



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

# Statement of Accounts

For the period 3 March 2017 – 31 March 2017

For further copies of this document or questions about it please contact:

Interim Chief Finance Officer

Cambridgeshire & Peterborough Combined Authority

Town Hall

Bridge Street

Peterborough

PE1 1HG

email: [alex.colyer@scambs.gov.uk](mailto:alex.colyer@scambs.gov.uk)

Tel: 01954 713023

[www.cambspboroca.org](http://www.cambspboroca.org)

---

---

# Cambridgeshire and Peterborough Combined Authority

## Statement of Accounts for the period 3 March 2017 – 31 March 2017

---

<b>Contents</b>	<b>Page</b>
Narrative Report .....	2
Independent Auditors' Report to the Members of the Cambridgeshire and Peterborough Combined Authority .....	9
Statement of Responsibilities for the Statement of Accounts .....	10
Expenditure and Funding Analysis .....	11
Comprehensive Income and Expenditure Statement .....	12
Movement in Reserves Statement .....	13
Balance Sheet .....	14
Cash Flow Statement .....	15
Notes to the Accounts .....	16
Accounting Policies .....	23
Glossary .....	28
Index of Notes to the Core Financial Statements .....	30
Annex 1	
Annual Governance Statement .....	32

# Narrative Report

---

## 1. Introduction

Following the signing of the Order by Communities Secretary, Sajid Javid, the Cambridgeshire and Peterborough Combined Authority (The Combined Authority) came into existence on 3rd March 2017.

Although the Combined Authority was only created on 3 March 2017 and received its first tranche of funding on 20 March 2017, it is still required to produce a statement of accounts for the four week period to 31 March 2017.

This is the Combined Authority's first statement of accounts.

Cambridgeshire and Peterborough has a high performing economy. It is a significant contributor to UK PLC, generating some £7bn per annum in taxes more than the cost of public services in the whole area.

The strategic ambition of the Combined Authority will see this position improve even further. Specifically, the investments that the Combined Authority will make over time in housing, transport, infrastructure and skills/employment will see the economy grow in the next 25 years from £22bn to over £42bn. Over the next ten years, the difference between income (taxes) and expenditure (public service costs) will widen even further,

with an additional £2bn per annum being added to the UK economy.

Furthermore, the Combined Authority is committed to delivering public sector reform. Working with all relevant central and local partners - statutory and non-statutory, it will explore innovative and integrated approaches to redesigning public services across Cambridgeshire and Peterborough. It will bring forward a programme of public service reform that will focus on delivering the best outcomes for residents, creating new models of delivery that cuts out bureaucracy, and achieves the most efficient and effective public services.

The Statement of Accounts reflects the activity of the Combined Authority for the period to 31 March 2017, and it has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

The purpose of this report is to provide a user-friendly narrative guide to the Combined Authority's accounts as well as setting out the Combined Authority's financial position.

## 2. Background to the Cambridgeshire and Peterborough Combined Authority

The Combined Authority is made up of eight founding members across Cambridgeshire and Peterborough. Each of the

following Constituent Authorities and the Local Enterprise Partnership is represented by their nominated representative or substitute at Combined Authority meetings.

Cambridge City Council  
Cambridgeshire County Council  
East Cambridgeshire District Council  
Fenland District Council  
Huntingdonshire District Council  
Peterborough City Council  
South Cambridgeshire District Council  
Greater Cambridge Greater Peterborough Enterprise Partnership (GCGP LEP)

The following bodies were given Observer status for 2016/17 and were given co-opted member status for the 2017/18 municipal year:

The Police and Crime Commissioner for Cambridgeshire  
Cambridgeshire and Peterborough Fire Authority representative  
Clinical Commissioning Group representative

Councillor James Palmer was elected as the first Mayor for the Combined Authority on Thursday 4 May 2017, took office on 8 May 2017 and signed the statutory declaration of acceptance on 31 May 2017.

## Vision

The Cambridgeshire and Peterborough region is a world leader in science and technology, with unparalleled levels of cutting-edge research, growth businesses and highly skilled jobs. The area is already a significant net contributor to the UK economy.

Cambridgeshire and Peterborough local authorities, businesses and universities have developed a bold vision for the future, including:

- delivering significant economic growth, including a doubling of the size of our economy;
- creating an area internationally renowned for its low-carbon, knowledge-based economy, including life sciences, information and communication technology, creative and digital industries, clean tech, high-value engineering and agri-business;
- accelerating the delivery of the mix of new homes and sustainable communities that local people demand;
- transforming public service delivery utilising the strong local partnerships of councils, business and public services that have a successful track record of working together;
- achieving a skills base that matches business needs; and
- providing world-class connectivity and transport systems fit for the 21st century.

## Ambitions

Key ambitions for the Combined Authority include:

- doubling the size of the local economy;
- accelerating house building rates to meet local and UK need;
- delivering outstanding and much needed connectivity in terms of transport and digital links;
- providing the UK's most technically skilled workforce;
- transforming public service delivery to be much more seamless and responsive to local need;
- growing international recognition for our knowledge based economy;
- improving the quality of life by tackling areas suffering from deprivation.

## Mayor

The Combined Authority receives funding and powers from Central Government in a number of areas including:

- £170 million to deliver new homes over a five-year period in Peterborough and Cambridgeshire which includes affordable, rented and shared ownership housing
- £20million a year funding over 30 years to boost growth in the region

- responsibility for chairing a review of 16+ skills provision in the area

Of these, £40.5m was received during this accounting period. See note 5, page 17 for further details.

In addition the new Mayor of Cambridgeshire and Peterborough will exercise powers and functions devolved from Central Government including:

- responsibility for a multi-year devolved transport budget;
- responsibility for an identified key route network of local authority roads;
- powers over strategic planning, the responsibility to create a non-statutory spatial framework for Cambridgeshire and Peterborough and to develop with Government a Land Commission

## 3. The Accounts

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 2015/16 (the Code).

The Statement of Accounts brings together the major financial statements for the Combined Authority for the financial year 2016/17. 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.
- Expenditure and Funding Analysis Statement - This demonstrates how the funding available to the Combined Authority for the year has been used in providing services, in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Combined Authority's workstreams.
- 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 2017.
- 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.
- Statement of Accounting Policies – outlines the accounting policies adopted by the Combined Authority.

#### **4. Current and Planned Activities**

The Devolution Deal was signed in March 2017 and provides for the following powers and budgets to be passed down from Central Government to become the responsibility of the Mayor and the Combined Authority:

#### **OVERALL POWERS**

##### **General power of competence**

The Mayor and Cambridgeshire and Peterborough Combined Authority have a 'general power of competence'. This means that the Mayor and the Combined Authority can legally do anything that individuals generally may do, unless the law specifically prohibits it.

#### **IMPACT OF THE CURRENT ECONOMIC CLIMATE**

The Combined Authority will establish an Independent Economic Commission to provide a robust and independent assessment of the Cambridgeshire and Peterborough economy and its potential for growth. This will provide the

evidence base on which Cambridgeshire and Peterborough partners, and partners at national level, can continue to build a collaborative approach to growth and devolution.

As part of its early work, the panel will carry out and publish a detailed review that will include:

- a full economic baseline study;
- economic forecasting to determine the potential impact of various scenarios over the next ten years and how the Cambridgeshire and Peterborough economy could respond to these;
- an assessment of whether the Cambridgeshire and Peterborough economy is fit for purpose and its future economic potential;
- analysis of how partners' investment in key drivers of growth (e.g. key towns, key sectors, key infrastructure) across Cambridgeshire and Peterborough could maximise long-term returns for all areas;
- an analysis of the impact that the devolution of key economic powers and levers could have on economic output and productivity.

