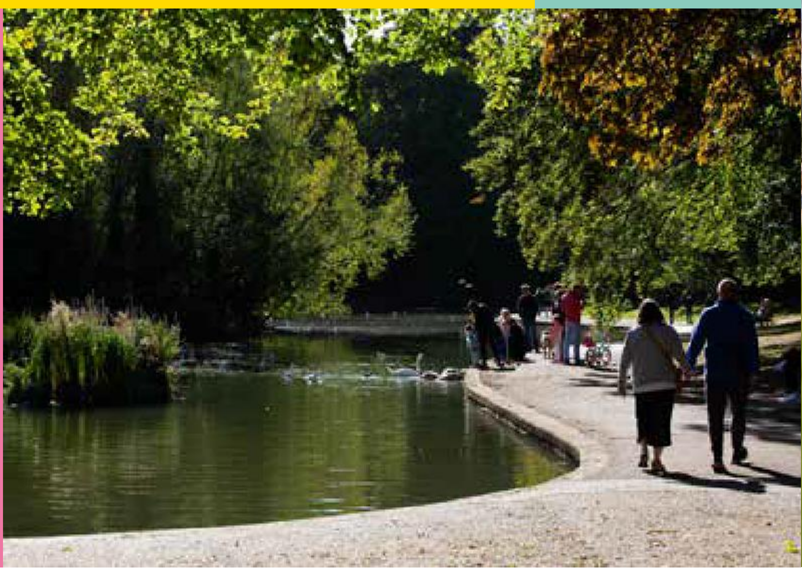
WEST OF ENGLAND
Combined Authority

STATEMENT OF ACCOUNTS

For the year ended
31st March 2023



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Overview

The West of England is an amazing place, full of people, communities and organisations that are helping the region to thrive. It's a region with bold ambitions and an overriding determination to deliver a green and sustainable future that we can be rightly proud of.

The West of England Combined Authority plays a central role delivering the action needed to realise our regional ambitions. Working alongside partners right across the region, we are investing and delivering to improve our transport systems; to broaden the training opportunities open to people; to unlock new development sites; to improve high streets, town and city centres; to attract new investment and opportunity to the West of England; and above all – to do all this in ways that make a tangible impact in delivering on our climate and ecological ambitions.

We are committed to delivering on the priorities residents tell us they want to see.

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 Combined Authority also works with other public services, industry partners and communities to deliver for the region.

Since May 2021 the region has been led by Metro Mayor Dan Norris. Over the past two years, we have seen a significant increase in funding coming into the region, including almost £700m in funding for transport ; £95m to help deliver our ambitious Temple Quarter regeneration programme; £14m via the UK Shared Prosperity Fund; and £18m to speed up delivery on projects right across the region.

Bringing this funding in gives us more of the tools we need to get the job done. But we're working hard to keep building on this, bringing in more investment and getting delivery underway as quickly as we can. We know that to deliver for the region, people need to see and feel the impact of investment.

During 2022/23, the period this set of accounts covers, we've: put the structure in place to deliver our ambitious City Region Sustainable Transport Settlement Programme; established a new Enhanced Partnership to help drive improvement in our bus services; we've seen the first new train stations in a generation open; put a brand new transport service in place with our WESTlink scheme; delivered on the ambition we set for our ground-breaking Green Recovery Fund – and grown the Fund further to keep on delivering; supported an ever-growing number of residents to access new training opportunities; and we've attracted new employers to the region, bringing new jobs and opportunities for people. We've achieved this against a challenging economic backdrop and ongoing inflationary pressures.

But we cannot be complacent. There is much more to do; and we are taking steps to strengthen the Combined Authority organisation so that we have the right resources in the right place to increase the pace and scale of our delivery.

2023/24 will be another year of big decisions and delivery for the region – the West of England Combined Authority will continue to take the steps needed to help our region grow.

This narrative report provides information about the West of England 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 West of England Combined Authority has continued to focus its priorities on delivering for the region, ensuring the work of the organisation is focused on strengthening that delivery, 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	2022/23 progress
Create the West of England Sustainable Transport - Changing how people travel within the region with more journeys by bus, train, cycling and walking. Make these journeys affordable, reliable, enjoyable and safe.	• Secured an additional £19m from government to help us deliver key infrastructure projects across the region and to support resourcing to speed up delivery across the West of England Combined Authority and the UAs. • Secured £686,089 revenue grant from the Active Travel Capability Fund to support delivery of walking and cycling schemes across the region. • Secured the remaining funding, £15.5m, to progress works on re-opening the Portishead line, re-establishing a key link between Portishead and Bristol. • Started works on Ashley Down, re-establishing a station in the area as part of MetroWest Phase 2. Portway station is also nearing completion and will open in summer 2023. • Reduced bus fares to a flat £2 single or £3.50 for two trips for all people across the region and £1 flat fare or £2 for two trips for children and young people. • Established *West*link, a new transport scheme, funded through our Bus Service Improvement Programme, to cover large parts of the region, linking communities into the wider pubic transport network. The first *West*link services launched in April 2023. • Signed and commenced our Enhanced Partnership with local bus operators, working with them to improve bus services across the region. • MetroBus route 4 started operation between Bristol Parkway and Cribbs Causeway in January 2023. • 180 new secure cycling parking spaces (30 cycle hangers) were delivered up to March 2023 across Bristol, with a further 24 spaces (4 hangers) funded in B&NES.
Tackle the climate and ecological emergency - Investing and taking tough decisions to tackle the climate and ecological emergency so we breathe	• Allocated £42m of our £50m Green Recovery Fund to projects delivering our ambitions around retrofit, community powered renewable energy and nature recovery. • Invested £700,000 to deliver the Great Avon Wood – over 100 acres of woodland that will become home to over 40,000 new trees over

cleaner air. Make the West of England the bee and pollinator capital of the UK.	the next three years and play a vital role in helping us reach our goals to deliver net zero and help the recovery of our natural environment. • Hosted our first Bee Bold Awards celebrating the work the communities are doing to support pollinators and awarded 13 projects a share of £439,000 from our community pollinator fund. This will enable 1,300 residents to transform 50 acres of land. • Delivered three Green Skills Bootcamps, embedding green skills across our skills provision and supporting over 160 people via the community support fund. • Supported the retrofit of over 1,000 homes and established the Retrofit Accelerator to increase the scale and pace of retrofit in the region. • Supported our residents and businesses with escalating energy costs, providing 360 SMEs with Carbon surveys and 160 SMT retrofits. • Invested in the supply and generation of renewable energy including solar, wind and hydrogen.
Secure decent jobs and training - Bring secure and fairly-paid jobs to the region including 23,000 green jobs. Work with Trade Unions, local employers, skills providers and others to help residents access opportunities. Support businesses to thrive across the region.	• Skills Bootcamps have delivered training for 152 people in Retrofit/assessment across the year, helping us to ensure we have the right skills in the region to drive forward our retrofit ambitions. • Supported young people, running three projects in ten schools across the region through the Green Futures Fund, raising awareness of environmental issues and educating young people on future green jobs and skills. Overall 70,900 young people have benefitted from Careers Hub work in the West of England. • Enrolled 890 learners to Multiply projects across the region between October 2022 (when the scheme started) and March 2023, focusing on our more deprived areas, upskilling local people with essential numeracy skills. • Through our Community Support Fund projects we have reached 1,000 people across the year, supporting some of the most vulnerable in our communities. • Up to 31st March 2023 we have received over 3200 referrals to the Future Bright programme, providing information and advice regarding other services and support to over 2300 of all our referrals. We have worked one to one with over 1500 individuals, with 614 of those entering training and 393 making changes that resulted in them increasing their income. • Invested our Adult Education Fund budget, to support over 10,000 people to have access to good quality training.
Make the West of England an amazing place to call home – All communities are great places to live. As well as providing	• Progressed work on delivery framework for Bristol Temple Quarter to help the building of affordable homes. Delivered on the funding gap that was holding back progress in the development. £95m in new funding has been secured, which will help support the building

affordable, well-designed and suitable housing, communities are connected, healthy and biodiverse and are places where businesses thrive.	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. • Secured £200k revenue funding from government to support the development of a digital office and improve digital connectivity across the region. • Secured £3m to develop a 'future of the high street' strategic programme of investment to revitalise our city and town centres working with local stakeholders including Business Improvement Districts (BID), the Connected Places Catapult and Design West to identify new approaches to the use and design of our high street spaces.
Put the West of England on the map for national and global success - The West of England is already recognised as a hub for innovation and creativity and we also have a fantastic cultural offer. By investing in the green economy, the cultural and creative industries, innovation and digital we will continue to attract inward investment, the best talent, more and better jobs, putting the region at the forefront of the nation's economic success.	• 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. • Secured DCMS funding of £1.3m with £200k match from the Combined Authority to support creative businesses to secure investment including workshops, training, mentoring and peer support. Businesses can access £7m in ring-fenced grant funding for investment readiness activity and co-investment grants (via national partner Innovate UK). • Launched Made Smarter programme supporting SMEs based in the region with efficiency and sustainability grants, internships and training. • Continued to attract further businesses to the region supported by the Combined Authority inward investment team, Invest Bristol & Bath: 44 confirmed inward investment landings this year bringing new jobs to the region. • Secured capital funding to support small heritage and cultural institutions improve their facilities, making them more sustainable. • Strengthening digital infrastructure in the region, ensuring more people have access to high-speed services.

Our Operating Environment

Like all organisations, the West of England Combined Authority is currently dealing with the impact of inflation, rising energy costs and the wider unsettled economic environment. 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, including ensuring we have the resources needed to deliver. 2022/23 has seen significant progress in putting the Combined Authority on a clear delivery footing. In 2023/24, we will continue to build on this while also focusing on strengthening the range of devolved powers in place in the West of England.

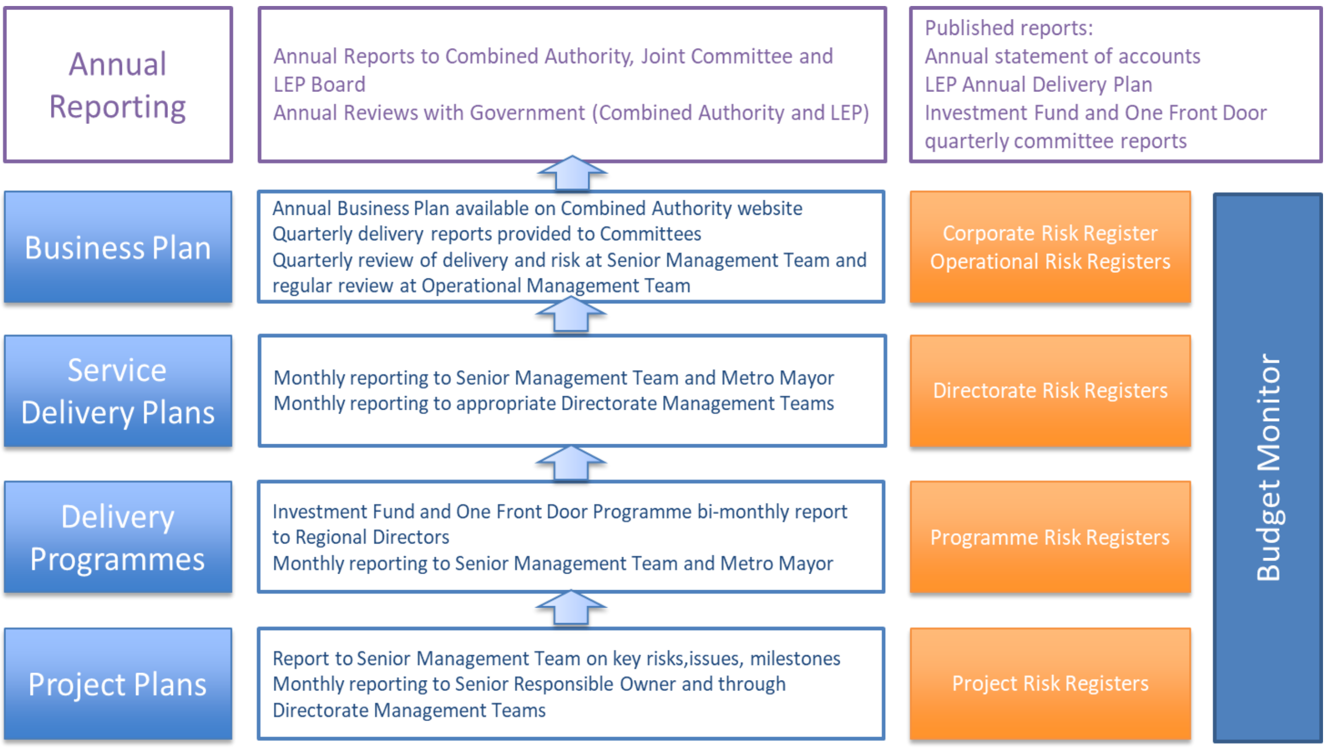
The Combined Authority remains squarely focused on strengthening the region, its economy, and improving opportunities for people across the region both now and in the future.

In order to ensure it is able to deliver at pace for the region, the Combined Authority is working to ensure its processes and resourcing are fit for purpose. The Society of Local Authority Chief Executives (SOLACE) were invited to undertake a peer challenge review of the Combined Authority and the recommendations made will be taken forward over the coming year.

Performance

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

In 2023/24 we will be reviewing our approach to performance 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 a nationally agreed methodology.

The first West of England Combined Authority gateway review was carried out during 2020 with a positive assessment of progress and the unlocking of an additional £150m of investment funding over five years.

During 2022/23, the second Gateway Review process was initiated by Government. We will be engaged in work to support this process during the coming year.

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 2022/23 financial year is as detailed in the table below.

Mayoral Fund April to March 2023			
	2022/23 Budget £'000s	2022/23 Outturn £'000s	Variance £'000s
EXPENDITURE			
Staff	213	217	4
Transport Costs	5	3	(2)
Supplies & Services	57	57	-
Transfer to Reserves *	346	332	(14)
Central Support Costs	24	24	-
Total Expenditure	**645**	**633**	**(12)**
INCOME			
Funding Contribution from CA	(645)	(633)	12
Total Income	**(645)**	**(633)**	**12**
NET TOTAL – Under/(Over) Spent	**-**	**-**	**-**

* Net Contribution to reserves included £346k annual contribution towards four-yearly election costs.

