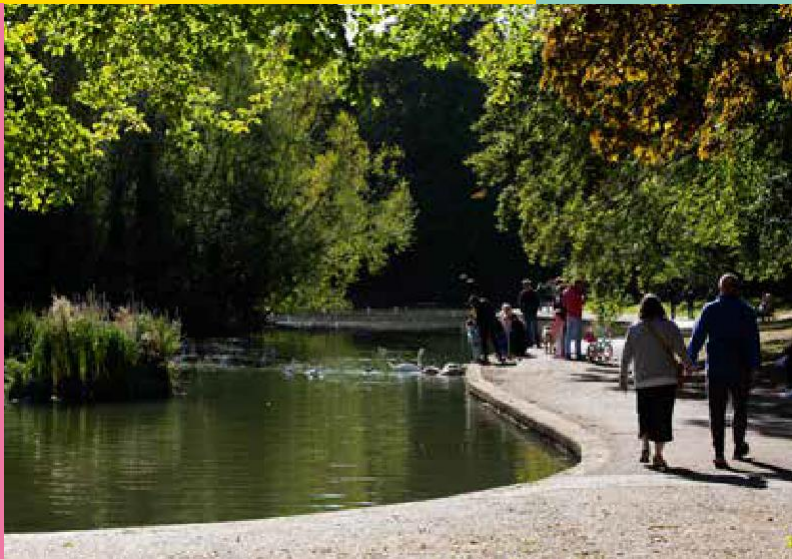


DRAFT STATEMENT OF ACCOUNTS

For the year ended
31st March 2022



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Narrative Report

Overview

The West of England is a dynamic and successful place. The people, communities, and organisations that call this region home are proud of our achievements and are ambitious for our future.

The West of England Combined Authority is led by the Metro Mayor and brings together the Leaders of the three councils that are Combined Authority members, Bristol, Bath & North East Somerset, and South Gloucestershire. The Authority works with other public service, industry partners and communities to deliver for the region. The Authority also works closely with North Somerset Council.

The Combined Authority was established in 2017 and Dan Norris came into office in May 2021. As Metro Mayor, he is leading the delivery of significant reform for the region. Since the 2021 election, over £700m in new investment has been secured for the West of England and new plans are in place to improve transport provision, take action to tackle the climate and ecological emergency, and to support people and communities to recover from the impacts of covid. The Authority is increasingly focusing its efforts on addressing and ameliorating the impact that inflation, higher interest rates, and the current and future economic and international issues are having on the cost of living for our residents and the costs to business.

2021/22 has been a year of change in the West of England. There has been a decisive shift towards delivery, ensuring investment is seen and felt by the people who live, work and visit the region. There is more change to come as the delivery of significant transport investment picks up pace and as we expand the skills, training and business support services we deliver to ensure a skilled workforce and businesses are retained and attracted to the West of England.

The significant increase in funding coming into the region is a real success – the challenge now is to make sure investment hits the ground as quickly as possible. To speed up delivery, we will increase the frequency of programme reviews, constructively challenge delays, and ensure oversight for delivery is transparent and public. Where delivery can and should move faster, the Combined Authority will focus on helping achieve this working with the Unitary Authorities and our partners.

Underpinning everything the Combined Authority does is an ever-increasing focus on taking action to tackle the climate and ecological emergencies. In the past year, the regional Climate and Ecological Strategy and Action Plan has been fully refreshed and its ambition extended. The Combined Authority has established a £50m Green Recovery Fund, and investment from that fund is already having impact. More action is being taken to help people make their homes energy efficient; community groups are being supported to develop habitats that will help grow the number of pollinators in our region; and we are investing to ensure our transport networks become increasingly green. Tackling climate change will continue to underpin every decision we make.

In 2021/22, the Combined Authority has taken action to make a real difference to the lives of people across the West of England. Though significant economic and inflationary challenges will remain our largest challenge, the focus on delivery will be unrelenting, putting the West of England on the map for regional, national and global success.

This narrative report provides information about the Combined Authority and action that has been taken in the past year. It complements the financial position set out in the report.

Our Priorities

Over the past year, the Combined Authority has refocused its priorities, ensuring the work of the organisation is focused on strengthening delivery and maximising investment (and making each pound of investment work as hard as possible). Our priorities and progress against each of them in the past year is set out below.

Priority	2021/22 progress
<p>Create West of England Sustainable Transport - delivering the transport improvements the region needs - changing how people travel within the region with more journeys by bus, train, cycling and walking. Making journeys affordable, reliable, enjoyable, and safe</p>	<ul style="list-style-type: none"> • Secured a £540m City Region Sustainable Transport Settlement (the highest level of funding, per head, awarded across the country) and agreed regional delivery plans, which will create 100 miles of transport corridors (including bus lanes and cycle lanes) • Secured a £106m Bus Service Improvement Plan settlement – the second highest in the country - and began work on a bus service review, which will help buses run more reliably, improve the frequency on well-used routes, and develop demand responsive transport to meet the needs of more rural communities. • Launched the West of England’s first ever ‘tap on, tap off’ bus payment system – paving the way for future reform. • Put plans in place for 6 new rail stations to open over the next five years- Portishead, Pill, Henbury, North Filton, Ashley Down and Charfield • Opened a new Park & Ride site at Yate; with 236 car parking spaces • Opened new cycling and walking routes, including at Chew Valley Lake
<p>Tackle the climate and ecological emergency - investing and taking tough decisions to tackle the climate and ecological emergency so we breathe cleaner air</p>	<ul style="list-style-type: none"> • Established a £50m Green Recovery Fund and made the first investments, including to help increase support for people to make their homes energy efficient. • Supporting over 100 businesses through the Green Business Grant to reduce their carbon footprint and costs, and delivered over 400 free carbon surveys to businesses. All leading to 1,358 tCO2e saved in a year. • Delivering key Green Infrastructure programmes to improve the quality of the natural environment within the region including Chew Valley Lake and Common Connections • Launched the Bee Bold Business Awards to celebrate existing good practice amongst regional businesses in supporting pollinator spaces and encouraging action amongst others. • Taken forward a transport decarbonisation study to begin to scope out options for significantly reducing emissions from transport – ensuring our transport decisions draw on the most up to date evidence • Providing a £52m green homes retrofit programme for low-income households through the South-West Net Zero Energy Hub.

<p>Secure decent jobs and training - bringing secure and fairly-paid jobs to the region including 23,000 green jobs</p>	<ul style="list-style-type: none"> • Secured £3.3m new funding for short training courses that will help people enter or progress in work. Courses will focus on improving residents job prospects in areas where jobs are growing, such as the retrofit and digital skills sectors. • Invested over £15m of Adult Education Fund budget, ensuring people across the region have access to good quality training. • Delivered over £9m of grant funding through our Covid Recovery Strategy and Creative Scale-Up programmes, including supporting over 120 creative businesses and freelancers to receive tailored training, peer to peer support and mentoring to help them grow. • Supported growth in local jobs and safeguarded existing ones by helping businesses to find the right support to help them grow (through our West of England Growth Hub). We've also brought new employers to the region. Since April 2021, 70 businesses have been helped to land in the West of England with the potential to create 2,750 new jobs and safeguard a further 900. • Supported more people to progress in work through the continued success of our Future Bright programme – with close to 2,000 new referrals to the programme and supporting many of these people with one to one with support to progress in work. In addition, 252 businesses are now being supported with developing the skills of their workforce through the Workforce for the Future programme. • Given children from all background access to information and experience of engineering careers – ensuring young people know about the range of opportunities open to them. More than 4,200 children from 60 schools in the West of England have used the DETI Inspire services.
	<ul style="list-style-type: none"> •
<p>Increase the availability of affordable places to call home - working to increase the availability of homes that people can afford in communities they are proud to call home</p>	<ul style="list-style-type: none"> • Delivered on the funding gap that was holding back progress in the Temple Quarter development. £95m in new funding has been secured, which will help support the building of affordable homes. • Launched our Place Making Charter, providing a framework to ensure future development in the region is clean, inclusive and responsive to the challenges of climate change.
<p>Put the West of England on the map for national and global success - Supporting people and places across all parts of the region to build on our reputation as a region of innovation and creativity</p>	<ul style="list-style-type: none"> • Delivered a Cultural Plan for the region, which will help tackle labour shortages, support recovery of the region's hospitality, tourism and creative sectors, and raise our profile on the national and international stage. • Strengthening digital infrastructure in the region, ensuring more people have access to high-speed services. • Delivered funding to support the continued expansion of our film and TV industry, including the expansion of Bristol's Bottle Yard studios. • Delivered over £460,000 in grants to organisations developing

	<p>creative and innovative products, processes and services.</p> <ul style="list-style-type: none">• Attracted further businesses to the region as our world-renowned creative cluster continues to grow, supported by the Combined Authority inward investment team, Invest Bristol & Bath.• We're developing our world class Digital Engineering, Technology and Innovation capacity – upskilling both the current and future workforce and inspiring the next generation of engineers.
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Our Ambition

In 2021/22 and the years to come, the Combined Authority will continue to focus on the priorities set out above. Through the action we take, we are focused on delivering tangible improvements for people across the region. The outcomes we are focused on delivering are set out below.

The projects and programmes described in this business plan are expected to deliver significant benefits to the region when they are completed.

We have made an estimate of the impact of these projects. This includes projects across all of the Combined Authority's funding streams, for delivery up to 2025-26. These measures identify the key strategic themes of delivery, but do not capture the full value of these projects, which will provide a range of other specific benefits.

By 2025-26, the Combined Authority will deliver the following against our priorities:

2. Tackle the climate & ecological emergency

- Enabling residents to take public transport and increasing rates of walking and cycling
- supporting the development of sustainable housing and employment space
- helping people across the region to gain green skills and jobs

We are bringing forward programmes to meet our ambition. Subject to approval, initial actions will deliver:

- Support the retrofit of at least 1,700 homes, and stimulate private investment to go further
- Over 22ha of improved pollinator habitats

4. Affordable places to call home

- We will enable the development of homes across the region, including 8 current projects directly enabling over 4,200 homes
- Delivery of flood defences to protect and enable 19,400 jobs and £3.8bn of GVA
- Delivery of over 375ha of improved natural green spaces

1. Create West of England sustainable transport

- 500,000 new bus journeys per year, and significant improvements locally
- 1,300,000 new rail journeys per year
- Six new railway stations opened
- Delivery of 100 miles of sustainable transport corridors across the region (including Chipping Sodbury, Somer Valley, Hengrove, Bristol and Bath)

3. Secure decent jobs & training

- Over 13,400 new jobs
- Over 45,000 learners gaining new qualifications or skills
- 1,870 people supported to gain increased earnings, and many more moving into work
- Supporting upskilling by enabling at least 470 small businesses to access skills and training support

5. Put the West of England on the map for national & global success

- 90 new products or services brought to market through CA support
- 110 new research and development projects carried out
- Engage 1,000 small businesses in innovation and provide intensive support to 470, including registering intellectual property rights
- Approximately 7,000 business receiving enterprise support
- 195 businesses supported to bring inward investment to the region, and hundreds of new businesses started
- Bringing increased Government investment to the region – supporting residents and our economy to thrive

Our Operating Environment

Like all organisations, the Combined Authority is currently dealing with the impact of growing inflation and the continued impact of Covid. We are taking action to ensure our investment plans are robust and mitigate for risks. We are continuing to develop the organisation, ensuring it remains in a strong position to deliver. 2021/22 has seen significant progress in putting the Combined Authority on a clear delivery footing. In 2022/23, we will continue to build on this while also focusing on strengthening the range of devolved powers in place in the West of England.

The Combined Authority remains squarely focused on strengthening the region, its economy, and improving opportunities for people across the region both now and in the future.

Performance

The Combined Authority’s overall approach to monitoring and evaluation of activities across the region and the Local Enterprise is set out below. This covers both performance reporting and risk management.



All combined authorities are currently subject to five-yearly gateway reviews as part of the national gateway process to assess the delivery and outcomes achieved through investment fund type arrangements. This process provides an independent evaluation for Government of the impact of these funds based upon an agreed methodology nationally. The West of England Combined Authority gateway review was carried out during 2020. This focused on a number of key themes including progress with delivery and spend, together with the extent to which these funds have enabled enhanced partnership working and the building of delivery capacity, measured through interviews with around 30 key stakeholders. The review also included two very positive case studies, one around the innovative approach through the repayable Land Acquisition Fund to unlock housing delivery, and the other around the development of a long-term strategic rail programme and developing the capacity, with partners, to deliver it.

Following a challenge session with representatives from relevant Government departments, in July 2021 it was confirmed that the Combined Authority had successfully passed the first of these scheduled reviews, unlocking the next five-year tranche of Investment Funds. As already set out in the devolution deal document, this amounts to funding of £150 million from Government over the next five years, starting in 2021-22. As part of the process the Combined Authority produced a [Complementary Report](#) to provide context for the review

The next gateway review will focus on the impact of completed interventions and we anticipate that information about the preparation for this will be issued during 2022 as part of a 'mid-term non-scored review' ahead of the next formal review in 2025.

Financial Performance

The following paragraphs provide a brief overview of the financial position in terms of the West of England Combined Authority's management accounting framework rather than the statutory accounting framework, to aid in understanding the statutory financial statements.

Under the Order establishing the Combined Authority, it must maintain a separate fund to record the expenditure of the Mayor's Office, including the annual running costs of his immediate support staff, the costs of the Mayoral elections and grant expenditure which is incurred under the Mayor's powers of determination.

Mayoral Fund

The Mayoral Fund's outturn revenue position for the 2021/22 financial year is as detailed in the table below.

Mayoral Fund April to March 2022			
	2021/22 Budget £'000s	2021/22 Outturn £'000s	Variance £'000s
EXPENDITURE			
Staff	211	180	31
Premises Services	13	13	0
Support Services	10	10	0
Supplies & Services	15	30	(15)
	249	233	16
Mayoral Election Costs	396	1074	(678)
Payment to Reserve	0	0	0
Contribution to Highway Grants			
Integrated Highway	5,183	5,224	(41)
Highway Maintenance Grants	10,254	7,071	3,183
Highway Incentive Grants	2,135	1,768	367
	17,572	14,063	3,509
Total Expenditure	18,217	15,370	2,847
INCOME			
Business Rates Retention Pilot	17,572	14,063	3,509
Transfer from Reserve	0	947	(947)
Funding Contribution from CA	645	360	285
Total Income	18,217	15,370	2,847
NET TOTAL – Under/(Over) Spent	0	0	0

- Capital Highways maintenance funding from Department of Transport reduced by 20% from March 2021.
- Election costs - contributions totalling £1.2m over last three years made to earmarked reserves from revenue and drawn down to cover the election costs in 2021-22.

The West of England Combined Authority Fund Revenue Budget

A net outturn of £87k (2020/21: £1,127m) surplus was achieved in 2021/22 which is mainly due to higher income received from investing cash balances.

In-year spend on Government funded projects is £11.3m higher than originally budgeted with the main variations being various new approved projects which have been added since the budget was approved in January 2021 and increase in the Adult Education Budget (AEB).

Following January 2022 committee, the total transport levy was reduced by £280k to £21.175m, which consisted of £252k reduced concessionary fares and £28k reduced supported bus services capacity; in relation to North Somerset Council's contribution to the regional operational transport budget. Transport operations during 2021-22 were affected through reduced patronage and amended provider routes due to the Covid pandemic. Government grants for supporting bus operations have been received within the year although such grants are uncertain in terms of their future value and duration. The 2021/22 outturn was a net £1,347k underspend, (difference between levy income, grants received and spend).

The West of England Combined Authority Committee, in January 2022, approved transferring the underspend in 21/22 to earmarked reserves to invest in further support to regional bus services to protect routes, particularly in rural areas and other communities not well served by public transport, during 2022/23. Accordingly, the underspend of £1,347k has been transferred to earmarked reserves.

A summary of the West of England Combined Authority outturn position is detailed in the following table:

West of England Combined Authority Fund April to March 2021/22			
	Budget £'000s	Outturn £'000s	Variance £'000s
EXPENDITURE			
Staff	8,098	8,990	(892)
Supplies & Services	6,830	6,625	205
Third Party Payments	43,824	57,241	(13,417)
Overhead	(464)	(686)	222
Recharge Income	(1,727)	(1,796)	69
Transfer to Reserve	151	2,579	(2,428)
Total Expenditure	56,712	72,953	(16,241)
INCOME			
Transport Levy	21,455	21,175	280
Business Rates Retention Pilot	1,200	118	1,082
Government Grants	18,720	30,017	(11,297)
Investment Fund Grant	14,307	17,275	(2,968)
Other Income and Contributions	0	643	(643)
Interest on Balances	1,030	2,428	(1,398)
Transfer from Reserves	0	1,384	(1,384)
Total Income	56,712	73,040	(16,328)
NET TOTAL – Surplus	0	87	(87)

Financial Reserves

Upon formation, there were no general or earmarked reserves or balances allocated to the Combined Authority from its constituent councils. Therefore, in April 2018, the West of England Combined Authority Committee agreed to establish appropriate risk assessed levels of reserves.

The level of business rates growth has slowed down in the region, even prior to the COVID-19 situation. The Combined Authority's share of the business rates retention pilot is 5%, budgeted at £1.2m for 2021/22 which was predicted during the year not to be achieved as reported previously to the Committee. The Combined Authority's business rates retention share is dependent on the actual business rate submissions from the individual constituent authorities, which have been further complicated over the last 18 months due to various Covid-related government grants received as compensation for business rate income losses. The final out-turn figure is to be confirmed upon completion of NNDR3 returns by the constituent authorities.

The Combined Authority General Reserve, as at 31 March 2022, is expected to be £2m which is 3.6% of the 2021/22 revenue budget. The future revenue position remains volatile whilst core operating costs are funded through temporary sources such as Mayoral Capacity Fund and Business Rates Retention pilot share.

Although there is no explicit guidance on the appropriate level of unearmarked financial reserves that an authority should retain, general practice suggests that these should be in the region of 5% of the annual net revenue budget. The Combined Authority's revenue budget for 2021/22, as approved by Committee on 29 January 2021, was £56.7m against which 5% would represent £2.8m. As such, our current reserve holding is low, and we will continue to review opportunities for further contributions in line with the Reserves Policy which was approved by the Committee on 28 January 2022. More details on the Authority's reserves can be found in Disclosure Notes 24 and 25.

Capital

In January 2022, the Committee approved a £450m investment programme to March 2026 spanning the Investment Fund and Transforming Cities Fund. This sits within the framework of the Capital Strategy, updated in January 2022, which covers the parameters, priorities, uses and constraints of Combined Authority funding.

The funding available through the Investment Fund and Transforming Cities Fund over the period to 2025/26 includes a level of structured over programming.

A high-level summary of the approved programme, as at April 2022, is detailed in the following table:

	Funding Awards and Allocations £'000s
	Apr-22
Transport Infrastructure	
Approved Awards and Allocations	120,468
Associated 'tail' required to deliver all projects up to March 2026	44,316
Total Investment in Transport Infrastructure	164,784
Housing, High Streets and Green Infrastructure	
Approved Awards and Allocations	81,259
Associated 'tail' required to deliver all projects up to March 2026	869
Total Investment in Housing Infrastructure	82,127
Business and Skills	
Approved Awards and Allocations	122,005
Associated 'tail' required to deliver all projects up to March 2026	20,568
Total Investment in Business and Skills Infrastructure	142,573
Leverage Match Fund / Other	
Funding put aside to respond to external funding opportunities	9,061
Approved CA set up, operating costs and elections up to 2026	9,768
Headroom	41,686
Total Investment Programme up to March 2026	450,000

The Investment Fund programme will need to be kept under review to respond to new priorities, challenges, and opportunities.