## 5. Revenue Position

The Comprehensive Income and Expenditure Statement (CIES), page 12, shows the gross revenue expenditure and income together with net expenditure

The Combined Authority has applied to the Department for Communities and Local Government to arrange a S33 VAT Order that would enable the Combined Authority to recover VAT on its purchases. As at 31 March 2017, the necessary Order had not yet been arranged, so the statement of accounts has been drafted on the assumption that the VAT on purchases for the period to 31 March 2017 is not recoverable. This potential VAT cost totals £81k for the period, and has been shown as a first charge against the £500k Revenue Reserve.

The final outturn position shows a surplus of £40.003m. This position is primarily a result of a full year's funding being received for 2016/17 on 20 March 2017 and not having been spent or committed by the end of the accounting period

This surplus has been added to the Combined Authority's Reserves and is incorporated within the transfer to and from reserves in the Movement in Reserves Statement on page 13.

The Combined Authority did not enter into any borrowing arrangements during the period ended 31 March 2017.

### *Balances*

As at 31 March 2017, the balance on the Combined Authority's Reserves was £40.003m.

The actual income and expenditure against budget for the period is summarised in the following table:



### **CPCA 2016/17 - Outturn Position**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	<u>£k</u>	<u>£k</u>	<u>£k</u>
<b><u>Funding</u></b>			
Gain Share	20,000	20,000	0
Housing (General)	10,000	10,000	0
Housing (Cambridge)	10,500	10,500	0
Transport Levy	0	0	0
LTP Capital Grant	0	0	0
	<u>40,500</u>	<u>40,500</u>	<u>0</u>
<b><u>Budget Allocations</u></b>			
Revenue	466	416	-50
VAT charge	0	81	81
Investment in Transport	0	0	0
<b><u>Capital</u></b>			
- Gain Share	0	0	0
- Housing	0	0	0
- Local Transport Plan	0	0	0
	<u>466</u>	<u>497</u>	<u>31</u>
<b><u>Movement to Reserves</u></b>			
Earmarked Reserve	0	27	27
Revenue Reserve	500	419	-81
Gain Share Revenue	7,034	7,057	23
Gain Share Capital	12,000	12,000	0
Gain Share Housing	20,500	20,500	0
	<u>40,034</u>	<u>40,003</u>	<u>-31</u>

## **6. Capital and Treasury Position**

The Combined Authority received its first tranche of funding from Department for Communities and Local Government (DCLG) on 20 March 2017. The £40.5m received was made up of £8m 2016/17 Revenue Gainshare, £12m Capital Gainshare, £10.5m Cambridge Housing Grant and £10m General Housing Grant.

The funds were put on short term deposit in accordance with the approved Treasury Management and Investment Strategy.

### **External Auditors**

Public Sector Audit Appointments Ltd has confirmed the appointment of Ernst & Young LLP as the external auditor for the Cambridgeshire and Peterborough Combined Authority to 31 March 2018.

See Note 1, page 16, for further information on external audit fees.

## **7. 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 be controlled or influenced by the Combined Authority. These disclosures can be found in Note 6 on page 17.

## 8. Summary

I hope readers will find the following pages helpful and interesting in providing an insight into the finances and performance of the Combined Authority.



Alex Colyer  
Interim Chief Finance Officer

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

---

## **Opinion on the Authority's financial statements**

We have audited the financial statements of Cambridgeshire and Peterborough Combined Authority for the period ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement,
- Movement in Reserves Statement,
- Balance Sheet,
- Cash Flow Statement, and
- the related notes 1 to 16, and the Expenditure and Funding Analysis

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of Cambridgeshire and Peterborough Combined Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than

the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the Interim Chief Finance Officer and auditor**

As explained more fully in the Statement of the Interim Chief Finance Officer's Responsibilities set out on page 10, the Interim Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Interim Chief Finance Officer; and

the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2016/17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of Cambridgeshire and Peterborough Combined Authority as at 31 March 2017 and of its expenditure and income for the period ended 31 March 2017; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

### **Opinion on other matters**

In our opinion, the information given in the Statement of Accounts for the period ended 31 March 2017 is consistent with the financial statements.

### **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;

- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

### **Conclusion on Cambridgeshire and Peterborough Combined Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### **Authority's responsibilities**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

#### **Auditor's responsibilities**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper

arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

**Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether the Cambridgeshire and Peterborough Combined Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Cambridgeshire and Peterborough Combined Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Cambridgeshire and Peterborough Combined Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

**Conclusion**

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Cambridgeshire and Peterborough Combined Authority put

in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the period ended 31 March 2017.

**Certificate**

We certify that we have completed the audit of the accounts of Cambridgeshire and Peterborough Combined Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.



Suresh Patel  
for and on behalf of Ernst & Young LLP, Appointed Auditor  
Cambridge office  
22 September 2017

The maintenance and integrity of the **Cambridgeshire and Peterborough Combined Authority** web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.  
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# 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 Interim 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 Interim Chief Finance Officer's Responsibilities

The Interim Chief Finance 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 Interim 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 Interim Chief Finance 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.

## Interim Chief Finance Officer's Certificate

I certify that the accounts set out on pages 11 to 27 present a true and fair view of the financial position of the Combined Authority at 31 March 2017 and its income and expenditure for the period ended 31 March 2017.

Interim Chief Finance  
Officer:



Alex Colyer

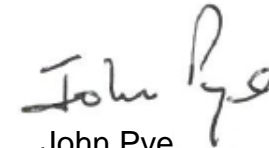
Date:

14 September 2017

## Approval of the Statement of Accounts

I confirm that these accounts were approved by the Audit and Governance Committee at the meeting held on 21 September 2017.

Chair of the Audit  
Committee:



John Pye

Date: 21/9/17

September 2017

## Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the accounts. It has been given due prominence by the Combined Authority and is important for accounts users. It shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) 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.

Expenditure and Funding Analysis (EFA)	Notes (From Page 16)	Net Expenditure Chargeable to the General Fund	2017	
			Adjustments between the Funding and Accounting Basis*	Net Expenditure in the Comprehensive Income and Expenditure Statement
		£000	£000	£000
Governance	2	293	-	293
Fiscal	1	118	-	118
New Homes		56	-	56
Skills		14	-	14
Communities & Communication		18	-	18
<b>Cost of Services</b>		<b>499</b>	<b>-</b>	<b>499</b>
Other Income & Expenditure	4,5	(8,002)	(32,500)	(40,502)
<b>(Surplus) / Deficit on Provision of Services</b>		<b>(7,503)</b>	<b>(32,500)</b>	<b>(40,003)</b>
Opening General Fund Balance at 3 March 2017		-		
Less/Plus (Surplus) or Deficit on General Fund Balance in Period		(7,503)		
<b>Closing General Fund Balance at 31 March 2017</b>		<b>(7,503)</b>		

*\*When accounting on a statutory basis, unspent capital grants without conditions are unapplied from the next Expenditure Chargeable to the General Fund, under generally accepted accounting practices these are credited to the CIES.*

## Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the period of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Combined Authorities can raise taxation to

cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

<b>Comprehensive Income &amp; Expenditure Statement (CIES)</b>	<b>Notes (From Page 16)</b>	<b>Gross Expenditure £000</b>	<b>2017 Gross Income £000</b>	<b>Net Expenditure £000</b>
Governance	2	293	-	293
Fiscal	1	118	-	118
New Homes		56	-	56
Skills		14	-	14
Communities & Communication		18	-	18
<b>Cost of Services</b>		<b>499</b>	<b>-</b>	<b>499</b>
Financing & Investment Income & Expenditure	4	-	(2)	( 2)
Taxation & Non-Specific Grant Income & Expenditure	5	-	(40,500)	(40,500)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>7</b>	<b>499</b>	<b>(40,502)</b>	<b>(40,003)</b>
<b>Other Comprehensive Income &amp; Expenditure</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income &amp; Expenditure</b>				<b>(40,003)</b>