The West of England Combined Authority Fund Revenue Budget

At the end of 2022/23 a contribution of £1,014k was able to be made towards general and earmarked reserves that had not been budgeted for when originally approved in January 2022.

25% of the in-year surplus on interest earnings was allocated to the specific earmarked Treasury Management Reserve to bolster the Combined Authority's resilience in case of future interest rate fluctuations or decline in cash balances. In particular, it also acts as a reserve against any deficit on pooled investment funds that may become chargeable to General Reserves when changes to accounting regulations come into force at some point in the future.

The remaining £539k of the unbudgeted surplus is being used to supplement General Reserves of the Combined Authority and thus increase from £2.370m to £2.474m. The level of General and Earmarked Reserves remains low in comparison to other combined authorities when compared on a like-for-like basis and remains a medium-term ambition to increase their levels and further strengthen the Combined Authority's resilience against risk.

The Combined Authority has had a successful year in terms of attracting additional funding streams and in being able to spend that funding on delivering additional schemes to the benefit of the local community. The original budget, approved in January 2022, envisaged £67m of income being available to fund revenue expenditure.

The £1m net revenue surplus, being added to reserves, represents a relatively small variance against the £90m and continues to demonstrate the need to hold and build general and earmarked reserves against the risk of any future small adverse variances which could have significant negative impacts in the future.

The increase in activity from that originally planned and comparison to the outturn is set out on a departmental basis in the table below:

	Original Budget (£,000's)	Approved Budget (£,000's)	Outturn (£,000's)	Variance to Approved Budget (£,000's)	Variance to Approved Budget (%age)	Net Outturn (£,000's)	Variance to Budget (£,000's)
Business and Skills	25,695	27,406	26,727	(679)	(2%)	106	32
Environment	148	247	863	616	249%	89	89
Infrastructure	27,706	30,657	35,375	4,718	15%	584	(212)
Corporate Services	8,140	15,023	23,621	8,598	57%	(3,548)	(1,212)
Strategy & Innovation	3,537	4,022	1,639	(2,383)	(59%)	655	198
Chief Executive	1,889	1,889	1,817	(72)	(4%)	1,100	91
Gross Expenditure	67,115	79,244	90,042	10,798	14%	(1,014)	(1,014)
Business and Skills	(25,621)	(27,332)	(26,621)	711	(3%)		
Environment	(148)	(247)	(774)	(527)	213%		
Infrastructure	(26,904)	(29,861)	(34,791)	(4,930)	17%		
Corporate Services	(10,482)	(17,359)	(27,169)	(9,810)	57%		
Strategy & Innovation	(3,080)	(3,565)	(984)	2,581	(72%)		
Chief Executive	(880)	(880)	(717)	163	(19%)		
Gross Income	(67,115)	(79,244)	(91,056)	(11,812)	15%		
Net Spend	-	-	(1,014)	(1,014)	n/a		
Transferred to Treasury Reserve			*475*				
Transferred to General Reserves			*539*				

These accounts illustrate £91m ultimately being able to be applied in year - a 36% increase on the original budget. A similar increase in spending has also been achieved commensurately as that additional funding has been allocated and spent across the directorates and specifically on third party grant payments.

Of the departmental variances to budget set out above, the most notable relates to Corporate Services. Included in this department are the treasury management budgets containing interest earnings for the year. Success in attracting additional funding has led to higher cash and investment balances being held through the year and coupled with rising interest rates has generated a £1.9m net surplus over approved budget but is partially offset by higher than budgeted costs elsewhere across the department.

As at March the Transport Levy received from Bristol City Council was £10.3m, Bath and North-East Somerset £5.2m and South Gloucestershire Council £4m, totalling £19.5m. There was additional funding from Government to support Bus Service operators for £2.3m and lost mileage claimed back from operators in the year for £316k. During the year both South Gloucestershire Council and Bath and North East Somerset Council provided an additional £514k to the above £19.5m, to support two specific bus routes. Whilst costs of the Concessionary Fares scheme remain to return to pre-pandemic levels (£3.6m under), the pressures on the supported bus service functions have cost more than originally budgeted (£7.1m over) - a net pressure between the two of £3.5m. Together with other minor variations, the additional funding achieved has been insufficient to fully cover the additional pressures and a drawdown of the earmarked reserve of £561k has been used – reducing the earmarked reserves from £1.963m to £1.402m. The table below summarises the

Transport Levy budget and outturn.

	Budget (£,000's)	Outturn (£,000's)	Variance (£,000's)
Concessionary Fares	13,018	9,419	(3,599)
Supported Bus Services	3,059	10,192	7,133
	16,077	19,611	3,534
Team and Operational Costs	1,308	1,333	25
Contribution from Combined Authority	(452)	(452)	-
Real Time Bus Information	402	402	-
Community Transport Grants	1,653	1,734	81
Metrobus	73	75	2
Updating Bus Stop Information	177	243	66
Travelwest	14	14	-
Integrated Ticketing	216	193	(23)
EXPENDITURE	**19,468**	**23,153**	**3,685**
Unitary Authority Levy	19,468	19,468	-
Additional In-Year Funding			
s106 Funding	-	514	514
Bus Service Operators Grant	-	1,148	1,148
Bus Recovery Grant	-	1,146	1,146
Lost Mileage Claim Back from Operators	-	316	316
IINCOME	**19,468**	**22,592**	**3,124**
NET	**-**	**(561)**	**(561)**
	Earmarked Reserves b/f		1,963
	Earmarked Reserves c/f		**1,402**

Capital

The capital programme of the Combined Authority, like the revenue budget, has evolved over the course of the year as additional funding streams have been identified and plans developed to deliver investment in projects across the Combined Authority region.

The Combined Authority Committee approved a revised capital programme for 2022/23 of £76.2m in March 2023. The time-limited availability of certain funding streams to the end of 2022/23 led to a push to utilize those grants in 2022/23 and accordingly the Combined Authority has been able to expend £89.9m by the year end. A summary of the capital programme for 2022/23 and its funding is set out below:

	2022/23 (£,000's)
Approved Capital Programme	76,165

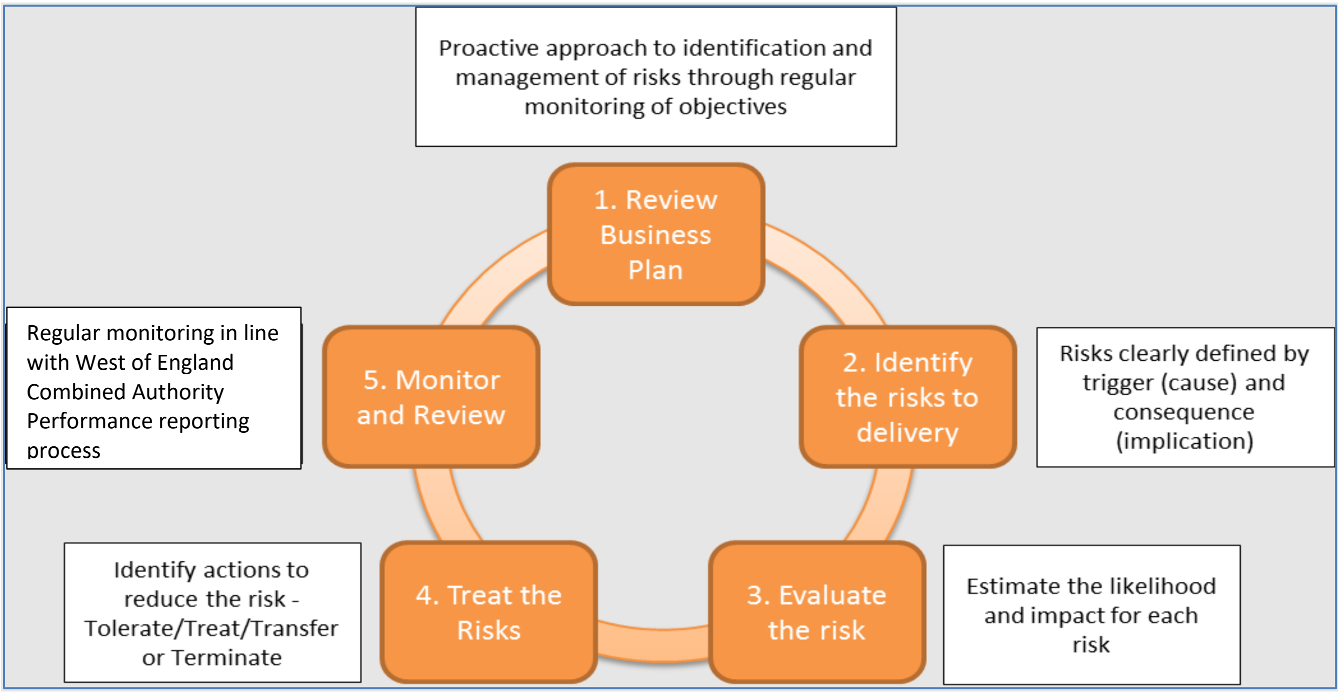
	Actual 2022/23 Spend (£,000's)	2022/23 Variance (£,000's)
Actual 2022/23 Spend	89,880	13,715
Funded By:		
TCF	27,678	9,512
CRSTS	25,213	213
IF	15,457	(2,930)
DLUHC	13,076	13,076
FTZ	4,067	(3,895)
Homes England	2,965	(2,785)
Other Contribs	(921)	(921)
DCIA	427	427
Active Travel	290	290
ERDF	-	(900)
UKSPF	145	145
(Internal) Borrowing	1,483	1,483
	89,880	13,715

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 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 2023, as part of the 2023/24 Revenue Budget setting. At that time, the anticipated spend of revenue budgets had been profiled across financial years up to 2026/27 and is shown below. Overall grants and committee approvals amount to £359m for the period, with £115m relating to 2023/24 as detailed in the following table:

	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	Total £000s
Core Revenue Funding	4,015	5,734	5,685	5,093	5,101	25,628
Specific Grant Funding	18,565	66,022	55,190	17,761	17,761	175,299
Investment Fund (managed by West of England CA)	16,234	16,854	7,594	489	0	41,171
Transport Levy (and NSC Recharge)	21,426	21,426	21,426	21,426	21,426	107,130
West of England CA Managed Revenue Budgets	**60,240**	**110,036**	**89,896**	**44,769**	**44,288**	**349,228**
Investment Fund (UA and third parties)	4,673	5,131	623	189	5	10,621
Total West of England CA Revenue Budget	**64,913**	**115,167**	**90,519**	**44,958**	**44,293**	**359,849**

The increasing scale of the Combined Authority's current and future delivery plans is illustrated by the equivalent to the £360m total revenue budget set out in the table above was only £277m last year – an £83m (30%) increase. Specific Grant Funding in the main are fixed term in nature and the medium term financial plan accounts for this in line with the Grant funding conditions.

The economic slowdown and impact on the nation's finances caused by the pandemic and events in Ukraine create a future funding outlook that contains significant risks. These risks have the potential to impact on the Combined Authority in a number of ways, but particularly: inflationary pressures; interest rate movements; availability of government funding streams; impact of these and other factors on key strategic stakeholders (unitary authorities, Homes England, Highways agency, Network Rail etc).

The future funding environment and risks will continue to be monitored and members updated of their impact as they become known.

Statement of Accounts 2022/23

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 2023. 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 2022/23 (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 bemade 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 forspecific 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

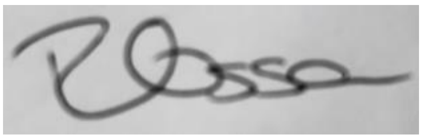
Governance arrangements continue be strengthened under the political leadership of the West of England Metro Mayor, supported by an experienced Senior Management Team of officers. The Combined Authority has an established constitution, clear financial regulations and delegations, and established policies 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 19 to 33; a formal statement that covers all significant corporate systems, processes and controls, spanning the entire range of its activities. It is approved by the West of England Combined Authority Audit Committee and signed by the Combined Authority's Acting Interim Chief Executive and the Metro Mayor.

Auditors

Grant Thornton UK LLP are the auditors of the West of England Combined Authority for 2022/23. Their appointment was made under the Local Audit and Accountability Act 2014 through Public Sector Audit Appointments Limited.

On behalf of the Combined Authority



Rachel Musson
Interim Director of Investment & Corporate Services

Date 27th October 2023

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 thoseaffairs. During the 2022/23 financial year these responsibilities are discharged through the role of the Chief Finance Officer (CFO) Stephen Fitzgerald (from 27th January 2023) in the role of Interim Director of Investment and Corporate Services and previously through Richard Ennis. Following the year end 31st March 2023, Rachel Musson was appointed to the Interim Director of Investment and Corporate Services role, which includes responsibilities of the CFO.
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 (theCode).

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 2023.

Rachel Musson
Interim Director of Investment and Corporate Services

Date: 27th October 2023

- Approval of the financial statements

I certify that this Statement of Accounts for the period ended 31 March 2023 was approved by a resolution of The Combined Authority Audit Committee at its meeting on 18th September 2023.

Councillor Geoff Gollop

Chair, West of England Combined Authority Audit Committee

Date: 27th October 2023

Annual Governance Statement 2022/23

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*.

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 2022/23

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 Throughout 2022/23 the Combined Authority quickly adapted to the new hybrid working policy, with a slow but steady increase in the number of physical meetings taking place. 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 The West of England Combined Authority's Constitution, which sets out how the Combined 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.

2.4 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.

2.5 During 2020/21 the external auditor (Grant Thornton) determined as part of the Value for Money Audit that some issues required further consideration and carried out additional work. Grant Thornton's work focused on investigating those issues, the results of which are set out in their 'VfM Report on Governance Report'. The report contains nine recommendations, of which three were identified as statutory recommendations.

2.6 Following the acceptance of the Grant Thornton Audit findings, the Metro Mayor wrote to the Secretary of State to make him aware of the report and the Committee's proposed course of action in response.

