously Investment Committee) was established in 2024/25, this Committee has the responsibilities of the Shareholder Board as well as responsibility for approving business cases up to £5m in value where the concept already has support from the Combined Authority Board. The Single Assurance Framework is reviewed annually.

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 Chair of the Business Board (and a substitute from the Business Board) also has a place on the Combined Authority Board and holds full voting rights.

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.

Funding Committee (was Investment Committee)

Chaired by the Mayor, this Committee is a key decision-maker within the Single Assurance Framework. As well as having delegated responsibility as a Shareholder Board – monitoring and making decisions as the corporate parent of the Combined Authority’s subsidiaries – this Committee provides recommendations to the Combined Authority Board on whether new project concepts should be incorporate into the Medium-Term Financial Plan as well as whether the business cases for projects of value >£5m with approved concepts should be approved. For projects with values below £5m the Committee has the decision to approve directly delegated from the Combined Authority Board.

Thematic Committees

In-line with the Mayor’s manifesto, the three Thematic committees were re-focused during 2025/26, with new names aligned to the new corporate direction ; the revised committees are Transport (previously Transport and Infrastructure), Skills (previously Skills and Employment) and Growth (previously Environment and Sustainability). Revised Terms of Reference have been developed throughout the 2025/26 financial year, with all but the Skills Committee adopting the revised Terms in their final meeting of the financial year; as such the vast majority of business conducted by the Committee has been done under the pre-existing Terms.

This continued the practice of placing responsibility for delivery of the 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 is nominated by the Mayor as their representative and are non-voting Members of the committees. 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 as Chairs of Thematic Committees.
- 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 (Statutory 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. The Chair of the committee must be an elected member of one of the constituent councils but is not a member of the registered political party of which the Mayor is a member. The committee's primary role is to review and scrutinise decisions of the Combined Authority. 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.

Following a review of the working arrangements in 2023/24, 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' (now referred to as Lead Scrutiny Members) from its membership to liaise with the Thematic Committees and provide written updates, 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.

Following on from these changes being implemented, the Committee agreed to carry out a self-assessment of the effectiveness of the Committee's ways of working by undertaking a detailed review of the Committee's arrangements against the 18 Key Principles in the Scrutiny Protocol. Overall, members concluded that current practice provides a strong foundation for effective and proportionate scrutiny, with several principles already well-embedded— particularly in relation to political and geographic representation, member training, the use of working groups, and regular engagement with the Mayor. The review also identified a small number of opportunities to strengthen arrangements further, including improving engagement with external stakeholders, enhancing work programming following recent training, and developing a Scrutiny Member Role Profile to support clearer expectations and continuity.

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 two Independent Persons, one of whom chairs the meetings.

The Annual Report from the Chair of the Audit and Governance Committee was presented to the Combined Authority Board at its meeting on the 3rd June 2026. The Annual Report highlighted the work of the Committee for the 2025/26 Municipal Year and detailed 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 appointed by the Board in June 2025 following an open and competitive recruitment process. The Committee has an additional Independent Person appointed in the 2024/25 Municipal year to strengthen its expertise and succession planning.

Business Board

On 20 March 2025 Alex Norris MP, Parliamentary Under-Secretary of State for Local Growth and Building Safety, wrote to the Combined Authority confirming government withdrawal of funding for Business Boards. However, in the correspondence the following was set out:

“The withdrawal of funding should not be interpreted to mean that it is government’s view that delivery of similar functions should not continue, either in local authorities or Combined Authorities. The Government recognises the importance of a strong business voice in local decision-making, and in forming local economic strategies. The English Devolution Accountability Framework sets out that all institutions with devolved powers should embed strong, independent, and diverse local business voices into their decision-making processes. Mayors will also have a statutory duty to produce Local Growth Plans, and we expect the development of Local Growth Plans to be informed by engagement with the private sector.”

Accordingly, whilst there is no longer a requirement to meet the LEP terms in the Order, there remains a need to meet the terms set by government in relation to engagement with the local private sector.