## Movement in Reserves Statement

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

<b>Movement in Reserves</b>	<b>General Fund Balance</b>	<b>Earmarked General Fund Reserves</b>	<b>Capital Grants Unapplied Account</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Combined Authority Reserves</b>
	£000	£000	£000	£000	£000	£000
<b>Balance at 3 March 2017</b>	-	-	-	-	-	-
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(40,003)</b>	-	-	(40,003)	-	<b>(40,003)</b>
Adjustments between accounting basis & funding basis under regulations	32,500	-	(32,500)	-	-	-
- Capital grants & contributions unapplied from the CIES						
Net Increase before Transfers to Earmarked Reserves	(7,503)	-	(32,500)	(40,003)	-	(40,003)
Transfers to / (from) Reserves	446	(446)	-	-	-	-
<b>Increase / (Decrease) in 2017</b>	<b>(7,057)</b>	<b>(446)</b>	<b>(32,500)</b>	<b>(40,003)</b>	-	<b>(40,003)</b>
<b>Balance at 31 March 2017 Carried Forward</b>	<b>(7,057)</b>	<b>(446)</b>	<b>(32,500)</b>	<b>(40,003)</b>	-	<b>(40,003)</b>

## Balance Sheet

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

<b>Balance Sheet</b>	<b>Notes</b>	<b>31 March 2017 £000</b>
<b>Long Term Assets</b>		-
Short Term Debtors	10, 12	2
Cash & Cash Equivalents	10, 14	40,500
<b>Current Assets</b>		<b>40,502</b>
Short Term Creditors	13	(499)
<b>Current Liabilities</b>		<b>(499)</b>
<b>Long Term Liabilities</b>		-
<b>Net (Liabilities) / Assets</b>		<b>40,003</b>
Usable Reserves		(40,003)
Unusable Reserves		-
<b>Total Reserves</b>		<b>(40,003)</b>

## 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. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Combined Authority.

<b>Cash Flow Statement</b>		<b>Notes</b>	<b>2017 £000</b>
Net (Surplus) / Deficit on the Provision of Services			(40,003)
Adjustments to net surplus or deficit on the provision of services for Non Cash Movements			(497)
Adjustments for Items Included in the Net (Surplus) / Deficit on the Provision of Services that are Investing & Financing Activities			-
<b>Net Cash Flows from Operating Activities</b>			<b>(40,500)</b>
Investing Activities			-
Financing Activities			-
<b>Net (Increase) / Decrease in Cash &amp; Cash Equivalents</b>			<b>(40,500)</b>
Cash & Cash Equivalents at the Beginning of the Reporting Period			-
Increase / (Decrease) in Cash and Cash Equivalents			40,500
<b>Cash &amp; Cash Equivalents at the end of the Reporting Period</b>		14	<b>40,500</b>

# Notes to the Accounts

## 1 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).

External Audit Costs	2017
	£000
Fees payable with regard to external audit services carried out by the appointed auditor	18
<b>Total</b>	<b>18</b>

## 2 Mayor's and Member's Allowances

No mayor's or member's allowances were paid during the period.

James Palmer was elected as the first Mayor for Cambridgeshire and Peterborough on Thursday 4 May 2017.

## 3 Officers' Remuneration

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

These requirements only apply to directly employed staff. During the period the Combined Authority did not have any directly employed staff.

The Combined Authority agreed to appoint three senior officers from constituent councils to fulfil Combined Authority statutory roles whilst continuing the duties of their substantive posts. This arrangement continued until May 2017, or until the earlier permanent appointment to those roles. In each case, the officer's employment contract remained with the constituent council. For all three posts a fixed contribution was due to the officer's employing Council. The associated costs are detailed below.

These reflect transactions between the relevant councils, including currently irrecoverable VAT. No remuneration was received by the officers from the Combined Authority.

Post	Employing Body	Cost £000
Interim Chief Executive (Head of Paid Service)	Fenland District Council	45
Interim Chief Finance Officer	Peterborough City Council	36
Interim Monitoring Officer	Peterborough City Council	56

## 4 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

Financing & Investment Income & Expenditure	2017
	£000
Interest Receivable & Similar Income (Note 9)	(2)
<b>Total</b>	<b>(2)</b>

## 5 Comprehensive Income & Expenditure Statement – Taxation and Non Specific Grant Income

Taxation & Non-Specific Grant Income	2017
	£000
<b>Non-Specific Government Grants</b>	
Gain Share - Revenue	(8,000)
<b>Total Non-Specific Grants</b>	<b>(8,000)</b>
<b>Capital Grants &amp; Contributions</b>	
Gain Share - Capital	(12,000)
Housing Grant - General	(10,000)
Housing Grant _ Cambridge	(10,500)
<b>Total Capital Grants &amp; Contributions</b>	<b>(32,500)</b>
<b>Total Income</b>	<b>(40,500)</b>

## 6 Related Parties

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

### a) Central Government

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

The Department for Communities and Local Government (CLG) provides the majority of the Combined Authority's capital expenditure financing.

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

	2017
	£000
<b>Income</b>	
CLG – revenue grants	(8,000)
CLG – capital grants	(32,500)

### b) Cambridgeshire and Peterborough Constituent Councils

The Leaders of the district councils, county council and unitary authority; and the Chair of the local enterprise partnership also serve as members of the Combined Authority.

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

	2017
	£000
<b>Expenditure</b>	
General expenditure with councils	469
<b>Creditors</b>	
General creditors with councils	469

### c) Members

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

During the period no works or services were commissioned from companies in which any Members had an interest.

#### d) Officers

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

During the period no works or services were commissioned from companies in which the officers had an interest. However, as noted in Note 3 key management personnel and officers of Fenland District Council and Peterborough City Council are also the interim statutory officers of the Combined Authority.

The period's transactions, and period end balances with those councils are included in the transactions and balances set out in the table above.

#### 7 Expenditure and Income Analysed by Nature

Expenditure and Income Analysed by Nature		2017
		£000
<b>Expenditure</b>		
Other Service Expenses		499
Total Expenditure		499
<b>Income</b>		
Interest & Investment Income		(2)
Government Grants & Contributions		(40,500)
Total Income		(40,502)
<b>Deficit / (Surplus) on the Provision of Services</b>		<b>(40,003)</b>

#### 8 Movement in Reserves Statement – Transfers to / (from) Earmarked Reserves

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

General Fund Earmarked Reserves	3 March 2017 £000	Transfers Out £000	Transfers In £000	Movement between Reserves £000	31 March 2017 £000	Purpose of the Earmarked Reserve
Revenue Reserve	-	81	500		419	This reserve provides a working balance to cover risks to the revenue budget. The transfer from reserves was made to fund currently irrecoverable VAT on expenditure during the period.
Departmental Reserves	-	-	27	-	27	These represent funding for items approved in the 2017 budget where due to timing differences expenditure will be incurred during 2017/18.
<b>Total Reserves</b>	<b>-</b>	<b>81</b>	<b>527</b>	<b>-</b>	<b>446</b>	

## 9 Financial Instruments

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

	2017
Financial Assets	£000
Interest income (Note 4)	(2)
<b>Total for Financial Assets</b>	<b>(2)</b>
<b>Total for Financial Liabilities</b>	<b>-</b>
<b>Net expenditure for the period</b>	<b>(2)</b>

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

	31 March 2017	
Financial Instruments Balances	Long Term	Current
	£000	£000
Short Term Investments classified as Cash & Cash Equivalents	-	27,000
Debtors – Loans & Receivables	-	2
<b>Total</b>	<b>-</b>	<b>27,002</b>

## 10 Fair Value of Financial Assets and Financial Liabilities

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

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

- PWLB interest rates for new loans at 31 March 2017 have been used for loans from the PWLB;
- the prevailing rate of a similar instrument with a published market rate has been used as the discount factor for other loans receivable and payable
- no early repayment is recognised;
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

The Cambridgeshire and Peterborough Combined Authority is not carrying any Financial Liabilities as at 31st March 2017. All Financial Assets held by the Combined Authority are due to mature in less than 12 months so Fair Value is assumed to be the carrying amount. The input level in the fair value hierarchy is Level 1 for all Financial Assets held.