2.7 The West of England Committee unanimously agreed to undertake a peer review challenge, as recommended by the Metro Mayor, to ensure it could create a plan that considered the full range of issues, with an independent reviewer appointed through the Society of Local Authority Chief Executives (SOLACE) to help with this objective and building on an early first draft plan. The findings from the independent peer review included recommendations in the following areas:

a) Purpose of the West of England Combined Authority
b) Strategic approach to the region
c) The West of England Combined Authority as a management organisation
d) LEP/business and partners
e) Operating principles and processes
f) Meetings, portfolios, and project evaluation
g) Constitution
h) Wider structures including the Joint Committee
i) Progress on the action plan

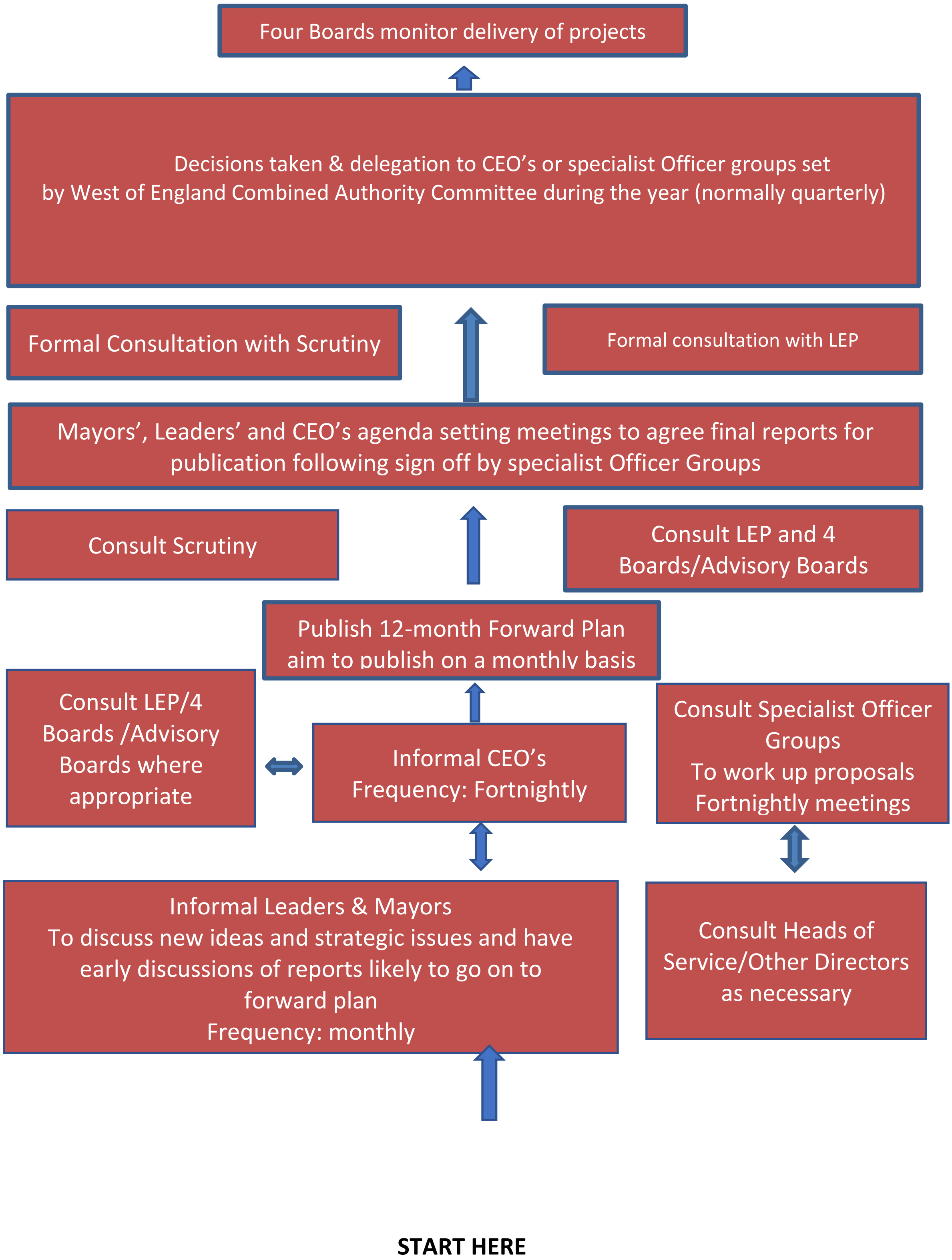
2.8 In relation to core business meetings during 2022/23 the Joint Committee met on 1 July 2022 and 27 January 2023, the Combined Authority Committee met on 1 July 2022, 23 September 2022, 27 January 2023 and 17 March 2023. Additional meetings took place on the following: 26 May 2022 (this was adjourned and reconvened on 14 June 2022); 29 July 2022; 14th October 2022; 17 Nov (adjourned and reconvened on 9 December 2022); 12th December 2022; 16 December 2022 postponed to 18 January 2023.

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 Supporting the work of the committee are the following boards: Business Board, Skills Board, Planning & Housing Board and Transport Board. During 2022/23 these have met as Joint Boards – Joint meeting of Business Board and Skills Board; Joint meeting of Planning & Housing Board and Transport Board. In addition, there are the following advisory boards: Climate Panel; Skills Panel and Business Advisory Board, A Business Insights Panel and the Cultural Compact which are all sub-groups of the LEP Board.

2.11 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. It should also be noted that there was a significant increase in the Internal Audit dates for the forth coming year to account for increase in scale within the Combined Authority.

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 as necessary. 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 Section 73 (Chief Financial Officer) and Monitoring Officer (Chief Legal Officer). 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. 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 (FoI) 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 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 Combined Authority has an approved Investment Strategy which details the prioritisation, governance and allocation, of Investment Funding. The current Combined Authority investment programme, up to March 2027, has an overall regional funding allocation of £450m which is primarily grant focused. A Capital Investment Strategy is published in January 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.

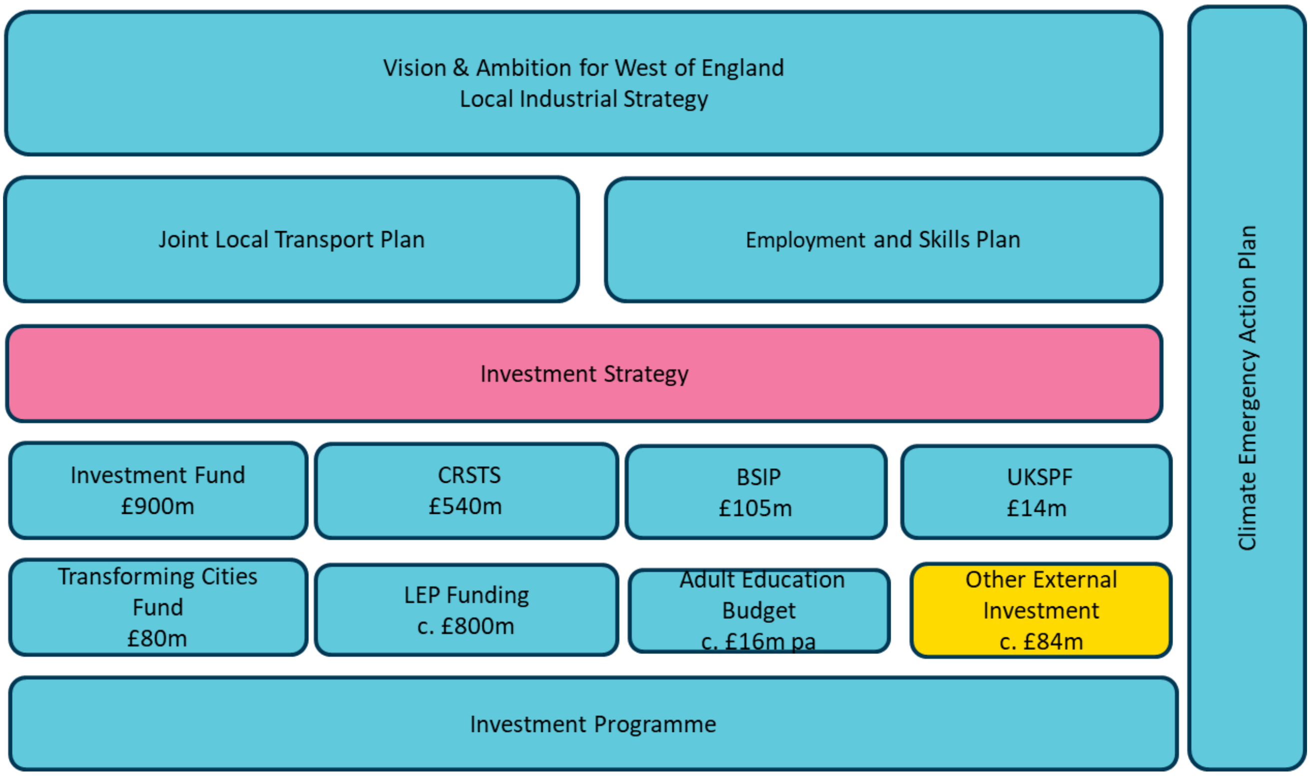
The West of England Combined Authority's Director of Infrastructure holds regular meetings with his counterparts within the neighbouring unitary councils to determine the priority interventions required for transportation and enabling housing - working jointly to develop a coherent regional investment 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 near fortnightly basis to discuss strategic matters and current major cross-authority issues along with dealing with normal business. In addition, the Chief Executives are the steering group to provide high support challenge to the Transformation Plan. The meetings are 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 who engages on matters of relevance to North Somerset.

There is also a separate (Local Growth) Assurance Framework in which the West of England Combined Authority operates and is updated at least annually with revisions approved by the Combined Authority Committee and compliance with the National Local Growth Assurance Framework guidelines are signed off each year by the Combined Authority S73 officer and confirmed to DLUHC.

Figure 2 details how the West of England Combined Authority investment is aligned to the delivery of regional strategies and priorities.

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**

During 2022/23 the senior management structure has had to respond to changing circumstances, including an extended leave of absence taken by the substantive Chief Executive requiring the appointment of an Interim Chief Executive to provide continuity in leadership. The substantive Chief Executive then left the Combined Authority on 31st August 2023. The senior management arrangements have been as follows:

Richard Ennis	Acting Interim CEO	December 2022	to	September 2023
Richard Ennis	Interim CEO	September 2023	to	Current
Stephen Fitzgerald	Interim Section 73 Officer	January 2023	to	September 2023
Rachel Musson	Interim Section 73 Officer	September 2023	to	Current
Stephen Gerrard	Interim Monitoring Officer	March 2022	to	June 2023
Daniel Dickinson	Interim Monitoring Officer	June 2023	to	Current

The Independent peer review has considered the leadership structure of the Combined Authority. The Monitoring Officer and Section 73 Officer roles are planned to be recruited to within the next 6 months subject to a successful recruitment process.

A comprehensive induction programme has been rolled out to all employees which incorporates a presentation from the Chief Executive, or one of the Directors 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 informal pulse surveys since are repeated on an annual basis.

In terms of financial capacity, the West of England Combined Authority has set about significantly growing the expertise, knowledge and capabilities of in-house staff resource and external support, to respond to the significant increases in scale of the budgets and delivery nature of the organisation. The Committee has approved significant growth for the financial year 2023/24 in the salaries budget of the West of England Combined Authority. Bespoke support is still contracted on an identified needs basis for example, for specialist project delivery, 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 27th January 2023. 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 from £2.4m to £2.5m. As noted in the January 2023 Budget Setting report, whilst there is "no 'hard and fast' rule as to the level of reserves that needs to be retained by an operational authority. Industry practice suggests that somewhere in the region of 5% of total turnover would be appropriate which, for the West of England Combined Authority, with a revenue budget of £115.1m in 2023/24, would amount to circa

£5.7m." Closing General Reserves of £2.5m would represent a gap of £3.2m against that benchmark - being 56% lower. A risk-based review of reserves has taken place and the Combined Authority will continue to focus on building its general reserves balance to its target in a reasonable timeframe.

The West of England Combined Authority maintains 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.

- **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 2022/23 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.

Internal Audit carried out a series of audits during 2022/23 with correspondingly levels of assurance as indicated below in Figure 3. The number of audit days in the plan has been increased to bring us in line with similar organisations in 2023/24.

Figure 3: Number of Internal Audits conducted during 2022/23 with Levels of Assurances:

Assurance Work		
2022/23 Internal Audits Conducted (Planned and Unplanned)		
Level of Assurance/Rating	**%**	**No. of Audits**
Level 4 Substantial Assurance	**60%**	**3**
Level 3 Reasonable Assurance	**20%**	**1**
Level 2 Limited Assurance*	**20%**	**1**
TOTAL	**100%**	**5**
Draft Reports TBC		**2**

* Concessionary Travel Internal Audit

Non – Assurance Work	
2022/23 Internal Audits Conducted (Planned and Unplanned)	
Level of Assurance/Rating	**No. of Audit**
Completed Grant Certifications - Pass	**8**
Briefing Reports	**2**
TOTAL	**10**

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 arrangements 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 and developed 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 2023. This embeds a 'single pot' approach to governing all core LEP and the West of England Combined Authority funding streams including the:

- Investment Fund;
- Transforming Cities Fund;
- City Region Sustainable Transport Settlement;
- Local Growth Fund;
- Getting Building Fund;
- UK Community Renewal Fund;
- UK Shared Prosperity Fund;
- Revolving Infrastructure Fund; and
- Economic Development Fund.

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 but not limited to:
  - Adult Education Budget (c£16m p.a);
  - Mayoral Capacity Fund (c£1m p.a.);
  - Future Bright (c£3.6m to March 2024);
  - Skills Boot Camps (£9.5m to March 2024);
  - Bus Service Improvement Plan (BSIP) (£57.5m to March 2025)
- Treasury Management - Interest received from cash balances held

The scale of growth in operations of the Combined Authority can be observed by reference to the new 2023/24 approved revenue budget when compared to both the approved budgets for prior and proceeding years. The table below shows net balanced budgets in each year but gross budgeted spend rising from £58m to £119m - a 30% rise in 2022/23 and 106% rise in 2023/24 compared to 2021/22. This illustrates the growing success in achieving funding for the region and consequent delivery.