During Autumn 2025, a confidential review of the Business Board was undertaken at the Mayor’s request by Charlotte Horobin, Chief Executive of the Cambridgeshire Chambers of Commerce. Key recommendations of this review were:

- meetings should be conducted in private and wherever possible in-person;
- dedicated officer support is required;
- membership should comprise high-calibre individuals and organisations representing the regional economy by sector and size;
- membership should represent the whole region, with a good geographical coverage.

New terms of reference for a revised Business Board were approved by the Combined Authority Board which formalises the Business Board’s role as a strategic advisory body providing a strong and independent business voice to support the Mayor, CPCA Board and CPCA officers to drive the delivery of our Local Growth Plan.

Responsibility for the management of the budgets and projects historically overseen by the Business Board will be migrated to the Growth Committee reflecting that the Business Board is now an advisory body rather than one charged with direct delivery.

Corporate Management Team

The Head of Paid Service (Chief Executive) is responsible for all staff and leading an effective corporate management team (CMT).

Following the publication of the English Devolution White paper, and reflecting the new powers and responsibilities envisioned in the drafts of the English Devolution and Community Empowerment Bills, the Chief Executive reviewed the CMT structure during 2025/26, resulting a new structure being approved by the Staffing Committee in February 2026. This has re-aligned the key delivery arms of the Authority into the areas of Transport and Place & Economy, with Executive Directors overseeing each.

This review also included the creation of a formal role as Deputy Chief Executive, with CMT members able to apply to include these responsibilities alongside their primary role. Following a recruitment exercise the Executive Director of Resources was appointed as Deputy Chief Executive from the 1st April 2026.

Key Assurance Processes

Single Assurance Framework

The Single Assurance Framework (SAF) was approved by the Combined Authority Board and the Ministry for Housing, Communities and Local Government (MHCLG) in 2023/24 and was fully implemented with the convening of the Investment Committee (now Funding Committee) in August 2024. In addition the SAF is reviewed annually, most recently in November 2025 where some improvements were made to the framework and were approved by the Board

The Single Assurance Framework (SAF) is a set of systems, processes and protocols designed to provide an evidence base and independent assessment of the governance, risk management, and funding processes of a funding or grant application. It enables the Combined Authority to monitor, measure and scrutinise how well Policy Aims are being met and risks managed. It also implements processes to ensure an adequate response if risks or performance go into exception.

The SAF has been developed in compliance with the English Devolution Accountability Framework. It applies to all existing and new funding, and projects that place a financial liability onto the Combined Authority. It provides consistency of approach, standards, assurance, appraisal and decision making. It allows for proportionality within the development of business cases.

Alongside the Monitoring and Evaluation Framework it sets out:

- (a) The governance structure, including the roles of the Mayor, CPCA Board, Investment Committee, Audit Committee, Overview and Scrutiny Committee, and other committees
- (b) The key processes for ensuring accountability, including public engagement, probity, transparency, legal compliance and value for money.
- (c) 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.

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

The establishment of the Investment Committee (now Funding Committee) is a key step forward in the Combined Authority's governance maturity as it ensures consistent, corporate, oversight of investment decisions is applied regardless of which of the Authority's Objectives the investment will be supporting which will become increasingly important in future as Combined Authorities gain access to Integrated Settlements.

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 projects funded by the Combined Authority. 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.

Decision Making

All agendas and reports produced for meetings of the Combined Authority and its associated Committees are issued to members and published on the Authority's website in accordance with access to information requirements as set out in the 2017 Order. All Combined Authority Board and Committee meetings are held in public, live-streamed and the recordings available, unless there are clear requirements to hold them in private (e.g. 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 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.

Quarterly budget update reports are presented to the Combined Authority Board 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.

Counter-Fraud

Good Corporate Governance requires that the CPCA is firmly committed to dealing with fraud and bribery and will deal equally with perpetrators from inside and outside the Authority. To this end the CPCA has adopted the National Strategy for countering fraud and bribery in Local Government "Fighting Fraud Locally", which depicts objectives of Acknowledge, Prevent and Pursue, whereby the CPCA will aim to:

acknowledge and understand its fraud risks; prevent and detect more fraud; and pursue fraudsters through stronger punishments and recovery of losses.