The Fair Values calculated are as follows:

	31 March 2017	
Financial Assets	Carrying Amount	Fair Value
	£000	£000
Short Term Investments classified as Cash & Cash Equivalents	27,000	27,000
Total Cash and bank	13,500	13,500
Debtors – Loans & Receivables	2	2
<b>Total</b>	<b>40,502</b>	<b>40,502</b>

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

## 11 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 Capital and Treasury Team, under policies approved by the Combined Authority in the Annual 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

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

The risk is minimised through the Annual Investment Policy set out in the approved Treasury Strategy, which requires that investments are not made with financial institutions unless they

meet minimum credit criteria in accordance with the Fitch Moody's and Standard & Poor's Credit Ratings Services. This Policy also imposes a maximum sum to be invested with a financial institution located within each category.

The 2016/17 Annual Investment Policy sets out the credit criteria below although the Combined Authority actually minimised the risk further by only investing with the Debt Management Office, its banking provider (Barclays), Bank of Scotland (part of the Lloyds Banking Group) and the CCLA money market fund.

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

- Deposits could be made with banks and other financial institutions that have been rated by recognised independent credit rating agencies with a minimum score of "A", with £100m of the total amount deposited in the highest rated category. The credit element of the methodology focuses solely on the Short and Long Term investment ratings, therefore no longer including the viability and financial strength of the institution.
- Deposits can be made with other institutions that have not found it necessary to maintain a credit rating e.g. local authorities, and these are subject to an assessment of risk that is carried out internally. Deposits to these bodies are limited to £50m in total.
- No more than £15m is held with any one banking institution, except for the Debt Management Office (DMO), regardless of standing or duration, and a range of counterparties that operate in different sectors in the UK is used to reduce risk exposure.



- All the counterparties used are licensed to accept deposits in the United Kingdom and are regulated by the Financial Conduct Authority.
- Creditworthiness advice and market intelligence is received from treasury advisors, Capita Asset Services.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Combined Authority.

The Combined Authority had a total of £15.0m deposited with the Debt Management Office (DMO), UK banks and CCLA at 31 March 2017. 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 2017.

### **Liquidity Risk**

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

## **Market risk**

### **Interest rate risk**

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

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

The Capital and Treasury 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 does not invest in equity shares and hence currently has no exposure to losses arising from movements in the prices of the shares.

### **Foreign Exchange Risk**

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

## 12 Debtors

	31 March 2017
<b>Debtors</b>	<b>£000</b>
Other entities and individuals	2
<b>Total Debtors</b>	<b>2</b>

## 13 Creditors

	31 March 2017
<b>Creditors</b>	<b>£000</b>
Other local authorities	(469)
Other entities and individuals	(30)
<b>Total Creditors</b>	<b>(499)</b>

## 14 Cash Flow Statement – Cash and Cash Equivalents

Cash Flow Statement – Cash and Cash Equivalents	2017
	<b>£000</b>
Short Term Cash Investments	27,000
Bank Call Accounts	13,000
Bank Current Accounts	500
<b>Total Cash &amp; Cash Equivalents</b>	<b>40,500</b>

## 15 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:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Combined Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Combined Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Combined Authority's VAT registration is not yet complete. Furthermore in order to reclaim non-business related VAT, a Section 33 order is required, and this has not yet been enacted by HM Treasury, but is expected to be in place later this year. Discussions are ongoing with HMRC and it is hoped that all VAT will be eventually be reclaimed. As this is not confirmed, the Combined Authority has determined that a prudent approach should be taken to the expenditure in the accounts and no recovery of VAT has been assumed. Once the necessary arrangements are in place, any VAT related to the period covered by these accounts will be recovered in the next accounting period.
- The Combined Authority has received a number of capital grants, see note 5. A judgement has been required for each one, and although some of the grants have been ring fenced for specific purposes, there are no conditions in place that satisfy the requirements of the Code to treat the unspent elements of the grants as Capital Grant Receipts in Advance. All unspent capital grant funding has been accounted for in the CIES and transferred to the Capital Grants Unapplied Reserve.

## 16 Authorisation of the Accounts

The Interim Chief Finance Officer authorises these accounts to be issued by 30 September 2017.

# Accounting Policies

---

## General Principles

The Statement of Accounts summarises the Combined Authority's ('the Combined Authority') transactions for the period 3 March 2017 to 31 March 2017 and its position at the period-end 31 March 2017. 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 2016/17, 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.

## Underlying Assumptions

### *Going Concern*

The accounts have been prepared on the assumption that the Combined Authority will continue in existence for the foreseeable future.

### *Primacy of Legislation Requirements*

In accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards. The following legislative accounting requirements have been applied when compiling these accounts:

- Capital receipts from the disposal of property, plant and equipment are treated in accordance with the provisions of the Local Government Act 2003;
- The Local Government Act 2003 requires the Combined Authority to set aside a minimum revenue provision.

## Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Combined Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority;
- Revenue from the provision of services is recognised when the Combined Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority;
- 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.

### **Cash**

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 3 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.

### **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.

### **Financial Liabilities**

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

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

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

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

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

Gains and losses on the repurchase or early settlement of borrowing are charged to the Financing and Investment Income and Expenditure line in the CIES.

Repurchase may be part of restructuring the Combined Authority's loans portfolio. Restructuring involves the modification or exchange of existing instruments.

Any premium or discount on redemption of loans is added to the amortised value of the replacement loan. Premiums and discounts are written down to the CIES. This is done by adjusting the effective interest rate. Regulations allow the impact on the General Fund Balance to be spread over future years. The Combined Authority has a policy of spreading the charge over the remaining term of the loan replaced.

The amount charged to the CIES may differ from the charge against the General Fund Balance. An appropriate transfer is made from the Financial Instruments Adjustment Account in the MIRS.

### **Financial Assets**

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and do not have fixed or determinable payments.

#### *Loans and Receivables*

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

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

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

The carrying value for most loans made by the Combined Authority is outstanding principal repayable plus accrued interest. Interest credited to the CIES is the amount payable under the agreement.

When soft loans are made, a loss is recorded in the CIES. The loss is charged to the appropriate service line. The loss is the present value of the interest that will be foregone over the life of the instrument. The amortised value is therefore lower than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES. The effective rate of interest is higher than the actual rate, increasing 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 accounting period. The amount charged to the CIES may differ from the charge against the General Fund Balance. An appropriate transfer is made from the Financial Instruments Adjustment Account in the MIRS.

Assets are identified as impaired if there is a likelihood arising from a past event that payments due under the contract will not be made. The asset is written down and a charge made to the relevant service or the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows. The calculation is made by discounting at the asset's original effective interest rate.

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

#### *Available-for-Sale Assets*

Available-for-sale assets are recognised on the Balance Sheet when the Combined Authority is contractually committed to a financial instrument. The assets are initially measured and carried at fair value.

Where the asset has fixed or determinable payments, annual credits are made to the Financing and Investment Income and Expenditure line in the CIES. Interest receivable is based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument.

Some assets do not have fixed or determinable payments. Income is credited to the CIES when it becomes receivable by the Combined Authority.