	2021/22 Approved Budget (£,000's)	2022/23 Approved Budget (£,000's)	2023/24 Approved Budget (£,000's)
Employees	8,119	9,837	17,600
Premises-Related Expenditure	460	489	916
Transport-Related Expenditure	18	17	16
Supplies & Services	5,689	11,757	7,299
Third Party Payments	43,825	57,145	94,011
	58,110	79,244	119,842
Support Services	(1,549)	(1,531)	(4,724)
Depreciation and Impairment Losses	-	-	50
Income	(54,873)	(77,758)	(115,108)
Reserves	(1,689)	45	(59)
	(58,110)	(79,244)	(119,842)
	-	-	-

Capital spend budgets over the same three years have also seen significant upscaling as funding and delivery programmes are identified and is illustrated by the capital budgets approved as below increasing from £200m at January 2021 to £812m at January 2023.

	2020/21 (£,000's)	2021/22 (£,000's)	2022/23 (£,000's)	2023/24 (£,000's)	2024/25 (£,000's)	2025/26 (£,000's)	2026/27 (£,000's)	Total (£,000's)
Budget Jan 2021	48,801	59,222	50,124	25,107	17,572			200,826
Budget Jan 2022		88,962	142,230	135,591	120,454	216,000		703,237
Budget Jan 2023			142,230	107,873	134,781	243,653	183,428	811,965

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 2023/24 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 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.

External Auditors Recommendations

The Combined Authority Committee, chaired by the Metro Mayor, unanimously accepted the auditors findings from the 2020/21 Value for Money Audit and agreed an action plan in response to their recommendations. This action plan has become a living document and subject to regular review and reporting to the Audit Committee, Overview and Scrutiny Committee on route to the main Committee itself.

In addition, there was unanimous support to commission an independent peer review through the Society of Local Authority Chief Executives (SOLACE). A copy of the findings from this report can be found here: SOLACE REPORT

Following the commencement of organisational fitness for purpose work, the Grant Thornton external audit report and the subsequent SOLACE independent peer review, the actions have been collated into a single Transformation Program to drive the improvement across the Combined Authority. The Transformation program incorporates 4 workstreams:

- Purpose and Strategy
- Workforce and Culture
- Governance and Structures
- Delivery and Efficiencies

Each workstream will be led by a member of the Corporate Leadership Team of the Combined Authority who will either establish a working group including UA officers to support or will use existing Director or officer groups as appropriate, recognising that some of the recommendations will require action both from the Combined Authority and from the Unitary Authorities.

The LGA and SOLACE have offered continuing support across the transformation programme and the draft work in progress plan has been shared with Grant Thornton.

External assessment of progress will be invited after 12 months in the form of a '1 year further on report' and this independent report will be presented to the Overview and Scrutiny, Audit Committee and West of England Combined Authority Committees. Government will be kept informed of progress through regular dialogue with DLUHC. Grant Thornton will be kept updated throughout this process and where appropriate provide a further source of constructive challenge.

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

A robust Internal Audit service is a vital component of the Authority's governance systems and provides assurance over the internal control framework. Internal Audit works independently of the management of the organisation and reports through to the Audit Committee via the S73 Officer.

Flexible / hybrid working continues and this is now an established method of working in the Combined Authority. There are advantages in providing internal audit services remotely including saving time and expense to commute to client locations. There are also some disadvantages, for example auditors not being able to observe behaviours and conversations in the workplace which provide a unique insight related to the activity being audited.

In forming an opinion on the governance, risk and control environment Internal Audit also considered other sources of assurance including reports from external assurance providers.

Close attention is clearly paid to the outcomes of the work of the External Auditor, and we work closely with them to ensure an efficient delivery of assurance services. Findings from External Audit work had been presented to the Audit Committee during the year and their VFM - Governance Report was presented to the Audit Committee meeting in November 2022.

This Governance report contained three statutory recommendations, two key recommendations and four improvement recommendations. The committee fully accepted the findings and recommendations will be monitored during 2023/24.

Whilst the Internal Audit Plan in 2022/23 was limited to 100 days coverage, it was designed to ensure sufficient depth and breadth of coverage to meet the requirements of those charged with governance. Consequently, it focused on core financial and other systems and areas presenting the greatest control risk to the Authority. Those charged with Governance have recommended a significant increase in audit days which was fully accepted and unanimously agreed by the Committee in January.

Delivery of the Annual Audit Plan has identified some internal control weaknesses, as would be expected but none are deemed significant for inclusion in the opinion statement. There were not any significant changes to planned internal audit work and the opinion of the Chief Audit Executive is that the internal control environment for the Combined Authority was adequate.

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 2022/23 save those referred to by the External Auditor which we are committed to continue to improve through the Transformation Programme given the significant changes in scale of the organisation and its programme that needs a delivery focus alongside its strategic role. It is accepted that there is an important element of the organisation becoming 'fit for purpose' as part of the transformation programme. These governance issues identified through the Annual Governance Statement Review process are recorded in Section 5.

We will 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 Audit Committee, Scrutiny Committee and Main Committee as well as the annual governance review process.

5B. Conclusion – Significant Governance Issues

SIGNIFICANT GOVERNANCE ISSUES 2022/23

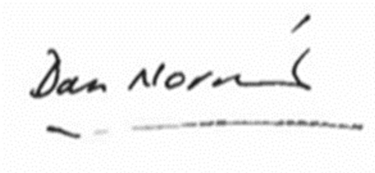
Having considered all the evidence, data and input from regulators, the following significant governance issues have been identified within the 2022/23 financial year:

	Issues identified in 2022/23	Commentary & Mitigating actions for 2022/23
1	**Governance Arrangements:** As reported in detail last year - Within the final Audit Findings report for 2020/21 from Grant Thornton, which were presented to the Audit Committee on 9th December 2021, are a risk of significant VFM weakness relating to the governance arrangements. Which led to the subsequent independent peer review carried out by SOLACE and corresponding recommendations.	The Combined Authority will continue to work with SOLACE and the Local Government Association to ensure the implementations raised in the SOLACE report are progressed and address the issues raised in the Grant Thornton Auditor's Report on Governance Matters from December 2022. The key tool for the implementation will be the Transformation Programme which has already been shared with the Unitary Authority Chief Executives and will be presented to the Combined Authority Committee on 16th June 2023. It is important to recognise that the Grant Thornton report includes recommendations that require changes by both the Combined Authority and the constituent unitary authorities.

Update on Previous Year – 2021/22

	Issues identified in 2021/22	Commentary & Mitigating actions for 2021/22
1	**Coronavirus/COVID-19 Impacts – Green Recovery:** The impacts of COVID-19 continue to be significant and unprecedented in both Health and Economic terms. 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. 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. 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.	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: **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. **Tackle the climate and ecological emergency** - investing and taking tough decisions to tackle the climate and ecological emergency so we breathe cleaner air. **Secure decent jobs and training** - bringing secure and fairly-paid jobs to the region including 23,000 green jobs. **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. **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.
2	**Governance Arrangements:** As reported in last year's governance statement, matters have been reported in the public domain regarding strained relationships within the West of England. Within the final Audit Findings report for 2020/21 from Grant Thornton, which were presented to the Audit Committee on 9th December 2021, are a risk of significant VFM weakness relating to the governance arrangements impacting these relationships.	Acceptance of the Grant Thornton Audit findings. Agreed to the action plan presented to both the Audit Committee and the Scrutiny & Overview Committee. Peer challenge review undertaken by SOLACE. Commencement of the Transformation Programme in conjunction with the West of England UAs, SOLACE and the LGA.

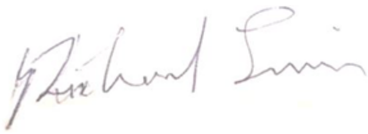
SIGNED BY:



DAN NORRIS

WEST OF ENGLAND METRO MAYOR

DATE: 27th October 2023



RICHARD ENNIS

INTERIM CHIEF EXECUTIVE

DATE: 27th October 2023

Independent auditor's report to the members of West of England Combined Authority

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of West of England Combined Authority (the 'Authority') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's (the Interim Director of Investment and Corporate Services) use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities.

We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.
Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters, except on 17 November 2022 we issued three statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014 relating to the significant weaknesses identified in the Authority's governance arrangements for the year ended 31 March 2021. These statutory recommendations remain in place for the year ended 31 March 2022, following the issue of our Auditor's Annual Report for the year ended 31 March 2022 on 3 July 2023.

Responsibilities of the Authority and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 1972, and the Local Government Act 2003).

We enquired of management and the Audit Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:

- Journals posted by senior officers
- Journals including unusual account combinations relating to either income or expenditure
- Year-end journals with a value above our performance materiality
- Year-end journals posted via a manual authorisation process

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on the principal risks described above,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of the defined benefit pension liability; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud from management override of controls, and for material error arising from significant accounting estimates relating to the valuation of the defined benefit pensions liability. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
    - o the provisions of the applicable legislation

- o guidance issued by CIPFA/LASAAC and SOLACE
- o the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Combined Authority's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.
We have nothing to report in respect of the above matter, except on 17 November 2022 we identified five significant weaknesses in respect of the Authority's governance arrangements for the year ended 31 March 2021. These were:

- the poor state of professional relationships between the Combined Authority Mayor and the representatives of the other members of the Combined Authority, and between some Chief Officers;
- the need for a final management structure, approved by the Combined Authority Committee, to provide clarity and enable the recruitment of permanent officers to key roles;
- the lack of procedures for ensuring statutory officers' roles and responsibilities are appropriately discharged where a conflict of interest has been identified;
- the absence of procedures regarding obtaining independent legal advice; and
- the inadequate arrangements for determining the award of a severance payment.

For the year ended 31 March 2022 the significant weaknesses had not been addressed, with the exception of the weakness in relation to the absence of procedures regarding obtaining independent legal advice.

We issued three statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014 relating to these significant weaknesses identified for the year ended 31 March 2021 and the year ended 31 March 2022 as follows:

1. The Mayor and members of the Combined Authority represented by the Council Leaders, must commit to improving their working relationship and demonstrate that significant progress has been made within a reasonable timeframe to be determined by the Mayor and Combined Authority. This should include a role for independent mediation and the constructive consideration of advice arising from this process.
2. A formal protocol should be agreed between member organisations within the Combined Authority to commit to consultation on key proposals, that they should define, at an earlier stage. Combined

Authority members should engage effectively in this process, to help mitigate points of contention before they are published and debated in public. This should include a commitment to deliver proposals on a reasonable timetable.

3. In future, in all circumstances, including where there is a potential conflict of interest affecting individual statutory officers, adequate steps must be taken to ensure the statutory duties of these officers is effectively discharged.

We also made two key recommendations and four improvement recommendations in respect of weaknesses in the Combined Authority's governance arrangements.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023 is not yet complete. However, we are of the view that the significant weaknesses reported on 17 November 2022 have not yet been addressed, with the exception of the weakness in relation to the absence of procedures regarding obtaining independent legal advice, which we considered to no longer apply following the issue of our 2021/22 Auditor's Annual Report on 3 July 2023

The outcome of our work for the year ended 31 March 2023 will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2023

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for West of England Combined Authority for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- consideration of a specific governance matter that has recently been raised with us
- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2023.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature: *JD Roberts*

Jon Roberts, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date: 30th October 2023

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the year ended 31 March 2023

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	2021/22 Net Expenditure £'000		Notes	Gross Expenditure £'000	Gross Income £'000	2022/23 Net Expenditure or (Income) £'000
123,881	(49,822)	74,059	Combined Authority Services	6	**170,493**	**(57,224)**	**113,269**
15,250	(392)	14,858	Mayoral Fund	7	**633**	**(633)**	**-**
139,131	(50,214)	88,917	Cost of services		**171,126**	**(57,857)**	**113,269**
289	(3,498)	(3,209)	Financing and investment income and expenditure	8	**4,778**	**(3,655)**	**1,123**
6,809	(90,726)	(83,917)	Taxation and non-specific grant income and expenditure	9	**6,809**	**(117,004)**	**(110,195)**
146,229	(144,438)	1,791	**(Surplus) or deficit on provision of services**		**182,713**	**(178,516)**	**4,197**
		-	Fair value movement on financial assets				**-**
		(2,590)	Remeasurement of the net defined benefit liability	27			**(12,669)**
		(2,590)	**Other comprehensive (income) and expenditure**				**(12,669)**
		(799)	**Total comprehensive (income) and expenditure**				**(8,472)**

MOVEMENT IN RESERVES STATEMENT

For the year ended 31 March 2023

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 future expenditure) and ‘unusable reserves’ (i.e. established for specific legal or accounting purposes and cannot be used to fund future expenditure). 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 2021	**1,953**	**15,641**	**17,594**	**(997)**	**(113)**	**(9,875)**	**923**	**(13,778)**	**(23,840)**	**(6,246)**
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	**2,370**	**9,639**	**12,009**	**73**	**(105)**	**(4,266)**	**567**	**(13,725)**	**(17,456)**	**(5,447)**
Movements in reserves										
Total comprehensive income and expenditure	(4,197)	-	(4,197)	-	-	-	-	12,669	12,669	**8,472**
Adjustments between accounting basis under regulations	2,093	-	2,093	(4,413)	(8)	4,791	236	(2,699)	(2,093)	-
Increase before transfer to earmarked reserves	**(2,104)**	**-**	**(2,104)**	**(4,413)**	**(8)**	**4,791**	**236**	**9,970**	**10,576**	**8,472**
Transfers (from)/to reserves	2,206	(2,206)	-	-	-	-	-	-	-	-
Movement in reserves in the year	**102**	**(2,206)**	**(2,104)**	**(4,413)**	**(8)**	**4,791**	**236**	**9,970**	**10,576**	**8,472**
Balance at 31 March 2023	**2,472**	**7,433**	**9,905**	**(4,340)**	**(113)**	**525**	**803**	**(3,755)**	**(6,880)**	**3,025**

For further details on the movement in the reserves see Disclosure Notes 24 and 25 on pages 73 to 77

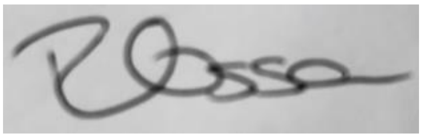
BALANCE SHEET AS AT 31 MARCH 2023

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	2023 £'000	2022 £'000
Intangible assets	14	**1,018**	280
Property, plant and equipment	15	**1,268**	288
Long-term investments	16	**19,065**	30,209
Long term assets		**21,351**	30,777
Short-term investments	17	**264,170**	170,491
Trade and other debtors	18	**13,828**	15,962
Financial assets at fair value through income and expenditure	29	**47,623**	47,036
Cash and cash equivalents	19	**21,487**	34,430
Current assets		**347,108**	267,919
Short Term Loans	20	**(25,154)**	-
Trade and other creditors	21	**(60,376)**	(26,371)
Grant receipts in advance – revenue	10	**(77,933)**	(60,223)
Current liabilities		**(163,463)**	(86,594)
Net current assets		**184,499**	181,325
Grant receipts in advance – capital	10	**(161,372)**	(118,532)
Net pensions liability	27	**(3,755)**	(13,725)
Provisions	23	**(2,461)**	(2,751)
Agency creditor	22	**(34,382)**	(82,539)
Non-current liabilities		**(201,970)**	(217,547)
Net assets/(liabilities)		**3,027**	(5,445)
General Fund balance	24	**2,474**	2,372
Earmarked reserves	24	**7,433**	9,639
Usable reserves		**9,907**	12,011
Pooled Investment Fund Adjustment Account	25	**(4,340)**	73
Accumulated Absences Account		**(113)**	(105)
Collection Fund Adjustment Account	25	**525**	(4,266)
Capital Adjustment Account	25	**803**	567
Pensions Reserve	25	**(3,755)**	(13,725)
Unusable reserves	25	**(6,880)**	(17,456)
Total reserves		**3,027**	(5,445)

The financial statements were approved and authorised for issue by:



Rachel Musson

Interim Director of Investment and Corporate Services

Date: 27th October 2023

CASH FLOW STATEMENT

For the year ended 31 March 2023

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.

	Notes	2023 £'000	2022 £'000
Net (Deficit)/surplus on the provision of services		**(4,197)**	(1,791)
Adjustments to net surplus or deficit on the provision of services for non-cash movements			
Depreciation of property, plant and machinery	15	**503**	249
Amortisation of intangible assets	14	**643**	285
Release of impairment on investments		**-**	-
Change in pensions reserves	27	**2,699**	2,537
Decrease/(Increase) in trade and other debtors	18	**2,134**	2,215
(Decrease)/Increase in trade and other creditors	21	**34,004**	(4,980)
Decrease in provisions	23	**(290)**	(317)
Decrease in agency creditors	22	**(48,157)**	(5,041)
Net interest receivable	5	**756**	(3,498)
Interest received		**3,120**	2,710
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	**(74,334)**	(54,711)
Net cash flows from operating activities		**(83,119)**	(62,342)
Investing activities			
Purchase of property, plant and machinery	15	**(1,483)**	(39)
Purchase of intangible assets	14	**(1,381)**	(140)
Capital grants received for the purchase of property, plant and equipment	10	**74,334**	54,711
Increase in long and short-term investments	16,17	**(82,000)**	20,000
Increase in financial assets at fair value through income and expenditure	29	**(5,000)**	(13,000)
Net cash flows from investing activities		**(15,530)**	61,532
Financing activities			
Increase in capital grants receipts in advance	10	**42,840**	25,303
Increase in revenue grants receipts in advance	10	**17,711**	4,216
Increase in short term loans	20	**25,154**	(20,005)
Net cash flows from financing activities		**85,705**	9,514
Net increase or decrease in cash and cash equivalents	19	**(12,945)**	8,704
Cash and cash equivalents at 1 April	19	**34,430**	25,726
Cash and cash equivalents at 31 March	19	**21,487**	34,430

NOTES TO THE FINANCIAL STATEMENTS

Note Number Page

1. Basis of Preparation

(a) General principles

The Statement of Accounts summarises the West of England Combined Authority's (The Combined Authority) transactions for the financial year 2022/23 and its position as at 31 March 2023. The Combined 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 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS).

(b) 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.

(c) 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 Combined Authority's liabilities as they fall due for payment.

(d) 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.

(e) 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 for the relevant financial year. The accounting standards that are to be introduced in the 2023/24 CIPFA Code of Practice are:

- IFRS 16 leases (only for Authorities that have decided to voluntary implement IFRS 16 in the 2023/24 year)
- Definition of Accounting Estimates (Amendments to IAS 8 issued in February 2021
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021
- Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12) issued in May 2021
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020

Most of these standards will not be applicable to the Combined 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 IFRS16 Leases for local government to 2024/25, although Authorities can voluntarily adopt as of 1 April 2023.

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

a) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Combined Authority transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority.

- Revenue from the provision of services is recognised when the Combined Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- 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.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made. Interest receivable on investments 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.

- The Combined 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.

b) Government grants and other contributions

Grants and contributions are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and ExpenditureStatement, 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 beenmet, 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.

c) **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.

d) **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 lAS 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 lAS 19 do not impact on the amount to be levied on 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.

e) **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:

- those to be measured subsequently at fair value (either through Other Comprehensive Income and Expenditure [OCI] or through profit or loss); and
- 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.

f) **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.

g) **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 Combined 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.

h) **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.

i) 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 10 years

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

j) Minimum Revenue Provision

The Combined Authority makes provision for the repayment of debt by setting aside an amount from revenue for capital assets funded by borrowing over a period equal to the estimated economic life of those assets (on the same estimated lifetimes as set out in the policy for depreciation). Provision for debt repayment is chargeable from the start of the financial year after the capital asset becomes operational.

k) 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:

- it is technically feasible to complete the project so that the asset will be available for use;
- management intends to complete the project;
- there is an ability to use the asset;

- it can be demonstrated how the project will deliver service potential by demonstrating the usefulness of the asset;
- adequate technical, financial and other resources to complete the development are available; and
- 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.

I) **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 wouldhave been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

m) **Impairment – Financial assets (incl. debtors)**

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. The Combined 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.

n) **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 Combined 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 Combined 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.

o) **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 — theStatement 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 Combined 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 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 Combined Authority took over the Accountable Body role for the West of England Local

EnterprisePartnership (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 accountingtreatment is adopted:

- The West of England 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, 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 Combined 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 2023, 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 2023 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 0.5% p.a. increase in the discount rate will reduce the pension fund liability by £2.696m.

- An increase of life expectancy at retirement by 1 year will increase the pension fund liability by £0.454m.
- A 0.25% p.a. increase in inflation will increase the pension fund liability by £1.517m.
- A 0.25% p.a. increase in pay growth will increase the pension fund liability by £0.361m.

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)	2022/23 Net expenditure in the comprehensive income and expenditure statement
2022/23	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Combined Authority	(472)	(2,206)	39,516	**36,838**	76,431	113,269
Mayoral fund	-	-	-	**-**	-	-
Cost of services	**(472)**	**(2,206)**	**39,516**	**36,838**	**76,431**	**113,269**
Other income chargeable to the General Fund	-	4,783	(39,516)	**(34,733)**	(74,337)	(109,070)
(Surplus) or deficit on provision of services	**(472)**	**2,577**	**-**	**2,105**	**2,094**	**4,199**
Opening General Fund balance				**(2,373)**		
Transfers to earmarked reserves				**(2,206)**		
Closing General Fund balance				**(2,474)**		

	Net expenditure/ (income) as reported per Managemen tOutturn	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)	2021/22 Net expenditure in the comprehensive income and expenditure statement
2021/22	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Combined Authority	368	(1,195)	23,611	**22,784**	51,275	74,059
Mayoral fund	-	795	14,063	**14,858**	-	14,858
Cost of services	**368**	**(400)**	**37,674**	**37,642**	**51,275**	**88,917**
Other income chargeable to the General Fund	-	5,617	(37,674)	**(32,057)**	(55,069)	(87,126)
(Surplus) or deficit on provision of services	**368**	**5,217**	**-**	**5,585**	**(3,794)**	**1,791**
Opening General Fund balance				**(1,956)**		
Transfers to earmarked reserves				**(6,002)**		
Closing General Fund balance				**(2,373)**		

(b i) Note to the Expenditure and Funding Analysis

Adjustments for 2022/23

	Combined Authority Services			**Mayoral Fund**	
	Interest Income	Transport Levy Income	Net Business Rates Retention Income	Business Rates Retention Income	Total Adjustments
2022/23	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Combined Authority	3,655	20,806	15,055	-	**39,516**
Mayoral fund	-	-	-	-	**-**
Net cost of services	**3,655**	**20,806**	**15,055**	**-**	**39,516**
Other income chargeable to the General Fund	(3,655)	(20,806)	(15,055)	-	**(39,516)**
(Surplus) or deficit on provision of services	-	-	-	-	-

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
2021/22	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
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	-	-	-	-	**-**

(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 2022/23

Adjustments for capital purposes									
	Depreciation/ loss on disposal £' 000	**REFCUS£' 000**	**RCCO £' 000**	**Grants/ contributions £' 000**	**Collection Fund Adjustment Account £,000**	**Pensions adjustments £' 000**	**Accumulated Absences Account £' 000**	**Pooled Investment Fund adjustment Account £' 000**	**Total adjustments £' 000**
Combined Authority	1,146	87,016	(14,063)	-	-	2,332	-	-	**76,431**
Mayoral fund	-	-	-	-	-	-	-	-	**-**
Net cost of services	**1,146**	**87,016**	**(14,063)**	**-**	**-**	**2,332**	**-**	**-**	**76,431**
Other income chargeable to the General Fund	-	-	-	(74,334)	(4,791)	367	8	4,413	**(74,337)**
(Surplus) or deficit on provision of services	**1,146**	**87,016**	**(14,063)**	**(74,334)**	**(4,791)**	**2,699**	**8**	**4,413**	**2,094**

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 2021/22

Adjustments for capital purposes									
	Depreciation/ loss on disposal £' 000	**REFCUS£' 000**	**RCCO £' 000**	**Grants/ contributions £' 000**	**Collection Fund Adjustment Account £' 000**	**Pensions adjustments £' 000**	**Accumulated Absences Account £' 000**	**Pooled Investment Fund adjustment Account £' 000**	**Total adjustments £' 000**
Combined Authority	535	48,671	(179)	-	-	2,248	-	-	**51,275**
Mayoral fund	-	14,063	(14,063)	-	-	-	-	-	**-**
Net cost of services	**535**	**62,734**	**(14,242)**	**-**	**-**	**2,248**	**-**	**-**	**51,275**
Other income chargeable to the General Fund	-	-	-	(48,671)	(5,609)	289	(8)	(1,070)	**(55,069)**
(Surplus) or deficit on provision of services	**535**	**62,734**	**(14,242)**	**(48,671)**	**(5,609)**	**2,537**	**(8)**	**(1,070)**	**(3,794)**

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.

Pooled Investment Fund Adjustment Account

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:

	2023 **£'000**	2022 £'000
Expenditure		
Employee benefits expenses including pension	**14,258**	12,250
Other service expenses	**69,072**	63,901
Depreciation, amortisation and impairment	**1,146**	535
Revenue expenditure funded from capital under statute	**87,016**	62,734
Business Rates Retention Tariff	**6,809**	6,809
Fair Value Movement on Financial Assets	**4,411**	-
Total Expenditure	**182,712**	146,229
Income		
Local Authority business rates growth and contributions	**(21,864)**	(20,881)
Levies	**(20,806)**	(21,175)
Government revenue grants and contributions	**(55,258)**	(48,630)
Capital grants and contributions	**(74,334)**	(48,671)
Interest and investment income	**(3,655)**	(3,498)
Other service income	**(2,598)**	(1,583)
Total Income	**(178,515)**	(144,438)
(Surplus)/Deficit on provision of services	**4,197**	1,791

6. Combined Authority's services

2022/23	Gross Expenditure £'000	Grants Received £'000	Other Income £'000	Net Expenditure £'000
UK Community Recovery Fund	**1,866**	-	-	**1,866**
Combined Authority Services	**5,925**	-	-	**5,925**
Concessionary fares	**10,745**	-	-	**10,745**
Community transport	**1,764**	-	-	**1,764**
RTI costs	**541**	-	-	**541**
Futurebright	**1,146**	-	-	**1,146**
Adult Education	**15,808**	-	-	**15,808**
Supported Bus Services	**10,223**	-	-	**10,223**
Other projects	**12,483**	-	-	**12,483**
Digital Engineering Technology	**975**			**975**
5G Logistics	**462**			**462**
Culture – Creative Recovery	**305**			**305**
Mayoral capacity fund	**171**	-	-	**171**
South Bristol Enterprise Support	**265**	-	-	**265**
New Public Transport Options	**719**	-	-	**719**
Workforce for the Future	**2,825**	-	-	**2,825**
Ticketing and Fares	**1,520**			**1,520**
Productivity Challenge	**582**			**582**
Metrowest 1	**2,172**			**2,172**
Skills Bootcamp	**1,333**			**1,333**
Multiply	**1,204**			**1,204**
Community Recovery Fund	**1,144**			**1,144**
We Work for Everyone	**1,740**			**1,740**
Bristol City Centre & High St	**1,013**			**1,013**
Temple Quarter	**1,589**			**1,589**
Western Gateway Sub National Transport Body	**668**			**668**
Business Innovation Challenge Fund	**811**	-	-	**811**
Highways Maintenance Grants	**14,063**			**14,063**
Grant Income	-	**(54,593)**	-	**(54,593)**
Other Income	-	-	**(2,631)**	**(2,631)**
Amounts chargeable to the General Fund	**94,062**	**(54,593)**	**(2,631)**	**36,838**
Adjustments between funding and accounting basis – Capital REFCUS (note 4)	**76,431**	-	-	**76,431**

Per Comprehensive Income and Expenditure Statement	**170,493**	**(54,593)**	**(2,631)**	**113,269**

2021/22	Gross Expenditure £'000	Grants Received £'000	Other Income £'000	Net Expenditure £'000
Implementation & set up costs	**421**	-	-	**421**
Combined Authority Services	**4,261**	-	-	**4,261**
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	**14,297**	-	-	**14,297**
Digital Engineering Technology	**3,222**			**3,222**
5G Logistics	**1,877**			**1,877**
Culture – Creative Recovery	**1,378**			**1,378**
Mayoral capacity fund	**292**	-	-	**292**
Housing capacity fund	**594**	-	-	**594**
New Public Transport Options	**1,236**	-	-	**1,236**
Workforce for the Future	**1,793**	-	-	**1,793**
Productivity Challenge	**606**			**606**
Gainshare – Revenue Contribution	-	-	-	-
Grant Income	-	**(47,829)**	-	**(47,829)**
Other Income	-	-	**(1,993)**	**(1,993)**
Amounts chargeable to the General Fund	**72,606**	**(47,829)**	**(1,993)**	**22,784**
Adjustments between funding and accounting basis – Capital REFCUS (note 4)	**51,275**	-	-	**51,275**
Per Comprehensive Income and Expenditure Statement	**123,881**	**(47,829)**	**(1,993)**	**74,059**

7. Mayoral Funds

	2023 £'000	2022 £'000
Expenditure		
Mayoral office running costs	**287**	233
Joint Spatial Plan Scheme Development	**-**	-
Transport Feasibility Studies	**-**	-
Election preparation costs	**346**	954
Revenue expenditure funded from capital under statute:		
- Highways Maintenance Grants	**-**	7,071
- Transport Grants	**-**	5,224
- Highways Incentive Grants	**-**	1,768
- Pothole Action Fund	**-**	-
Gross Expenditure	**633**	15,250
Income		
Gainshare – Revenue Contribution	**(630)**	(392)
Mayoral Other Income	**(3)**	
Gross Income	**(633)**	(392)
Net Expenditure	**-**	14,858

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

	2023 £'000	2022 £'000
Net interest on the net defined benefit liability (note 27)	**367**	289
Fair value movement on financial assets	**4,411**	(1,070)
Interest receivable and similar income	**(3,655)**	(2,428)
Net financing and investment income and expenditure	**1,123**	(3,209)

9. Taxation and non-specific grant income and expenditure

	2023 £'000	2022 £'000
National Non-Domestic Rates	**(18,667)**	(7,914)
Section 31 National Non-Domestic Rates Grant – MHCLG	**(3,197)**	(12,966)
Business Rates Retention Tariff	**6,809**	6,809
Transport levy from the Constituent Authorities	**(19,443)**	(19,469)
North Somerset Council contribution to transport levy	**(1,363)**	(1,706)
Pothole Action Fund Grant – DfT	**(10,937)**	(7,071)
Gainshare Capital Grant – MHCLG	**(63,397)**	(41,600)
	(110,195)	(83,917)

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 Combined Authority when there is reasonable assurance that:

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

Amounts recognised as due to the Combined Authority are not credited to the 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 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:

	2023 £'000	2022 £'000
Revenue grants credited to cost of services		
Gainshare Revenue Grant – MHCLG	**23,242**	18,621
5G	**424**	1,760
Mayoral Capacity Fund	**1,000**	1,000
Futurebright	**-**	362
Workforce for Future	**1,438**	817
Supported Bus Services	**2,293**	5,324
Adult Education Budget Implementation Grant – SFA	**16,338**	17,102
Active Travel	**1,433**	1,474
Western Gateway	**438**	448
Business Innovation	**796**	321
Community Renewal Fund	**531**	472
Skills Bootcamps	**1,333**	-
Multiply	**1,202**	-
UK Shared Prosperity Fund	**557**	-
BSIP	**2,277**	-
City Region Sustainable Transport	**1,673**	-
Other grants	**283**	929
Total	**55,258**	48,630
Analysed between the following segments:		
Combined Authority services	**54,866**	48,238
Mayoral	**392**	392
	55,258	48,630

	2023 £'000	2022 £'000
Capital grants and contributions credited to taxation and non-specific grant income		
Gainshare Government Capital Grants MHCLG	**22,415**	**41,600**
Pothole Action Fund Grant – DfT	**-**	**7,071**
Transforming Cities - DfT	**34,819**	
Active Travel - DfT	**290**	
Future Transport Zones - DfT	**4,060**	
CRSTS - DfT	**2,795**	
Industrial Workspace - MHCLG	**2,680**	
Strategic Innovation - DLUHC	**7,275**	
	74,334	**48,671**

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:

	2023 £'000	2022 £'000
Grants received in advance – capital		
Gainshare Capital – MHCLG	**42,289**	9,363
FTZ – Dft	**17,984**	22,054
Transforming Cities Fund – DfT	**-**	77,084
City Deal	**7,400**	7,400
Active Travel	**3,188**	2,632
City Region Sustainable Transport Settlement	**88,104**	
Industrial Workspace DLUHC	**2,220**	
Intra-City Transport	**187**	
	161,372	118,533
Grants received in advance – revenue		
Gainshare Revenue Grant – MHCLG	**54,975**	47,824
Intra-City Transport	**3,722**	3,820
ITA Supported Bus Service	**363**	363
Western Gateway	**707**	795
Active Travel	**6,001**	6,585
E-Cycle Extension	**248**	248
T Levels	**5**	5
Future Zones Transport	**449**	579
Future Bright	**3**	3
Adult Education	**607**	-
BSIP	**3,277**	-
Local Growth Capacity Support	**625**	-
Multiply	**142**	-
Skills Bootcamp	**770**	-
Community Renewal Fund	**42**	-
UK Shared Prosperity Fund	**586**	-
Woodland Accelerator Fund	**180**	-
Biodiversity	**23**	-
Workforce for the Future	**17**	-
CRSTS	**5,191**	-
	77,933	60,222

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 2021/22 and 2022/23 was as follows:

Salary of £150,000 or more for the year ending 31 March 2022 and year ending 31 March 2023

	Salary £	Expenses £	Pension Contributions £	Total Remuneration £
Year ending 31/03/2023				
For the period 01/04/2022 – 31/03/2023				
Chief Executive – Patricia Greer	164,682	-	23,550	188,232
For the period 27/01/2023 – 31/03/2023				
Acting Interim Chief Executive – Richard Ennis*	69,176	3,048	-	72,224
For the period 01/12/2022 – 27/01/2023				
Acting Interim Chief Executive & Director of Investment and Corporate Services – Richard Ennis*	49,394	2,849		52,243
For the period 01/04/2022 – 30/11/2022				
Director of Investment and Corporate Services – Richard Ennis*	143,943	-	-	143,943
For the period 11/04/2022 – 31/03/2023				
Director of Infrastructure – Alistair Kirk*	188,257	-	-	188,257
For the period 01/04/2022 – 31/03/2023				
Director of Legal Services – Stephen Gerrard*	139,858	-	10,374	150,232
For the period 27/01/2023 – 31/03/2023				
Director of Investment and Corporate Services – Stephen Fitzgerald*	39,929			39,929
Year ending 31/03/2022				
For the period 01/04/2021 – 31/03/2022				
Chief Executive – Patricia Greer	162,757	-	22,786	185,543

* Interim directors were employed through third parties. The amount disclosed is the amount that has been received by the post holder. The full third party payments are included within Note 5.

Salary between £50,000 and £150,000 for the year ending 31 March 2023

	For the period:	Salary £	Expenses £	Pension Contributions £	Total Remuneration £
Director of Business Skills	01/04/2022-31/03/2023	97,665	-	13,966	111,631

Director of Infrastructure	01/04/2022-06/05/2022	12,433	-	1,778	14,211
Head of Environment	06/06/2022-31/03/2023	63,839	-	9,129	72,968
Head of Strategy & Innovation	01/04/2022-31/03/2023	73,291	-	11,434	84,725
Head of Chief Executive Office	01/04/2022-31/03/2023	67,925	-	9,713	77,638
Head of Communications	01/04/2022-31/04/2022 20/03/2023-31/03/2023	7,149 2,234	- -	1,020 319	8,168 2,553

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

	For the period:	Salary £	Expenses £	Pension Contributions £	Total Remuneration £
Director of Infrastructure	01/04/2021 – 30/11/2021 01/10/2021-31/03/2022	87,338 63,597	366	12,227 8,904	99,931 72,501
Director of Business Skills	01/04/2021 – 31/03/2022	95,740	-	13,403	109,143
Director of Investment and Corporate Services	01/04/2021 – 31/03/2022	132,549	86	17,871	150,506
Director of Legal Services	01/04/2021 – 28/02/2022 31/01/2022-31/03/2022	83,589 41,800	-	11,702	95,291 41,800
Head of Strategy & Innovation	01/04/2021 – 31/03/2022	73,853		10,339	84,192
Head of Chief Executive Office	04/05/2021 – 31/03/2022	47,507		6,651	54,158
Head of Communications	01/04/2021 – 31/03/2022	79,800	235	10,880	90,914

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

	2023 £'000	2022 £'000
£50,000 – £54,999	9	8
£55,000 – £59,999	6	5
£60,000 – £64,999	6	7
£65,000 – £69,999	2	4
£70,000 – £74,999	7	2
£75,000 – £79,999	-	1
£80,000 – £84,999	-	2
£85,000 – £89,999	2	2
£90,000 – £94,999	-	-
£95,000 – £99,999	-	2
£100,000 – £104,999	1	-
£105,000 – £109,999	-	-
£110,000 – £114,999	-	-
£115,000 – £119,999	-	-
£120,000 – £124,999	-	-
£125,000 – £129,999	-	-
£130,000 – £134,999	-	-
£135,000 – £139,999	-	-
£140,000 – £144,999	-	-

Secondment or Agency 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.

	Voluntary redundancies		**Total exit packages**		**Total cost of packages in each band**	
Cost band (including special payments)	2023 No.	2022 No.	2023 No.	2022 No.	2023 £'000	2022 £'000
£0 – £40,000	-	-	-	-	-	-
£40,000+	-	-	-	1	-	59
	-	-	-	1	-	59

12. Members' allowances

	2023 £'000	2022 £'000
Allowances	88	68
Expenses	-	-
	88	68

13. External audit costs

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

	2023 £'000	2022 £'000
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	55	55
	55	55

The financial statements also include fee variations relating to 2020-21 and 2021-22 for £36k which were not finalised until 2022-23 and were not previously disclosed. Prior year fees have been disaggregated from those relating to current year in the table above.

14. Intangible Assets

	Economic Model £'000	Computer software £'000	Intellectual property £'000	Total £'000
Cost				
At 1 April 2021	115	308	795	1,218
Additions	-	140	-	140
At 31 March 2022	**115**	**448**	**795**	**1,358**
Additions	-	1,381	-	1,381
At 31 March 2023	**115**	**1,829**	**795**	**2,739**
Accumulated amortisation				
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**
Charge for the year	-	610	33	643
At 31 March 2023	**116**	**811**	**795**	**1,722**
Net book value				
At 31 March 2021	9	217	198	424
At 31 March 2022	-	247	33	280
At 31 March 2023	**-**	**1,018**	**-**	**1,018**

15. Property, plant and equipment

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 31 March 2021	361	591	952
Additions	-	39	39
At 31 March 2022	**361**	**630**	**991**
Additions	1,168	315	1,483
At 31 March 2023	**1,529**	**945**	**2,474**
Accumulated depreciation			
At 31 March 2021	236	217	453
Charge for the year	73	177	250
At 31 March 2022	**309**	**394**	**703**
Charge for the year	244	259	503
At 31 March 2023	**553**	**653**	**1,206**
Net book value			
At 31 March 2021	125	374	499
At 31 March 2022	52	236	288
At 31 March 2023	**976**	**292**	**1,268**

16. Long-Term Investments

Loans to local authorities	£'000
At 1 April 2021	45,434
Reclassification to short-term investments	(30,434)
Additions	15,000
Interest Accrued	209
At 31 March 2022	30,209
Reclassification to short-term investments	(20,209)
Additions	9,000
Interest Accrued	65
At 31 March 2023	**19,065**

17. Short-Term Investments

Loans to local authorities	£’000
At 1 April 2021	**175,548**
Investments Matured	(175,548)
Additions	170,000
Interest Accrued	491
At 31 March 2022	**170,491**
Investments Matured	(170,491)
Additions	263,000
Interest Accrued	1,170
At 31 March 2023	**264,170**

18. Trade and other debtors

	2023 £’000	2022 £’000
Trade debtors	**1,419**	978
Other debtors	**12,390**	14,984
Prepayments and accrued income	**19**	-
	13,828	15,962
Analysed between the following classes of debtors:		
Central government bodies	**1,495**	1,333
Other local authorities	**8,313**	10,135
Other entities and individuals	**4,020**	4,494
	13,828	15,962

As at 31 March 2023 there were £36k (2022: £Nil) trade debtors past due but not impaired.

As at 31 March 2023 other debtors of £767k (2022: £933k) were impaired in relation to NNDR income and the amount of the impairment provision was £767k (2022: £933k). The movement in the year on the provision for impairment was a decrease of £166k (2022: £575k increase).

19. Cash and Cash Equivalents

	2023 £’000	2022 £’000
Cash at bank and in hand	**109**	276
Short-term deposits	**21,378**	34,154
	21,487	34,430

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 from local authorities	£'000
At 31 March 2021	20,005
Repayments	(20,005)
Additions	0
Interest Accrued	0
At 31 March 2022	0
Repayments	0
Additions	25,000
Interest Accrued	154
At 31 March 2023	**25,154**

As part of its approach to liquidity management, the Combined Authority may borrow short term loans to coverany unplanned cash flow shortages as they arise.

21. Trade and Other Creditors

	2023 £'000	2022 £'000
Trade creditors	**12,969**	11,325
Taxes and social security	**456**	498
Accruals and deferred income	**46,951**	14,548
	60,376	26,371
Analysed between the following classes of creditors:		
Central government bodies	**7,856**	9,464
Other local authorities	**26,807**	13,624
Other entities and individuals	**25,713**	3,283
	60,376	26,371

22. Agent for West of England Local Enterprise Partnership (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 (IBB).

Reconciliation of Agency

	2023 £'000	2022 £'000
Agency Debtors		

Leader	**(13)**	(8)
Total Agency Debtors	**(13)**	(8)
Agency Creditors		
LEP	**3,528**	8,452
Grant Balances	**30,867**	74,095
Total Agency Creditors	**34,395**	82,547
Total Net Agency	**34,382**	82,539

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 £36.047m at 31 March 2023 (2022: £82.539m), held by the Combined 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 2021/22 and 2022/23:

West of England LEP Revenue Expenditure 2021/22 and 2022/23

	2023 £'000	2022 £'000
Expenditure		
LEP Management & Co-ordination	**743**	876
LEP Infrastructure	**165**	226
LEP Skills & Economy	**549**	476
Growth Hub	**354**	807
LEADER	**18**	11
Inward Investment Table	**0**	913
RIF Administration	**-**	-
SW Energy Hub	**3,409**	1,409
Central Hub	**116**	62
ERDF Administration	**86**	66
Enterprise Advisor	**-**	-
Skills Advisory Panel	**67**	74
LEP Strategy	**171**	207
Infrastructure & Investment Delivery Plan	**19**	112
LEP Innovation & Sector Development	**729**	901
Green Homes	**4,896**	1,620
Government Grants - Other	**1,108**	
Other expenditure	**505**	489
	12,935	8,249
Income		
Local Authority contributions		440
Investment Interest	**23**	45

Lep Skills and Economy	**547**	-
Government Grant – Core & Strategic Economic Plan	**375**	826
Economic Development Grant		1,021
Government Grant – Growth Hub	**351**	807
Government Grant – Infrastructure & Investment Delivery Plan	**85**	112
Government Grant – Other	**2127**	3,987
Government Grant – Innovation & Sector Development	**729**	858
LEP Infrastructure	**114**	99
SW Energy Hub	**3,409**	-
Green Homes	**4,896**	
Movement from Reserves	**279**	54
	12,935	8,249

West of England LEP Revenue Expenditure 2021/22 and 2022/23 continued

	2023 £'000	2022 £'000
Expenditure/Income yet to be defrayed/received		
Growth Hub Net Creditor	**-**	30
LEADER Net Debtor	**(13)**	(8)
LEP Net Creditor	**3,061**	7,670
LEP Reserves	**480**	760
Cash Balance held	**3,528**	8,452

Invest in Bristol and Bath Revenue Expenditure 2021/22 and 2022/23

	2023 £'000	2022 £'000
Expenditure		
Inward Investment Team	1,080	913
	1,080	**913**
Income		
Economic Development Fund Grant	1,080	913
Other Grants	-	-
Sponsorship Income	-	-
Contributions	-	-
	1,080	**913**
Expenditure/Income yet to be defrayed/received		
Net Debtor	-	-
Cash Balance Held	-	-

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 2021/22 and 2022/23

2022/23 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	9,758	-	-	669	10,427
BEIS – Regional Growth Fund 2 Revolving Infrastructure Fund	(1,817)	-	84	(8,978)	(10,711)
BEIS – Greenhomes	48,478		-	(35,029)	13,449
RIF – Returned Funds from completed schemes	13,722	-	-	2,738	16,460
MHCLG – Local Growth Fund	(5,147)	-	-	5,141	(6)
	64,994	-	84	(35,459)	29,619

2022/23 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	10,427	-	-	10,427
BEIS – Regional Growth Fund 2 Revolving Infrastructure Fund	(10,711)	-	-	(10,711)
BEIS - Greenhomes	13,449	-	-	13,449
RIF – Returned Funds from completed schemes	16,460	-	-	16,460
MHCLG – Local Growth Fund	(6)	1,248	-	1,242
Total	29,619	1,248	-	30,867

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**	**-**	**(11,771)**	**(5,147)**
	65,892	**6,850**	**38**	**(7,786)**	**64,994**

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	**(5,147)**	**9,024**	-	**3,877**
Total	**64,994**	**9,024**	**-**	**74,018**

23. Provisions, Contingent Liabilities and Guarantees

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. The expenserelating to the provision is recognised in the Comprehensive Income and Expenditure Statement.

	2023 £'000	2022 £'000
Provision for Appeals – NNDR Income		
At 1 April	**2,751**	3,067
Charged to income and expenditure	**(290)**	(316)
At 31 March	**2,461**	2,751

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 NNDR income are made by officers at the three Billing Authorities participating in the 100% Business Rate Retention Pilot.

The Combined Authority has not entered into any Guarantees.

The Combined Authority is subject to a claim from the former CEO, although contested by the Combined Authority, should it proceed to resolution may require a payment to be made if the complaint is found to be fully or partially upheld. This is stated as a contingent liability as any disputed compensation amount cannot at this stage be reliably estimated. An agreement has subsequently been reached as detailed in the post balance sheet events in Note 33.

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 and Bus 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.

BRR Reserve

The Business Rates Retention 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 contribution of £346k was made against this earmarked reserve to meet the estimated costs of the mayoral election in 2025.

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 fund the Covid related deficits, additional S31 grant was awarded. An earmarked reserve of £3.4m was created to carry this over to 2022/23 and the balance has been drawn down in 2022/23.

Treasury Management Reserve

At the June 2023 West of England Combined Authority Committee, approval was requested for 25% of surplus investment income achieved to be transferred to the Treasury Management Reserve to cover the risk of capital losses and/or lower financial returns in future years. The transfer to the specific reserve in 2023 was £475k.

Delays in Programme Delivery Overhead Recovery

Central overhead savings due to delays in programme delivery.

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 £'000	Delays in Programme Delivery Overhead Recovery £000	Treasury Manage-ment £000	Other £'000	Total £'000
Balance at 1 April 2022	616	1,347	777	120	214	502	3,405	822	1,099	737	9,639
Transfers in year from / (to) General Reserves	-	(561)	-	346	(172)	-	(3,405)	-	475	1,111	(2,206)
Net transfer from / (to) General Reserves	-	(561)	-	346	(172)	-	(3,405)	-	475	1,111	(2,206)
Balance at 31 March 2023	616	786	777	466	42	502	-	822	1,574	1,848	7,433

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.

	2023 £'000	2022 £'000
Balance as at 1 April	(73)	997
Amount by which the change in fair value of pooled funds charged to the Income & Expenditure Statement are different from that calculated for the year in accordance with statutory requirements.	4,413	(1,070)
Balance as at 31 March	4,340	(73)

The value of the CCLA property fund has decreased by £1.8m, with a combined fall in the value of the multi assets funds of £2.6m creating an overall fall in the year of £4.4m.

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).

	2023 £'000	2022 £'000
Opening balance at 1 April	**567**	923
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	**(1,146)**	(535)
Revenue expenditure funded from capital under statute	**(87,016)**	(62,734)
Transfer of revenue contributions on capital outlay (RCCO)	**14,063**	14,242
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	**74,335**	48,671
Closing balance at 31 March	**803**	567

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.

	2023 £'000	2022 £'000
Opening balance at 1 April	**(13,725)**	(13,778)
Remeasurements (liabilities and assets)	**12,669**	2,590
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	**(3,974)**	(3,721)
Employers pension contributions payable in the year; Current year	**1,275**	1,184
Closing balance at 31 March	**(3,755)**	(13,725)

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 Combined Authority from the Billing Authorities. The annual movement attributable to each of the three BillingAuthorities is shown in the table below:

Collection Fund Adjustment Account 2021/22 and 2022/23

	2023 £'000	2022 £'000
Balance at 1 April	**(3,829)**	(9,875)
Bath & North East Somerset Council	**1,215**	1,188
Bristol City Council	**2,101**	2,190
South Gloucestershire Council	**1,038**	2,231
Balance at 31 March	**525**	(4,266)

Majority of the deficit in 2021/22 was caused by the unprecedented COVID-19 measures. Additional S31 grant was awarded to fund this and has been drawn down in 2023.

Accumulated Absences Account

The accumulated Absences account absorbs the differences that would otherwise arise on the General fund balance from accruing for compensated absences earned but not taken in the year.

	2023 £'000	2022 £'000
Balance at 1 April	**(105)**	**(113)**
Cancellation of prior year accrual	**105**	113
Amounts accrued at end of current year	**(113)**	(105)
Balance at 31 March	**(113)**	(105)

26. Capital expenditure and capital financing

The Combined Authority spent £89.9m (2021/22: £62.9m) on capital during 2022/23. This expenditure is summarised below:

	31 March 2023 £'000	31 March 2022 £'000
Bottle Yard Studios	**3,933**	7,678
CPNN Cycle Links	**543**	880
IT Equipment	**315**	179
Great Stoke Roundabout Improvements	**-**	10
Wraxall Road	**4**	3,922
Metrowest Phase 2	**2,948**	1,660
Yate A432 Park & Ride	**365**	3,683
Office Fit Out	**856**	-
ICT Set-Up Costs	**312**	-
Dft Active Travel Fund	**-**	2,632
Transport Scheme Business Case Development	**3,424**	6,247
Highways Maintenance & Infrastructure	**25,000**	21,134
Bristol to Hengrove extension corridor	**2,370**	-
Thornbury Hospital Site	**56**	3,628
North Keynsham Land Acquisition	**-**	20
On Bus Contactless	**89**	30
Future Transport Zones	**2,862**	1,299
Metrowest Phase 1	**-**	1,816
Love Our High Streets	**476**	686
South Bristol Industrial Light Workspace	**2,815**	307
Low Carbon Challenge Fund	**10**	63
DCIA	**427**	30
Bus Strategy	**426**	426
Chew Valley Recreation	**21**	1,133
E Scooters	**-**	324
Future Transport Zones	**-**	323
Access for All	**193**	6
Keynsham Town Centre	**-**	425
Charfield Station	**709**	-
Strategic Innovation	**7,275**	-
Further Education Training	**2,988**	-
Bristol Eastern Entrance Temple Meads	**2,965**	-
Portway Park and Ride	**1,982**	-
Bath Quays Infrastructure	**2,813**	-
Quantum Technologies	**5,650**	-
Cribbs Patchway Metrobus	**4,767**	4,373

Hengrove Park Enabling Infrastructure	**935**	-
Stockwood to Cribbs	**1,165**	-
Metrobus Consolidation Package	**1,433**	-
FTZ Maas Mobility	**1,204**	-
Other Projects	**8,549**	-
Total expenditure	**89,880**	62,913
Analysed between the following:		
Intangible Asset (note 14)	**1,381**	140
Property, plant and equipment (note 15)	**1,483**	39
Total capital expenditure	**2,864**	179
Written off to cost of services – transport and capital grants	**87,016**	62,734
	89,880	62,913

The table below details the funding of the capital programme:

	31 March 2023 £'000	31 March 2022 £'000
Funded by:		
Central government grants	**10,937**	7,071
Gainshare Contributions	**63,397**	41,600
Mayoral Fund RCCO	**-**	14,063
The West of England CA RCCO	**14,063**	179
CFR - Borrowing	**1,483**	-
	89,880	62,913

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

	31 March 2023 £'000	31 March 2022 £'000
Opening capital financing requirement		
Capital Expenditure:-		
Property, plant and equipment	**1,483**	39
Intangible assets	**1,381**	140
Revenue expenditure funded from capital under statute	**87,016**	62,734
Sources of finance:-		
Capital receipts	**-**	-
Government grants and other contributions	**(74,334)**	(48,671)
Sums set aside from revenue:		
Direct revenue contributions	**(14,063)**	(14,242)
Closing capital financing requirement	**1,483**	-

Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by government)	**1,483**	-
Increase/(decrease) in capital financing requirement	**1,483**	-

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 and the situation in Ukraine and their subsequent impact on global supply chains and inflation. Despite a period of relative stability, recently this volatility increased significantly, particularly following the mini budget. This has contributed to significant volatility in bond markets, as yields increased markedly in recent months, with AA-rated corporate bond yields at 31 March up to 4.7% to 4.9% p.a far higher than at the start of the accounting year.

The year-on-year development of the accounting figures will include

- An increase of 1.9% per annum in the discount rate assumption and a decrease of 0.3% - 0.8% in assumed CPI
- Last year's assumption included an adjustment for recent high inflation prior to the accounting date. This year this will be allowed for as a separate experience item which will act to increase liabilities.
- The combined effect of these factors will be to significantly decrease liabilities for most employers
- Investment returns will be negative in many cases which will reduce asset values.
- Impact of the 2022 valuation results.
- A reduction in pension deficit for the Combined Authority

The decisions of the Court of Appeal in the Sergeant/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 unlawfulage discrimination. The Government has accepted that remedies relating to the McCloud judgement 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 Government's response being published 6th April 2023). 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 2022 should be 14% 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 thecurrent members of the fund.

Calculation method

The figures as at 31 March 2023 are based on the Triennial ongoing valuation assumptions. The membership data from the 2019 Valuation was used as a basis for the 2023 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 2023. This valuation was carried out by Mercer.

Net liability and pension reserve

The net amount recognised on the Balance Sheet at 31 March 2023 is a deficit of £3,755,000 (2022: £13,725,000).

Movement in net pension fund liability during the year

	2023 £'000	2022 £'000
Opening balance at 1 April	**13,725**	13,778
Employer's pension contributions payable in the year	**(1,275)**	(1,184)
Current service cost	**3,553**	3,380
Past service cost	**-**	-
Curtailment	**-**	-
Administrative expenses	**54**	52
Net interest cost	**367**	289
Business Combination	**-**	-
Remeasurements (liabilities and assets)	**(12,669)**	(2,590)
Closing balance at 31 March	**3,755**	13,725

Employer's pension contributions expected to be paid in 2023/24 are estimated at £1,518,000.

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:

	2023 £'000	2022 £'000
Comprehensive Income and Expenditure Statement Cost of services		
Current service cost	**3,553**	3,380
Past service cost	**-**	-
Administration expenses	**54**	52
Curtailment	**-**	-
Financing and investment income and expenditure		
Net interest cost	**367**	289
Total post-employment benefit charged to thesurplus or deficit on provision of services	**3,974**	3,721
Remeasurements (liabilities and assets)	**(12,669)**	(2,590)
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	**(8,695)**	1,131

The current service cost (38.6% of pay plus interest) represents the future service cost to the Combined 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.

	2023 £’000	2022 £’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	**(3,974)**	(3,721)
Actual amount charged against the General Fund Balance for pensions in the year	**1,275**	1,184
	(2,699)	(2,537)
Assets and liabilities in relation to post-employment benefits		
Present value of scheme liabilities	**(24,931)**	(35,392)
Present value of scheme assets	**21,176**	21,667
Amounts recognised as liabilities	**(3,755)**	(13,725)

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	2023 £'000	2022 £'000
Opening balance at 1 April	**35,392**	31,929
Current service cost	**3,553**	3,380
Past service cost	**-**	-
Interest on pension liabilities	**992**	707
Member contributions	**683**	660
Actuarial losses/(gains)	**(15,066)**	(1,115)
Curtailment	**-**	-
Benefits paid	**(623)**	(169)
Business Combination	**-**	-
Closing balance at 31 March	**24,931**	35,392

Reconciliation of fair value of the scheme assets	2023 £'000	2022 £'000
Opening balance at 1 April	**21,667**	18,151
Employer's pension contributions payable in the year	**1,275**	1,184
Interest on plan assets	**625**	418
Member contributions	**683**	660
Actuarial gains/(losses)	**(2,397)**	1,475
Administrative expenses	**(54)**	(52)
Benefits paid	**(623)**	(169)
Business Combination	**-**	-
Closing balance at 31 March	**21,176**	21,667

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

Asset	2023 %	2023 £'000	2022 %	2022 £'000
Equities	**35**	**7,394**	41	8,807
Gilts	**19**	**4,067**	12	2,685
Other bonds	**9**	**1,887**	7	1,618
Property	**6**	**1,359**	7	1,441
Cash/liquidity	**2**	**403**	2	343
Other	**29**	**6,066**	31	6,773
	100	**21,176**	100	21,667

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.

	2023	2022
Valuation assumptions		
Discount rate	**4.7%**	2.8%
Rate of salary increase	**4.2%**	4.7%
Rate of pension increase	**2.8%**	3.3%
Inflation assumption	**2.7%**	3.2%
Future life expectancies from age 65		
Retiring today:		
Males	**22.4**	23.1
Females	**24.4**	25.3
Retiring in 20 years:		
Males	**23.7**	24.6
Females	**26.4**	27.3

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 usedin the previous period.

Sensitivity analysis

	Per financial statements £'000	+ 0.5% p.a. discount rate £'000	+0.25% p.a. inflation £'000	+ 0.25% p.a. pay growth £'000	1 year increase in Life expectancy £'000
Liabilities	24,931	22,235	26,448	25,292	25,385
Assets	(21,176)	(21,176)	(21,176)	(21,176)	(21,176)
Deficit/(Surplus)	3,755	1,059	5,272	4,116	4,209
Projected Service Cost for next year	1,339	1,089	1,489	1,339	1,375
Projected Net Interest Cost for next year	141	16	212	158	162

28. Financial risk management

During the year to 31 March 2023, the focus has been on continuing to develop appropriate governance structures andensure that sufficient resources are in place to support the delivery of the organisation'sobjectives.

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

The Combined 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 Combined 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 Combined 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 2023 £'000	31 March 2022 £'000
Long-term Investments	**19,065**	30,209
Short-term Investments	**264,170**	170,491
Trade and other debtors	**13,828**	15,962
Cash and short-term deposits	**21,487**	34,430
	318,550	251,092

Liquidity risk

Liquidity risk covers the ease of access to finance. The Combined 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 Combined 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 Combined Authority is exposed to the risk of interestrate 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 Combined Authority invests in two pooled property funds and four multi asset funds, and is therefore exposed to losses arising from movements in these funds. Difficult economic conditions have meant sharp falls in corporate bonds and equity markets and have had a negative impact on the value of the Combined Authority's pooled fund holdings, which was reflected in the 31st March 2023 fund valuations with most funds registering negative capital returns over a 12 month period. The conflict in Ukraine has added volatility to the markets and the value of the pooled funds. 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 Combined 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 2022-23 provided an average total return of 3.97%. In light of their performance over the medium-long term, investment in these funds have been maintained.

The Combined Authority is assisted 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 Property & Multi Asset fund investments and Money Market Funds. Short-termdebtors 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	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'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	**-**	-	**9,043**	10,828	**9,043**	10,828
– Multi Asset FVL1	**-**	-	**38,580**	36,209	**38,580**	36,209
Financial assets at amortised cost:						
Investment assets:						
- Principal	**19,000**	30,000	**263,000**	170,000	**282,000**	200,000
- Accrued interest	**65**	209	**1,170**	491	**1,235**	700
Total investments	**19,065**	30,209	**311,793**	217,528	**330,858**	247,737
Financial assets at fair value through profit and loss:						
- Short-term deposits FVL1	**-**	-	**3,900**	24,550	**3,900**	24,550
Financial assets at amortised cost:						
- Cash at bank and in hand	**-**	-	**109**	276	**109**	276
- Short-term deposits	**-**	-	**16,986**	9,384	**16,986**	9,384
- Accrued interest	**-**	-	**491**	220	**491**	220
Total Cash & cash equivalents	**-**	-	**21,486**	34,430	**21,486**	34,430
- Trade debtors	**-**	-	**1,419**	978	**1,419**	978
- Other debtors	**-**	-	**13,157**	15,917	**13,157**	15,917
- Accrued income	**-**	-	**-**	-	**-**	-
- Loss allowance	**-**	-	**(767)**	(933)	**(767)**	(933)
Included in Trade and other debtors *	**-**	-	**13,809**	15,962	**13,809**	15,962
Total financial assets	**19,065**	30,209	**347,088**	267,920	**366,153**	298,129

* The trade and other debtors line on the Balance Sheet include £Nil (2022: £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	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000
Financial liabilities at amortised cost						
- Trade creditors	**-**	-	**(12,969)**	(11,325)	**(12,969)**	(11,325)
- Short term borrowing	**-**	-	**(25,154)**	-	**(25,154)**	-
- Accruals	**-**	-	**(47,566)**	(14,548)	**(47,566)**	(14,548)
Total financial liabilities	**-**	-	**(85,689)**	(25,873)	**(85,689)**	(25,873)
Included in trade and other creditors **	**-**	-	**(60,535)**	(25,873)	**(60,535)**	(25,873)

** The trade and other creditors line on the Balance Sheet include no (2022: 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 2023			
	Financial assets at amortised cost £'000	**Financial assets at fair value through income and expenditure £000**	**Total £000**
Interest income	**(3,655)**	**-**	**(3,655)**
Gain on assets at fair value through income or expenditure	**-**	**4,411**	**4,411**
Interest expense	**-**	**-**	**-**
Net impact on (surplus)/deficit on provision of services	**(3,655)**	**4,411**	**756**
Gain on assets at fair value through other comprehensive income	**-**	**-**	**-**
Net gain for the year	**(3,655)**	**4,411**	**756**

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)

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:

a) Quoted prices (unadjusted) in active markets for identical assets of liabilities (Level 1).

b) 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).

c) 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.

	2023		2022	
	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	**47,623**	**47,623**	47,036	47,036
Financial assets at amortised cost				
Investment assets:				
- Fixed-term investments	**282,000**	**276,994**	200,000	200,284
- Accrued interest	**1,235**	**1,235**	700	700
- Trade and other debtors	**13,828**	**13,828**	15,962	15,962
Total investment assets	**344,686**	**339,680**	263,698	263,982
Cash and cash equivalents:				
Financial assets at fair value through profit and loss:				
- Short-term deposits	**3,900**	**3,900**	24,550	24,550
Financial assets at amortised cost:				
- Cash at bank and in hand	**109**	**109**	276	276
- Short-term deposits	**16,986**	**16,986**	9,384	9,385
- Accrued interest	**491**	**491**	220	220
Total cash and cash equivalents	**21,486**	**21,486**	34,430	34,430
Total financial assets	**366,172**	**361,167**	298,128	298,413
Financial liabilities at amortised cost				
Trade and other creditors	**(60,535)**	**(60,535)**	(25,874)	(25,874)
Short term borrowing	**(25,154)**	**(25,154)**	-	-
Total financial liabilities	**(85,689)**	**(85,689)**	(25,874)	(25,874)

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	(727)	(551)	(315)	42
Fixed-term investments	-	(1,018)	-	2,025
Short-term deposits	-	(4)	-	35

30. Operating leases

Under the requirements of IAS 17 Leases, the Combined Authority is required to review all lease arrangementsand 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 accountingtreatment being in accordance with the standard.

The Combined Authority is a lessee for the occupation of its offices at Redcliffe Street. This is considered anoperating lease. The office lease at Temple Quay expired in December 2022.

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 Combined Authority:

	31 March 2023 £'000	31 March 2022 £'000
Land and buildings		
Less than one year	475	126
Between two and five years	1,786	
More than five years	1,143	-
	3,404	126

There are no lease payments due to be paid to the Combined Authority.

31. Capital commitments

As at 31 March 2023, the Combined 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:

	2023/24 £'000	2024/25 £'000	2025/26 £'000
Capital Commitments			
Somer Valley Enterprise Zone	266	-	-
Strategic Cycle Route Connecting Thornbury with the A38 via Alveston	238	-	-
Metrowest Phase 2	5,932	-	-
Bottle Yard Studios	90	-	-
South Bristol Light Industrial Workspace	1,160	-	-
On Bus Contactless Payment	42	-	-
LOHS Bath Local Centres	17	2	-
Quantum Technologies	2,600	15,150	11,511
Business Growth and Adaptation Funds	33	13	-
Bath City Centre High Streets Renewal Project	296	255	184
Midsomer North High Street Market Square	735	265	-
Step Free Stations	211	-	-
Bristol Temple Meads Eastern Entrance	9,556	-	-
Low Carbon Challenge Fund	1,024	-	-
FTZ DfT Capital Programme	10,360	9,031	2,127
Milsom Quarter	586	173	
Bath Riverline	928	-	-
EV Tap on Tap Off	67	-	-
Hengrove Park Enabling Infrastructure	7,592	10,280	-
Kingswood Regeneration Project	175	-	-
Access for All Mid-Tier	246	-	-
Regional Low Carbon Delivery Programme	2,220	1,525	-
Hanham High Street Improvements	394	-	-
Common Connections	182	238	50
Green Nature Recovery Fund	1,261	681	-
Arena Infrastructure Package	3,762	6,095	15
Active Travel Fund 3	3,097	-	-
City Region Sustainable Transport	10,282	3,007	-
	63,352	**46,715**	**13,887**

32. Related party disclosures

The Combined Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Combined Authority or to be controlled or influenced by the Combined Authority. 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 Combined 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 2023. A significant body of funding comes from Central Government, which provides the majority of the Combined Authority's funding as part of the Devolution deal, including throughredistributed NNDR income.

Members

The Mayor has control over the Combined Authority's financial and operating policies. The total of Members allowances paid in 2022-23 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 Combined Authority, have direct control over the Combined Authority's financial and operating polices 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 Combined Authority. The Combined Authority operates several other committees, details of which are in the Annual Governance Statement.

To support the operation of the Combined 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 Combined Authority to recover the cost of providing elements of this support.

Details of material income and expenditure are detailed below.

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

Funding received by The Combined Authority from Related Parties

2022/23	ITA Levy £'000	100% BRR Retention £'000	Grants £'000	Other Contributions £'000
Government	-	-	-	-
Constituent Authorities				
Bath & North East Somerset Council	5,194	2,918	-	49
Bristol City Council	10,235	9,606	-	88
South Gloucestershire Council	4,014	6,120	-	367
	19,443	18,645	-	504
2021/22				
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

The Combined Authority made the following payments to Related Parties:

Expenditure incurred by The Combined Authority to Related Parties

2022/23	ITA Functions £'000	Secondments £'000	Support Services £'000	Distribution of Grants £'000	Other Contributions £'000
Government	-	-	-	-	-
Constituent Authorities					
Bath & North East Somerset Council	494	29	-	4,313	67
Bristol City Council	90	-	-	14,853	18
South Gloucestershire Council	113	-	-	9,895	362
	697	29	-	29,061	447
2021/22					
Government	-	-	-	-	-
Constituent Authorities					
Bath & North East Somerset Council	547	48	3	2,663	241
Bristol City Council	92	-	2	11,432	172
South Gloucestershire Council	97	42	1	23,373	410
	736	90	6	37,468	823

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 Draft Statement of Accounts were authorised for issue by the West of England Combined Authority's Responsible Financial Officer on 16th June 2023. 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 2023, the amounts in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

As shown in Note 23 Provisions, Contingent Liabilities and Guarantees, the Combined Authority was subject to a claim, from the former CEO, which was classified as a contingent liability. Following the decision of the Combined Authority's Employment and Appointments Committee held on 21st July 2023, agreement has now been reached for this claim to be settled at the amount of £219k, with a further £14k settled to reimburse the claimant for legal fees that the claimant incurred exclusively in connection with the claim.

34. 100% Business Rates Retention

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 £14.063m from 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 Combined 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 Combined 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 madeor 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 Combined Authority. An item having value in monetary terms.

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

B

Bad (and Doubtful) Debts

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

Balances

The reserves of the Combined Authority, which includethe 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 capitalcontrol system.

Capital Expenditure

Expenditure for the acquisition, provision or improvement of non-current assets, which will be long term value to the Combined 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 Combined 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 Combined 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 Combined Authority'scontrol;

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 Combined Authority for works completed, goods received, or services renderedbefore the end of the accounting period but for whichpayments 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 Combined Authority for works completed, goods received, or services renderedbefore 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 Combined 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 Combined 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 tothe lessee. Accounting guidance requires thatit 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 Combined 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 Combined 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 assetof 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 Combined Authority.

Gross Expenditure

The total cost of providing the Combined 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 Combined 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 Combined Authority receives or expectsto 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 Combined 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 Combined Authority owes paymentto an individual or another organisation. See also Contingent Liability, Current Liabilities andFinancial 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 Combined 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 Statue (REFCUS)

Expenditure of a capital nature but which gives rise to no tangible asset held by the Combined 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 Combined 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
BEIS	Department for Business, Energy and Industrial Strategy
BRR	Business Rates Retention
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CIPFA	Chartered Institute of Public Finance and Accountancy
CPNN	Cribbs Patchway New Neighbourhood (Cycle Scheme)
DCMS	Department for Digital, Culture, Music and Sport
DFE	Department for Education
DFT	Department for Transport
DWP	Department for Work and Pensions
ERDF	European Regional Development Fund
EU	European Union
FOI	Freedom of Information
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair value through Profit or Loss
HR	Human Resources
IBB	Invest in Bristol and Bath
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ICT	Information CommunicationTechnology
IFRS	International Financial Reporting Standard
ITA	Integrated Transport Authority
LASAAC	The Local Authority (Scotland) Accounts Advisory Committee
LEP	Local Enterprise Partnership
LGF	Local Growth Fund
LGPS	Local Government Pension Scheme
LIS	Local Industrial Strategy
LSTF	Local Sustainable Transport Fund
MHCLG	Ministry of Housing, Communities and Local Government
NNDR	National Non-domestic Rates
OCI	Other Comprehensive Income
RCCO	Revenue Contribution to Capital Outlay
REFCUS	Revenue Expenditure from Capital Under Statute
RIF	Revolving Infrastructure Fund
SFA	Skills Funding Agency
WIDJET	Women in Digital Jobs, Education & Training