To support this the Combined Authority has an Anti-Fraud, Bribery & Corruption policy which explains what constitutes these unacceptable behaviours, sets out the Combined Authority's zero tolerance approach and response, and includes a detailed Fraud Response Plan so that any Officer in the Authority can access a clear set of instructions on what actions to take where they need to report fraud, bribery or corruption. In addition, the CPCA updated and improved its Gifts and Hospitality Policy and process.

Best Value

Following the conclusion of the second Best Value Notice in September 2024 the Combined Authority's Independent Advisory and Support Group concluded their support in June 2025, following the Mayoral election.

This signals the Combined Authority's continued achievement of good governance and that this, along with the commitment to delivering Best Value, is now embedded within the foundations of the Combined Authority and delivered through our regular processes and procedures as set out within the rest of the Statement.

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, as part of the improvement plan 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. This has been embedded in decision making throughout the CPCA. Reporting to the Committee includes regular reports on the progress of implementation of internal audit actions, as well as improving the clarity of linkages between the corporate risk register and the internal audit plan. The Committee continued their deep dives on key strategic risks with this being in place throughout the year.

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

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. Continuing the 2024/25 expansion of the role of the Overview and Scrutiny Committee in performance management, the Committee's budget scrutiny working group held a dedicated set of sessions with senior officers examining in-year financial performance to provide them with the relevant knowledge and context to better scrutinise the work of the Combined Authority.

Governance Support 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. From 1 April 2025 - 31 March 2026 there were 120 FOI requests reflecting an upward trend of an increasing amount of FOI requests every year.

The CPCA operates an Information risk Group made up of officers across the CPCA who meet to review information issues such as FOI, Cybersecurity and data protection. Work from those meetings improves information management and security across the CPCA.

Information governance, data protection and cyber governance

The Authority's governance oversight includes information governance and the responsible use of technology, including the adoption and operation of policies for the ethical and responsible use of Artificial Intelligence (AI) tools.

The Use of AI policy sets expectations that AI tools should support judgement rather than replace it, and that colleagues apply organisational values when using AI outputs.

In 2025/26, the Audit and Governance Committee introduced specific consideration of AI-related risks and the Authority's use of AI as part of its governance oversight, including recommendations to strengthen policy clarity and ensure periodic review.

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.

The Audit & Governance Committee receive regular updates from the monitoring Officer on developments and information about the ethical framework. Code of Conduct training has been offered to all elected members sitting on CPCA Committees and Boards by an external facilitator.

The CPCA has two experienced Independent Persons who are consulted as part of the Code of Conduct complaint process. Their term of office was renewed in September 2025 until 31st October 2029 to maintain access to their experience in this area.

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.

Independent Assurance

External Audit

Due to the critical state of delays to local audits, which is a national issue, the Government has implemented statutory backstop dates to address the audit backlog. This has meant that the Combined Authority, along with 44% of all Local Authorities across the Country, received a disclaimed opinion on its 2022/23 and 2023/24 accounts. This disclaimed opinion was issued due to the external auditors being unable to complete substantive audit work on the financial statements due to the backstop date and does not indicate any identified shortcomings or inaccuracies in the Combined Authority's accounts. That this occurred outside the control of the audited bodies is recognised by MHCLG which has published guidance stating "*The government is clear that, where the backstop dates result in modified or disclaimed opinions, local bodies should not be unfairly judged*".

While the overall accounts were disclaimed, the auditors found no significant value for money weaknesses in their value for money conclusions (the best possible result) and rated the Combined Authority as Effective (green on a RAG rating) for all 8 areas on which they assessed our financial reporting.