Assets are maintained in the Balance Sheet at fair value. Values 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
- equity shares with no quoted market prices – multiple valuation techniques (which include market approach, income approach and cost approach)

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.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets.

The exception is where impairment losses have been incurred. Impairment losses are debited to the Financing and Investment Income and Expenditure line in the CIES along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Assets are impaired if

- There is a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments). The impairment loss is the difference between the carrying amount and the present value of the revised future cash flows. The calculation uses the asset's original effective interest rate.
- Fair value falls below cost. The impairment loss is the shortfall of fair value against the acquisition cost of the instrument. The acquisition cost is net of any principal repayment and amortisation.

Any gains and / or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

### **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 Taxation and 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.

### **Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Combined Authority's arrangements for accountability and financial performance.

### **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 period. 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 so that there is no net charge against Council Tax for the expenditure.

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

### **Value Added Tax (VAT)**

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

# Glossary

---

*Accounting Period* - 1st April to 31<sup>st</sup> March is the local authority accounting period. For 2017, the period is 3 March 2017 to 31 March 2017. It is also termed the financial year or financial period.

*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 period-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 period 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 3 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 period on the different reserves held by the Combined Authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

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

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

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

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

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

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

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

## Index of Notes to the Core Financial Statements

<i>Note</i>	<i>Description</i>	<i>Page</i>	<i>Note</i>	<i>Description</i>	<i>Page</i>
1	External Audit Costs.....	16	14	Cash Flow Statement – Cash and Cash Equivalents .....	22
2	Mayor’s and Member’s Allowances .....	16	15	Critical Judgement in Applying Accounting Policies .....	22
3	Officers’ Remuneration.....	16	16	Authorisation of the Accounts.....	22
4	Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure .....	16			
5	Comprehensive Income & Expenditure Statement – Taxation and Non Specific Grant Income.....	17			
6	Related Parties.....	17			
7	Expenditure and Income Analysed by Nature .....	18			
8	Movement in Reserves Statement – Transfers to / (from) Earmarked Reserves.....	18			
9	Financial Instruments .....	19			
10	Fair Value of Financial Assets and Financial Liabilities..	19			
11	Nature and Extent of Risks Arising from Financial Instruments .....	20			
12	Debtors.....	22			
13	Creditors.....	22			

# Annual Governance Statement

3 March 2017 to 31 March 2017

# Annual Governance Statement

---

## Scope of Responsibility

The Cambridgeshire and Peterborough Combined Authority (“the 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, having regard to a combination of economy, efficiency and effectiveness.

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

As the Combined Authority was formally established on 3 March 2017, the organisation is in its infancy and this is its first statement. Prior to its establishment, a shadow board was set up in December 2016 to oversee the development of the Combined Authority’s corporate governance arrangements. The Combined Authority has made good progress which is described in this statement and further progress will be made throughout the year. A copy of the Combined Authority’s constitution is available on its website.

The governance arrangements being developed will 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*

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

The Combined Authority acknowledges that good governance arrangements will enable it to establish effective policies and to deliver ambitious programmes to 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. For this reason, a review has been undertaken to establish progress in implementing its governance arrangements against the 2016 principles.

## The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Combined 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 Combined 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. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Combined Authority's policies, aims and objectives, to evaluate the likelihood of and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

As the organisation is in its infancy, the governance framework is in its development stage.

## **The Governance Framework**

### **Context**

Between March and June 2016, seven constituent councils across the Cambridgeshire and Peterborough area negotiated a devolution deal with Government. In June 2016, the constituent councils agreed a scheme for a combined authority for the Cambridgeshire and Peterborough area, with a directly elected Mayor, for wider consultation. Following extensive consultation with residents, businesses and stakeholders in Cambridgeshire and Peterborough over a six week period, the seven councils submitted the scheme to the Secretary of State for approval in November 2016. The Cambridgeshire and

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

The Cities and Local Government Devolution Act 2016 came into force on 28 March 2016, making Cambridgeshire and Peterborough local authorities amongst the first to establish a combined authority for its area under these new provisions.

The powers which have been devolved from Central Government to the Combined Authority include:

- Control of a new additional £20 million a year funding allocation, over 30 years, to be invested to the Cambridgeshire and Peterborough Single Investment Fund, to boost growth.
- £170 million to deliver new homes over a five-year period in Cambridgeshire and Peterborough which includes affordable, rented and shared ownership housing
- Responsibility for chairing an area-based review of 16+ skills provision
- Responsibility to develop a more effective joint working with the Department for International Trade to boost trade and investment through agreement of a Joint Export Plan
- Powers devolved to the new Mayor as part of the devolution plan include:
  - Responsibility for a multi-year, consolidated and devolved transport budget
  - Responsibility for an identified Key Route Network of local authority roads

- Powers over strategic planning and the responsibility to create a non-statutory spatial framework for Cambridgeshire and Peterborough and to develop with Government a Land Commission.

The Combined Authority is small in size and strategic in nature. The Combined Authority will adopt a commissioning model with delivery being undertaken by those best qualified to do so across the public and private sector.

Prior to the making of the Order, the constituent councils agreed to set up a shadow board to begin the process of putting in place appropriate governance arrangements to establish the Combined Authority. Following the making of the order, the first meeting of the Combined Authority Board was held on 20 March 2017, and the Combined Authority's first directly elected Mayor was elected on 4 May 2017 for a four year term of office until May 2021.

### **Cambridgeshire and Peterborough Combined Authority Structure**

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 Greater Cambridge Greater Peterborough Enterprise Partnership "the LEP":

- Cambridge City Council;
- Cambridgeshire County Council;
- East Cambridgeshire District Council;
- Fenland District Council;
- Huntingdonshire District Council;

- Peterborough City Council; and
- South Cambridgeshire District Council.

The Constitution for the Combined Authority sets out the Combined 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 an overview and scrutiny committee, and an audit and governance committee function.

The Scheme of Delegation provides for the day to day management and oversight of the Combined 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.

### **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 LEP will nominate one of its Members, normally the Chair and a substitute member. The Combined Authority Members comprise the Board. The Board's role and powers are set out in the constitution. Essentially, it provides strategic leadership for the Combined Authority area, approving strategies, policies and overseeing fiscal matters to ensure that the required outcomes are delivered. The Board meets monthly.

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 and may take part in the debate.

- (a) The Police and Crime Commissioner for Cambridgeshire;
- (b) Cambridgeshire and Peterborough Fire Authority representative;
- (c) Clinical Commissioning Group representative.

### **Mayor**

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

The functions of the Combined Authority are grouped into portfolios. In accordance with the Combined Authority's Constitution, the Mayor and the Combined Authority Board agree portfolio responsibilities in respect of those functions. The Mayor allocates the agreed portfolio responsibilities to each Member of the seven constituent councils. Each portfolio holder leads on his/her allocated portfolio functions and is accountable for his/her portfolio area. The Mayor has appointed two deputies.

### **Investment Working Group and the Delivery Working Group**

The Board is supported by two working groups: The Investment Working Group and the Delivery Working Group. Their terms of reference and membership are set out in the constitution. The operational governance arrangements are summarised in Appendix 1.

#### **Investment Working Group**

The Investment Group will oversee the development of investment opportunities from conception stage through to full, detailed business cases for approval by the Combined Authority Board. It is expected to meet monthly, or more frequently in the initial stages.

It will consider the area's future needs for infrastructure investment and help to maintain Cambridgeshire's competitiveness in the UK and across the world. It will take its lead from the Fiscal Strategy and work with the Single Investment Pot in addition to developing opportunities to lever private investment into the area.

The economic strategy will provide the basis for investment decisions made by the Combined Authority, although investments may take into account the objectives of the Cambridgeshire and Peterborough Devolution Deal. This will form the basis for business cases and show the linkages between single pot investments and growth in the economy of the area. The economic strategy will directly inform the development of the Cambridgeshire and Peterborough CA Infrastructure and Investment Plan. The plan will identify the strategic programmes and projects that will deliver sustainable

economic growth and support the social economy and health and well-being of the area.

Projects brought forward to the Investment Group may include schemes that enable housing, economic growth, skills, transport and digital connectivity. It will make recommendations to the Combined Authority Board as to the robustness of the business cases.

The Combined Authority has agreed with Government an assurance framework. The Investment Group will provide assurance to the Board and Government through the implementation of the framework arrangements. The expected inputs and outputs from the group are summarised in Appendix 1.

### **Delivery Working Group**

The Delivery Group will oversee the implementation of the devolution programme and its component projects or schemes, which may be cross-cutting or have interdependencies. It is expected to meet monthly.

It is the group to whom those commissioned to deliver projects initially report and it is accountable to the Combined Authority Board for the successful implementation and the achievement of the desired targets and outcomes.

The Combined Authority has agreed a monitoring and evaluation framework with Government. The Delivery Group will provide assurance to the Combined Authority Board and to Central Government through robust monitoring and evaluation arrangements for each of the commissioned projects. The

expected inputs and outputs from the group are summarised in Appendix 1.

### **Overview and Scrutiny Committee**

At its first annual meeting, the Board established an overview and scrutiny committee. The committee has been established to comply with the requirements of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017

It comprises 14 elected councillors, two from each of the seven constituent councils, and reflects the political balance across the Combined Authority area. Its primary role is to review and scrutinise decisions of the Combined Authority, prior to or after they have been made. They will 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.

A shadow committee was set up earlier in the year and work began with the Centre for Public Scrutiny to explore other areas of scrutiny. Members are keen to undertake 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. Now the committee is formally established it will be developing its role and its relationship with the board.



### **Audit and Governance Committee**

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

### **The Greater Cambridge Greater Peterborough Enterprise Partnership**

The Greater Cambridge Greater Peterborough Enterprise Partnership is a voluntary partnership between constituent councils and non-constituent local authorities and the business community, playing a key role in determining local economic priorities and growth. The Partnership is a key interface with Centre Government and the region, and offers policy advice and strategic direction aligned to the Combined Authority's objectives. The LEP is a key member of the Combined Authority. Three local authority leaders and the Mayor are members of the LEP recognising the importance of the LEP's role and the private sector in any growth strategies for delivery in the Combined Authority area.

### **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 Combined Authority's website in accordance with access to information requirements

in the 2017 Order. All board and committee meetings are held in public.

A Forward Plan identifying strategic decisions that will be made by the Board over a four month period is updated and presented to the Board each month. It will also include 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 four days after they are published to enable the overview and scrutiny committee to exercise its right to call-in decisions.

### **Financial Management**

A key responsibility of the Combined Authority is determining, agreeing and monitoring appropriate budgets in order for it to be able to fulfil strategic objective. The First budget was agreed at the first Board meeting in March 2017 and is regularly reviewed by the Board.

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, for the financial year 2018/9 onwards, the draft Budget shall be submitted to the Combined Authority Board for consideration and approval for consultation purposes before the end of December. The Board will agree the timetable for consultation and those to be consulted. The consultation period shall not be less than four weeks, and the consultees

shall include Constituent Authorities, the Local Enterprise Partnership and the Overview and Scrutiny Committee.

Before 1st February, having taken into account 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 agreeing the Mayor's budget where no agreement can be reached.

### **Developing Capacity**

The member structure is well defined, and following the appointment of the Chief Executive, a workforce plan will be developed to identify the resources required to ensure the organisation is best placed to deliver its objectives through a commissioning model.

### **Internal Audit**

Peterborough City Council provides the internal audit function, and the Chief Internal Auditor will be submitting the first audit plan to the first meeting of the Audit and Governance Committee.

### **External Audit**

Ernst & Young LLP has been appointed as the Combined Authority's external auditors and will be auditing these accounts.

### **Risk Management**

The Combined Authority's Audit and Governance Committee is responsible for overseeing the Combined Authority's risk management strategy and corporate risk register.

Corporate and project risk will be identified, recorded and will be monitored by the Delivery Group and the Audit and Governance Committee, and escalated to the Board where needed.

### **Managing Performance**

Given the level of investment the Combined Authority will generate, it is vital that robust programme management processes are developed for its programmes, across distinct themes and for collective consideration of outputs and outcomes. An evaluation and performance framework has been agreed by the Board and Government. A Performance Management Framework will be developed to monitor the impact of projects/programmes and to bring all the funding streams and programmes together to monitor cross cutting issues, and provide output and outcome information.

### **Review of Effectiveness**

The Combined Authority has responsibility for conducting an annual review of the effectiveness of its governance framework. This includes consideration of systems of internal control and arrangements for internal audit and assurance statement from key officers. The Combined Authority is in its infancy, just three months old. Therefore this review has

focused on where we are now and where we want to be in the year ahead against the Good Governance Principles.

### **Governance Issues**

The following actions to develop the governance arrangements are planned over the next year:

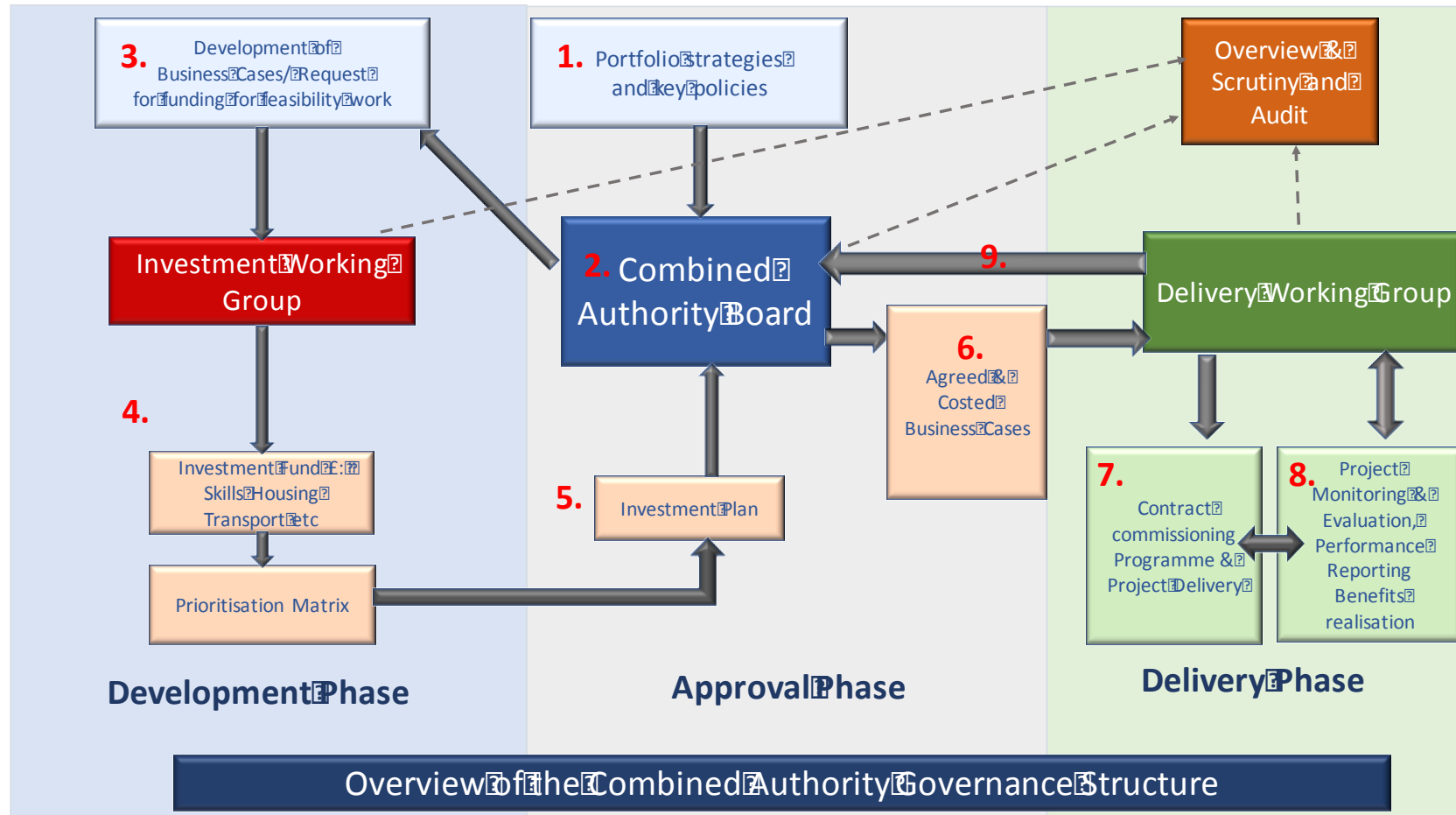


<b>Issue</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Date of Completion</b>
Code of Corporate Governance	Establish a Code of Corporate Governance in line with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government.	Kim Sawyer/Monitoring Officer & Finance Officer	
Whistleblowing,	These policies to be developed.	Kim Sawyer. Monitoring Officer	
Anti-fraud and corruptions Policies	These policies to be developed	Kim Sawyer, Monitoring Officer & Finance Officer	
Complaints procedure	Procedure to be developed once staff in place	Kim Sawyer. Monitoring Officer	
Risk Management	Establish risk management and reporting arrangements for corporate and individual projects.	Martin Whiteley, Chief Executive/Chief Finance Officer	
Communications Strategy	A strategy to be developed to include partnership frameworks and community engagement	Kim Sawyer. Monitoring Officer	
Economic Strategy	Strategy to identify evidence base	Martin Whiteley, Chief Executive	
Infrastructure and Investment Plan	Plan to identify strategic programmes and projects	Martin Whiteley, Chief Executive	
Performance Management	Systems to be established	Martin Whiteley, Chief Executive	



## Governance

The Diagram below shows the high-level roles, relationships & reporting lines between the different structures in the Combined Authority.



## Combined Authority Board

Role	To provide strategic leadership for the Combined Authority area, approving strategies, policies and overseeing fiscal matters to ensure that the required outcomes are delivered
Membership	The elected Mayor (Chair) One elected member from each Constituent council One member from the Local Enterprise Partnership
Meetings	Monthly

Items requiring Combined Authority Board Approval		
Strategies/ Policies/ Frameworks	Budget Matters	Governance
<ul style="list-style-type: none"> <li>• Economic Strategy</li> <li>• Investment Plan</li> <li>• Growth Strategy</li> <li>• Evidence Base</li> <li>• Housing Strategy</li> <li>• Local Transport Plan</li> <li>• Skills Strategy</li> <li>• Delivery Plan</li> <li>• Other strategies and plans as agreed</li> <li>• Assurance Framework</li> <li>• Programme Management Framework</li> <li>• Prioritisation Framework</li> <li>• Monitoring &amp; Evaluation Framework</li> <li>• Equality Framework</li> </ul>	<ul style="list-style-type: none"> <li>• CA budget</li> <li>• Fiscal Strategy</li> <li>• Plans for the allocation of transport-related funding</li> <li>• Treasury Management Strategy including borrowing limits</li> <li>• Capital Investment Strategy</li> <li>• Single Investment Fund Allocation</li> </ul>	<ul style="list-style-type: none"> <li>• Constitution</li> <li>• Establishment &amp; membership of committees &amp; sub-committees</li> <li>• Establishment and membership of Joint committees and commissions</li> <li>• Mayoral Allowance</li> <li>• Appointments of Statutory Officers</li> <li>• Appointment of Independent Person for Audit &amp; Governance Committee</li> <li>• Any other matters reserved to the Board</li> </ul>



Inputs to Combined Authority Board	Outputs from Combined Authority Board
<p><b>For approval:</b></p> <ul style="list-style-type: none"> <li>• Strategies, policies &amp; frameworks</li> <li>• Projects selected for inclusion via the prioritisation framework</li> <li>• Business Cases</li> <li>• Budget matters (as per above list)</li> <li>• Financial decisions</li> <li>• Statutory Officer &amp; Independent Person appointments</li> <li>• Governance arrangements (as per above list)</li> </ul> <p><b>For guidance/ decision:</b></p> <ul style="list-style-type: none"> <li>• Matters where a project or scheme has a major risk or issue that has been escalated to the Board</li> <li>• Other issues where guidance is required prior to CA board decision or escalation</li> </ul> <p><b>For information:</b></p> <ul style="list-style-type: none"> <li>• Reports including monitoring and evaluation of investment decisions</li> <li>• Delivery Working Group report including <ul style="list-style-type: none"> <li>➤ Progress reports on overall programme/ project delivery</li> </ul> </li> <li>• Corporate risk register and issues log</li> <li>• Outcomes of consultations</li> <li>• Audit reports</li> </ul>	<ul style="list-style-type: none"> <li>• Publicly available minutes</li> <li>• Record of decisions</li> <li>• Approved budget, strategies, frameworks, business cases etc</li> <li>• Clear direction &amp; instructions to the Investment Group and Working Group</li> <li>• Commissions i.e. to establish a sub-committee or agree to commission a partner authority to deliver a workstream</li> <li>• Reports to DCLG as required</li> </ul>

## Investment Group

<b>Role</b>	<p>The Investment Group will oversee the development of investment opportunities from conception stage through to full, detailed business cases for approval by the Combined Authority Board.</p> <p>It will consider the area's future needs for infrastructure investment and help to maintain Cambridgeshire's competitiveness in the UK and across the world. It will take its lead from the Fiscal Strategy and work with the Single Investment Pot in addition to developing opportunities to lever private investment into the area.</p> <p>Projects brought forward to the Investment Group may include schemes that enable housing, economic growth, skills, transport and digital connectivity. It will make recommendations to the Combined Authority Board as to the robustness of the business cases.</p> <p>It will provide assurance to The Combined Authority Board and to Central Government through the implementation the Assurance Framework arrangements.</p>
<b>Membership</b>	<p>Deputy Mayor (Statutory) - Chair Fiscal Portfolio Holder (Vice-Chair) Strategic Planning Portfolio Holder Chair of the LEP</p>
<b>Meetings</b>	<p>Supported by senior financial and legal advisors as appropriate Monthly</p>





Items requiring Investment Group input or action			
Strategies/ Policies	Budget Matters	Delivery-related	Governance
<ul style="list-style-type: none"> <li>• Fiscal Strategy</li> <li>• Investment Strategy</li> <li>• Strategic Infrastructure Delivery Plan</li> <li>• Local Transport Plan</li> <li>• Transport Strategy including Key Route Network (management &amp; maintenance)</li> <li>• Bus Franchising (subject to the Bus Services Bill)</li> <li>• Investment Plan</li> </ul>	<ul style="list-style-type: none"> <li>• CA budget (&amp; MTFP)</li> <li>• Local Transport Budget</li> <li>• Single Investment Pot</li> <li>• 19+ Skills budget (from 19/20)</li> <li>• Apprenticeship Grant for Employers</li> <li>• Contracts (as per contract standing orders)</li> <li>• New Local Government Finance System</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritisation Framework</li> <li>• Project Appraisal process</li> <li>• Individual business cases for schemes/ projects</li> <li>• Individual project/ programme risks, issues, changes, exceptions, close down</li> </ul>	<ul style="list-style-type: none"> <li>• Governance arrangements               <ol style="list-style-type: none"> <li>1. Assurance Framework refresh</li> <li>2. 5-yearly evaluation panels (Investment Fund Grant)</li> </ol> </li> </ul>
Inputs to Investment Group		Outputs from Investment Group	
<b>For review and comment to the CA Board:</b> <ul style="list-style-type: none"> <li>• Strategies, policies &amp; frameworks (will feed into the Investment Plan produced by the Investment Group)</li> <li>• Business Cases (linked to prioritisation framework)</li> <li>• Budgets</li> <li>• Financial decisions</li> <li>• Governance arrangements</li> </ul>		<ul style="list-style-type: none"> <li>• Minutes of the meetings</li> <li>• Recommendations to the CA Board on budgets, strategies, frameworks, business cases etc</li> <li>• Investment programme/ project pipeline</li> <li>• Investment Plan</li> <li>• Reports on the Investment budget (Single Pot)</li> <li>• Reports that provide an assessment of the outcomes and impact of each project to the Combined Authority Board</li> <li>• Reports for Overview and Scrutiny</li> </ul>	



**For Investment Group action:**

- Draft Investment Strategy for detailed review and input
- Draft Investment Budget (single pot) for detailed review, input and comments throughout its stages of preparation
- Development of an Investment Plan
- Business Cases for projects that are to be assessed via the prioritisation framework
- Matters where a project or scheme has a financial risk or issue that has been escalated to the Investment Group
- Other issues where guidance is required prior to CA Board decisions
- Annual review of Local Assurance Framework
- Outcome reports from the Delivery Group to be reviewed and inputted to, identifying the benefits, direct and indirect impacts in order to provide evidence of success of the investment
- Project Closedown report for Investment Group recommendation to closedown

**For information:**

- Economic and other local data/ Intelligence to inform strategy development and identification of needs
- Modelling information and data to inform options
- Delivery Group reports
- Progress reports on overall programme/ project delivery
- Corporate risk register and issues log
- Outcomes of consultations
- Audit reports

- Commissions i.e. to produce an investment strategy, investment budget
- Refreshed Local Assurance Framework

## Delivery Group

Role	<p>The Delivery Group will oversee the implementation of an approved Cambridgeshire and Peterborough devolution programme and its component projects or schemes, which may be cross-cutting or have interdependencies.</p> <p>It is the group to whom those commissioned to deliver projects initially report and is accountable to the Combined Authority Board for the successful implementation and the achievement of the desired targets and outcomes.</p> <p>It will provide assurance to The Combined Authority Board and to Central Government through robust monitoring and evaluation arrangements for each of the commissioned projects.</p> <p>Projects may include schemes that enable housing, economic growth, skills, transport and digital connectivity.</p>
Membership	<p>Deputy Mayor (Constitutional) - Chair Housing Portfolio Holder (Vice Chair) Employment &amp; Skills Portfolio Holder Transport &amp; Infrastructure Portfolio Holder</p> <p>It will invite to the Board non-voting independent advisors such as financial and legal professionals and those with specialist expertise in matters relating to the programmes to be delivered, as it considers appropriate.</p>
Meetings	Monthly



Items requiring Delivery Board Review, Input or Action			
Strategies/ Policies	Budget Matters	Delivery-related	Governance
<ul style="list-style-type: none"><li>• Investment Plan for information</li><li>• Other strategies and plans for information only</li></ul>	<ul style="list-style-type: none"><li>• MTFP for information</li><li>• Contract approval (as per contract standing orders)</li><li>• Monitoring delivery of approved projects/ schemes against budget</li></ul>	<ul style="list-style-type: none"><li>• Strategic Programme Delivery Plan</li><li>• Individual business cases for schemes/ projects</li><li>• Individual project/ programme risks, issues, changes, exceptions</li><li>• Performance Management &amp; Reporting</li><li>• Day to Day project Monitoring &amp; Evaluation</li><li>• Benefits realisation &amp; Outcome Measurement</li><li>• Agreements with providers/ partners</li></ul>	<ul style="list-style-type: none"><li>• Governance arrangements<ol style="list-style-type: none"><li>1. Assurance Framework refresh</li><li>2. Monitoring &amp; Evaluation Framework</li><li>3. 5-yearly evaluation panels (Investment Fund Grant)</li><li>4. Performance Management Framework</li></ol></li></ul>



Inputs to Delivery Group	Outputs from Delivery Group
<p><b>For review and comment to the CA Group:</b></p> <ul style="list-style-type: none"> <li>• Strategies, policies &amp; frameworks as appropriate</li> <li>• Business Cases (since this Group will oversee their delivery)</li> </ul> <p><b>For the Operation of the Delivery Group:</b></p> <p><i>Initial items:</i></p> <ul style="list-style-type: none"> <li>• Programme management arrangements including Toolkit and reporting templates to be agreed and implemented across all projects</li> <li>• Standard Contract management arrangements to be developed</li> <li>• Performance Management arrangements and reporting to be developed</li> </ul> <p><i>Ongoing items:</i></p> <ul style="list-style-type: none"> <li>• Pipeline of projects from Investment Group and approved by CA Board to be built into Strategic Programme Delivery Plan</li> <li>• Project plans from leads for initial signoff before commencement</li> <li>• Detailed programme plans, project resourcing plan, corporate risk register and issues log for review and maintenance</li> <li>• Project Highlight reports for review, direction and comment</li> <li>• Exception reports where a project or scheme has a financial, technical, timescale or other risk/ issue</li> </ul>	<ul style="list-style-type: none"> <li>• Minutes of the meetings</li> <li>• Record of decisions (made within the parameters allowed)</li> <li>• Recommendations to the CA Board as appropriate</li> <li>• Programme Management Framework</li> <li>• Strategic Programme Delivery Plan</li> <li>• Individual detailed project plans (with officer support)</li> <li>• Refreshed Evaluation and Monitoring Framework (annual)</li> <li>• Project update reports and overall programme update reports</li> <li>• Highlight and exception reporting</li> <li>• Corporate Risk Register and Issues Log</li> <li>• Lessons Learned Log</li> <li>• Reports that provide an assessment of the benefits, outcomes and impacts of each project to the Investment Board (for input) and the Combined Authority Board</li> <li>• Reports for Overview and Scrutiny</li> <li>• Project Closedown reports to Investment Group &amp; CA Board</li> </ul>



- Other issues where guidance is required prior to CA Board decisions or escalation
- Draft outcome reports identifying the benefits, direct and indirect impacts in order to provide evidence of success of the investment – production overseen by the Delivery Group for submission to the Investment Group and the CA Board
- Project Closedown report for Investment Group agreement
- Lessons Learned Log – review and learning shared
- Annual review of Evaluation and Monitoring Framework

**For information:**

- Economic and other local data/ Intelligence to inform strategy development and identification of needs
- Modelling information and data to inform options
- Delivery Group reports
- Progress reports on overall programme/ project delivery
- Corporate risk register and issues log
- Outcomes of consultations
- Audit reports



CAMBRIDGESHIRE  
& PETERBOROUGH  
COMBINED AUTHORITY

## Certification

As Leader and Chair of the Audit and Governance Committee, we have been advised on the implications of the results of the review of effectiveness of the Combined Authority's governance framework, by the Audit & Governance Committee.

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the Combined Authority to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operations as part of our next annual review.

Signed:

Martin Whiteley, Chief Executive

Date:

21.9.2017

Signed:

John Pye, Chair of the Audit and Governance Committee

Date:

21/9/17