The Investment Fund proportion of the West of England Combined Authority Investment Programme is flexible in terms of being 50% revenue and 50% capital. This allows schemes to progress through feasibility studies and early business case development prior to the need for capitalisation.

In terms of capital spend, the 2021/22 outturn position is expenditure of £57.4m against a revised budget of £81.3m as detailed in the table below:

West of England Combined Authority and Mayoral Capital Programme 2021/22			
	Revised Budget £'000	Outturn £'000	Variance £'000
West of England Combined Authority Capital			
Business Case Development	878	246	632
Cribbs Patchway Metrobus Extension	7,317	6,336	981
CPNN Cycle Links (post FBC/ Delivery)	774	543	231
On Bus Contactless Payment	32	29	3
Great Stoke Roundabout Improvements	30	11	19
Wraxall Road	3,638	3,567	71
Centre for Digital Engineering Technology	18	-10	28
Whitfield Tabernacle Kingswood	602	439	163
Thornbury Hospital	3,771	3,617	154
Keynsham Town Centre	425	196	229
South Bristol Industrial Light Workspace	148	0	148
Metrowest phase 1	5,860	0	5,860
Metrowest phase 2	5,584	1,660	3,924
Yate A432 Park & Ride	3,904	3,443	461
Low Carbon Challenge Fund Extension	80	63	17
Bottle Yard Studios	7,633	6,181	1,452
Bath Quays Bridge Cycle/Pedestrian Links	170	0	170
Bath University Walking & Cycle Routes	80	0	80
Old City and King Street	344	0	344
St George Liveable Neighbourhood	100	0	100
Strategic Cycle Route Connecting Thornbury	125	45	80
Strategic Cycle Route Connecting Yate	125	41	84
Chew Valley Lake Recreational Trail	1,132	0	1,132
Bath City Centre High Streets Project	172	0	172
North Keynsham Land Acquisition Fund	467	0	467
Concorde Way / Dovercourt Depot	50	0	50
Grovesend Road - Gillingstool	20	0	20
Filton to MoD	20	0	20
Keynsham Road	15	0	15
Bristol Temple Meads Station Eastern Entrance	7,242	5,338	1,904
	50,756	31,745	19,011

West of England Combined Authority and Mayoral Capital Programme 2021/22			
	Revised Budget £'000	Outturn £'000	Variance £'000
West of England Combined Authority Capital - Other			
FTZ DfT funding to the capital programme	8,340	1,946	6,385
DfT Active Travel Fund to the capital programme	1,099	2,632	-1,533
	9,439	4,577	4,862
Mayoral Capital			
Highways and Transport Grants	14,063	14,063	0
Pothole Action Fund Grant	7,071	7,071	0
	21,134	21,134	0
Grand Total	81,329	57,457	23,872

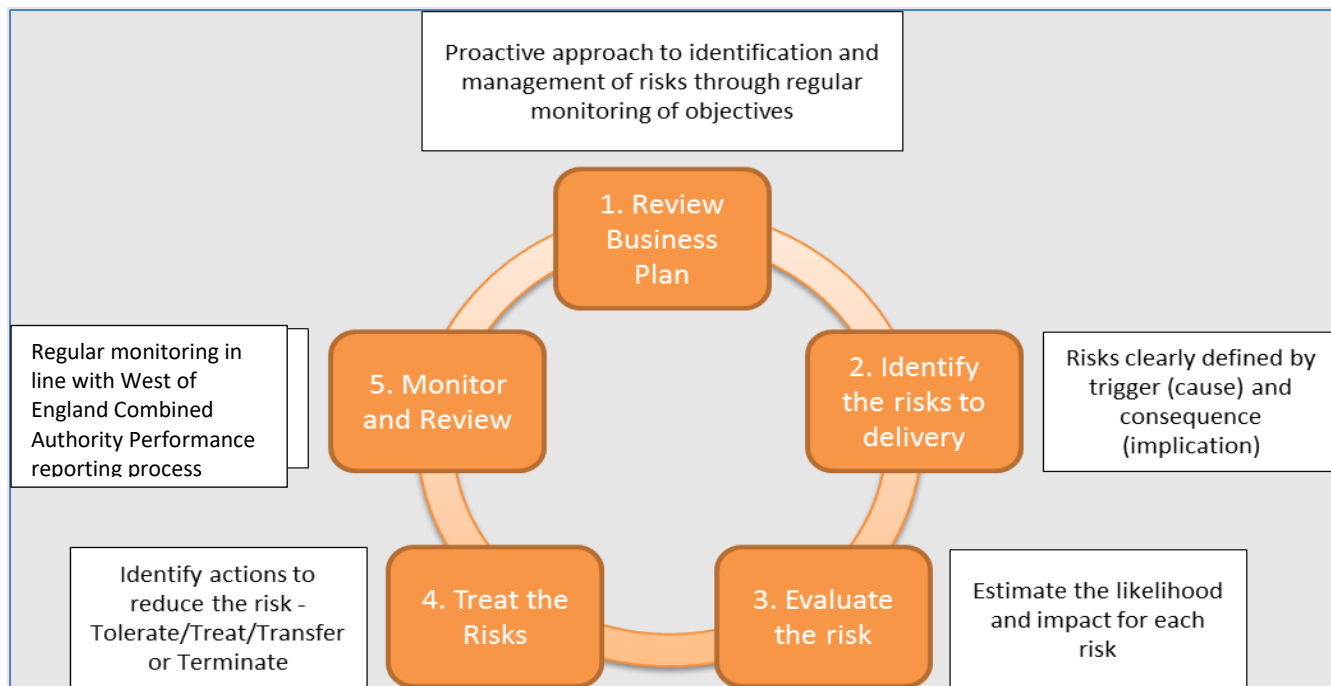
The reduced capital spend primarily reflects the re-phasing of activities in relation to the various schemes which are taking place slightly later than originally planned. The main variances at the end of March were contained within the metrobus Phase 1 and 2 capital schemes.

Risks and Opportunities

The West of England Combined Authority is committed to deliver our strategic objectives whilst retaining a clear focus on the potential risks and opportunities associated with the activities set out in the annual business plan.

The corporate risk framework ensures that key risks are identified, managed, and monitored and that risk management is an integral part of the Combined Authority's reporting process. It is reviewed each year by the Audit Committee.

Risk management is a cyclic process as illustrated below. Activities to identify and manage risks require regular monitoring of progress against the objectives in the business plan, the key risks to delivery, emerging risks, and the impact of mitigating actions.



The Combined Authority has strengthened this process during 2021, working with the Operational Management Team (Heads of Service and SMT members) to review the cross-cutting risks to delivery and to draw on collective expertise and understanding to help identify mitigations.

The Combined Authority has in place an effective system of internal control designed to identify and manage risks to a reasonable level. A risk based Internal Audit Plan is considered by senior officers and approved through the Audit Committee. Grant Thornton UK LLP are the external auditors for the West of England Combined Authority who maintain an independent view on the strength of our financial governance and delivery of value for money.

Medium Term Financial Outlook

The West of England Combined Authority published a Medium-Term Financial Forecast, in January 2022, as part of the 2022/23 Revenue Budget setting. At that time, the anticipated spend of revenue budgets has been profiled across financial years up to 2025/26 and is shown below. Overall grants and committee approvals amount to **£277m** for the period, with **£64.9m** relating to 2022/23 as detailed in the following table:

	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
Core Revenue Funding	3,588	4,012	3,552	3,560	3,270	17,982
Specific Grant Funding	17,748	18,565	17,569	17,569	17,569	89,020
Investment Fund (managed by West of England CA)	17,771	16,235	6,986	222	0	41,214
Transport Levy (and NSC Recharge)	21,176	21,427	21,855	22,293	22,739	109,490
West of England CA Managed Revenue Budgets	60,283	60,239	49,962	43,644	43,578	257,706
Investment Fund (UA and third parties)	12,678	4,673	1,824	84	48	19,307
Total West of England CA Revenue Budget	72,961	64,912	51,786	43,728	43,626	277,013

Volatility of core revenue funding for the Combined Authority remains an issue, with annual income from the Business Rates Retention pilot, (£1.2m), and Mayoral Capacity Fund, (£1m), remaining uncertain beyond the 2022/23 financial year. This will be considered as part of the Medium Term Financial Strategy.

Statement of Accounts 2021/22

The Statement of Accounts which follows sets out the Combined Authority's income and expenditure for the year and its financial position as at 31 March 2022. It is prepared on a single entity basis in accordance with the requirements of the Accounts and Audit Regulations 2015.

The format and content of the statements is prescribed by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code). This is based on International Financial Reporting Standards (IFRSs) adapted for use in a local government sector context.

The Statement of Accounts comprises:

- **Comprehensive Income and Expenditure Statement:**

This statement shows the accounting cost of providing services in the year, according to the Code. An adjustment is required to be made between the accounting basis and the funding basis due to the different accounting treatments for capital grants and pension costs, further details of which are shown in the Movement in Reserves Statement.

- **Movement in Reserves Statement:**

This statement shows the movement of the different reserves in the year. These are analysed between 'usable reserves' (those that can be applied to fund expenditure) and 'unusable reserves' (those allocated for specific statutory responsibilities).

- **Balance Sheet:**

The Balance Sheet shows the value of the assets and liabilities of the Combined Authority. The net assets (assets less liabilities) are matched by the reserves held.

- **Cash Flow Statement:**

The Cash Flow Statement shows the changes in cash and cash equivalents during the year. The statement shows how the Combined Authority generates and uses cash and cash equivalents by classifying the cash flows as operating, investing and financing activities.

- **Statement of Accounting Policies:**

Sets out the accounting policies that have been followed in preparing the financial statements and how Code requirements have been met in practice.

- **Disclosure Notes:**

These provide more detail about individual transactions and balances.

Governance

Governance arrangements continue to be strengthened under the political leadership of the West of England Metro Mayor, supported by an experienced Senior Management Team of officers. The Combined Authority has an established constitution, clear financial regulations, and delegations and established policies and procedures for managing risks, fraud, and freedom of information requests.

Further details of our governance arrangements are set out in the Annual Governance Statement that can be found on pages 21 to 34; a formal statement that covers all significant corporate systems, processes and controls, spanning the entire range of its activities. It is approved by the Audit and Accounts Committee and signed by the Combined Authority's Chief Executive and the Metro Mayor.

Auditors

Grant Thornton UK LLP are the auditors of the West of England Combined Authority for 2021/22. Their appointment was made under the Local Audit and Accountability Act 2014 through Public Sector Audit Appointments.

On behalf of the Combined Authority

Richard Ennis
Interim Director of Investment & Corporate Services

Date: 28th July 2022

STATEMENT OF RESPONSIBILITIES

- The Authority's Responsibilities

The Authority is required to:

- 1.** 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. These responsibilities are discharged through the role of the Chief Finance Officer (CFO) Richard Ennis (from 7th March 2021) in the role of Interim Director of Investment and Corporate Services and previously through Malcolm Coe.
- 2.** Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- 3.** Approve the Statement of Accounts.

- The CFO's Responsibilities

The CFO 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 CFO 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 CFO has also:

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

- Certification of the financial statements

I certify that this Statement of Accounts gives a true and fair view of the financial position of the West of England Combined Authority at the reporting date and of its income and expenditure for the period ended 31 March 2022.

Richard Ennis
Interim Director of Investment and Corporate Services and Chief Finance Officer

Date: 28th July 2022

- Approval of the financial statements

I certify that this Statement of Accounts for the period ended 31 March 2022 was approved by a resolution of The Combined Authority Audit Committee at its meeting on.

Chair, West of England Combined Authority Audit Committee

Date:

Annual Governance Statement 2021/22

1. Scope of Responsibility – Context for Statement

- 1.1 The West of England 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, properly accounted for, and used economically, efficiently and effectively.
- 1.2 In discharging this overall responsibility, the West of England Combined Authority is responsible for putting in place proper arrangements for the governance of its affairs, which includes ensuring a sound system of internal control and effective arrangements for the management of risk.
- 1.3 The West of England Combined Authority has adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of our code is available from our website.
- 1.4 The West of England Combined Authority Local Code of Corporate Governance aims to ensure that in conducting its business it will:
- operate in a lawful, open, inclusive and honest manner
 - make sure public money is safeguarded, properly accounted for and spent wisely
 - have effective arrangements in place to manage and control risk
 - secure continuous improvements in the way it operates.
- 1.5 This Annual Governance Statement explains how the West of England Combined Authority has complied with our Local Code of Corporate Governance and also meets the requirements of:
- The Accounts and Audit (England) Regulations 2015, specifically Regulation 6 (1) in respect of the annual review of the effectiveness of its system of internal control and preparation and publication of an Annual Governance Statement.

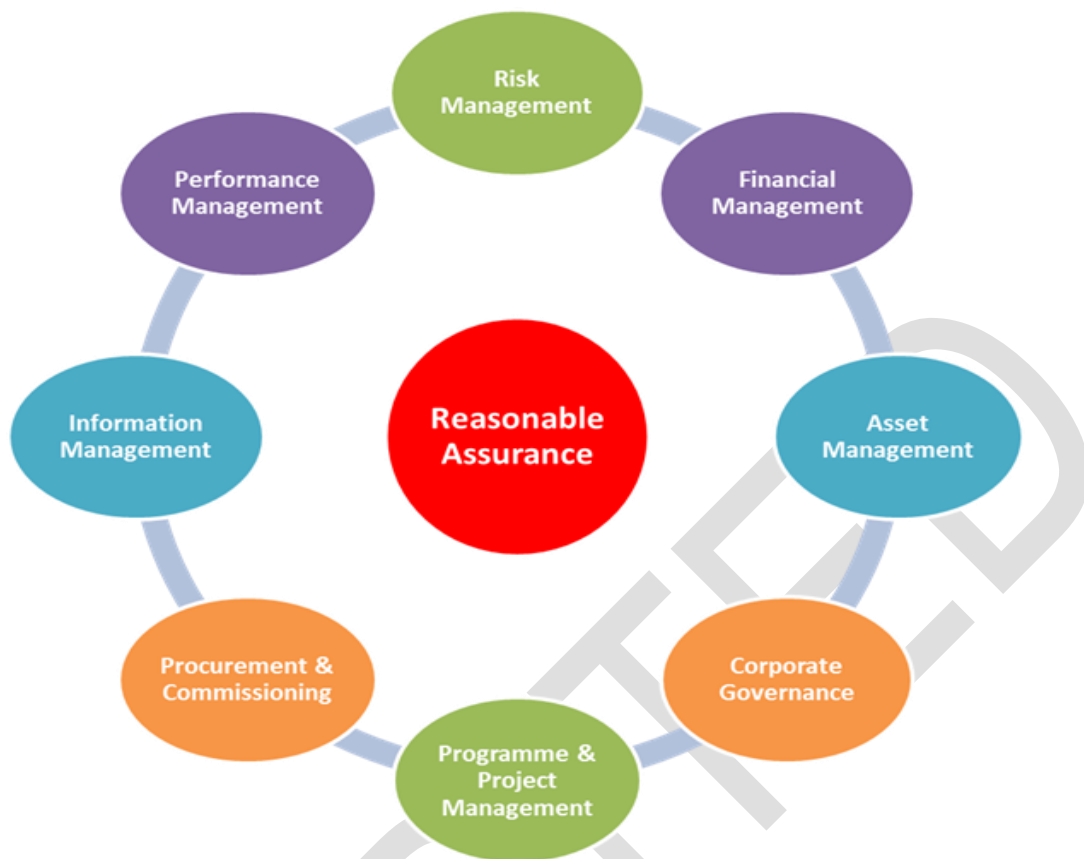
2. Governance Framework – Background & Overview for 2021/22

2.1 In preparing the Annual Governance Statement the West of England Combined Authority has:

- a) Reviewed the Authority's existing governance arrangements against the revised CIPFA / SOLACE framework - 2016 Edition good practice guidance;
- b) Assessed the effectiveness of the West of England Combined Authority's Local Code of Corporate Governance;
- c) Taken into consideration the findings of external inspection agencies, CIPFA guidance notes and the auditor's formal opinion on the internal control framework.

2.2 During the last year the governance framework continued to be tested by the ongoing COVID-19 pandemic and the Combined Authority continued to work with its constituent authorities to support the West of England community. Through 2020/21 the Combined Authority quickly adapted to remote and virtual working, and this continued into 2021/22 with a slow but steady increase in the number of physical meetings. There were therefore no significant changes required to the processes underpinning key decision making, policy development and the Corporate Governance of the Combined Authority.

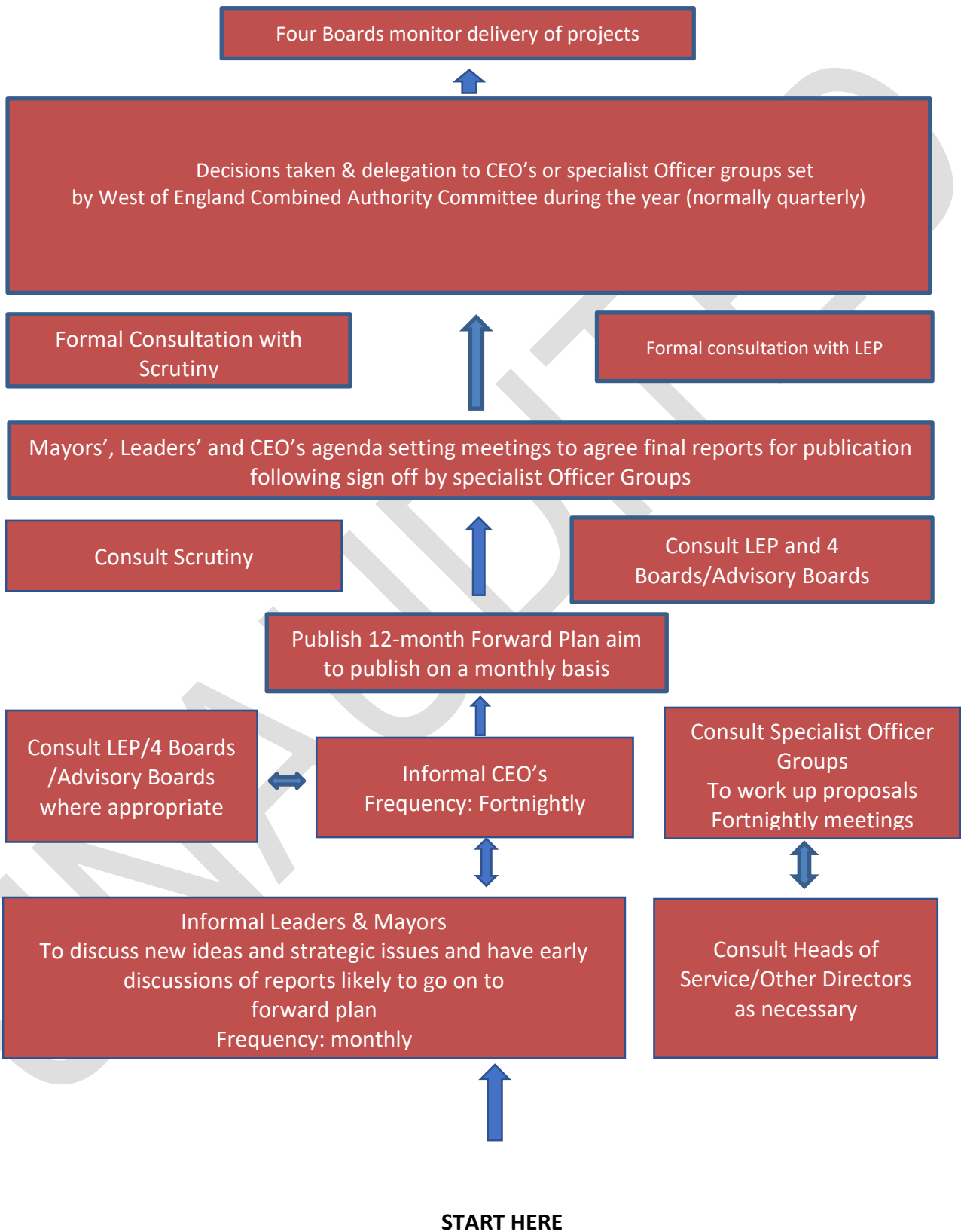
- 2.3 Elections were held during May 2021 for a Metro Mayor for the West of England, with Dan Norris duly elected to represent the West of England Combined Authority for the next four years. The process for elections was overseen by the Monitoring Officer acting as Returning Officer for the election.
- 2.4 The West of England Combined Authority's Constitution, which sets out how the Authority operates, is kept under constant review and updated as necessary through the year. It clearly defines the roles of councillors and officers and contributes to effective working relationships.
- 2.5 As part of a review of priorities and management of the West of England Combined Authority following the election of the Metro Mayor, the existing Director of Legal Services (Monitoring Officer), Director of Investment and Corporate Services (Section 73 Officer) and Director of Infrastructure left at different points of the year.
- Interim appointments have been made as follows –
 - Director of Legal Services – Stephen Gerrard – January 2022
 - Director of Investment and Corporate Services – Richard Ennis – March 2022
 - Director of Infrastructure – Alistair Kirk – April 2022
- 2.6 There are two main decision-making committees being the West of England Combined Authority Committee, which oversees the operations of the Combined Authority, and the Joint Committee which governs decisions across the wider West of England region, including North Somerset Council.
- 2.7 As part of the previous year's annual governance statement, it was noted that relationships were strained between the Authority and its constituent bodies and this did lead to some meeting changes and cancellations. During 2021/22 the External Auditors commenced their review of value for money arrangements and further consideration of governance arrangements is being carried out, although no outcome to this review has been published as at the date of writing this statement.
- 2.8 In relation to core business meetings during 2021/22 the Joint Committee met again on the 17th December 2021 and 28th January 2022, the Combined Authority Committee met again on the 3rd December 2021, 17th December 2021 and 28th January 2022 whilst the Joint Combined Authority and Joint Committee met as one on the 25th June 2021 and 21st September 2021.
- 2.9 To supplement formal committees there are a number of established senior officer and member forums which facilitate full engagement and consultation on all significant issues and decisions for committee consideration. *Figure 1* details the governance structure for both formal member meetings and key internal officer groups.
- 2.10 Alongside the preparation of this statement, we also rely on independent assurance provided by Internal Audit in reviewing the effectiveness of our governance arrangements. They do this through assessing the level of assurance provided against the eight themes of their 'Reasonable Assurance Framework' as detailed. This forms part of the core work of Internal Audit and is reported on through the West of England Combined Authority Audit Committee.



The four boards are as follows: Business Board and Skills Board; Planning & Housing Board and Transport Board.

Advisory boards are as follows: Climate Panel; Skills Panel and Business Advisory Board

Figure 1: West of England Combined Authority Structure and Arrangements



3. West of England Combined Authority assessment against the 7 'good practice' Governance Framework Principles

The following section provides an update on the current status of the West of England Combined Authority's governance and operations against the seven good practice governance framework principles as laid out within the CIPFA / SOLACE framework:

- **Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**

The West of England Combined Authority has both a Members Code of Conduct and an Employees Code of Conduct which the respective Individuals are required to adhere to in their respective roles. The Members Code is recorded within the Constitution.

All members appointed to the West of England Combined Authority roles have a full induction and training programme, including the Members Code of Conduct. Dependent on the roles allocated to members additional tailored training is provided. The Monitoring Officer has overall responsibility for member induction and support services for elected members.

Officers sign contracts of employment and are required to complete a probationary period of employment as standard. All relevant HR policies are in place and include a formal disciplinary procedure, a Whistleblowing Policy, Information Governance Policies, and a Counter Fraud Strategy bringing together the Authority's Anti-Fraud and Corruption Policy, Anti-Bribery Policy and Money Laundering Policy under one umbrella. The West of England Combined Authority maintains electronic registers of interests and gifts & hospitality for staff.

Members are required to declare interests, as a standing item at each committee, with declarations at meetings being recorded. There is also a member complaint policy which is overseen and administered by the Monitoring Officer.

The West of England Combined Authority's Constitution sets out the legal requirements around its business including decision making. Guidance is available through the website to ensure that decisions are taken by the appropriate committee or nominated officer under the approved Scheme of Delegation.

All reports requiring a decision must be cleared by the S73 and Monitoring Officers. The adopted report template requires the author to record consultation undertaken, a risk management assessment, public sector equalities duties and finance, legal, property, human resources, and climate change implications.

All West of England Combined Authority contracts must comply with the Authority's Contract Standing Orders and guidance from specialist procurement officers and legal advice is available in order to comply with legal requirements e.g. EU/UK Procurement regulations.

- **Ensuring openness and comprehensive stakeholder engagement**

The Constitution outlines citizen's rights to access information including rights to attend meetings; notice of meetings being held; access to agendas and reports; access to meeting minutes; and rules around the exclusion of access by the public to meetings.

Key decisions are all recorded and the templates for decisions require officers to provide all necessary and pertinent information to make an informed decision. The forward plan of business is published in advance in accordance with access to information requirements.

To help ensure decision making rules are followed an intranet page provides officers with information about the stages to be followed for formal decision making and urgent decisions.

The West of England Combined Authority's website contains information about services and provides key links such as 'Committee Meetings and Decisions'.

The West of England Combined Authority also complies with the Local Government Transparency Code and the Transparency page on the internet provides the links to access business operations and outcomes (such as payments to suppliers / expenditure over £500) as required by the Code.

The West of England Combined Authority has also developed an effective and efficient system for managing Freedom of Information (Fol) and data protection requests and has an excellent record in terms of providing responses within required timescales.

- **Defining outcomes in terms of sustainable, economic, social and environmental benefits**

The West of England Combined Authority has had a published Operating Framework in place since 2018, as detailed under the Narrative Report – Operating Framework section, which states the high-level objectives and priority areas that drives and determines the Authority's decision making.

Building on this, working in partnership with the Local Enterprise Partnership and other key regional stakeholders, the West of England Combined Authority published a strongly evidence-based Local Industrial Strategy in the summer of 2019 which is the core strategic document that will direct and influence our future investment priorities.

Annual Business Plans are developed. Business Plans translate longer term strategy into specific targets, measures and actions for the forthcoming financial year. Performance metrics are detailed within the 2020 the West of England Combined Authority Business Plan which detail the anticipated outcomes that will be achieved through the West of England Combined Authority investment by March 2023.

- **Determining the interventions necessary to optimize the achievement of the intended outcomes**

The West of England Combined Authority published a £350m regional investment programme in July 2019 which details all priority interventions that will be made over the next three years. A Capital Investment Strategy is published in December each year which details the different funding streams available to the region explicitly detailing the purpose and uses of the West of England Combined Authority funding. This is then regularly reviewed and updated through the West of England Combined Authority Committee.

Each individual project has to comply with published criteria prior to entry into the West of England Combined Authority investment programme which includes a transparent value for money assessment in terms of the outcomes achievable through investment.

The West of England Combined Authority's Director of Infrastructure holds regular meetings with his counterparts within the neighbouring unitary councils to determine the priority interventions required for transportation and enabling housing - working jointly to develop a coherent regional investment programme. A similar process is facilitated through the West of England Combined Authority's Director of Business and Skills ensuring that investment is prioritised to deliver the core strands of the region's Local Industrial Strategy.

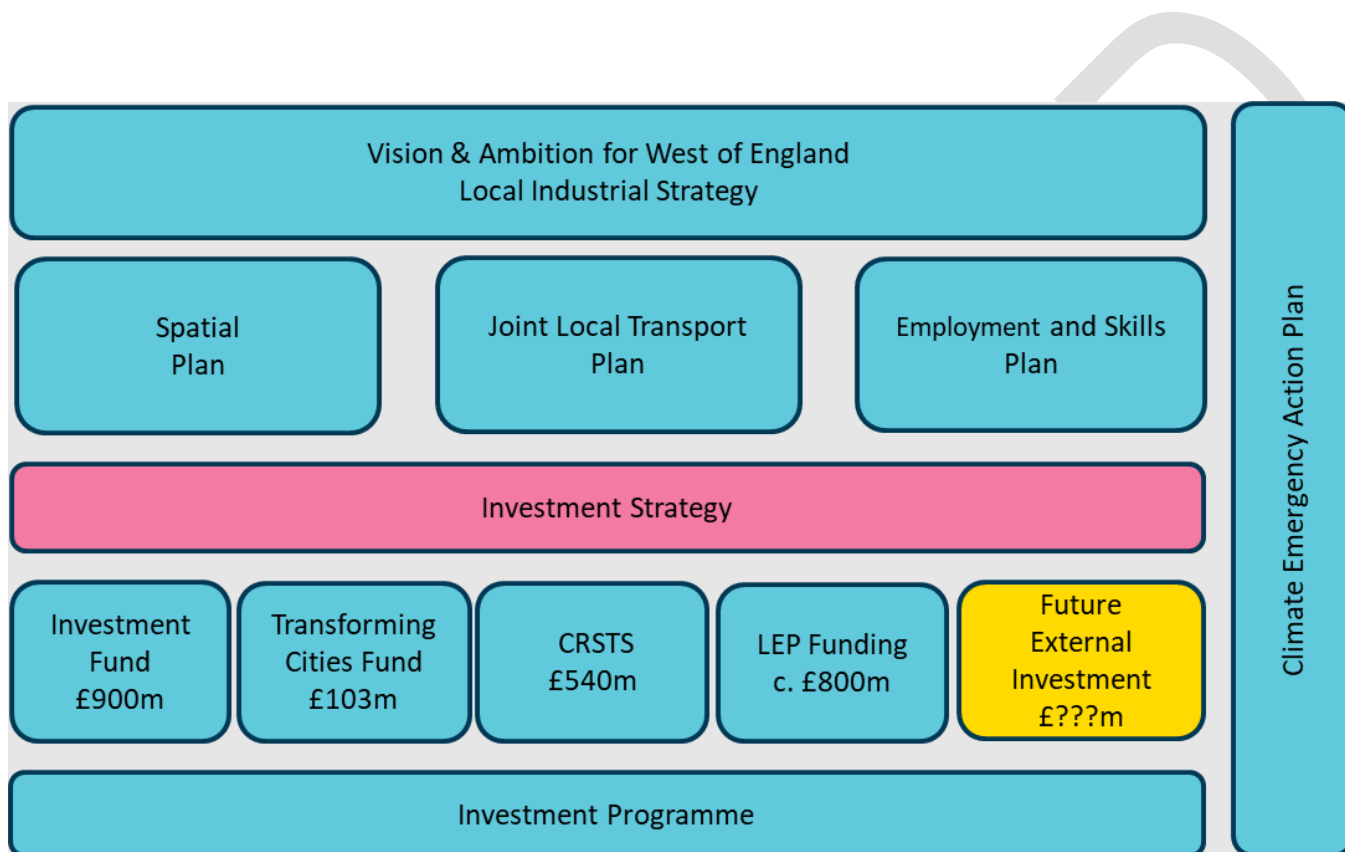
Additionally, the Chief Executives meet on a regular basis to discuss strategic matters and current major cross-authority issues. This is chaired by the West of England Combined Authority's Chief Executive Officer with the other constituent council Chief Executive Officers in attendance (Bath & North East Somerset, Bristol and South

Gloucestershire) and is also attended by the Chief Executive Officer for North Somerset Council.

There is also a separate (Local Growth) Assurance Framework in which the West of England Combined Authority operates and updates are provided each year to the Audit Committee.

Figure 2 details how the West of England Combined Authority investment is aligned to the delivery of regional strategies and priorities. This graphic is detailed within the Capital Investment Strategy.

Figure 2: Linkage between The West of England Combined Authority Strategic Direction and Funding decisions.



The West of England Combined Authority's decision-making processes are set by its Constitution and citizens, and service users are consulted where appropriate prior to decisions being taken.

The decision-making process requires objective and rigorous analysis of options and associated risks. A Risk Management Strategy and Toolkit has been adopted and this provides guidance on the assessment of risks related to recommended actions / decisions.

- **Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The West of England Combined Authority has an established senior management structure and has recruited suitably experienced officers into its leadership team. A structured organisational development programme was introduced from September 2019 which supplements and complements the authority's appraisal process. During 2021/22 the senior management structure has been under review and changes have occurred as detailed earlier in the statement.

A comprehensive induction programme has been rolled out to all employees which incorporates a presentation from the Chief Executive on the vision, mission and objectives of the Combined Authority. A formal training budget has been established to fund bespoke training needs which supplements the organisational development programme.

The West of England Combined Authority undertook its first formal staff survey in July/August 2019 with the overall results being extremely positive. Action plans have been developed by the Senior Management Team and Directorate Management teams to respond to identified areas requiring further development and this is repeated on an annual basis.

In terms of financial capacity, the West of England Combined Authority has set about growing the expertise, knowledge and capabilities of in-house staff resource. Further investment has been made in the Finance service utilising funding that was previously allocated to third party support. Treasury Management was brought back in-house, (previously provided through Bath and North East Somerset Council), in April 2019 and reliance on contractor support for developing the authority's Statement of Accounts has been reduced with the West of England Combined Authority firmly leading the process from 2019/20. Bespoke support is still contracted on an identified needs basis for example, for specific tax advice, (through Public Sector (PS) Tax), and technical aspects of the accountancy requirements (through CIPFA).

The West of England Combined Authority updated its medium-term plan and budget on 28th January 2021. This plan details the revenue resources available to the Combined Authority through Investment Fund approvals along with various confirmed, and anticipated, grant allocations. Contributions have been made to the West of England Combined Authority General Fund Reserve throughout previous years, with non-earmarked reserves increased.

The West of England Combined Authority maintains strong relationships and networks both regionally, and nationally. Finance Directors and Monitoring Officers across the West of England meet regularly, developing regional solutions to issues and sharing best practice, and the Authority is a key member and co-ordinator for the M10 Combined Authority (national) network, and the Monitoring Officer chairs the Urban Transport Group Legal arm.

- **Managing risks and performance through robust internal control and strong public financial management**

The West of England Combined Authority adopted a Risk Management Strategy and Toolkit during 2019/20 which has been endorsed by the Audit Committee. The Strategy records key activities and frequency with the toolkit providing detailed guidance on risk management processes.

The West of England Combined Authority continues to raise awareness of the importance of good risk management and embed the adopted processes. Directors give on-going assurance to the Chief Executive regarding the management of risks within their area of service delivery. Risk management objectives are monitored through the Audit Committee in line with its Terms of Reference to evaluate the effectiveness of the risk management strategy and framework.

Performance Management arrangements continue to be strengthened with an adopted Monitoring and Evaluation Framework, (as endorsed by the Audit Committee), key performance metrics incorporated within The West of England Combined Authority's Business Plan and transparent published criteria in relation to outcomes being delivered through approved investments.

The Combined Authority Local Growth Assurance Framework was revised and approved by The West of England Combined Authority Committee in January 2020 and this was updated in April 2022. This embeds a 'single pot' approach to governing all core LEP and the West of England Combined Authority funding streams including the:

- a) Investment Fund;
- b) Transforming Cities Fund;
- c) Local Growth Fund;
- d) Getting Building Fund;

- e) Revolving Infrastructure Fund;
- f) Economic Development Fund; and;
- g) Adult Education Budget

The funding for the West of England Combined Authority comes from five main sources:

- Investment funding provided by the Government as part of the Devolution Deal (revenue funding for feasibility and development of approved schemes);
- A levy on the constituent councils for the costs of operating transport functions that transferred to the Combined Authority in 2020/21;
- A 5% share of business rates growth, (above a defined baseline), under the 100% Business Rates Retention Pilot;
- Government funding for specific functions, capacity and projects including:
 - Adult Education Budget;
 - Housing Capacity Fund;
 - Mayoral Capacity Fund;
 - Future Bright;
- Treasury Management - Interest received from cash balances held

The West of England Combined Authority maintains a robust system of internal control with a (risk assessed) review and monitoring of internal controls undertaken by Internal Audit and other independent inspectors. The Audit Committee's 'Terms of Reference' includes approving the Internal Audit Plan alongside monitoring its delivery and effectiveness (including the implementation of audit recommendations).

The West of England Combined Authority's Financial Regulations require Members and staff to inform the Chief Finance Officer and / or the 'Chief Audit Executive' immediately of any suspected financial irregularity. This enables the Internal Audit function to investigate all reported cases promptly to ensure the integrity of the system of internal control.

Financial updates are regularly reported to the West of England Combined Authority Committee and this includes budget monitoring and outturn reports. All decision papers for Committees, or officer-delegated decisions, require S73 financial sign-off before the decision can be taken. The Director of Investment and Corporate Services acts as the S73 Chief Financial Officer for the Combined Authority.

As part of good governance, the West of England Combined Authority continues to assess itself against the CIPFA Financial Management code 2019. A key goal of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The outcome of this process has been positive with 32 out of 36 areas assessed as high compliance with the remaining 4 at medium compliance. This is an ongoing process and during 2022/23 any necessary actions or updates will be monitored through the Audit Committee.

The Director of Investment and Corporate Services has confirmed that the principles outlined in the CIPFA Statement on the Role of the Chief Financial Officer, (s151/s73 Officer), in Local Government have been compiled with in performing his duties.

- **Implementing good practices in transparency, reporting and audit, to deliver accountability**

Transparency is a key condition and driver for the delivery of the West of England Combined Authority's services. As a publicly-funded organisation, the West of England Combined Authority has a duty to its residents to be transparent about its business operations and outcomes.

Committee meetings and reports are easily accessible through the West of England Combined Authority's website, and the public are encouraged to engage with the operations of the Authority and contribute to public committee meetings. Public Scrutiny Committees are held in advance of all the West of England Combined Authority and Joint Committee meetings in order to scrutinise papers in advance of formal consideration. The respective Chairs of Scrutiny and the Local Enterprise Partnership have a standard slot on the West of England Combined Authority committee agendas to feed in their comments in advance of the formal debate. Strong governance arrangements have remained fully effective, in a virtual and physical working environment.

The West of England Combined Authority constitution requires decisions to be taken by an appropriate committee, or officer delegation, and requires formal 'sign-off' by the S73 and Monitoring Officers in advance. All decisions taken are published in a Decision Notice template.

The annual governance review, which has been carried out to produce this statement, requires a robust methodology to be followed to enable a statement to be published within the statutory Statement of Accounts.

4. Independent Assessment & Opinion – Internal Audit

Internal Audit works independently of the management of the organisation and reports through to the Audit Committee via the S73 Officer.

During 2021/22 whilst work was naturally affected by the pandemic, no significant changes were necessary to planned work and the opinion of the Head of Internal Audit is that he is satisfied that the risk, governance and control environment of the Authority is adequate to ensure delivery of the West of England Combined Authority's priorities.

Through the work of Internal Audit and delivery of the Annual Audit Plan, some control issues have been identified, however none are deemed significant when assessed against the key criteria. Internal Audit is content that management have accepted responsibility to address the control weaknesses.

Whilst the Plan is limited to 100 days coverage, it is focused on core financial and other systems and areas presenting the greatest risk to the Authority and was designed to ensure sufficient depth and breadth of audit coverage to meet the requirements of those charged with governance.

In forming an opinion on the governance, risk and control environment Internal Audit also considered other sources of assurance including reports from external regulators, external audit and commissioned reviews. As at the date of certifying this opinion external audit were yet to complete their review of Value For Money (VFM) arrangements.

5A. Conclusion - Certification

As laid out in the statement the West of England Combined Authority's governance arrangements have been reviewed and considered in line with the CIPFA/SOLACE code of practice. To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2021/22. Significant governance issues identified through the Annual Governance Statement Review process are recorded in Section 5.

We propose to take actions to address the issues raised with the objective of enhancing the West of England Combined Authority's governance arrangements. The issues and related actions will be monitored as part of the annual governance review process.

SIGNED BY:

DAN NORRIS

WEST OF ENGLAND METRO MAYOR

PATRICIA GREER

CHIEF EXECUTIVE

DATE:

5B. Conclusion – Significant Governance Issues

SIGNIFICANT GOVERNANCE ISSUES 2021/22

Having considered all of the evidence, data and input from regulators, the following significant governance issues have been identified within the 2021/22 financial year:

	Issues identified in 2021/22	Commentary & Mitigating actions for 2021/22
1	<p>Coronavirus/COVID-19 Impacts – Green Recovery: The impacts of COVID-19 continue to be significant and unprecedented in both Health and Economic terms.</p> <p>On a regional level this has significantly impacted on the Public Sector and the Constituent Authorities of the West of England Combined Authority.</p> <p>Whilst the West of England Combined Authority is less exposed economically due to its role as a Combined Authority it still has an important role to work with its constituent Authorities to support its local communities, specifically the business sector.</p> <p>The scale and scope of various grants has been significant, and the West of England Combined Authority has been central to this support process to assist regional business and to lobby central government on behalf of its constituent Authorities.</p> <p>Work has focused on a Green Recovery and specific investment has been identified to respond to the impacts of the pandemic which will continue over the coming months.</p>	<p>The Combined Authority has refocused its priorities, ensuring the work of the organisation is focused on strengthening delivery and maximising investment (and making each pound of investment work as hard as possible). The priorities are:</p> <p>Create West of England Sustainable Transport - delivering the transport improvements the region needs - changing how people travel within the region with more journeys by bus, train, cycling and walking. Making journeys affordable, reliable, enjoyable, and safe.</p> <p>Tackle the climate and ecological emergency - investing and taking tough decisions to tackle the climate and ecological emergency so we breathe cleaner air.</p> <p>Secure decent jobs and training - bringing secure and fairly-paid jobs to the region including 23,000 green jobs.</p> <p>Increase the availability of affordable places to call home - working to increase the availability of homes that people can afford in communities they are proud to call home.</p> <p>Put the West of England on the map for national and global success - Supporting people and places across all parts of the region to build on our reputation as a region of innovation and creativity.</p>
2	<p>Governance Arrangements: As reported in last years governance statement, matters have been reported in the public domain regarding strained relationships within the West of England.</p> <p>Within the final Audit Findings report for 2020/21 from Grant Thornton, which were presented to the Audit</p>	<p>The findings and agreed actions from this review have not yet been published. The statement will be updated once any recommendations have been agreed and reported in the public domain to the Audit Committee.</p>

Issues identified in 2021/22	Commentary & Mitigating actions for 2021/22
Committee on 9 th December 2021, are a risk of significant VFM weakness relating to the governance arrangements impacting these relationships.	

Update on Previous Year – 2020/21

Issues identified in 2020/21	Update on Mitigating actions delivered through 2021/22
<p>1 Covid 19 Pandemic & Economic Impacts: The impacts of COVID-19 both internationally, nationally and regionally have been unprecedented in both Health and Economic terms. The country has been under emergency legislation which has led to a wider range of measures to manage the wide-ranging impacts.</p> <p>On a regional level this has significantly impacted on the Public Sector and the Constituent Authorities of the West of England Combined Authority. Whilst the West of England Combined Authority is less exposed economically due to its role as a Combined Authority it still has an important role to work with its constituent Authorities to support its local communities, specifically the business sector.</p> <p>The scale and scope of various grants has been significant, and the West of England Combined Authority has been central to this support process to assist regional business and to lobby central government on behalf of its constituent Authorities.</p> <p>The West of England Combined Authority Committee formally considered its response to the pandemic at its June and October 2020 meetings setting out its current position and the range of actions it was taking to support its communities.</p> <p>The recovery plan should be considered as an initial approach to address the known impacts of the crisis. Whilst the pandemic has had a significant impact on the region, the situation continues to evolve and the full extent of the long-term implications are not yet clear. Work to respond to the impacts of the pandemic will continue over the coming months with further West of England Combined Authority funding allocated to recovery activity.</p>	<p>The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic.</p> <p>Specific issues relating to the Covid-19 situation are that:</p> <p>(a) There will be an impact on 2022/23 revenue budgets as core activity, and investment funding, is re-prioritised and re-focused on supporting ongoing economic recovery;</p> <p>(b) There is particular concern regarding the achievability of business rates growth targets which will directly impact on a proportion of the Combined Authority's core operating revenue through the 100% business rates retention pilot;</p> <p>(c) The sustainability, and cost, of commercial bus routes will be kept under regular review as patronage numbers remain lower than anticipated as a result of the pandemic.</p> <p>Although an underspend, (against transport levy), is forecast within the 2021/22 financial year this is mainly attributable to the government's Bus Services Operator Grant, (BSOG), which will not be available for 2022/23 Activity, and corresponding budgets, will continue to be reviewed in compliance with government advice and guidance</p> <p>Officers continued to work on a regional economic recovery taskforce and specific actions around 5 key pillars –</p> <ol style="list-style-type: none"> 2 Rebuilding business to help new and existing businesses to survive and thrive in order to safeguard existing and create new jobs. 3 Getting residents back to work in jobs which pay

	Issues identified in 2020/21	Update on Mitigating actions delivered through 2021/22
		<p>above the living wage and offer security of employment through targeted training and brokerage to available opportunities.</p> <p>4 Strengthening inclusion to prevent further widening of inequalities and build an inclusive economy where everyone has the opportunity to achieve their potential and reducing inequality gaps.</p> <p>5 Green recovery to use the changes in behaviour brought about by the pandemic to accelerate our transition to net zero carbon.</p> <p>6 Renew places to re-think our approach to ‘place’ creating greener, healthier, more vibrant places to live and work and so continuing to attract people from across the world</p>
2	<p>Governance: As with other combined authorities there is always the risk that political agreement may not be reached on key financial decisions. Given that relationships within the West of England are currently publicly reported to be strained and that plans are now in place to seek to address the current situation, it is not possible or necessary to quantify any financial impact of the matter.</p>	<p>This area is subject to a specific review by Grant Thornton as part of their assessment of VFM arrangements. As at the date of this statement findings had not yet been published and relate to the significant issue reported above for 2021/22.</p>

INDEPENDENT AUDITORS REPORT

Hold for Independent Auditors Report

UNAUDITED

Hold for Independent Auditors Report

UNAUDITED

Hold for Independent Auditors Report

UNAUDITED

UNAUDITED

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the year ended 31 March 2022

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing The Combined Authority's services in accordance with generally accepted accounting practices, rather than the amount to be funded from resources. The reconciliation from the accounting cost to the funding position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Gross Expenditure £'000	Gross Income £'000	2020/21 Net Expenditure £'000		Notes	Gross Expenditure £'000	Gross Income £'000	2021/22 Net Expenditure or (Income) £'000
81,331	(33,685)	47,646	Combined Authority Services	6	127,860	(48,741)	79,119
18,067	(640)	17,427	Mayoral Fund	7	15,250	(392)	14,858
99,398	(34,325)	65,073	Cost of services		143,110	(49,133)	93,977
194	(4,120)	(3,926)	Financing and investment income and expenditure	8	289	(3,498)	(3,209)
3,300	(65,849)	(62,549)	Taxation and non-specific grant income and expenditure	9	6,809	(95,786)	(88,977)
102,892	(104,294)	(1,402)	(Surplus) or deficit on provision of services		150,208	(148,417)	1,791
		-	Fair value movement on financial assets		-	-	-
		5,792	Remeasurement of the net defined benefit liability	27	-	-	(2,590)
		5,792	Other comprehensive (income) and expenditure		-	-	(2,590)
		4,390	Total comprehensive (income) and expenditure		-	-	(799)

MOVEMENT IN RESERVES STATEMENT

For the year ended 31 March 2022

The Movement in Reserves Statement shows the movement in the year on the different reserves held by The Combined Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves' (i.e. those allocated for specific purposes). This statement shows how the movements in the year 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 to be funded from resources.

	Usable reserves			Unusable reserves						
	General fund balance £'000	Ear-marked reserves (note 24) £'000	Total usable reserves £'000	Pooled Investment Fund Adjustment Account £'000	Accumulated Absences Account £000	Collection Fund Adjustment Account £000	Capital adjustment account £'000	Pensions reserve £'000	Total unusable reserves £'000	Total reserves £'000
Balance at 31 March 2020	1,638	5,127	6,765	(2,690)	(28)	(128)	791	(6,566)	(8,621)	(1,856)
Movements in reserves										
Total comprehensive income and expenditure	1,402	-	1,402	-	-	-	-	(5,792)	(5,792)	(4,390)
Adjustments between accounting basis under regulations	9,427	-	9,427	1,693	(85)	(9,747)	132	(1,420)	(9,427)	-
Increase before transfer to earmarked reserves	10,829	-	10,829	1,693	(85)	(9,747)	132	(7,212)	(15,219)	(4,390)
Transfers (from)/to reserves	(10,514)	10,514	-	-	-	-	-	-	-	-
Movement in reserves in the year	315	10,514	10,829	1,693	(85)	(9,747)	132	(7,212)	(15,291)	(4,390)
Balance at 31 March 2021	1,956	15,641	17,597	(997)	(113)	(9,875)	923	(13,778)	(23,840)	(6,243)
Movements in reserves										
Total comprehensive income and expenditure	(1,791)	-	(1,791)	-	-	-	-	2,590	2,590	799
Adjustments between accounting basis under regulations	(3,794)	-	(3,794)	1,070	8	5,609	(356)	(2,537)	3,794	-
Increase before transfer to earmarked reserves	(5,585)	-	(5,585)	1,070	8	5,609	(356)	53	6,384	799
Transfers (from)/to reserves	6,002	(6,002)	-	-	-	-	-	-	-	-
Movement in reserves in the year	417	(6,002)	(5,585)	1,070	8	5,609	(356)	53	6,384	799
Balance at 31 March 2022	2,373	9,639	12,012	73	(105)	(4,266)	567	(13,725)	(17,456)	(5,444)

For further details on the movement in the reserves see Disclosure Notes 24 and 25 on pages 79 to 82

BALANCE SHEET AS AT 31 MARCH 2022

Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by The Combined Authority. The net assets (assets less liabilities) are matched by the reserves held by The Combined Authority. Reserves are reported in two categories — usable and unusable. Usable reserves are those that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

Unusable reserves are those that The Combined Authority is not able to use for the provision of services. This category of reserves includes reserves that hold unrealised gains and losses and reserves that hold timing differences in capital investment (the Capital Adjustment Account).

	Notes	2022 £'000	2021 £'000
Intangible assets	14	280	424
Property, plant and equipment	15	288	499
Long-term investments	16	30,209	45,434
Long term assets		30,777	46,357
Short-term investments	17	170,491	175,548
Trade and other debtors	18	15,962	18,177
Financial assets at fair value through other comprehensive income	29	-	-
Financial assets at fair value through income and expenditure	29	47,036	32,966
Cash and cash equivalents	19	34,430	25,726
Current assets		267,919	252,417
Short Term Loans	20	-	(20,005)
Trade and other creditors	21	(23,631)	(24,451)
Grant receipts in advance – revenue	10	(73,848)	(56,867)
Current liabilities		(97,479)	(101,323)
Net current assets		170,440	151,094
Grant receipts in advance – capital	10	(107,646)	(99,269)
Net pensions liability	27	(13,725)	(13,778)
Provisions	23	(2,751)	(3,067)
Agency creditor	22	(82,539)	(87,581)
Non-current liabilities		(206,661)	(203,695)
Net assets/(liabilities)		(5,445)	(6,244)
General Fund balance	24	2,372	1,956
Earmarked reserves	24	9,639	15,641
Usable reserves		12,011	17,597
Pooled Investment Fund Adjustment Account	25	73	(997)
Accumulated Absences Account		(105)	(113)
Collection Fund Adjustment Account	25	(4,266)	(9,875)
Capital Adjustment Account	25	567	923
Pensions reserve	25	(13,725)	(13,778)
Unusable reserves	25	(17,456)	(23,840)
Total reserves		(5,445)	(6,243)

The financial statements were approved and authorised for issue by:

Richard Ennis

**Interim Director of Investment and Corporate
Services and Chief Finance Officer**

Date: 28th July 2022

UNAUDITED

CASH FLOW STATEMENT

For the year ended 31 March 2022

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 are funded by way of 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.

UNAUDITED

	Notes	2022 £'000	2021 £'000
Net (Deficit)/surplus on the provision of services		(1,791)	1,402
Adjustments to net surplus or deficit on the provision of services for non-cash movements			
Depreciation of property, plant and machinery	15	249	191
Amortisation of intangible assets	14	285	344
Release of impairment on investments		-	24
Change in pensions reserves	27	2,537	1,420
Decrease in trade and other debtors	18	2,215	(13,234)
Decrease in trade and other creditors	21	(820)	13,697
Decrease in provisions	23	(317)	(25)
Decrease in agency creditors	22	(5,041)	45,728
Net interest receivable	8	(3,498)	(4,120)
Interest received		2,710	2,023
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
Capital grants received	10	(53,731)	(23,383)
Net cash flows from operating activities		(57,202)	24,067
Investing activities			
Purchase of property, plant and machinery	15	(35)	(405)
Purchase of intangible assets	14	(144)	(261)
Capital grants received for the purchase of property, plant and equipment	10	53,731	23,383
Decrease in long and short-term investments	16,17	20,000	(92,000)
Increase in financial assets at fair value through other comprehensive income	29	(13,000)	(10,000)
Net cash flows from investing activities		(60,552)	(79,283)
Financing activities			
Increase in capital grants receipts in advance	10	8,378	40,763
Increase in revenue grants receipts in advance	10	16,982	7,877
Decrease in short term loans	20	(20,005)	5,000
Net cash flows from financing activities		5,355	53,640
Net increase or decrease in cash and cash equivalents	19	8,704	(1,576)
Cash and cash equivalents at 1 April	19	25,726	27,302
Cash and cash equivalents at 31 March	19	34,430	25,726

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1. Basis of Preparation

1. General principles

The Statement of Accounts summarises the West of England Combined Authority's (The Combined Authority) transactions for the financial year 2021/22 and its position as at 31 March 2022. The Authority is required to prepare an Annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 which require the financial statements to be completed in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), supported by International Financial Reporting Standards (IFRS).

2. Basis of preparation

The accounting convention adopted by the Statement is principally historic cost, modified by the revaluation of certain categories on non-current assets and financial instruments in accordance with the Code.

3. Going concern

The Statement of Accounts has been completed on a going concern basis as it is considered that the activities will continue in operational existence for the foreseeable future by meeting the Authority's liabilities as they fall due for payment.

4. Changes in accounting policies and disclosures

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

5. Accounting Standards issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

The Code requires local authorities to disclose information relating to the impact of an accounting change that will be required by a new standard under the International Financial Reporting Standard (IFRS) that has been issued but not yet adopted by the Code. The accounting standards that are to be introduced in the 2022/23 CIPFA Code of Practice are:

- a) Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards: IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS • IAS 37 (Onerous contracts) – clarifies the intention of the standard • IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material • IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

Most of these standards will not be applicable to the Authority. For those standards that apply, they are not anticipated to have a material impact on the financial statements.

CIPFA/LASAAC has deferred implementation of IFRS 16 Leases for local government to 2024/25. The standard will require authorities that are lessees to recognise most leases on their balance sheet as right of use assets with corresponding lease liabilities. The estimated impact of this standard is not yet known.

2. Significant accounting policies

Taxation

Corporation, income and capital gains tax

The Combined Authority is exempt from corporation, income and capital gains tax by virtue of regulations section 74 of the Local Government Finance Act 1988.

Value added tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

Irrecoverable VAT on the purchase of assets or services is recognised as an expense in the Comprehensive Income and Expenditure statement.

- Accruals of Income and Expenditure

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

- c) Revenue from the sale of goods is recognised when the 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 Authority.
- d) Revenue from the provision of services is recognised when the 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 Authority.
- e) Supplies are recorded as expenditure when they are received. There are no material supplies where there is a gap between the date supplies are received and their consumption, which would require them to be carried as inventories on the Balance Sheet.
- f) 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.
- g) Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- h) The Authority has determined that transactions occurring in respect of the collection of Non-Domestic Rates arise from non-exchange transactions and IPSAS 23 may be applied in accounting for these.

The Combined Authority does not engage in any material transactions that would meet the definition of a contract under IFRS 15.

Details regarding the accounting treatment for agency income and expenditure is provided in note 3.

- Government grants and other contributions

Grants and contributions are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement, except to the extent that the grant or contribution has a condition that The Combined Authority has not satisfied. Where a grant has been received and conditions remain outstanding at the Balance Sheet date, the grant is recognised in the Balance Sheet as grants receipts in advance. Once the condition has been met, the grant or contribution is transferred from grants receipts in advance and recognised as income in the Comprehensive Income and Expenditure Statement.

With respect to capital grants, if the expenditure to be financed from the grant has been incurred at the Balance Sheet date, the grant is transferred from the general fund to the Capital Adjustment Account via the Movement in Reserves Statement. If the expenditure has not been incurred at the Balance Sheet date, the grant is transferred from the general fund to the capital grants unapplied reserve via the Movement in Reserves Statement. When the expenditure is incurred, the grant is transferred from the general fund to the Capital Adjustment Account via the Movement in Reserves Statement.

With respect to revenue grants, if the expenditure has not been incurred at the Balance Sheet date, the grant is transferred from the general fund to earmarked reserves via the Movement in Reserves Statement. When the expenditure is incurred, the grant is transferred back via the Movement in Reserves Statement.

- Revenue expenditure funded from capital under statute

Revenue expenditure funded from capital under statute (REFCUS) is expenditure of a capital nature that does not result in the creation of a non-current asset on the Balance Sheet. The Combined Authority receives grants from Central Government which it administers and passes onto Constituent Authorities. This expenditure is included within REFCUS.

REFCUS is charged to the Cost of Services as the expenditure is incurred and reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

- Pensions scheme

Employees of The Combined Authority are members of the Avon Pension Fund.

Pension costs have been charged to the Comprehensive Income and Expenditure Statement and The Combined Authority's share of the fund's assets and liabilities are recognised in the Balance Sheet in accordance with IAS 19. The Comprehensive Income and Expenditure Statement has therefore been charged with the full cost of providing for future pension liabilities arising from in year service.

In the Movement in Reserves Statement an appropriation equal to the difference between this amount and the actual employer's pension contribution is made to the Pensions Reserve, so that any additional costs arising from applying IAS 19 do not impact on the amount to be levied on the Local Authorities, and therefore ensuring no additional impact on local taxation. This appropriation is made under the general application of the Code. The negative balance

that arises on the Pensions Reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

- Financial assets

The Combined Authority's financial assets include trade debtors, long-term investments, short-term investments and cash and cash equivalents.

Classification

The Combined Authority classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- b) those to be measured at amortised cost.

The classification depends on The Combined Authority's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI.

For investments in equity instruments that are not held for trading, this will depend on whether The Combined Authority has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Combined Authority reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date (that is, the date on which The Combined Authority commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and The Combined Authority has transferred

substantially all the risks and rewards of ownership.

Subsequent measurement

At initial recognition, The Combined Authority measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade debtors are recognised and carried at invoice or contract value, less an allowance for any amounts which may not be collectible. Should such an amount become uncollectible, it is written off to the Comprehensive Income and Expenditure Statement in the period in which it is recognised.

Cash and cash equivalents

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

- Financial liabilities

The financial liabilities of The Combined Authority consist of trade creditors.

Classification

Finance liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge. The Authority determines the classification of its financial liabilities at initial recognition.

Recognition and derecognition

All financial liabilities are recognised initially at fair value.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

Subsequent measurement

Subsequent to initial recognition trade creditors are recognised and carried at invoice or contract value, which is materially equivalent to measurement at amortised cost using the effective interest method. Should an amount become non-payable, it is written back to the Comprehensive Income and Expenditure Statement in the period in which it is recognised.

Financial assets and liabilities are offset, and the net amount presented in the Balance Sheet when, and only when, The Combined Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

- Property, plant and equipment

Recognition and measurement

All assets are measured at depreciated historical cost (as a proxy for current value), the carrying value is the initial cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the expected useful life.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment. The Combined Authority has a de-minimis level for capitalisation of £5,000. Each capital project is reviewed on an individual basis and the costs considered for capitalisation. Non-enhancing expenditure is written off to the Comprehensive Income and Expenditure Statement.

Given the short asset life of office equipment and fit out costs, depreciated historical cost is considered to be a reasonable proxy for current value.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the

asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation is charged from the date that the asset first comes into use and depreciation is charged in the year up to the date of disposal. The mid-year point is taken as a proxy for the date the asset comes into useful life, and the date it is disposed of.

Fixed assets are recorded at significant component level. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost is depreciated separately. The estimated useful lives for the current and comparative periods are as follows:

- Computer Equipment: 3 years
- Fixtures & Fittings: Over length of office lease term of 5 years and 4 months

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

- Intangible assets

Intellectual property – The 5G Smart Tourism Project

Acquired intellectual property is capitalised on the basis of the costs incurred to acquire and bring to use the specific assets. These costs are amortised over their estimated useful lives of three years.

Development costs that are directly attributable to the design and testing of a 5G solution as part of the 5G Smart Tourism project are recognised as intangible assets where the following criteria are met:

- c) it is technically feasible to complete the project so that the asset will be available for use;
- d) management intends to complete the project;
- e) there is an ability to use the asset;
- f) it can be demonstrated how the project will deliver service potential by demonstrating the usefulness of the asset;

g) adequate technical, financial and other resources to complete the development are available; and

h) the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the asset include employee costs, an appropriate portion of relevant overheads, materials, and capital usage.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Economic Model

The acquired Economic Model is capitalised on the basis of the costs incurred to acquire and bring to use the model.

- Impairment of Non-financial assets

The carrying value of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

Impairment losses are recognised in the Comprehensive Income and Expenditure Statement. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

- Impairment – Financial assets (incl. debtors)

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. The Authority assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and fair value through profit or loss. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

- Provisions and contingent liabilities

Provisions are recognised when The Combined Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to the provision is recognised in the Comprehensive Income and Expenditure Statement.

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the financial statements.

- Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period — the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period — the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes 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.

3. Significant Judgements and Estimation Uncertainty

The preparation of the financial report in conformity with the Code requires the Authority to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Judgements

In applying the accounting policies set out in note 2, 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:

Agency

The Authority took over the Accountable Body role for the West of England Local Enterprise Partnership (LEP) in 2017/18 and the balance of funds was transferred from Bath & North East Somerset Council to The Combined Authority during the Financial Year. The reporting approach is that total expenditure is not shown in the Financial

Statements, rather the following accounting treatment is adopted:

- WoE LEP expenditure is incurred as an agent, acting as an intermediary on behalf of the four Unitary Authorities. Each Authority's financial statements will reflect its own contribution towards expenditure.
- Where the LEP has received grant funding directly, this is on behalf of all authorities, but the share for any individual authority is not considered material to show.

Similarly, the assumed the Accountable Body role for the Invest in Bristol and Bath inward investment function.

This agency accounting approach has been taken because;

- Expenditure decisions on these service areas are taken at a separate Joint Committee of the four Unitary Authorities and involve funding and expenditure decisions for a geographic area, North Somerset, which is outside The Combined Authority area. They do not form part of the decision-making process at The Combined Authority Committee that governs the business of the Mayoral and Combined Authority Funds.
- The Combined Authority is not exposed to significant risks or rewards associated with its actions in relation to these functions. Separate budgets are maintained and reported to the Joint Committee and where staff time and office overheads are shared between The Combined Authority and LEP/other agency duties, the actual costs are apportioned between those budgets on an appropriate basis.
- Any surpluses that are held on behalf of the four Unitary Authorities, whether from their own contributions or grant funding, may only be redistributed by a decision of the Joint Committee, The Combined Authority itself has no control over determining the use or remaining benefits of such assets and they do not result in an increase in equity for The Combined Authority.

A separate Disclosure for all the above functions, where the Authority acts as Agent, is shown at Note 22.

This provides a reconciliation between expenditure and income for agency functions and the cash balances held at 31 March 2022, where these are held on behalf of other organisations, and treated as a creditor liability in the Balance Sheet.

Estimates and assumptions

The financial report contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2022 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Pension benefits

The cost of defined benefit pension plans is determined using independent actuarial valuation involving the use of assumptions about discount rates, returns on assets, future salary increases, mortality rates and future pension increases. Such assumptions are reviewed at each period end, and determined jointly between the pension fund management and the actuaries. The effects of changes in individual assumptions have been measured by the funds actuaries in their IAS 19 valuation report:

- A 0.1% p.a. increase in the discount rate will reduce the pension fund liability by £0.861m.
- An increase of life expectancy at retirement by 1 year will increase the pension fund liability by £0.987m.
- 0.1% p.a. increase in inflation will increase the pension fund liability by £0.883m.
- 0.1% p.a. increase in pay growth will increase the pension fund liability by £0.145m.

Investment Fund Grant Income

During 2019/20 a 4-year investment programme was developed that allocated all Investment and Transforming Cities Funding against regional strategic priorities. The programme to 2022/23 was agreed at the Combined Authority Committee in July 2019.

The Investment Fund is subject to a 5 yearly Gateway process to unlock future tranches of funding. Following an independent assessment, in 2021 we were advised that we had successfully met our first Gateway confirming the £150m of funding for the period 2021/22 - 2025/26. In January 2022, The Committee agreed an extended £450m Investment and Transforming Cities fund programme to this date. In July the Committee agreed a set of regional objectives and investment principles to help establish refreshed regional investment priorities which could draw on the investment programme and other sources.

4. Expenditure and Funding Analysis

(a) Expenditure and Funding Analysis

The Expenditure and Funding analysis shows how annual expenditure is used and funded from resources (business rates, levies, government grants, interest and other income) by The Combined Authority in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated between The Combined Authority's services.

	Net expenditure/ (income) as reported per Management Outturn	Remove transfers to and from reserves from Outturn	Adjustment to arrive at the net amount chargeable to the General Fund Balance (b i)	Net expenditure chargeable to the general fund	Adjustments between funding and accounting basis (bii)	2020/21 Net expenditure in the comprehensive income and expenditure statement
2021/22	£'000	£'000	£'000	£'000	£'000	£'000
Combined Authority	(139)	(688)	23,611	22,784	56,355	79,119
Mayoral fund	-	795	14,063	14,858	-	14,858
Cost of services	(139)	107	37,674	37,642	56,335	93,977
Other income chargeable to the General Fund	-	5,617	(37,674)	(32,057)	(60,129)	(92,186)
(Surplus) or deficit on provision of services	(139)	5,724	-	5,585	3,794	1,791
Opening General Fund balance				(1,956)		
Transfers to earmarked reserves				(6,002)		
Closing General Fund balance				(2,373)		

	Net expenditure/ (income) as reported per Management Outturn	Remove transfers to and from reserves from Outturn	Adjustment to arrive at the net amount chargeable to the General Fund Balance (b i)	Net expenditure chargeable to the general fund	Adjustments between funding and accounting basis (bii)	2019/20 Net expenditure in the comprehensive income and expenditure statement
2020/21	£'000	£'000	£'000	£'000	£'000	£'000
Combined Authority	(1,117)	(6)	24,136	23,013	24,633	47,646
Mayoral fund	-	(145)	17,572	17,427	-	17,427
Cost of services	(1,117)	(151)	41,708	40,440	24,633	65,073
Other income chargeable to the General Fund	-	(9,562)	(41,708)	(51,270)	(15,205)	(66,475)
(Surplus) or deficit on provision of services	(1,117)	(9,713)	-	(10,830)	9,428	(1,402)
Opening General Fund balance				(1,638)		
Transfers to earmarked reserves				10,514		
Closing General Fund balance				(1,954)		

(b i) Note to the Expenditure and Funding Analysis

Adjustments for 2021/22

	Combined Authority Services			Mayoral Fund	
	Interest Income	Transport Levy Income	Net Business Rates Retention Income	Business Rates Retention Income	Total Adjustments
Combined Authority	2,428	21,175	8	-	23,611
Mayoral fund	-	-	-	14,063	14,063
Net cost of services	2,428	21,175	8	14,063	37,674
Other income chargeable to the General Fund	(2,428)	(21,175)	(8)	(14,063)	(37,674)
(Surplus) or deficit on provision of services	-	-	-	-	-

Adjustments for 2020/21

	Combined Authority Services			Mayoral Fund	
	Interest Income	Transport Levy Income	Net Business Rates Retention Income	Business Rates Retention Income	Total Adjustments
Combined Authority	2,404	20,961	617	-	23,982
Mayoral fund	-	-	-	17,572	17,572
Net cost of services	2,404	20,961	617	17,572	41,554
Other income chargeable to the General Fund	(2,404)	(20,961)	(617)	(17,572)	(41,554)
(Surplus) or deficit on provision of services	-	-	-	-	-

(b ii) Note to the Expenditure and Funding Analysis

This note provides an analysis of the adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are shown in the Movement in Reserves Statement.

Adjustments for 2021/22

Adjustments for capital purposes									
	Depreciation/ loss on disposal	REFCUS	RCCO	Grants/ contributions	Collection Fund Adjustment Account	Pensions adjustments	Accumulated Absences Account	Pooled Investment Fund adjustment Account	Total adjustments
Combined Authority	535	53,731	(179)	-	-	2,248	-	-	56,335
Mayoral fund	-	14,063	(14,063)	-	-	-	-	-	-
Net cost of services	535	67,794	(14,242)	-	-	2,248	-	-	56,335
Other income chargeable to the General Fund	-	-	-	(53,731)	(5,609)	289	(8)	(1,070)	(60,129)
(Surplus) or deficit on provision of services	535	67,794	(14,242)	(53,731)	(5,609)	2,537	(8)	(1,070)	(3,794)

The amounts disclosed in tables (b i) and (b ii) are not included in the management outturn report but have been recognised in the Comprehensive Income and Expenditure Statement.

Adjustments for 2020/21

Adjustments for capital purposes									
	Depreciation/ loss on disposal	REFCUS	RCCO	Grants/ contributions	Collection Fund Adjustment Account	Pensions adjustments	Accumulated Absences Account	Pooled Investment Fund adjustment Account	Total adjustments
Combined Authority	535	23,382	(666)	-	-	1,131	-	-	24,382
Mayoral fund	-	17,572	(17,572)	-	-	-	-	-	-
Net cost of services	535	40,954	(18,238)	-	-	1,131	-	-	24,382
Other income chargeable to the General Fund	-	-	-	(23,384)	9,310	142	85	(1,693)	(15,540)
(Surplus) or deficit on provision of services	535	40,954	(18,238)	(23,384)	9,310	1,273	85	(1,693)	8,842

Depreciation

Charges for depreciation of non-current assets are chargeable to the Comprehensive Income and Expenditure Statement under proper accounting practices.

REFCUS – Revenue expenditure funded from capital under statute

Revenue expenditure funded from capital under statute in respect of capital development schemes is charged to Cost of Services as the expenditure is incurred and reversed out through the movement in reserves statement and a transfer made to the capital adjustment account.

RCCO – Revenue Contribution to Capital Outlay

Capital expenditure may be funded from revenue budgets. This method of funding is known as Revenue Contribution to Capital Outlay (RCCO).

Grants/contributions

The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Collection Fund Adjustment Account

The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Pension Adjustments

The adjustment to Combined Authority Services represents the removal of the employer contributions made by The Combined Authority as allowed by statute and the replacement with current service costs and administration costs calculated under accepted accounting practices (IAS 19).

The adjustment to Financing and investment income and expenditure is the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement under IAS 19.

Accumulated absences account

The adjustment for the removal of the accrued element of short-term accumulating compensated absences (for example holiday pay) to the salaries actually payable in the financial year in accordance with relevant statutory provisions.

The Combined Authority is considered a local authority following its existence by virtue of the Order, it has applied the statutory provisions that allow authorities to adjust the effect of accounting for benefits on the General Fund in the Movement in Reserves Statement, via the use of an Accumulated Absences Account.

Available for Sale Reserve

The adjustment to recognise the change in the fair value of financial assets held at fair value through income and expenditure that is recognised in Financing and investment income and expenditure in the Comprehensive Income and Expenditure Statement under IFRS 9.

5. Expenditure and Income Analysed by Nature

The Combined Authority's expenditure and income is analysed as follows:

	2022 £'000	2021 £'000
Expenditure		
Employee benefits expenses including pension	14,297	8,612
Other service expenses	60,560	49,370
Depreciation, amortisation and impairment	535	535
Revenue expenditure funded from capital under statute	67,794	41,110
Business Rates Retention Tariff	6,809	3,300
Total Expenditure	149,995	102,927
Income		
Local Authority business rates growth and contributions	(20,881)	(21,348)
Levies	(21,175)	(20,961)
Government revenue grants and contributions	(47,336)	(32,945)
Capital grants and contributions	(53,731)	(23,538)
Interest and investment income	(3,498)	(4,120)
Other service income	(1,583)	(1,417)
Total Income	(148,204)	(104,329)
(Surplus)/Deficit on provision of services	1,791	(1,402)

6. Combined Authority's services

2021/22	Gross Expenditure £000	Grants Received £000	Other Income	£000 Net Expenditure £000
Implementation & set up costs	421	-	-	421
Combined Authority Services	4,162	-	-	4,162
Concessionary fares	13,330	-	-	13,330
Community transport	1,285	-	-	1,285
RTI costs	512	-	-	512
Futurebright	1,367	-	-	1,367
Adult Education	17,418	-	-	17,418
Supported Bus Services	8,717	-	-	8,717
Other projects	14,014	-	-	15,392
Digital Engineering Technology	2,523			2,523
5G Logistics	1,877			1,877
Culture – Creative Recovery	1,378			1,378
Mayoral capacity fund	292	-	-	292
Housing capacity fund	594	-	-	594
Mass Transit Options	1,236	-	-	1,236
Workforce for the Future	1,793	-	-	1,793
Productivity Challenge	606			606
Gainshare – Revenue Contribution	-	-	-	-
Grant Income	-	(46,748)	-	(46,748)
Other Income	-	-	(1,993)	(1,993)
Amounts chargeable to the General Fund	71,525	(46,748)	(1,993)	22,784
Adjustments between funding and accounting basis – Capital REFCUS (note 4)	56,335	-	-	56,335
Per Comprehensive Income and Expenditure Statement	127,860	(46,748)	(1,993)	79,119

2020/21	Gross Expenditure £000	Grants Received £000	Other Income £000	Net Expenditure £000
Implementation & set up costs	755	-	-	755
Combined Authority Services	3,247	-	-	3,247
Concessionary fares	14,102	-	-	14,102
Community transport	1,251	-	-	1,251
RTI costs	418	-	-	418
Futurebright	1,188	-	-	1,188
Adult Education	14,960	-	-	14,960
Supported Bus Services	9,410	-	-	9,410
Other projects	7,464	-	-	7,464
Mayoral capacity fund	197	-	-	197
Housing capacity fund	1,085	-	-	1,085
Mass Transit Options	1,093	-	-	1,093
Workforce for the Future	995	-	-	995
Productivity Challenge	532	-	-	532
Gainshare – Revenue Contribution	-	(162)	-	(162)
Grant Income	-	(31,957)	-	(31,957)
Other Income	-	-	(1,565)	(1,565)
Amounts chargeable to the General Fund	56,697	(32,119)	(1,565)	23,013
Adjustments between funding and accounting basis – Capital REFUS (note 4)	24,633	-	-	24,633
Per Comprehensive Income and Expenditure Statement	81,330	(32,119)	(1,565)	47,646

7. Mayoral Funds

	2022 £'000	2021 £'000
Expenditure		
Mayoral office running costs	649	195
Joint Spatial Plan Scheme Development	-	-
Transport Feasibility Studies	-	-
Election preparation costs	538	300
Revenue expenditure funded from capital under statute:		
- Highways Maintenance Grants	7,071	10,254
- Transport Grants	5,224	5,183
- Highways Incentive Grants	1,768	2,135
- Pothole Action Fund	-	-
- Transport Scheme Business Case Grants	-	-
Gross Expenditure	15,250	18,067
Income		
Gainshare – Revenue Contribution	(392)	(640)
Gross Income	(392)	(640)
Net Expenditure	14,858	17,427

Within the Narrative Statement, The Combined Authority fund, a transfer of the Gainshare Revenue income has been shown gross in expenditure and income. For the financial statements this is shown only within the Mayoral Fund as the net value.

8. Financing and investment income and expenditure

	2022 £'000	2021 £'000
Net interest on the net defined benefit liability (note 27)	289	194
Fair value movement on financial assets	(1,070)	(1,716)
Interest receivable and similar income	(2,428)	(2,404)
Net financing and investment income and expenditure	(3,209)	(3,926)

9. Taxation and non-specific grant income and expenditure

	2022 £'000	2021 £'000
National Non-Domestic Rates	(7,914)	(10,708)
Section 31 National Non-Domestic Rates Grant – MHCLG	(12,966)	(10,640)
Business Rates Retention Tariff	6,809	3,300
Transport levy from the Constituent Authorities	(19,469)	(19,018)
North Somerset Council contribution to transport levy	(1,706)	(1,943)
Pothole Action Fund Grant – DfT	(7,071)	(8,519)
Gainshare Capital Grant – MHCLG	(46,660)	(15,021)
5G Smart Tourism – DCMS	-	-
	(88,977)	(62,549)

10. Government and other grant income

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions 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 (grants receipts in advance). When conditions

have been 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-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Revenue Account in the Movement in Reserves Statement. 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 in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The following grants and contributions have been credited to the Comprehensive Income and Expenditure Statement during the year:

	2022 £'000	2021 £'000
Revenue grants credited to cost of services		
Gainshare Revenue Grant – MHCLG	17,985	9,506
5G	1,760	-
Mayoral Capacity Fund	1,000	1,000
Futurebright	362	1,106
Workforce for Future	817	496
Supported Bus Services	5,324	5,434
Adult Education Budget Implementation Grant – SFA	17,102	15,113
Active Travel	1,474	-
Western Gateway	448	-
Business Innovation	321	-
Community Renewal Fund	206	-
Other grants	537	272
Total	47,336	32,927
<i>Analysed between the following segments:</i>		
Combined Authority services	46,944	32,287
Mayoral	392	640
	47,336	32,927

	2022 £'000	2021 £'000
Capital grants and contributions credited to taxation and non-specific grant income		
Gainshare Capital Grant – MHCLG	46,944	15,020
Pothole Action Fund Grant – DfT	392	8,519
5G Smart Tourism – DCMS	-	-
	47,336	23,539

The Combined Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the transferor if the conditions are not met or the grant is not used. The balances at the year-end are as follows:

	2022 £'000	2021 £'000
Grants received in advance – capital		
Pothole Action Fund Grant – DfT	-	2,121
Gainshare Capital – MHCLG	10,343	34,506
FTZ – Dft	10,188	12,010
Transforming Cities Fund – DfT	77,084	48,000
City Deal	7,400	-
Active Travel	2,632	2,632
	107,647	99,269
Grants received in advance – revenue		
Gainshare Revenue Grant – MHCLG	49,584	54,327
Intra-City Transport	3,820	-
Biodiversity Net Gain	11,936	-
ITA Supported Bus Service	363	891
Western Gateway	795	471
Active Travel	6,515	925
E-Cycle Extension	248	248
T Levels	5	5
Future Zones Transport	579	-
Future Bright	3	-
	73,848	56,867

11. Officers' remuneration

Employees receiving more than £50,000 remuneration per year, which includes exit packages for the year.

The remuneration paid to senior employees during 2020/21 and 2021/22 was as follows:

Salary of £150,000 or more for the year ending 31 March 2021 and year ending 31 March 2022

	Salary £	Expenses £	Pension Contributions £	Total Remuneratio n £
For the period 01/04/2021 – 31/03/2022				
Chief Executive – Patricia Greer	162,757	-	34,147	196,904
For the period 01/04/2020 – 31/03/2021				
Chief Executive – Patricia Greer	160,352	-	21,648	182,000

Salary between £50,000 and £150,000 for the year ending 31 March 2021 and year ending 31 March 2022

	For the period:	Salary £	Expenses £	Pension Contributions £	Total Remuneratio n £
Director of Infrastructure	01/04/2021 – 31/03/2022	153,657	366	21,131	175,154
Director of Business Skills	01/04/2021 – 31/03/2022	98,797	-	13,831	112,628
Director of Investment and Corporate Services	01/04/2021 – 31/03/2022	127,653	86	17,871	145,610
Director of Legal Services	01/04/2021 – 31/03/2022	120,389	-	11,702	132,091

Salary between £50,000 and £150,000 for the year ending 31 March 2020 and year ending 31 March 2021

	For the period:	Salary £	Expenses £	Pension Contributions £	Total Remuneration £
Director of Infrastructure	01/04/2020 – 31/03/2021	131,007	407	17,686	149,100
Director of Business Skills	01/04/2020 – 31/03/2021	95,228	-	12,851	108,079
Director of Investment and Corporate Services	01/04/2020 – 31/03/2021	125,766	332	16,978	143,076
Director of Legal Services	01/04/2020 – 31/03/2021	83,006	-	11,205	94,211

Employees receiving more than £50,000 remuneration, which includes exit packages for the year (excluding pension contributions) were paid the following amounts:

	2022 £'000	2021 £'000
£50,000 – £54,999	8	8
£55,000 – £59,999	5	3
£60,000 – £64,999	7	6
£65,000 – £69,999	4	6
£70,000 – £74,999	3	1
£75,000 – £79,999	2	-
£80,000 – £84,999	2	4
£85,000 – £89,999	2	1
£90,000 – £94,999	-	-
£95,000 – £99,999	2	2
£100,000 – £104,999	-	-
£105,000 – £109,999	-	-
£110,000 – £114,999	-	-
£115,000 – £119,999	-	-
£120,000 – £124,999	-	-
£125,000 – £129,999	1	1
£130,000 – £134,999	1	1
£135,000 – £139,999	-	-
£150,000 – £154,999	-	-
£155,000 – £159,999	-	-
£160,000 – £164,999	1	1

Secondment costs are not included in the above table.

Exit Packages

The numbers of exit packages, with total cost per band, are set out in the table below. Exit packages include any pension contributions paid to the pension fund.

Cost band (including special payments)	Voluntary redundancies		Total exit packages		Total cost of packages in each band	
	2022 No.	2021 No.	2022 No.	2021 No.	2022 £'000	2021 £'000
£0 – £40,000	-	-	-	-	-	-
£40,000+	-	-	59	-	59	-
	-	-	59	-	59	-

12. Members' allowances

	2022 £'000	2021 £'000
Allowances	68	82
Expenses	-	-
	68	82

13. External audit costs

The table below discloses the fees paid to the Authority's external auditor, Grant Thornton UK LLP, in respect of its external audit and inspection work:

	2022 £'000	2021 £'000
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	39	39
Fees payable in respect of other services provided by Grant Thornton UK LLP during the year	-	-
	39	39

14. Intangible Assets

	Economic Model £'000	Computer software £'000	Intellectual property £'000	Total £'000
Cost				
At 1 April 2020	115	47	795	957
Additions	-	261	-	261
At 1 April 2021	115	308	795	1,218
Additions	-	140	-	140
At 31 March 2022	115	448	795	1,358
Accumulated amortisation				
At 1 April 2020	77	41	332	450
Charge for the year	29	50	265	344
At 1 April 2021	106	91	597	794
Charge for the year	10	110	165	285
At 31 March 2022	116	201	762	1,079
Net book value				
At 31 March 2022	0	247	33	280
At 31 March 2021	9	217	198	424
At 31 March 2020	38	6	463	507

15. Property, plant and equipment

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2020	361	186	547
Additions	-	405	405
At 31 March 2021	361	591	952
Additions	-	39	39
At 31 March 2022	361	630	991
Accumulated depreciation			
At 1 April 2020	165	97	262
Charge for the year	71	120	191
At 31 March 2021	236	217	453
Charge for the year	73	177	250
At 31 March 2022	309	394	703
Net book value			
At 31 March 2022	52	236	288
At 31 March 2021	125	374	499
At 31 March 2020	196	89	285

16. Long Term Investments

Loans to local authorities	£'000
At 1 April 2020	-
Reclassification to short-term investments	-
Additions	45,000
Interest Accrued	434
At 31 March 2021	45,434
Reclassification to short-term investments	(30,434)
Additions	15,000
Interest Accrued	209
At 31 March 2022	30,209

17. Short-term investments

Loans to local authorities	£'000
At 31 March 2021	175,548
Investments Matured	(128,601)
Additions	175,000
Interest Accrued	548
At 31 March 2021	175,548
Investments Matured	(175,548)
Additions	170,000
Interest Accrued	491
At 31 March 2022	170,491

18. Trade and other debtors

	2022 £'000	2021 £'000
Trade debtors	978	171
Other debtors	14,984	18,006
Prepayments and accrued income	-	-
	15,962	18,177
Analysed between the following classes of debtors:		
Central government bodies	1,333	1,324
Other local authorities	10,135	14,699
Other entities and individuals	4,494	2,154
	15,962	18,177

As at 31 March 2022 there were £Nil (2020: £Nil) trade debtors past due but not impaired.

As at 31 March 2022 other debtors of £933k (2021: £364k) were impaired in relation to NNDR income and the amount of the impairment provision was £933k (2021: £364k). The movement in the year on the provision for impairment was an increase of £575k (2021: £358k).

19. Cash and Cash Equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	276	78
Short-term deposits	34,154	25,648
	34,430	25,726

Short-term deposits consist of Money Market Funds which are highly liquid (convertible into cash within the same day) and therefore classed as a cash equivalent.

20. Short-term Loans

Loans to local authorities	£'000
At 31 March 2021	20,005
Repayments	(20,005)
Additions	0
Interest Accrued	0
At 31 March 2022	0

As part of its approach to liquidity management, the Authority may borrow short term loans to cover any unplanned cash flow shortages as they arrive.

21. Trade and other creditors

	2022 £'000	2021 £'000
Trade creditors	11,325	14,433
Taxes and social security	498	370
Accruals and deferred income	11,808	9,648
	23,631	24,451
Analysed between the following classes of creditors:		
Central government bodies	9,464	10,344
Other local authorities	11,848	12,042
Other entities and individuals	2,319	2,065
	23,631	24,451

22. Agent for West of England LEP and associated grants/functions

Bath & North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council continue to work together and co-ordinate high level planning to improve the quality of life of their residents and provide for a growing population. This joint work focuses on activities that are better planned at the West of England level, rather than at the level of the individual council areas. Decisions are made at a Joint Committee.

Similarly, The Combined Authority assumed the Accountable Body role for the Invest in Bristol and Bath Inward Investment function.

Reconciliation of Agency

	2022 £'000	2021 £'000
Agency Debtors		
IBB	-	(58)
Leader	(8)	-
Total Agency Debtors	(8)	(58)
Agency Creditors		
LEP	8,529	6,214
Grant Balances	74,018	81,425
Total Agency Creditors	82,547	87,639
Total Net Agency	82,539	87,581

Under the agency accounting approach, none of the above transactions are recognised in the Combined Authority's Comprehensive Income and Expenditure Statement. The net cash balances, totalling £96.703m at 31 March 2022 (2020: £87.581m), held by the Authority where it is acting as agent, are treated as a creditor balance within The Combined Authority's Balance Sheet, as they are held on behalf of the West of England LEP Unitary Authorities, would be paid to future grant recipients or returned to government.

The table below reflects the revenue expenditure incurred by The Combined Authority on behalf of the West of England Authorities in 2020/21 and 2021/22:

West of England LEP Revenue Expenditure 2020/21 and 2021/22

	2022 £'000	2021 £'000
Expenditure		
LEP Management & Co-ordination	876	817
LEP Infrastructure	226	219
LEP Skills & Economy	476	396
Growth Hub	807	902
LEADER	11	23
Inward Investment Table	913	767
RIF Administration	-	-
SW Energy Hub	1,409	1,038
Central Hub	62	-
ERDF Administration	66	64
Enterprise Advisor	-	-
Skills Advisory Panel	74	56
LEP Strategy	207	332
Infrastructure & Investment Delivery Plan	112	63
LEP Innovation & Sector Development	901	937
Green Homes	1,620	-
Other expenditure	489	485
	8,249	6,099
Income		
Local Authority contributions	440	440
Investment Interest	45	317
Higher/Further Education contributions	-	30
Government Grant – Core & Strategic Economic Plan	826	540
Economic Development Grant	1,021	893
Government Grant – Growth Hub	807	904
Government Grant – Infrastructure & Investment Delivery Plan	112	167
Government Grant – Other	3,987	1,794
Government Grant – Innovation & Sector Development	858	813
Lep Infrastructure	99	-
Movement from Reserves	54	201
	8,249	6,099

West of England LEP Revenue Expenditure 2020/21 and 2021/22 continued

	2022 £'000	2021 £'000
Expenditure/Income yet to be defrayed/received		
Growth Hub Net Creditor	30	(8)
LEADER Net Debtor	(8)	(3)
LEP Net Creditor	7,747	5,243
LEP Reserves	760	982
Cash Balance held	8,529	6,214

Invest in Bristol and Bath Revenue Expenditure 2020/20 and 2021/22

	2022 £'000	2021 £'000
Expenditure		
Inward Investment Team	913	767
	913	767
Income		
Economic Development Fund Grant	913	760
Other Grants	-	-
Sponsorship Income	-	-
Contributions	-	7
	913	767
Expenditure/Income yet to be defrayed/received		
Net Debtor	-	(58)
Cash Balance Held	-	(58)

In addition, The Combined Authority is the accountable body for central government grants and acts as Agent. Balances were transferred from Bath & North East Somerset Council. Sums are distributed to specific projects, as various criteria are satisfied, with the receiving body or Authority treating as grant in their own financial statements. The balance of funds not distributed is therefore treated as a creditor in The Combined Authority's financial statements; these sums will either be paid to future grant recipients or returned to government if not used or where they are recovered:

West of England LEP Central Government Grants 2020/21 and 2021/22

2021/22 Grants Awarded					
	Funds transferred £'000	Grant received/ returned £'000	Interest applied £'000	Grant distributed/ recovered £'000	Funds c/fwd £'000
MHCLG – Growing Places Revolving Infrastructure Fund	5,163	-	-	4,595	9,758
BEIS – Regional Growth Fund 2 Revolving Infrastructure Fund	(407)	-	38	(1,448)	(1,817)
BEIS – Greenhomes	53,139	-	-	(4,661)	48,478
RIF – Returned Funds from completed schemes	8,223	-	-	5,499	13,722
MHCLG – Local Growth Fund	(226)	6,850	-	(6,526)	98
	65,892	6,850	38	(2,541)	70,239

2021/22 Grant funding yet to be distributed/(returned)				
	Funds c/fwd (as above) £000	Net Creditor/ (Debtor) £'000	Impairment of Trade Debtors (RGF3) £'000	Total Cash Balance held £'000
MHCLG – Growing Places Revolving Infrastructure Fund	9,758	-	-	9,758
BEIS – Regional Growth Fund 2 Revolving Infrastructure Fund	(1,817)	-	-	(1,817)
BEIS - Greenhomes	48,478	-	-	48,478
RIF – Returned Funds from completed schemes	13,722	-	-	13,722
MHCLG – Local Growth Fund	98	3,779	-	3,877
Total	70,239	3,779	-	74,018

2020/21 Grants Awarded					
	Funds transferred £'000	Grant received/ returned £'000	Interest applied £'000	Grant distributed/ recovered £'000	Funds c/fwd £'000
MHCLG – Growing Places Revolving Infrastructure Fund	5,153	-	-	10	5,163
BEIS – Regional Growth Fund 2 Revolving Infrastructure Fund	(13)	-	68	(462)	(407)
BEIS – Green Homes	-	53,139	-	-	53,139
RIF – Returned Funds from completed schemes	6,285	-	-	1,938	8,223

WEST OF ENGLAND COMBINED AUTHORITY

MHCLG – Local Growth Fund	20,728	41,162	-	(62,116)	(226)
	32,153	94,301	68	(60,630)	65,892

2020/21 Grant funding yet to be distributed/(returned)

	Funds c/fwd (as above) £000	Net Creditor/ (Debtor) £'000	Impairment of Trade Debtors (RGF3) £'000	Total Cash Balance held £'000
MHCLG – Growing Places Revolving Infrastructure Fund	5,163	-	-	5,163
BEIS – Regional Growth Fund 2 Revolving Infrastructure Fund	(407)	-	-	(407)
	53,139	-	-	53,139
RIF – Returned Funds from completed schemes	8,223	-	-	8,223
MHCLG – Local Growth Fund	(226)	15,533	-	15,307
Total	65,892	15,533	-	81,425

23. Provisions, Contingent Liabilities and Guarantees

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount. The expense relating to the provision is recognised in the Comprehensive Income and Expenditure Statement.

	2022 £'000	2021 £'000
Provision for Appeals – NNDR Income		
At 1 April	3,067	3,092
Charged to income and expenditure	(316)	(25)
At 31 March	2,751	3,067

The National Non-Domestic Rates (NNDR) Appeals Provision is for appeals made to the Valuation Office Agency in respect of NNDR valuations. These estimates of reductions to NDR income are made by officers at the three Billing Authorities participating in the 100% BRR Pilot.

The Authority has not entered into any Guarantees.

24. Usable reserves

The purpose of the individual reserves are as follows:

General Fund Balance

The General Fund Balance is a statutory fund which represents funds available to The Combined Authority to meet unexpected short-term requirements. Movements in the General Fund are detailed in the Movement in Reserves Statement.

Integrated Transport Authority Reserves

The Integrated Transport Authority Reserve exists in order to hold variances between the costs of Concessionary Fares, Bus Information services and Community Transport support, pending the adjustment of Levy calculations in subsequent Financial Years, to maintain a revenue neutral position between the Combined Authority and contributing Authorities. The 2021/22 transport underspend of £1,347k has been transferred to a specific one-off earmarked bus reserve to invest in further support to regional bus services to protect routes, particularly in rural areas.

BRR Reserve

The Business Rates Reserve exists in order to meet costs arising from the volatility in NNDR income due to changes in the Rateable Value of properties or the granting of new exemptions and reliefs and is utilised to fund deficits impacting in future years.

Mayoral Elections Reserve

A drawdown of £538k was made against this earmarked reserve to meet the costs of the mayoral election in 2021.

Mayoral and Housing Capacity Funding

The balance of these two grant funding streams has been transferred into earmarked reserves to facilitate and accelerate delivery of infrastructure and investment projects, and to create a strategic housing delivery unit.

Section 31 Excess Reserve

The NNDR collection fund closed with a high deficit in 2021/22 (see note 25 for the breakdown), majority of which was due to COVID-19. To help funding the Covid related deficits, additional S31 grant has been awarded. An earmarked reserve of £3.4m was created to carry this over to 22/23 when the deficit will need to be repaid. The 2020/21 deficit of £9.5m was drawn down from the earmarked reserve in 2021/22.

Treasury Management Reserve

At the January 2022 West of England Combined Authority Committee, approval was obtained for 50% of surplus investment income achieved in 2021/22 to be transferred to the Treasury Management Reserve to cover the risk of capital losses and/or lower financial returns in future years. This transfer to the specific reserve was £699k

Earmarked Reserves

Current year movements	Integrated Transport Authority reserve General £'000	Integrated Transport Authority Bus reserve £'000	BRR Reserve £'000	Mayoral Elections £'000	Mayoral Capacity funding £'000	Housing Capacity funding £'000	S31 Excess & TIG	Delays in Programme Delivery Overhead Recovery £000	Treasury Management £000	Other £'000	Total £'000
Balance at 1 April 2021	843	-	777	888	507	1,096	9,561	391	400	1,178	15,641
Transfers in year from/(to) general reserves	(227)	1,347	-	(768)	(293)	(594)	(6,156)	431	699	(441)	(6,002)
Net transfer from/(to) general reserves	(227)	1,347	-	(768)	(293)	(594)	(6,156)	431	699	(441)	(6,002)
Balance at 31 March 2022	616	1,347	777	120	214	502	3,405	822	1,099	737	9,639

25. Unusable reserves

The purpose of the individual reserves are as follows:

Pooled Investment Fund Adjustment Account

The Pooled Investment Fund Adjustment Account includes all gains and losses recognised on revaluation of financial assets held at fair value through other comprehensive income.

	2022 £'000	2021 £'000
Balance as at 1 April	997	2,689
Amount by which the change in fair value of pooled funds charged to the Comprehensive Income & Expenditure Statement are different from that calculated for the year in accordance with statutory requirements.	(1,070)	(1,692)
Balance as at 31 March	(73)	997

The value of the CCLA property fund has increased by £1.6m, offset with a combined fall in the value of the multi assets funds of £546k creating an overall gain in the year of £1.07m.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The account is credited with capital grants and contributions receivable and amounts set as finance for the costs of acquisition, construction and subsequent costs (MRP).

	2022 £'000	2021 £'000
Opening balance at 1 April	791	791
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and amortisation of non-current assets	(535)	(535)
Revenue expenditure funded from capital under statute	(67,794)	(41,110)
Transfer of revenue contributions on capital outlay (RCCO)	14,242	18,239
Capital financing applied in the year		
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	53,731	23,538
Closing balance at 31 March	435	923

Pensions Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The balance on the reserve shows the shortfall in the benefits earned by past and current employees and the resources The Combined Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2022 £'000	2021 £'000
Opening balance at 1 April	(13,778)	(6,566)
Remeasurements (liabilities and assets)	2,590	(5,792)
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on provision of services in the Comprehensive Income and Expenditure Statement	(3,721)	(2,264)
Employers pension contributions payable in the year; Current year	1,184	844
Closing balance at 31 March	(13,725)	(13,778)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from business rate payers, compared with the statutory arrangements for paying across amounts to the Authority from the Billing Authorities. The annual movement attributable to each of the three Billing Authorities is shown in the table below:

Collection Fund Adjustment Account 2020/21 and 2021/22

	2022 £'000	2021 £'000
Balance at 1 April	(9,875)	(128)
Bath & North East Somerset Council	1,188	(2,166)
Bristol City Council	2,190	(4,228)
South Gloucestershire Council	2,231	(3,353)
Balance at 31 March	(4,266)	(9,875)

Majority of the deficit in 2021/22 has been caused by the unprecedented COVID-19 measures. Additional S31 grant has been awarded to fund this – Reference Section 31 Excess Reserve in Note 24 above.

26. Capital expenditure and capital financing

The Authority spent £67.9m (2020/21: £41.7m) on capital during 2021/22. This expenditure is summarised below:

	31 March 2022 £'000	31 March 2021 £'000
Bottle Yard Studios	7,678	-
CPNN Cycle Links	880	1,482
IT Equipment	179	666
Great Stoke Roundabout Improvements	10	1,845
Wraxall Road	3,922	2,328
Metrowest Phase 2	1,660	588
Yate A432 Park & Ride	3,934	225
5G	-	250
FTZ Dft funding to capital programme	-	491
QTIC+	-	62
Dft Active Travel Fund	2,632	201
Transport Scheme Business Case Development	6,528	2,318
Highways Maintenance & Infrastructure	21,134	26,091
Real Time Information	-	93
Thornbury Hospital Site	3,628	-
North Keynsham Land Acquisition	5,528	-
On Bus Contactless	30	67
Future Transport Zones	1,299	-
Metrowest Phase 1	1,816	-
Love Our High Streets	686	-
South Bristol Industrial Light Workspace	307	-
Low Carbon Challenge Fund	63	-
DCIA	31	-
Bus Strategy	426	-
Chew Valley Recreation	1,133	-
E Scooters	324	-
Future Transport Zones	323	-
Access for All	6	-
Keynsham Town Centre	425	-
Cribbs Patchway Metrobus	3,391	5,069
Total expenditure	67,973	41,776
Analysed between the following:		
Intangible Asset (note 14)	140	261
Property, plant and equipment (note 15)	39	405
Total capital expenditure	179	666
Written off to cost of services – transport capital grants and 5G grants	67,794	41,110
	67,973	41,776

The table below details the funding of the capital programme:

	31 March 2022 £'000	31 March 2021 £'000
Funded by:		
Central government grants	7,071	8,518
Gainshare Contributions	46,660	15,020
Mayoral Fund RCCO	14,063	17,572
The West of England CA RCCO	179	666
	67,973	41,776

The Authority receives capital grants from MHCLG and DfT as well as funding via the 100% Business Rates Retention system, which it administers and passes onto Constituent Authorities. As detailed above, a significant proportion of the capital investment made by the Authority therefore relates to REFCUS. REFCUS relates to capital expenditure incurred on assets that are not in the ownership of the Authority.

27. Defined benefit pension scheme

Employees of The Combined Authority participate in the Avon Pension Fund, a defined benefit career average salary statutory scheme whose administering Authority is Bath & North East Somerset Council in accordance with the Local Government Pension Scheme Regulations 2013.

An actuarial valuation of this fund was carried out by Mercer, an independent firm of actuaries. There are significant increases in the assets and liabilities due to the updating of the position at the 2019 actuarial valuation. In particular, a number of extra members had moved across to the Combined Authority after the inception date bringing with them accrued benefits and extra assets.

There has been substantial volatility in financial markets since the start of the COVID-19 pandemic. Despite a period of relative stability, recently this volatility increased again with the situation in Ukraine. This has consequences for asset values, and any changes in markets will be reflected in accounting figures. Over the same period, volatility has extended to corporate bonds, but ultimately AA-rated corporate bond yields at 31 March have settled at around 2.7% p.a – higher than at the start of the accounting year.

The decisions of the Court of Appeal in the Sargeant/McCloud cases (generally referred to for the LGPS as “McCloud”) have ruled that the transitional protections afforded to older members when the Public Service Pension Schemes were amended constituted unlawful discrimination. The Government has accepted that remedies relating to the McCloud judgment are needed in relation to all public service pension schemes, and a consultation was published in July 2020 including a proposed remedy for the LGPS. The key feature of the proposed remedy was to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022.

This applies to all members who were active on or before 31 March 2012 and either remain active or left service after 1 April 2014 (including to those members who no longer have a benefit entitlement from the Fund). Unless specifically requested by employers, our figures already include an allowance for McCloud that is substantially in line with the above. There are some minor areas where our approach differs (principally in respect of members who left service after 1 April 2014), but other than in exceptional circumstances we would expect the impact of these minor proposed changes to be nil. Even where there would be minimal impact, an accurate assessment would be extremely difficult (if not impossible) due to lack of availability of data. The expected effect of the McCloud remedy has been taken into account in the pension fund calculations.

Based on the results of this valuation the actuaries advise that the cost of pensions to be charged to the Comprehensive Income and Expenditure Statement from 1 April 2019 should be 13% of the current employees’ pensionable pay. This pension cost has been determined after allowing for the

amortisation of the difference between the assets and the accrued liabilities relating to the Combined Authority over the average remaining service lives of the current members of the fund.

Calculation method

The figures as at 31 March 2022 are based on the Triennial ongoing valuation assumptions. The membership data from the 2019 Valuation was used as a basis for the 2022 IAS19 Report. The IAS19 Report has been valued on the criteria in the IAS19 Account Standards using high quality corporate bond yield returns.

Liabilities are based on benefit payment and contribution information provided by the fund's administrator as at 31 March 2022. This valuation was carried out by Mercer.

Net liability and pension reserve

The net amount recognised on the Balance Sheet at 31 March 2022 is a deficit of £13,725,000 (2021: £13,778,000).

Movement in net pension fund liability during the year

	2022 £'000	2021 £'000
Opening balance at 1 April	13,778	6,566
Employer's pension contributions payable in the year	(1,184)	(844)
Current service cost	3,380	2,031
Past service cost	-	-
Curtailment	-	-
Administrative expenses	52	39
Net interest cost	289	194
Business Combination	-	5,035
Remeasurements (liabilities and assets)	(2,590)	757
Closing balance at 31 March	13,725	13,778

Employer's pension contributions expected to be paid in 2022/23 are estimated at £1,104,000.

Transactions relating to post-employment benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the levy is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2022 £'000	2021 £'000
Comprehensive Income and Expenditure Statement		
Cost of services		
Current service cost	3,380	2,031
Past service cost	-	-
Administration expenses	52	39
Curtailment	-	-
Financing and investment income and expenditure		
Net interest cost	289	194
Total post-employment benefit charged to the surplus or deficit on provision of services	3,721	2,264
Remeasurements (liabilities and assets)	(2,590)	5,792
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	1,131	8,056

The current service cost (38.8% of pay plus interest) represents the future service cost to the Authority of one year's accrual of pension benefits for active members, calculated on the actuarial assumptions used at the start of the year for accounting purposes.

The net interest cost is the difference between the interest on pension liabilities and interest on pension assets. Administration costs are the cost of running the fund.

Remeasurements on assets are sometimes referred to as actuarial gains and losses and are the net of assets and liabilities remeasurements. Remeasurements on assets are normally the investment return on the assets. However, for multi-employer schemes such as the LGPS, which do not have asset values which are formally segregated between employers, additional adjustments can arise in the year in which a new set of actuarial valuation results is brought into account for accounting purposes. In particular, the approach to calculating the accounting assets and liabilities in between full actuarial valuations is approximate in nature. At each valuation, the position is re-assessed, with the assets (and liabilities) attributable to each employer being fully recalculated. Following each full actuarial valuation it can therefore be necessary to put through some adjustments to reflect this recalculation.

Remeasurements on liabilities are subdivided into experience gains (losses) on liabilities and gain (loss) on assumptions. For IAS19, this latter figure is further divided into gains (losses) on financial and demographic assumptions.

	2022 £'000	2021 £'000
Movement in reserves statement		
Reversal of net charges made to the surplus or deficit on provision of services for post-employment benefits in accordance with the Code	(3,721)	(2,264)
Actual amount charged against the General Fund Balance for pensions in the year	1,184	844
	(2,537)	(1,420)
Assets and liabilities in relation to post-employment benefits		
Present value of scheme liabilities	(35,392)	(31,929)
Present value of scheme assets	21,667	18,151
Amounts recognised as liabilities	(13,725)	(13,778)

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	2022 £'000	2021 £'000
Opening balance at 1 April	31,929	16,804
Current service cost	3,380	2,031
Past service cost	-	-
Interest on pension liabilities	707	492
Member contributions	660	492
Actuarial losses/(gains)	(1,115)	2,705
Curtailment	-	-
Benefits paid	(169)	222
Business Combination	-	9,183
Closing balance at 31 March	35,392	31,929

Reconciliation of fair value of the scheme assets	2022 £'000	2021 £'000
Opening balance at 1 April	18,151	10,238
Employer's pension contributions payable in the year	1,184	844
Interest on plan assets	418	298
Member contributions	660	492
Actuarial gains/(losses)	1,475	1,948
Administrative expenses	(52)	(39)
Benefits paid	(169)	222
Business Combination	-	4,148
Closing balance at 31 March	21,667	18,151

The plan assets at the year-end were as follows:

Asset	2022 %	2022 £'000	2021 %	2021 £'000
Equities	41	8,807	37	6,806
Gifts	12	2,685	14	2,564
Other bonds	7	1,618	9	1,535
Property	7	1,441	7	1,307
Cash/liquidity	2	343	3	533
Other	31	6,773	30	5,406
	100	21,667	100	18,151

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The expected rate of return on plan assets is based on market expectations, at the beginning of the year, for investments returns over the entire life of the related obligation.

	2022	2021
Valuation assumptions		
Discount rate	2.8%	2.2%
Rate of salary increase	4.7%	4.2%
Rate of pension increase	3.3%	2.8%
Inflation assumption	3.2%	2.7%
Future life expectancies from age 65		
Retiring today:		
Males	23.1	23.3
Females	25.3	25.4
Retiring in 20 years:		
Males	24.6	24.8
Females	27.3	27.4

Estimates within these accounts take account of the actuary's best estimate of pension liabilities at the balance sheet date.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring in the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity analysis

	Per financial statements £'000	+ 0.1% p.a. discount rate £'000	+1% p.a. inflation £'000	+ 0.1% p.a. pay growth £'000	1 year increase in Life expectancy £'000
Liabilities	35,392	34,531	38,931	35,537	36,379
Assets	(21,667)	(21,667)	(21,667)	(21,667)	(21,667)
Deficit/(Surplus)	13,725	12,864	17,264	13,870	14,712
Projected Service Cost for next year	3,217	3,113	3,538	3,217	3,324
Projected Net Interest Cost for next year	367	356	404	372	395

28. Financial risk management

The Authority has existed as an entity since February 2017. During the year to 31 March 2022, the focus has been on continuing to develop appropriate governance structures and ensure that sufficient resources are in place to support the delivery of the organisation's objectives.

As part of a prudent investment strategy, the Authority seeks to invest any monies received in advance of need with public sector bodies and financial institutions of a high credit-worthiness.

The Authority's principal financial liabilities comprise trade and other creditors. The main purpose of these financial liabilities is to fund The Combined Authority's operations. The Authority has trade and other debtors, and cash, long-term investments and short-term deposits that derive directly from its operations. The Combined Authority does not enter into any derivative transactions.

The Combined Authority is exposed to credit risk, liquidity risk, market risk and price risk. Currency risk is not a significant factor for The Combined Authority since all its financial assets or liabilities are denominated in Sterling and it makes few purchases or sales in foreign currencies. It therefore has no material exposure to loss arising from movement in exchange rates.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Authority is exposed to credit risk from its operating activities (primarily for trade debtors) and from its financing activities, including deposits with banks, other financial institutions and local authorities.

The Combined Authority manages the credit risk from its financing activities by restricting its exposure with financial institutions to those that are

on the official lending list as compiled by the Authority's treasury management advisors. The criteria for these lending lists are set out in the Treasury Management Strategy report and credit ratings monitored constantly through the receipt of credit rating bulletins from its treasury management advisors. If a financial institution fails to meet the criteria they are removed from the official lending list. The lending list contains financial as well as duration limits to reduce risk. Minimal balances are held for daily cash-flow management and any surplus funds are invested in Money Market Funds or Fixed Term Investments.

Customer credit risk: customers for goods and services are assessed, taking into account their financial position, past experience and other factors.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 March 2022 £'000	31 March 2021 £'000
Long-term Investments	30,209	45,434
Short-term Investments	170,491	175,548
Trade and other debtors	15,962	18,177
Cash and short-term deposits	34,430	25,726
	251,092	264,885

Liquidity risk

Liquidity risk covers the ease of access to finance. The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Combined Authority maintains a sufficient level of liquidity through the use of Money Market Funds. If short term funding was required, the Authority has ready access to borrowings from the money markets. There is no significant risk that it will be unable to raise finance to meet its commitments. All trade and other creditors are due to be paid in less than one year.

Market risk

The Authority is exposed to the risk of interest rate movements on its investments. For instance, a rise in interest rates would cause the fair value of investments at fixed rates to fall. The effect of interest rates is monitored throughout the year and the impacts are reflected in budget monitoring reports which identify the performance against budget. However, fixed rate investments are not currently carried at fair value, so nominal losses would not impact on the Comprehensive Income and Expenditure Statement.

Price Risk

The Authority invests in one pooled property fund and four multi asset funds, and is therefore exposed to losses arising from movements in these funds. During the initial phase of the pandemic, the sharp falls in corporate bond and equity markets had a negative impact on

the value of the Council's pooled fund holdings which was reflected in the 31st March 2021 fund valuations with most funds registering negative capital returns over a 12 month period. Since March 2021 there has been improvement in market sentiment which is reflected in an increase in capital values of these strategic bond, equity and multi-asset income funds in the Authority's portfolio, although the conflict in Ukraine has added volatility to the markets. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives is regularly reviewed. These investments are made in the knowledge that capital values will move both up and down on months and quarters, but with the confidence that over a three to five-year period, total returns will exceed interest rates. They provide regular revenue income and in 2021-22 provided an average total return of 3.66%. In light of their performance over the medium-long term, investment in these funds have been maintained.

EU Referendum

Following the triggering of Article 50 on 29 March 2017, The Combined Authority continues to closely assess and manage the direct effects of the UK leaving the European Union, in relation to market reaction (i.e. returns on investments), financial stability of counter parties and

likelihood of future funding opportunities. The Combined Authority are assisted in this regard by professional Treasury Management advisors, Arlingclose Limited.

Coronavirus

The Authority will continue to monitor closely the impacts of COVID-19 including the effect on financial markets and the stability of the financial institutions the Authority has dealings with to ensure that security and liquidity of Group investments are not adversely affected. The Combined Authority are assisted in this regard by professional Treasury Management advisors, Arlingclose Limited.

29. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet. Financial assets at fair value consist of Pooled Multi Asset fund investments and Money Market Funds. Short-term debtors consist of investments, accrued interest and trade and other debtors. Cash and cash equivalents include investments in Money Market Funds. Short-term creditors consist of trade creditors and accruals.

	Long term		Current		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Financial assets at fair value through other income or expenditure:						
Pooled funds	-	-	-	-	-	-
Financial assets at fair value through profit and loss:						
Pooled funds – Property FVL1	-	-	10,828	9,211	10,828	9,211
– Multi Asset FVL1	-	-	36,209	23,755	36,209	23,755
Financial assets at amortised cost:						
Investment assets:						
- Principal	30,000	45,000	170,000	175,000	200,000	220,000
- Accrued interest	209	434	491	548	700	982
Total investments	30,209	45,434	217,528	208,514	247,737	253,948
Financial assets at fair value through profit and loss:						
- Short-term deposits FVL1	-	-	24,550	19,100	24,550	19,100
Financial assets at amortised cost:						
- Cash at bank and in hand	-	-	276	77	276	77
- Short-term deposits	-	-	9,384	6,197	9,384	6,197
- Accrued interest	-	-	220	351	220	351
Total Cash & cash equivalents	-	-	34,430	25,725	34,430	25,725
- Trade debtors	-	-	978	171	978	171
- Other debtors	-	-	15,917	18,538	15,917	18,538
- Accrued income	-	-	-	-	-	-
- Loss allowance	-	-	(933)	(532)	(933)	(532)
Included in Trade and other debtors *	-	-	15,962	18,177	15,962	18,177
Total financial assets	-	-	267,920	252,416	298,129	297,850

* The trade and other debtors line on the Balance Sheet include £Nil (2021: £NIL) short-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

	Long term		Current		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Financial liabilities at amortised cost						
- Trade creditors	-	-	(11,325)	(14,433)	(11,325)	(14,433)
- Short term borrowing	-	-	-	(20,005)	-	(20,005)
- Accruals	-	-	(11,808)	(9,648)	(11,808)	(9,648)
Total financial liabilities	-	-	(23,133)	(44,086)	(23,133)	(44,086)
Included in trade and other creditors **	-	-	(23,133)	(24,081)	(23,133)	(24,081)

** The trade and other creditors line on the Balance Sheet include no (2021: Nil) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

For the year ending 31 March 2022			
	Financial assets at amortised cost £'000	Financial assets at fair value through income and expenditure £000	Total £000
Interest income	(2,428)	-	(2,428)
Gain on assets at fair value through income or expenditure	-	(1,070)	(1,070)
Interest expense	-	-	-
Net impact on (surplus)/deficit on provision of services	(2,428)	(1,070)	(3,498)
Gain on assets at fair value through other comprehensive income	-	-	-
Net gain for the year	(2,428)	(1,070)	(3,498)

For the year ending 31 March 2021			
	Financial assets at amortised cost £'000	Financial assets at fair value through income and expenditure £000	Total £000
Interest income	(2,404)	-	(2,404)
Gain on assets at fair value through income or expenditure	-	(1,716)	(1,716)
Interest expense	-	-	-
Net impact on (surplus)/deficit on provision of services	(2,404)	(1,716)	(4,120)
Gain on assets at fair value through other comprehensive income	-	-	-
Net Gain for the year	(2,404)	(1,716)	(4,120)

Fair value of financial assets and liabilities

Except for financial assets carried at fair value (Pooled Property fund and short-term deposits within cash and cash equivalents), all other financial assets and financial liabilities are carried on the Balance Sheet at amortised cost in accordance with the requirements of the Code and IFRS 9.

Some of The Combined Authority's financial assets are carried on the Balance Sheet at fair value, defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Pooled Multi Asset funds (managed externally by fund managers) and Money Market Funds are valued by reference to the published unit price, and this is input level 1 in the fair value hierarchy.

The different levels in the fair value hierarchy have been defined as follows:

- i) Quoted prices (unadjusted) in active markets for identical assets of liabilities (Level 1).
- j) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- k) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The table below compares the Balance Sheet value of financial assets and financial liabilities to their fair value.

	2022		2021	
	Balance Sheet £'000	Fair value £'000	Balance Sheet £000	Fair value £000
Financial assets at fair value through other income and expenditure				
Pooled funds	-	-	-	-
Financial assets at fair value through profit and loss				
Pooled funds	47,036	47,036	32,966	32,966
Financial assets at amortised cost				
Investment assets:				
- Fixed-term investments	200,000	200,000	220,000	221,754
- Accrued interest	700	700	982	982
- Trade and other debtors	15,962	15,962	18,177	18,177
Total investment assets	263,698	263,698	272,125	273,879
Cash and cash equivalents:				
Financial assets at fair value through profit and loss:				
- Short-term deposits	24,550	24,550	19,100	19,100
Financial assets at amortised cost:				
- Cash at bank and in hand	276	276	77	77
- Short-term deposits	9,384	9,385	6,198	6,200
- Accrued interest	220	220	351	351
Total cash and cash equivalents	34,430	34,430	25,726	25,728
Total financial assets	298,128	298,129	297,851	299,607
Financial liabilities at amortised cost				
Trade and other creditors	(23,133)	(23,133)	(24,451)	(24,451)
Short term borrowing	-	-	(20,005)	(20,005)
Total financial liabilities	(23,133)	(23,133)	(44,456)	(44,456)

Short-term debtors and creditors, cash and cash equivalents (including short-term deposits) approximate to their carrying amounts largely due to the short-term nature of these instruments. Accrued interest reflects interest on fixed-term investments which is payable within 12 months of the balance sheet date.

Sensitivity analysis

Income or expenditure and the fair value of financial assets are sensitive to the following changes:

Impact on fair value	Impact on income or expenditure			
	5% property price fall £'000	1% interest rate rise £'000	5% equity price fall £'000	1% interest rate rise £'000
Pooled funds	(560)	548	(431)	52
Fixed-term investments	-	1,245	-	1,149
Short-term deposits	-	41	-	232

30. Operating leases

Under the requirements of IAS 17 Leases, the Authority is required to review all lease arrangements and apply the primary and secondary tests detailed in the standard to determine the extent to which the risks and rewards incidental to ownership lie with the lessor or lessee and therefore whether leases should be classified as operating or finance leases, with the subsequent accounting treatment being in accordance with the standard.

The Authority is a lessee for the occupation of its offices at Temple Quay. This is considered an Operating Leases.

Operating leases are not recognised in the Balance Sheet but charged as an expense in the Comprehensive Income and Expenditure Statement on a straight line basis over the lease term, even if this does not match the pattern of payments. The table below sets out the future minimum lease payments payable under non-cancellable operating leases due to be paid by the Authority:

	31 March 2022 £'000	31 March 2021 £'000
Land and buildings		
Less than one year	126	173
Between two and five years	-	126
	126	299

There are no lease payments due to be paid to the Authority. The existing office lease expires at the end of December 2022. The Authority's new office building will be 70 Redcliffe Street, however the lease has not yet been formally signed.

31. Capital commitments

As at 31 March 2022, the Authority has issued a number of Grant Offer Letters funding Transport Scheme Business Cases and Highways and Transport Grants.

The major commitments are listed in the table below:

	2022/23 £'000	2023/24 £'000	2024/25 £'000
THE COMBINED AUTHORITY Capital			
Business Case Development Grants	186	-	-
Thornbury Hospital	35	-	-
Metrowest Phase 2	843	2,040	2,188
Bottle Yard Studios	4,185	-	-
CPNN Cycle Links	216	-	-
On Bus Contactless Payment	62	-	-
Wraxall Road	161	-	-
Quantum Technologies	8,501	16,487	9,923
St George Liveable Neighbourhood	272	-	-
Bath City Centre	452	248	343
Keynsham Road & Town Centre	192	-	-
South Bristol Industrial Light Workspace	4,434	492	-
Bristol Temple Meads	4,590	9,556	-
Low Carbon Challenge Fund	1,320	-	-
FTZ DfT Capital Programme	9,221	5,899	-
DfT Active Travel Fund	5,789	-	-
Bath Riverline	1,048	-	-
Portway Park and Ride	922	-	-
Somer Valley	500	-	-
Metrobus	1,828	-	-
ERDF	984	-	-
Concorde Way	350	-	-
Filton to MOD	125	-	-
Common Connections	66	182	288
Grovesend Road	80	-	-
Silver Street/Fosseway Walking Route	62	-	-
Fielding's Bridge	50	-	-
City Centre to Weston Cycle Route	62	-	-
City Region Sustainable Transport	90,898	108,760	108,760
	137,434	143,664	121,502

32. Related party disclosures

The 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. Disclosure of these transactions allows readers to assess the extent to which The Combined Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. These include:

Central Government

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 and provides funding in the form of grants. Grants received from Government Departments are set out in note 10 together with grant receipts not yet recognised due to conditions attached to them at 31 March 2022. A significant body of funding comes from Central Government, which provides the majority of the Authority's funding as part of the Devolution deal, including through redistributed NNDR income.

Members

The Mayor has control over The Combined Authority's financial and operating policies. The total of Members allowances paid in 2021-22 is shown in note 12. There were no transactions with related parties during the year.

Officers

During the year, there were income and expenditure transactions with local authorities or central government departments which officers had registered an employment interest with (for either themselves or their partner). These transactions are included in the expenditure and income disclosures below. There were no transactions with companies in which officers had an interest.

Constituent authorities

The Leaders of Bath and North East Somerset and South Gloucestershire Councils, and the Mayor of Bristol City Council, alongside the Mayor of the West of England, have direct control over the Authority's financial and operating policies through decision-making at The Combined Authority Committee. Within this capacity, in consultation with their respective councils, they approve the level of Levy raised annually to support the transport functions of the Authority. The Authority operates several other committees, details of which are in the Annual Governance Statement.

To support the operation of the Authority, the constituent councils within the region have provided support to The Combined Authority to assist in the discharge of its functions, i.e. The provision of ICT, Payroll, Insurance, Financial Systems and Exchequer services. Recharges have been made by the respective councils to the Authority to recover the cost of providing elements of this support.

Details of material income and expenditure are detailed below.

The Authority received the following levy payments and funding from Related Parties:

Funding received by The Combined Authority from Related Parties

2021/22				
	ITA Levy £'000	100% BRR Pilot £'000	Grants £'000	Other Contributions £'000
Government	-	-	-	-
Constituent Authorities				
Bath & North East Somerset Council	5,194	2,322	-	400
Bristol City Council	10,261	8,173	-	34
South Gloucestershire Council	4,014	5,816	-	605
	19,469	16,311	-	1,039
2020/21				
Government	-	-	-	-
Constituent Authorities				
Bath & North East Somerset Council	5,048	1,256	-	25
Bristol City Council	10,035	6,207	-	67
South Gloucestershire Council	3,935	3,323	-	51
	19,018	10,786	-	143

The Authority made the following payments to Related Parties:

Expenditure incurred by The Combined Authority to Related Parties

2021/22						
	ITA Functions £'000	Secondments £'000	Support Services £'000	Distribution of Grants £'000	Reimburse- ment of Election Costs £'000	Other Contributions £'000
Government	-	-	-	-	-	-
Constituent Authorities						
Bath & North East Somerset Council	547	48	3	8,452	-	241
Bristol City Council	92	-	2	11,141	-	172
South Gloucestershire Council	97	42	1	23,220	-	410
	736	90	6	42,813	-	823
2020/21						
Government	-	-	-	-	-	-
Constituent Authorities						
Bath & North East Somerset Council	686	89	9	10,316	-	423
Bristol City Council	124	68	5	7,048	-	434
South Gloucestershire Council	1,485	84	12	23,336	-	37
	2,295	241	26	40,700	-	894

Entities controlled or significantly influenced by the West of England Combined Authority

The Combined Authority owns no subsidiary companies.

33. Events after the Balance Sheet Date

The Statement of Accounts were authorised for issue by the West of England's Responsible Financial Officer on 28th July 2022. Events taking place after this date are not reflected in the financial statements or notes to the accounts. Where events taking place before this date provided information about conditions existing as at 31 March 2022, the amounts in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

34. **100% Business Rates Retention Pilot**

In 2017/18, the Authorities in The Combined Authority area joined a pilot of 100% Business Rates Retention (BRR), under which The Combined Authority receives a 5% share of Business Rates collected by the three Billing Authorities with effect from 1 April 2017.

Under the pilot, the £17.572m (reduced to £14.06m in 2021/22) of Highways Maintenance Grants that The Combined Authority would have otherwise received from the Department for Transport, is instead funded from the 5% share of NNDR income (including s31 grants for compensation under the new burdens principle) with a Tariff payment to Government representing the difference between the value of the Grants and The Combined Authority's Business Rates Baseline.

As a Major Preceptor within the BRR system, The Combined Authority also has to account for its share of Business Ratepayer arrears, overpayments, appeals and bad debt provisions calculated by the Billing Authorities, who are acting as The Combined Authority's agent in collecting such amounts. NNDR income included within the Comprehensive Income and Expenditure Statement includes the Authority's share of the surplus or deficit from other Local Authorities collection funds and any surplus or deficit is subject to the statutory arrangements which allow such variances to impact on the General Fund in subsequent accounting periods.

APPENDIX 1:

GLOSSARY OF FINANCIAL TERMS

A

Accounting Period

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April.

The end of the accounting period is the Balance Sheet date.

Accounting Policies

Within the range of possible methods of accounting, a policy is a statement of the actual methods chosen locally and used to prepare these accounts.

Accounting Statements

The Authority's Core Financial Statements and Supplementary Financial Statements.

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period for which no payment has yet been made or received at the Balance Sheet date.

Actuarial Gains and Losses (Pension Schemes)

Changes in the net pensions liability that arise because events have not matched assumptions at the last actuarial valuation or because actuarial assumptions have changed.

Amortisation

A term used to refer to the charging of the value of a transaction or asset (usually related to intangible assets or deferred income charges) to the Income and Expenditure Account over a period of time, reflecting the value to the authority; similar to the depreciation charge for Non-Current Assets.

AQM

Air Quality Management

Asset

An asset is a resource controlled by the Authority as a result of past events, and from which future

economic benefits are expected to flow to the Authority. An item having value in monetary terms.

See also Current Assets, Non-Current Assets and Financial Asset.

B

Bad (and Doubtful) Debts

Debts/income which may be uneconomic to collect or un-enforceable.

Balances

The reserves of the Authority, which include the accumulated surplus of income over expenditure.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

Budget

The forecast of net revenue and capital expenditure over an accounting period.

C

Capital Adjustment Account

This provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through capital control system.

Capital Expenditure

Expenditure for the acquisition, provision or improvement of non-current assets, which will be long term value to the Authority, providing services beyond the current accounting period.

Capital Financing

The raising of money to pay for capital expenditure through borrowing, usable capital receipts, capital grants and contributions or use of reserves.

Capital Programme

The capital schemes as the Authority intends to carry out over a specified period.

Capital Grants

Grants received towards capital expenditure either generally or for a particular project.

Capital Receipts

Money received from the sale of property, plant and equipment or repayment of a capital advance.

Carrying Amount

The balance sheet value recorded of an asset or a liability.

Cash and Cash Equivalents

This comprises cash in hand, cash overdrawn and short-term investments, which are readily convertible into known amounts of cash.

CIPFA (The Chartered Institute of Public Finance and Accountancy)

CIPFA is the leading professional accountancy body for public services.

Collection Fund

A statutory fund maintained by a billing authority, which is used to record local taxes and Non-Domestic Rates collected by the authority, along with payments to precepting authorities, the national pool of Non-Domestic Rates and the billing authority's General Fund.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Consolidated

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration.

Contingency

Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

Contingent Asset

A possible asset that arises from past events from whose existence will be confirmed only by the occurrence of one or more uncertain future events now wholly within the Authority's control.

Contingent Liability

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control;

or

- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount cannot be measured with sufficient liability.

Council Tax

The main source of local taxation for local authorities. Council Tax is levied on households within its area by the billing authority and the proceeds are paid into the Collection Fund for distribution to precepting authorities and the Authority's General Fund.

Creditors

Amounts owed by the Authority for works completed, goods received, or services rendered before the end of the accounting period but for which payments have not been made.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

D

Debtors

Amounts due to the Authority for works completed, goods received, or services rendered before the end of the accounting period but for which payments have not been received.

De-minimis

Indicates that beneath a certain low level a quantity is regarded as trivial and treated commensurately.

Depreciation

The estimated benefit of an asset consumed during the accounting period, owing to age, wear and tear, deterioration or obsolescence.

E

Equity

The Authority's value of total assets, less total liabilities.

Equity Instrument (Financial instruments)

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Events After the Reporting Period

Those events, both favourable and unfavourable, of such materiality that either their disclosure, or amendment to the accounts, is required for the fair presentation of the Statement of Accounts, which occur between the Balance Sheet date and the date on which the Accounts are signed by the responsible financial officer.

Expected credit losses (Financial instruments)

The weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instruments.

Experience gain (Pension schemes)

The actuarial gains and losses element arising where actual events have not coincided with the actuarial assumptions made at the last assessment.

External Audit

The independent examination of the activities and accounts of local authorities in order to give an opinion as to whether the Statement of Accounts have been prepared in accordance with legislative requirements and proper practices, and to ensure the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Expected Return on Pension Assets

For a funded defined benefit pension scheme, the average return, including both income

and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Expenditure

Amounts paid by the Authority for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment.

F

Fair Value (FV)

The price an asset could be exchanged for in an orderly transaction between market participants at the measurement date.

Finance Leases

A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Accounting guidance requires that it should be presumed that such transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment, amounts to substantially all (normally 90% or more) of the fair value of the leased asset. The present value is calculated using the interest rate implicit in the lease.

Financial Asset

A right to future economic benefits controlled by the Authority that is represented by:

- cash
- an equity instrument of another entity
- a contractual right to receive cash (or another financial asset) from another entity
- a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the Authority.

Financial assumptions (Pensions)

Finance related assumptions used by the actuary in assessing pension scheme liabilities (e.g. rates of inflation)

Financial Instruments

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Liability

An obligation to transfer economic benefits controlled by the Authority that is represented by:

- a contractual obligation to deliver cash (or another financial asset) to another entity
- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Authority.

G

General Fund (GF)

The main revenue fund of a billing Authority used to meet day-to-day spending.

Government Grants

Grants made by the Government towards either revenue or capital expenditure to support the cost of provision of the Authority's services. Some grants may be restricted to be used towards the cost of particular capital schemes or revenue expenditure of the Authority.

Gross Expenditure

The total cost of providing the Authority's services before taking into account income from government grants and fees and charges for services.

Growth

Any increase in spending from one year to another which enables the Authority to pay for more services rather than to meet higher costs.

GVA

Gross Value Added

H**Historical Cost**

The actual cost of assets, goods or services, at the time of their acquisition.

I**Impairment**

A permanent reduction in the value of an asset, below its carrying amount on the Balance Sheet.

Income

Amounts that the Authority receives or expects to receive from any source, including fees and charges, sales and grants.

Intangible Assets

Non-financial assets which do not have physical substance but are identified and controlled by the Authority through legal rights.

Interest Receivable

The money earned from the investment of surplus cash.

Inventories

Items of raw materials and stores the Authority has procured to use on a continuing basis and which it has not yet used.

International Financial Reporting Standards (IFRS)

These are statements prepared by the International Accounting Standards Board to ensure consistency in Accountancy matters. Many of these standards now apply to local authorities and any departure from these must be disclosed in the published accounts.

J**JLTP4**

Joint Local Transport Plan 4

L**Levy**

An amount of money, such as a tax, that you have to pay to a government or organisation.

Liability

A liability is where the Authority owes payment to an individual or another organisation. See also Contingent Liability, Current Liabilities and Financial Liability.

Long-Term Assets

Non-current and other assets which can be expected to be of use or benefit the Authority in providing its service for more than one accounting period.

Long-Term Liabilities

Amounts which will become due or could be called upon beyond the next accounting period.

M**Materiality**

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to influence the decisions of the user of the financial statements.

N

National Non-Domestic Rates (NNDR)

A levy on businesses, based on a national rate in the pound set by the Government, multiplied by the rateable value of the premises they occupy.

Net Debt

The Council's total borrowings less cash investments.

Net Expenditure

Gross expenditure less specific service income.

Net Interest on the Net Defined Benefit Liability (Pensions)

The net interest expense – the change during the period in the net benefit liability that arises from the passage of time.

Net Realisable Value

The open market value of the asset in its existence use (or open market value in the case of nonoperational assets), less the expenses to be incurred in realizing the asset.

Non-Current Assets

Property, plant and equipment and other assets that bring longer term benefit or service potential to the Authority.

O

Operating Leases

A lease other than a Finance Lease (see above). The future obligations relating to operating leases

are disclosed to provide the reader with an estimate of the outstanding un-discharged obligations in relation to such leases.

Other Comprehensive Income

Consists of items that have an effect on the balance sheet amounts, but the effect is not reported on the company's income statement.

Instead, these changes are reported on the statement of comprehensive income along with the amount of net income from the income statement.

Out-turn

Actual income and expenditure in a financial year (accounting period).

P

Pension Fund

An employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on the retirement of its participants. It is financed from contributions from the employing authority, the employee and from investment income.

Preceptor

Precepting authorities levy a charge on local tax payers through council tax or business rates in the same way as the local authority for provision of services across the region.

Prior Period Adjustments

Adjustments made to prior years comparator figures arising from changes in accounting policies or from the correction of material errors.

Provisions

Amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise.

R

Rateable Value

The annual assumed rental value of a property that is used for NNDR purposes.

Revenue Expenditure Funded by Capital Under Statute (REFCUS)

Expenditure of a capital nature but which gives rise to no tangible asset held by the Authority.

Recognition/Derecognition

Regular purchases and sales of financial assets are recognised on trade date (that is, the date on which The Combined Authority commits to purchase or sell the asset).

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and The Combined Authority has transferred substantially all the risks and rewards of ownership.

Related Parties

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Examples of related parties to an authority include central government, local authorities and other bodies precepting or levying demands on the Council Tax, its members, its Chief Officers and its pension fund.

For individuals identified as related parties, it is also presumed that members of the close family, or the same household, or any partnerships, companies in which the individual or a member of their close family, or the same household has a controlling interest, are deemed to be related parties.

Related Party Transactions

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. The materiality of related party transactions is judged not only in terms of their significance to the Authority, but also in relation to its related party.

Reserves

Amounts set aside in the accounts for the purpose of meeting general, future expenditure.

Reserves may also be used to smooth the cost of certain activities over a number of years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known

liabilities.

Receipts in Advance

Amounts actually received in an accounting period prior to the period in which they are due.

Residual Value

The net realizable value of property, plant or equipment at the end of its useful life.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Return on Plan Assets (Pensions)

Changes during the period in the net benefit liability that arises from the passage of time, excluding amounts included in Net Interest on the Net Defined Benefit Liability.

Revenue Expenditure

Spending on day-to-day items including employees' pay, premises and transport costs and supplies and services.

S

Settlements (Pension schemes)

A gain or loss on settlement arises when an authority enters into a transaction that eliminates all further obligation for the benefits provided under a defined benefit plan. Settlements have the effect of extinguishing a portion of the plan liabilities, usually by transferring plan assets to or on behalf of plan members to their new employer.

T

Total Cost

The actual cost of services reflecting all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

T Levels

T Level are courses that focus on vocational skills and can help students into skilled employment, higher study or apprenticeships.

Abbreviations used in the Statement of Accounts

B&NES	Bath & North East Somerset Council	ICT	Information CommunicationTechnology
BEIS	Department for Business, Energy and Industrial Strategy	IFRS	International Financial Reporting Standard
BRR	Business Rates Retention	ITA	Integrated Transport Authority
CEO	Chief Executive Officer	LASAAC	The Local Authority (Scotland) Accounts Advisory Committee
CFO	Chief Finance Officer	LEP	Local Enterprise Partnership
CIPFA	Chartered Institute of Public Finance and Accountancy	LGF	Local Growth Fund
CPNN	Cribbs Patchway New Neighbourhood (Cycle Scheme)	LGPS	Local Government Pension Scheme
DCMS	Department for Digital, Culture, Music and Sport	LIS	Local Industrial Strategy
DFE	Department for Education	LSTF	Local Sustainable Transport Fund
DFT	Department for Transport	MHCLG	Ministry of Housing, Communities and Local Government
DWP	Department for Work and Pensions	NNDR	National Non-domestic Rates
ERDF	European Regional Development Fund	OCI	Other Comprehensive Income
EU	European Union	RCCO	Revenue Contribution to Capital Outlay
FOI	Freedom of Information	REFCUS	Revenue Expenditure from Capital Under Statute
FVOCI	Fair Value through Other Comprehensive Income	RIF	Revolving Infrastructure Fund
FVPL	Fair value through Profit or Loss	SFA	Skills Funding Agency
HR	Human Resources	WIDJET	Women in Digital Jobs, Education & Training
IBB	Invest in Bristol and Bath		
IAS	International Accounting Standards		
IPSAS	International Public Sector Accounting Standards		