The backstop implementation was the first phase in MHCLG's three phase plan to address the state of local audit nationally:

- Phase 1: Reset; clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024. This is largely complete.
- Phase 2: Recovery from Phase 1; from 2023/24, use backstop dates to prevent a recurrence of the backlog and allow assurance to be rebuilt over multiple audit cycles. The backstop date for the audit of the 2024/25 financial statements is 27 February 2026.
- Phase 3: Reform; involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

The Combined Authority is firmly in Phase 2; as set out in EY's Audit Plan, the 2025/26 audit is expected to result in a qualified opinion rather than a disclaimer. This would represent a significant step forward as it would indicate that the auditor has been able to gain assurance over the majority of the Combined Authority's accounts with only specific areas unassured.

This should then set the groundwork for the 2026/27 accounts to return to complete 'unqualified' audit opinion.

In parallel to this, Government nationally have been progressing with Phase 3 and the Local Audit Office was created in statute via the England Devolution and Community Empowerment Act in April 2026. Understanding the implications of this Act, including the audit implications, will be a key focus in 2026/27.

Internal Audit

RSM Assurance Limited provide the Chief Internal Auditor function for the Combined Authority and presented the draft audit plan for approval to the Audit and Governance Committee in March 2025 and has provided the Committee with regular updates since then. It also issues the annual audit opinion set out in more detail below.

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 2026, the Chief Internal Auditor's draft opinion for Cambridgeshire and Peterborough Combined Authority is as follows:

"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and 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 setting out the findings of their substantive audit work across the year:

Governance

We have not undertaken a specific internal audit assurance review of governance arrangements within 2025/26, however throughout our audits, we have reviewed elements of the governance arrangements and frameworks in place which has helped inform our governance opinion.

For example, within our Contract Management, Declarations of Interest, Payroll, Delivery of Transport Plan, Key Financial Controls, Business Continuity and Follow up reviews. All audits have all considered elements of the governance arrangements in place at the Authority and we have found no significant governance weaknesses although we note that improvement areas were noted.

We also undertook an advisory review of the AGC effectiveness, which plays an important role in the Governance arrangements. This identified nine areas for consideration and potential enhancements.

We have also used our cumulative knowledge of the Authority's governance arrangements and drawn upon our attendance at the AGC throughout 2025/26, where we have observed robust strategic governance and challenge.

Risk

Our internal audit plan is riskbased and has included a number of audits designed to allow the Authority to take assurance that controls covering some of the strategic risks are designed and operating effectively.

Our risk management opinion has also been informed from our attendance at AGC meetings, where risk management is a standing agenda item and where strategic and operational risks are discussed and constructively challenged.

Control

During the year we completed seven assignments to date, which included a follow up review, and an advisory review. Five of these reviews concluded with a positive assurance opinion:

- Recruitment and Retention (**Substantial Assurance**) (DRAFT)
- Payroll (**Reasonable Assurance**)
- Delivery of Transport Plan (**Reasonable Assurance**)
- Business Continuity (**Reasonable Assurance**)
- Follow-up (**Reasonable Progress**) (DRAFT)

The reviews of Contract Management and Declarations of Interest resulted in two **Partial Assurance** opinions. The key findings from these reviews are detailed below.

We also undertook an advisory review of AGC effectiveness. This identified nine areas for consideration and potential enhancements.

We also completed an **advisory** review on **Key Financial Controls: Budget Setting, Forecasting, and Financial Performance**. The Key Financial Controls review did identify some controls weakness which we have also detailed below. We have one further review that is shortly to be issued in draft in relation to Skills Strategy [since issued in draft with **Reasonable Assurance**]

Contract Management Partial Assurance (DRAFT)

The review found that CPCA has an established contract management framework supported by documented policies, procedures, and templates; however, weaknesses in implementation and consistency reduce its overall effectiveness. Key issues include inconsistent inclusion of KPIs and meeting requirements within contracts, and variation in how these requirements are applied and evidenced in practice.

Contract management documentation is inconsistent, with formal KPI monitoring and reporting evidenced in only two of the ten sampled contracts, and no centralised oversight of supplier performance in place. We also found that while clawback provisions are referenced within contract agreements, reliance on meeting documentation alone made it unclear whether suppliers were performing as intended, resulting in inconsistent application. In addition, review of policy and procedural documentation indicated a lack of clarity around governance reporting requirements for underperforming suppliers. While a Contract Management Plan template is available and would support improved oversight of performance monitoring, KPI reporting, and supplier risk identification, it has not yet been embedded in practice.

Positively, the Procurement Policy and Procedures have been updated to reflect the requirements of the Procurement Act 2023, guidance and templates are available via the Procurement Hub, and contracts generally include defined specifications, roles, and responsibilities.

Conclusion on Follow Up of Actions - Overall, we found that four of the eight actions have been fully implemented, 3 have been superseded with two of these weaknesses not addressed and superseded by new actions and one further action was not yet addressed, demonstrating some progress in strengthening procurement and contract management controls but some issues remain to be addressed.

Declarations of Interest Partial Assurance

We confirmed through our review that the Authority has an up to date and approved Constitution that clearly outlines the Authority's principles and approach to managing DOI. However, we have identified several control weaknesses for which management actions have been agreed. Specifically, we found a non-completion of DOI forms by some members and officers and weaknesses relating to the management of declarations of DOI in procurement activities and other funded projects.

Local Government and Social Care Ombudsman

The Local Government and Social Care Ombudsman sent the Combined Authority a letter summarising the complaints relating to the Combined Authority in 2025/26 – there were no complaints submitted to the Ombudsman during the year.

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.

Integrated Settlement Readiness self-assessment

As set out in last year's Annual Governance Statement, a key element in reviewing the effectiveness of our governance in 2025/26 has been focussed on an internal review against the Integrated Settlement readiness criteria set out by MHCLG.

The criteria cover four areas: strategic planning, people and capability, financial and performance management, and reporting and evaluation; and each area can be at one of four levels from 'Emerging', through 'Developing' and 'Core', to 'Advanced'.

During 2025/26 MHCLG have updated these naming conventions, but there are still 4 levels of which the third of 4 is considered ready for an integrated settlement, so we continue to use the names for the levels that were in place when the process started.

During the year an internal self-assessment and evidence gathering activity, led by the PMO team, has been completed to identify what level the Authority is currently at, and what the gaps are that need to be addressed to enable the Authority to reach 'Core' in all areas.

Alongside the continued commitment to the delivery of management actions agreed with our Auditors, the Authority is planning for 2026/27 that:

1. The Internal Audit plan for 26/27 will provide assurance over the Combined Authority's actions agreed in response to their audit findings in 25/26, as well as targeting key areas of risk around financial systems, risk management and business continuity. Progress against the plan, and agreed management actions, are reported regularly to the Audit and Governance Committee.
2. Following the initial self-assessment against the Integrated Settlement readiness criteria provided by MHCLG, the Combined Authority has completed a gap analysis and a work programme to address the gaps identified is being scoped and will be delivered to ensure that we can demonstrate that we achieve the required level of control maturity to support a future Integrated Settlement This includes various elements of, predominantly financial, governance which are required to show sufficient maturity to be granted an Integrated Settlement. Following the self-assessment action plans will be put in place to address any areas where the current level of maturity does not meet the requisite level.
3. The Board agreed that a corporate peer review would be undertaken in the new Mayoral term, the CPCA is engaging with the Local Government Association to understand how and when this can be scheduled.

Conclusion

18 months on from the lifting of the Best Value notice, the CPCA continues to develop and improve its governance processes. The Single Assurance Framework has been established as a fundamental part of the assurance framework and has been revised and refined to improve the process. Internal audits have identified further areas for improvement whilst also recognising areas with good assurance levels. Policies and procedures are subject to regular review including those within the CPCA's constitution and on HR matters such as, for example, the new policy on Gifts and Hospitality.

The CPCA has also started preparations for the new responsibilities which will be put in place by legislation such as the English Devolution and Community Empowerment Act 2026 to try and provide an effective transition for the new duties and hopefully Established Mayoral Authority status.

There is a mindset that continues; which is 'better never stops', so the developments made this year are part of ongoing review, updates and developments.

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 XXth November 2026.

Signed:

Paul Bristow

Mayor of Cambridgeshire and Peterborough

Date:

Signed:

Rob Bridge

Chief Executive Officer

Date: