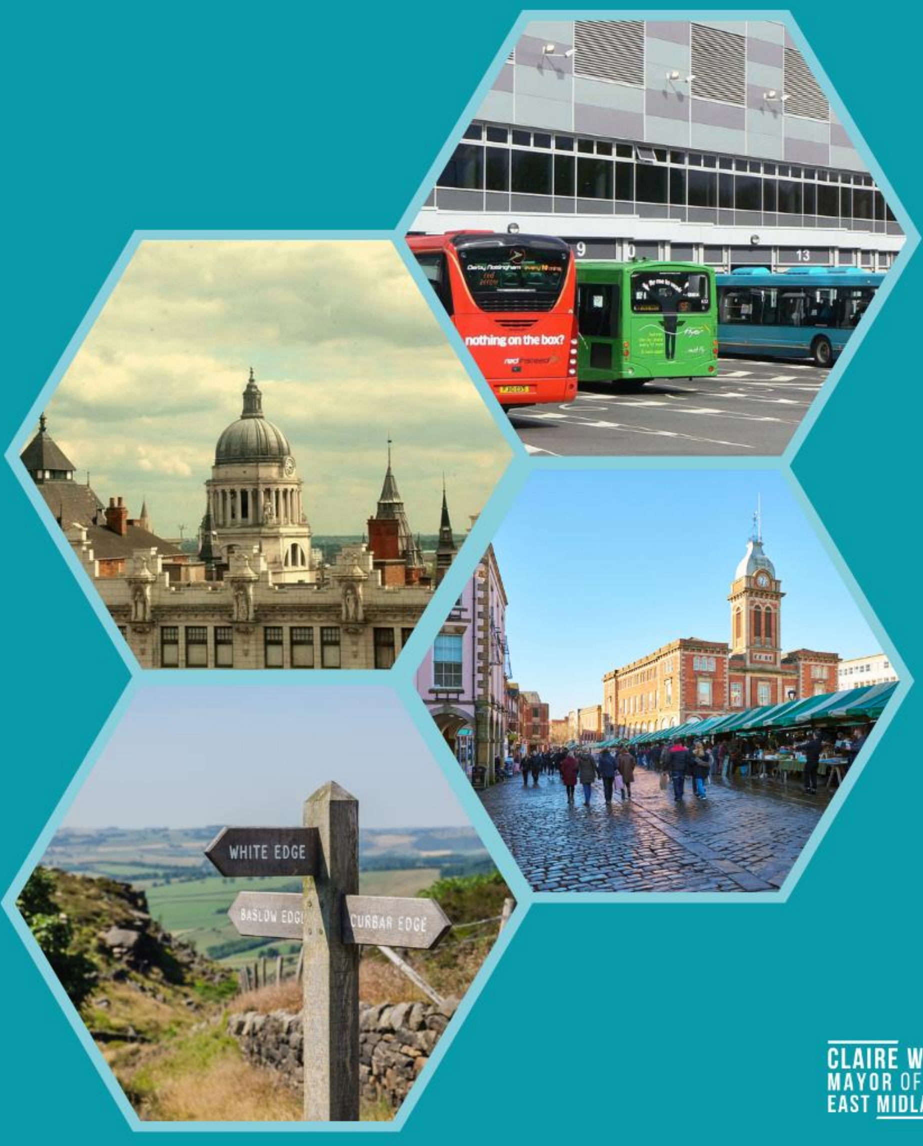
EAST MIDLANDS COMBINED COUNTY AUTHORITY

DRAFT STATEMENT OF ACCOUNTS 2024/25



CLAIRE WARD
MAYOR OF THE
EAST MIDLANDS

East Midlands Combined County Authority

TABLE OF CONTENTS

RICHARD WILLIAMS
EXECUTIVE DIRECTOR OF RESOURCES (SECTION 73 OFFICER)

The 2024/25 Pre-Audit Statement of Accounts was certified as presenting a true and fair view of the financial position of the East Midlands Combined County Authority by the Chief Financial Officer on 30 June 2025. Interested members of the public have a statutory right to inspect the accounts before the Appointed Auditor completes the annual audit. The availability of the accounts for inspection is advertised on the Authority's web site

CLAIRE WARD
MAYOR OF THE EAST MIDLANDS

FOREWORD FROM THE MAYOR OF THE EAST MIDLANDS

It is an honour and a privilege to serve as the first Mayor of the East Midlands and to lead our region through this defining moment of opportunity and change.

I am pleased to introduce our draft Statement of Accounts for 2024/25, our first full financial year as a Combined County Authority. It reflects in financial terms, the strong foundation we've built, the progress we've made, and the scale of our ambition for the future.

We are showing that devolution works. By bringing decision-making closer to the communities we serve, we are better able to respond to local needs, invest in local priorities and unlock the full potential of our people and places.

Now, our focus is delivery.

We must deliver our Local Growth Plan. Deliver thousands of new homes and jobs. Deliver on our responsibilities over skills, transport, and infrastructure. Deliver clean energy investment and the benefits of the UK's only inland Freeport. Deliver meaningful change for communities right across our two great cities – Nottingham and Derby – and the towns and rural areas that make up this amazing region.

We are growing as an organisation. We are building the capability, leadership, and partnerships needed to take on new powers and new responsibilities. And we are ready to turn our shared vision into tangible results.

This report is a snapshot of a region in motion: ambitious, united, and ready to lead.

I am certain we can make the East Midlands the best place in the country to live, work, invest, and grow.

FOREWORD FROM THE CHIEF EXECUTIVE

I am proud to be the first permanent Chief Executive of the East Midlands Combined County Authority. In presenting financial report, it marks a significant milestone in our journey, reflecting our collective ambition to transform the East Midlands into a region of inclusive growth, innovation, and opportunity.

Over the past year, we have laid the foundational structures necessary for effective governance and strategic delivery. Our focus has been on building robust partnerships across our constituent councils, businesses, and communities. These collaborations have been instrumental in shaping a unified vision for the region, one that aligns with our core values of lifting our region, making an impact, being human, and working together.

Our approach is underpinned by a commitment to systems leadership, ensuring that we work collaboratively across sectors to deliver meaningful outcomes. We are also dedicated to transparency and accountability, with mechanisms in place to measure our performance and adapt our strategies as needed. The year ahead will be a relentless focus on delivery. Our key priorities will include:

Skills and Employment: Completing the devolution of the £50m Adult Skills Fund. Delivering the Youth Guarantee Trailblazer to support young people into work and training. Mobilising flagship initiatives like the £44m Connect to Work programme. Launching a Good Employment Charter. And building cross-EMCCA partnerships, for example around the STEP fusion site in West Burton and the East Midlands Freeport, to help our residents get the skills they need to progress up the opportunity escalator.

Net Zero Transition: Identify, through the developing Local Area Energy Plan and digital twin, pathways to achieve net-zero carbon emissions and associated investment opportunities. Building on the successful delivery of the £9.8m retrofit fund, continue to identify, and support delivery of low carbon energy generation and energy efficiency projects in our public sector and communities. Advancing our commitment to sustainability through enabling investment in clean energy and green industries.

AMY HARHOFF
CHIEF EXECUTIVE
EAST MIDLANDS COMBINED COUNTY AUTHORITY

CONTINUED FROM THE CHIEF EXECUTIVE

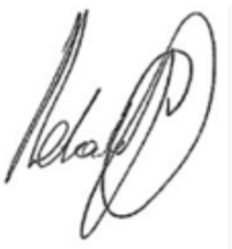
Transport and Digital Connectivity: Improving infrastructure to ensure seamless connectivity across urban and rural areas. Delivering major new capital investment and developing a significant pipeline of further investment for a £2bn commitment from government. We will secure the transport transition, the first of its kind as a transport model and we will deliver our Mayors Transport Strategy setting the plans and vision for transport in the region.

Housing and Regeneration: Addressing housing needs and revitalizing communities through targeted development projects underpinned by the development of a spatial vision. We will continue to deliver our brownfield funding and seek further investment from government to leverage private funding. We will secure a strategic place partnership with Homes England, cementing a government to government partnership for housing growth.

Regional Strategy and Investment: Implementing our Strategic and Investment Framework to drive economic growth and attract private sector investment.

Leverage and making best use of resources: We will explore creative options for access to finance, including the relationship with the National Wealth Fund, British Business Bank, Private Pension Funds and LGPS. We will prepare our readiness to ensure that the East Midlands Benefits from greater financial flexibility including integrated settlement.

Our focus must be on delivering tangible benefits to the residents and businesses of the East Midlands. I am confident that, together, we can build a region that not only meets the challenges of today but also seizes the opportunities of tomorrow.



CLAIRE WARD MAYOR OF THE EAST MIDLANDS

East Midlands Combined County Authority

INTRODUCTION TO THE STATEMENT OF ACCOUNTS

The Code of Practice on Local Authority Accounting in the United Kingdom requires a Narrative Report to be published alongside the financial statements. The purpose of the narrative report is to provide information about the East Midlands Combined County Authority, its main objectives, and strategies, to provide a commentary on how the Combined County Authority has used its resources to achieve its desired outcomes, and to demonstrate how it is equipped to deal with the challenges ahead.

The Statement of Accounts brings together the major financial statements for the Combined County Authority for the financial year 2024/25. The financial statements, along with the notes that accompany them, aim to give a full and clear picture of the financial position of East Midlands Combined County Authority. The key contents of each section are as follows:

- **Statement of Responsibilities** – sets out the responsibilities of the Combined County Authority and the Chief Finance Officer in respect of the Statement of Accounts.
- **Comprehensive Income and Expenditure Statement** – shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
- **Movement in Reserves Statement** – this statement shows the movement in the year on the reserves held by the Combined County Authority.
- **Balance Sheet** – shows the value of the assets and liabilities recognised by the Combined County Authority as of 31 March 2025.
- **Cash Flow Statement** – summarises the inflows and outflows of cash, and cash equivalents, arising from transactions with third parties.
- **Notes to the Financial Accounts** - the various statements are supported by technical notes and by the Statement of Accounting Policies.

A separate **Annual Governance Statement** sets out how the Combined County Authority's governance arrangements comply with the principles of the Local Code of Governance.

The narrative report sets the context for East Midlands Combined County Authority's financial statements for the financial year ending 31 March 2025.

1. About the East Midlands Combined County Authority

The East Midlands Combined County Authority (EMCCA) is a strategic regional government body in England, formally established on 28 February 2024. It covers the local authority areas of Nottinghamshire, Derbyshire, Nottingham, and Derby. It has powers devolved from central government under a devolution deal designed to support regional growth, infrastructure development, and economic inclusion.

The Combined County Authority is led by a directly elected Mayor of the East Midlands. Claire Ward was elected as the region's first Mayor in May 2024. EMCCA is responsible for a range of functions including transport, housing, skills, economic development, and net zero initiatives.

In June 2024, the Combined County Authority absorbed functions and staff from the D2N2 Local Enterprise Partnership, further consolidating its role in regional economic coordination.

As one of the UK's newest combined authorities, EMCCA plays a key role in delivering devolved powers in the East Midlands, aiming to boost productivity, reduce inequalities, and improve infrastructure connectivity across the region.

2. Overview of the Organisation

The Combined County Authority is made up of four founding members across the East Midlands. Each of the following four Constituent Authorities is represented by two nominated representatives or substitutes at Combined County Authority Board meetings:

Derby City Council
Derbyshire County Council
Nottingham City Council
Nottinghamshire County Council

The Combined County Authority Board decides the strategic direction of the organisation but seeks advice on its decisions from several other committees. Two thematic committees (Skills and Employment Committee and Transport and Digital Connectivity Committee) consider issues and provide advice to the Board on themes within their remit and the Investment Committee considers and provides advice to the Board on all proposed investments that are not in the remit of either of the other two thematic committees. There are two further specific advisory committees (the Business Advisory Board reflecting the voice of local business and the Innovation Advisory Board reflecting the voice of organisations involved in the Innovation sector). Additionally, one of the voting Board members is responsible, as Portfolio Holder, for the views of the Rural and Farming Communities across the region to be brought into the Board's discussions.

The Combined County Authority came into being in late February 2024, and therefore much of the early part of the financial year was spent in recruiting to key roles and developing the required governance, systems, and processes that an organisation spending significant sums of public money needs to have in place. More latterly the Combined County Authority has spent time developing its future plans and making early investments in a range of projects covering economic development, transport, housing and skills.

A significant element of the devolution deal was the award of an Investment Fund. This fund for the East Midlands Combined County Authority is worth £38m a year, totaling £1.14bn over 30 years. From 2025/26 the Combined County Authority has also received a devolved adult skills budget of approximately £51m per year and expects to benefit from significant devolved transport funding through the City Region Sustainable Transport Settlement (CRSTS) of which £66m was awarded for 2025/26

Partway through the accounting period (in June 2024) the staff from the D2N2 Local Enterprise Partnership (LEP) transferred into the Combined County Authority and the functions of the LEP were thereafter delivered by the Combined County Authority. The final transfer of assets from the LEP to the Combined County Authority was agreed and took place in April 2025.

Our Values

The Combined County Authority is a values-led organisation, as illustrated below.

Our people

At EMCCA, our people are our greatest asset. We are a diverse team of dedicated professionals committed to making a positive impact in the East Midlands. Our team members bring a wealth of experience, knowledge, and passion to their roles, working collaboratively to achieve our shared goals. We believe in continuous learning and development, ensuring that our staff have the skills and opportunities to grow and succeed.

Our culture

Our culture is built on collaboration, innovation, and respect. We foster an inclusive environment where every voice is heard and valued. By encouraging open communication and teamwork, we create a supportive atmosphere that drives creativity and excellence. Our commitment to work-life balance and employee well-being ensures that our team can thrive both personally and professionally.

Our values

At EMCCA, our values shape every decision we make and guide how we work together to create a thriving East Midlands.

We lift our REGION – We always put the **long-term prosperity** of the East Midlands region and its **people first** when carrying our roles and achieving **strategic outcomes**.

We make an IMPACT – We always make decisions that are **evidence-led** and which **strengthen our region systemically**. We hold ourselves to **account for our actions**.

We are HUMAN – We always take **pride in who we are** and the diversity we bring, communicating authentically and showing **genuine interest in one another**.

We work TOGETHER – We always **challenge each other** to be exceptional, **embracing collaboration** and **acting to lift** rather than win, working as **one team**.

3. Achievements during 2024/25 and into 2025/26

The Mayor and EMCCA have had a successful first year, bringing in more investment into the region to help deliver better jobs, better skills, build new homes, improve transport, support a greener East Midlands, and champion our visitor economy. This has resulted in millions more in funding, that would not have been received if the region did not have an elected Mayor.

In 2024/25, EMCCA was successful in securing funding from Government totalling over £100m, the majority of which (around 75%) being for capital projects. This has helped to provide significant funding for councils in the region to maintain and improve the state of their roads, including potholes, as well as committing funding to create new homes on brownfield sites and invest in major regeneration projects, such as Broadmarsh in Nottingham and the South Derbyshire Growth Zone.

Key Achievements by strategic theme

Strategic Growth and Economic Development

- In May 2025, EMCCA unveiled a bold Vision for Growth focused on economic transformation, inclusive opportunity, and long-term investment based on extensive groundwork undertaken in 2024/25
- At UKREiiF 2025, EMCCA launched a coordinated regional pitch to investors, showcasing the Trent Arc, Supercluster, and Canal Corridor as the region's flagship development opportunities, again based on extensive work in 2024/25
- Millions were secured for the East Midlands Investment Fund to allocate to six projects for the year 2024/25, including the part demolition of the Broad Marsh shopping centre in Nottingham and the transformation of the Derby City Urban Quarter.

Skills and Education

- EMCCA was confirmed to take control of the Adult Skills Fund from August 2025, enabling more responsive and localised training provision.
- Major skills programmes are in development to support sectors such as green energy, logistics, and advanced manufacturing.
- The region will also benefit from £3.58m in 2025/26 through the new Connect to Work programme, helping thousands of people with long-term health conditions get back into employment.
- EMCCA approved the new Youth Guarantee Trailblazer scheme to support young people aged 18 to 21 to get the job or course they really want.
- The Mayor has also brought young people into decision making for the region, with the creation of the first-ever East Midlands Youth Committee.
- The Panjango platform was launched in March 2025 to connect students with careers in the local economy.

Infrastructure and Transport

- It was announced that hundreds of millions will go towards improving bus services, road safety, and daily commutes — including £88m in extra money secured thanks to the Mayor's efforts.
- As part of the devolution deal, the region secured £1.5bn for local transport investment, now being programmed through the Local Transport Strategy.
- Planning work continues on priority projects such as enhanced connectivity to East Midlands Airport, a new River Trent crossing, and a tram extension to East Nottingham.
- In High Peak, over 30,000 free bus journeys have already been taken in the first three months of the Mayor's new 'High Peak Pass', helping young people get to college and training.

Housing and Regeneration

- The Mayor launched a brownfield housing initiative targeting 1,400 new homes across key sites in Derbyshire and Nottinghamshire.
- Nottingham's Broadmarsh regeneration programme – the largest city centre transformation in the UK – advanced, with new partnerships formed and delivery planning underway.
- The region continued to explore opportunities for low-carbon development, town centre renewal, and investment-backed placemaking.

Freeport and Investment Zone

- The East Midlands Freeport, the UK's only inland Freeport, officially launched in March 2023 and has since expanded its proposition around clean energy and logistics.
- The East Midlands Investment Zone (EMIZ), announced in October 2024, includes three tax and business rate retention sites at Explore Park, Staveley, and Infinity Park Derby.
- These designations are supported by a £160m funding package, with an emphasis on innovation, skills, and infrastructure development across green industries and advanced manufacturing.

Community, Engagement and Events

- Mayor Claire Ward launched a 150-mile walking tour across the East Midlands, highlighting local stories and listening to communities.
- The Hospitality Connect event in March linked local schools to Nottingham's hospitality sector, creating clear pathways into employment.
- Community partnerships were strengthened across the Peaks, Dales, and Heartlands through the EMCCA Loop Trail initiative.
- The brand-new Mayoral Community Fund was announced, designed to support some of the region's most disadvantaged areas and support them to strengthen local communities and help them grow.

- The Mayor also secured another £140m from the government to help regenerate local communities, with Carlton, Chesterfield, Clifton, Kirkby in Ashfield, Mansfield, Newark, and Worksop all getting £20m each over the next decade.

Governance and Collaboration

- EMCCA signed a Midlands Mayors Compact in March, signalling a united approach to regional growth and national influence.
- A Risk Management Framework was adopted to support good governance and delivery confidence across

4. Governance

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

In discharging this overall responsibility, the Combined County Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. These arrangements are described in more detail in the Annual Governance Statement (AGS) 2024/25 that will be presented to Audit Committee on 11 July 2025.

5. Corporate Plan

During 2024/25 the Combined County Authority developed its first Corporate Plan which was approved by the Board in March 2025. In the future refreshes of the Corporate Plan will include objectives determined by the Inclusive Growth Commission, which the Combined County Authority commissioned during 2024/25. The approved Corporate Plan includes the vision, strategic priorities, and the overall approach of the Combined County Authority to enable our ambitions to be realized. The Corporate Plan can be viewed here.

The Corporate Plan 2025/26 sets out ten strategic priorities:

1. Growing our economy
2. Better transport links
3. A greener future
4. Fairer opportunities
5. Better jobs, higher pay
6. Healthier lives
7. Skills for success
8. More green spaces
9. Stronger infrastructure
10. More local control

6. Financial Performance 2024/25

Revenue Outturn Position 2024/25

The following table below provide a brief overview of the Combined County Authority's outturn against its revenue budget for 2024/25.

Expenditure Category	Original Budget 2024/25 £'000	Outturn 2024/25 £'000	Variance £'000
Employees	6,310	7,776	1,466
Premises	0	97	97
Travel	45	32	(13)
Supplies and Services	10,162	7,608	(2,554)
Third Party Payments	4,000	5,585	1,585
Expenditure Total	**20,517**	**21,098**	**581**

Income Category	Original Budget 2024/25 £'000	Outturn 2024/25 £'000	Variance £'000
Investment Fund	(19,000)	(19,000)	0
Grants	(9,087)	(8,857)	230
Contributions/Reimbursements	0	(122)	(122)
Other Income	(500)	(3,526)	(3,026)
Contribution to/(from) Reserves	8,070	8,552	482
Income Total	**(20,517)**	**(22,954)**	**(2,437)**

Net Expenditure	**(0)**	**(1,856)**	**(1,856)**

There was an underspend in 2024/25 of £1.9m which was largely due to additional income received in bank interest and investments of £3m offset by a reduction in income of £0.9m from the Public Transport Contribution budgeted for not charged in the 2024/25 financial year.

Following Board agreement on 16 June 2025, this underspend has been transferred to the General Reserves (£1.4m) and to the New Programmes Fund Reserve (£0.5m) which is used to fund new programmes and initiatives.

Capital Outturn 2024/25

In 2024/25, EMCCA incurred a total capital spend of £60.7m against a revised budget of £91.6m, resulting in an overall underspend of £30.9m. This variance is reprofiled and now committed into the 2025/26 financial year, as EMCCA continues to lay the foundations for scalable and sustainable investment across the East Midlands.

The breakdown is provided in the table below. It shows spend across key strategic initiatives including housing, transport, investment zones, and green infrastructure. Several legacy LEP-funded projects are still being transitioned into EMCCA's responsibility for delivery from 2025/26.

	Projects	Original Budget	Revised Budget	Outturn	Forecast Over/ (Underspend)
		£'000	£'000	£'000	£'000
REFCUS Projects	Brownfield Housing Fund	8,400	8,415	0	(8,415)
	Devolved Investment Fund - Capital	17,000	19,000	0	(19,000)
	Transport Highways Funded Projects	0	51,626	51,626	0
	Legacy LEP Projects	0	1,842	0	(1,842)
	Investment Zones	0	550	282	(269)
	Pre-Devolution Funded Projects	9,750	9,750	8,340	(1,410)
	Unallocated Surplus	2,000	0	0	0
	REFCUS sub-total	**37,150**	**91,184**	**60,248**	**(30,936)**
Capital Projects	IT Equipment/Laptops	0	428	428	0
	Capital Expenditure sub-total	**0**	**428**	**428**	**0**
	REFCUS and Capital Total	**37,150**	**91,612**	**60,675**	**(30,936)**

EMCCA's capital programme is classified in two ways (for accounting purposes): Revenue Expenditure Funded from Capital Under Statute (REFCUS) and Capital Expenditure.

REFCUS refers to capital funding applied to assets not owned by EMCCA, such as grants or investments made to third parties (typically constituent councils or delivery partners) for projects that meet capital criteria. These projects are aligned with EMCCA's collaborative delivery model, where investment is routed through local authorities or regional bodies. Consequently, the bulk of the 2024/25 spend is classified as REFCUS. Capital Expenditure, on the other hand, relates to assets directly owned or acquired by EMCCA, such as IT equipment or other physical infrastructure under EMCCA's control.

The £60.7m capital expenditure incurred in 2024/25 was funded from a combination of government grants and internal capital reserves. The funding sources applied are summarised below:

C/Fwd 23/24 (Pre-Devolution Investment Fund)	Transport Grants	Investment Zones	23/24 Capital Reserves	Total 23/24 Capital Outturn Funding
£'000	£'000	£'000	£'000	£'000
8,340	**51,626**	**282**	**428**	*** 60,675**

* Figures are rounded to the nearest thousand and may not sum precisely due to rounding.

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

I am pleased to present the Combined County Authority's financial statements for the year ended 31 March 2025.

Richard Williams

Executive Director of Resources (S73)

CLAIRE WARD MAYOR OF THE EAST MIDLANDS
East Midlands Combined County Authority

Independent Auditor’s report to Members of the East Midlands Combined County Authority

To be added after the statutory audit of the 2024/25 Statement of Accounts by Forvis Mazars LLP

STATEMENT OF RESPONSIBILITIES

1.The Combined County Authority's Responsibility

The Combined County Authority is required to:

(i) Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. These responsibilities are discharged through the role of the Responsible Finance Officer. This is the Executive Director of Resources (Section 73 Officer).

(ii) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

(iii) Approve the Statement of Accounts.

2. The Responsible Finance Officer's Responsibility

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

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

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.
- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

3. Certification of the accounts

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Combined County Authority at the reporting date and of its income and expenditure for the year ended 31 March 2025.

Richard Williams
Executive Director of Resources & Responsible Finance Officer
Date: 30 June 2025

4. Approval of the Accounts

I certify that the audited Statement of Accounts covering the period 1 April 2024 to 31 March 2025 were approved by a resolution of the Audit and Governance Committee on

ADD SIGNATURE

Shail Shah
Independent Chair of the Audit and Governance Committee
Date:

To be signed after completion of the audit

Comprehensive Income and Expenditure Statement (CIES)

The Comprehensive Income and Expenditure Statement shows the cost of providing services in accordance with generally accepted accounting practice. The reconciliation from the accounting cost to the funding position is shown in both the Expenditure and Funding Analysis (note 14) and the Movement in Reserves Statement.

Note: Due to presentation of figures to the nearest £'000, the numbers in this and subsequent tables may show minor rounding differences.

2023/24					2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Notes	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
0	0	0	Chief Executive		1,467	0	1,467
0	0	0	Mayor's Office		392	(1,000)	(608)
8,373	(18,833)	(10,460)	Place		63,915	(52,758)	11,157
965	(500)	465	Resources		8,377	(222)	8,155
49	(49)	0	Strategy and Inclusive Growth		7,312	(7,176)	136
9,387	**(19,382)**	**(9,995)**	**Net Cost of Services**		**81,463**	**(61,156)**	**20,307**
0	0	0	Other Operating Income & Expenditure		0	0	0
0	0	(748)	Financing & Investment Income & Expenditure	9	0	0	(3,463)
0	0	(19,000)	Taxation and non-specific grants	10	0	0	(38,000)
0	0	**(29,743)**	**(Surplus) / Deficit on Provision of Services**	13	0	0	**(21,156)**
0	0	0	Remeasurement of Net Pension Liability/ (Asset)		0	0	(2)
0	0	0	Loss on Financial Assets		0	0	0
0	0	0	**Other Comprehensive Expenditure/Income**		0	0	**(2)**
0	**0**	**(29,743)**	**Total Comprehensive Expenditure/ Income**		**0**	**0**	**(21,158)**

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the beginning to the end of the financial year on the reserves held by the Combined County Authority. These are analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure) and other ‘unusable reserves’ (i.e. those that cannot be used to fund expenditure). This statement shows how the movements in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments to return to the amounts to be funded from resources.

Movement in Reserve Statement	Note	General Reserve £'000	Earmarked Reserves £'000	Unapplied Capital Grants £'000	Capital Receipt Reserve £'000	Total Useable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
2024/25								
Balance at 31 March 2024		**(10,493)**	**0**	**(19,250)**	**0**	**(29,743)**	**0**	**(29,743)**
Movement in reserves during 2024/25								
Surplus / (deficit) on provision of services		(21,156)				(21,156)		(21,156)
Other Comprehensive Income & Expenditure		0	0	0	0	0	(2)	(2)
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	12	1,804	0	0	0	1,804	(1,804)	0
Net Increase before Transfer to Earmarked Reserves		**(19,352)**	**0**	**0**	**0**	**(19,352)**	**(1,806)**	**(21,158)**
Net Transfer to Reserves		29,088	(18,378)	(10,501)	(210)	0	0	0
(Increase)/Decrease in 2024/25		9,736	(18,378)	(10,501)	(210)	(19,353)	(1,806)	(21,159)
Balance at 31 March 2025		**(757)**	**(18,378)**	**(29,751)**	**(210)**	**(49,096)**	**(1,806)**	**(50,900)**
2023/24								
Balance at 31 March 2023		**0**	**0**	**0**	**0**	**0**	**0**	**0**
Movement in reserves during 2023/24 Expenditure		(29,743)	0	0	0	0	0	(29,743)
Adjustments between accounting basis and funding basis under regulations		0	0	0	0	0	0	0
Net Transfer to Reserves		19,250	0	(19,250)	0	0	0	0
(Increase)/Decrease in 2023/24		(10,493)	0	(19,250)	0	0	0	(29,743)
Balance at 31 March 2024		**(10,493)**	**0**	**(19,250)**	**0**	**0**	**0**	**(29,743)**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities of the Combined County Authority. The net assets (assets less liabilities) are matched by the reserves held by the Combined County Authority. As noted above, reserves are either deemed ‘usable’ or ‘unusable’.

The first category of reserves are usable reserves, i.e. those reserves 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. The second category of reserves are unusable reserves that the Combined County Authority is not able to use to provide services. This category of reserves includes reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between Accounting Basis and Funding Basis under regulations.

31-Mar-24 £'000	Balance Sheet	Notes	31-Mar-25 £'000
0	Property Plant & Equipment	16	428
0	Non-Current Investments	9	0
0	Non-Current Debtors	18	1,503
0	**Total Non-Current Assets**		**1,931**
0	Current Investments	9	0
0	Inventories		0
159	Current Debtors	17	1,334
30,679	Cash and Cash Equivalents	19	79,478
30,838	**Total Current Assets**		**80,812**
(1,095)	Current Creditors	20	(29,977)
0	Current Provisions		0
(1,095)	**Total Current Liabilities**		**(29,977)**
0	Non-Current Provisions		0
0	Non-Current Net Pension Liability		(100)
0	Other Non-Current Liabilities		(1,765)
0	**Total Non-Current Liabilities**		**(1,865)**
29,743	**Net Assets**		**50,900**
29,743	Usable Reserves	24	49,096
0	Unusable Reserves	25	1,805
29,743	**Total Reserves**		**50,900**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Combined County Authority during the reporting period. The statement shows how the Combined County 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 the key indicator of the extent to which the operations of the authority are funded by way of grant income or from the recipients of services provided by the Combined County Authority.

2023/24 £'000	Cash Flow Statement	Notes	2024/25 £'000
29,743	**Net Surplus or (Deficit) on the Provision of Services**		**21,156**
936	Adjust net Surplus/(Deficit) on Provision of Services for non-cash movements		29,333
30,679	**Net Cash Flows from Operating Activities**		**50,489**
0	Investing Activities	26.1	0
0	Financing Activities	26.2	(1,690)
30,679	**Net Increase/(Decrease) in Cash and Cash Equivalents**		**48,799**
0	**Cash and Cash Equivalent at the Beginning of the Reporting Period**		**30,679**
0	Increase/(Decrease) in Cash and Cash Equivalents		48,799
30,679	**Cash and Cash Equivalent at the End of the Reporting Period**		**79,478**

1. Accounting Policies

1.1. General principles and accounting concepts

The Statement of Accounts summarises the Combined County Authority's transactions and its position for the year end of 31 March 2025. The Combined County Authority is required to prepare annual Statement of Accounts by the Accounts and Audit Regulations 2015, following the appropriate accounting standards as required by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code). These practices primarily comprise the Code of Practice on Local Group

Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS).

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

1.2. Going concern

The concept that the Authority will remain in operational existence for the foreseeable future, that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

1.3. Accruals of income and expenditure

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

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

1.4. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

1.5. Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise because of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. 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 Group’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. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.6. Employee benefits

1.6.1. Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Combined County Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

1.6.2. Termination benefits

Termination benefits are amounts payable as a result of a decision by the Combined County Authority to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy and are charged on an accruals basis to the Non-Distributed Costs line in the Comprehensive Income and

Expenditure Statement at the earlier of when the Group can no longer withdraw the offer of those benefits or when the Group recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year.

1.6.3. Post-employment benefits

Permanent employees of the Combined County Authority are members of the Local Government Pensions Scheme, administered by Nottinghamshire County Council.

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

The Local Government Pension Scheme (LGPS)

The Scheme is accounted for as a defined benefits scheme.

The liabilities of the pension fund attributable to the Combined County Authority are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees. In assessing the liabilities at 31 March 2025 for the 2024/25 Statement of Accounts, the actuary made some assumptions using projected unit methods to calculate discount rate of 5.95%. The actuary also adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which are carried out as at 31 March 2022, except for an update of the CMI projection model.

The assets of the pension fund attributable to the authority are included in the Balance Sheet at their fair value:

– Public Equities – current bid price

– Other bonds – professional estimate

– Gilts – current bid price

– Property – market value.

The change in the net pensions' liability is analysed into the following components:

- Current service cost: the increase in liabilities because of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost: the increase in liabilities because of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
- Net interest on the defined benefits liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability

(asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Discretionary benefits

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

1.7. Events after the reporting period

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

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such event.
- 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 such 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

1.8. Financial Instruments

1.8.1. Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Combined County Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to loan agreement. During 2024/25 the Combined County Authority had no borrowing.

1.8.2. Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI, where the authority holds or has designated such financial instruments.

Financial assets are classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

1.8.2.1. Financial assets measured at amortised cost

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

Interest is credited to the financing and investment income and expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund balance is managed by a transfer to or from the financial instrument adjustment account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the CIES.

1.8.2.2. Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets that are measured at (FVOCI) are recognised on the Balance Sheet when the Combined County Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

1.8.2.3. Financial assets measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Combined County Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

1.8.2.4. Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Combined County Authority's financial assets are based on the following techniques:

• instruments with quoted market prices – the market price

• other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

1.8.3. Expected credit loss model

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

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

The authority currently has one loan to a local business inherited from the Local Enterprise Partnership (LEP). During 2024/25 this was subjected to independent valuation for fair value and included in the accounts.

1.8.4. Fair value measurement of non-financial assets

The Combined County Authority's accounting policy for fair value measurement of financial assets is set out in note 22. The authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

a) in the principal market for the asset, or

b) in the absence of a principal market, in the most advantageous market for the asset.

The Combined County Authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Combined County Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Combined County Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Combined County Authority's financial statements are categorised within the fair value hierarchy, as follows:

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

1.9. Government grants and contributions

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

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

Amounts recognised as due to the Combined County Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance 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.

1.10. Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Combined County Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Combined County Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Combined County Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Combined County Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

1.11. Long-term contracts

Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

1.12. Leases

1.12.1. Lessee

The authority has assessed its lease obligations in accordance with IFRS 16 and has determined that it does not have any lease arrangements where it act as a lessee.

As such, no lease liabilities or right of use assets have been recognised on the balance sheet.

1.12.2. Lessor

The combined county authority does not lease out any assets and therefore has no lease income or lessor arrangements to report.

1.13. Overheads and support services

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

1.14. Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as property, plant and equipment. Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

In 2024/25 the Combined County Authority only held IT and office equipment assets (note 16). These assets will be depreciated over their useful lives which has been assessed as 5 years starting the year after purchase from 2025/26.

The Combined County Authority are seeking Audit and Governance approval in July 2025, on their capital expenditure de-minimis level, which will be reflected in the final accounts.

1.15. Provisions, contingent liabilities and contingent assets

1.15.1. Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date that gives the Combined County Authority a present obligation

- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Combined County Authority has an obligation and are measured at the best estimate at the Balance

Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Combined County Authority settles the obligation. There are no provisions recognised in the year.

1.15.2. Contingent liabilities

A contingent liability arises where an event has taken place that gives the Combined County 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 County 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 with sufficient reliability.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. There are no contingent liabilities to be disclosed in the year.

1.15.3. Contingent assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential. There are no contingent asset to be disclosed in the year.

1.16. Reserves

The Combined County Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.

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

1.17. Revenue expenditure funded from capital under statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Combined County Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the capital adjustment account then reverses out the amounts charged.

1.18. VAT

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

2. Accounting Standards Issued but not yet Adopted

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

- Amendments to IAS 21 - The effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) was issued August 2023.
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current was issued January 2020.
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback was issued September 2022.
- Amendments to IAS 1 - Non-current Liabilities with Covenants was issued October 2022.

- Amendments to IAS12 - International Tax Reform: Pillar was issued in May 2023.
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements was issued May 2023.
- IFRS 17 replaces IFRS 4 - Insurance Contracts accounting arrangements was issued May 2017.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

None of these changes are anticipated to have a material impact on the Combined County Authority's financial performance and financial position.

3.Critical Judgement in Applying Accounting Policies

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

- The Combined County Authority has received a number of capital grants. A judgement has been required for each one, and although some of the grants have been ring fenced for specific purposes, not all of these have conditions in place that satisfy the requirements of the Code to treat the unspent elements of the grants as Capital Grant Receipts in Advance. Unspent capital grant funding in relation to these grants has been accounted for in the CIES and transferred to the Capital Grants Unapplied Reserve.
- The Combined County Authority is a member of the Local Government Pension Scheme administered by Nottinghamshire County Council. As of 31 March 2025, the scheme was in a net asset position. Accounting regulations restrict the value of the asset that can be shown on the balance sheet to the maximum economic benefit that is available from refunds, reductions in future contributions or a combination of both. This is called an Asset Ceiling calculation. As the Combined County Authority is not entitled to refunds from the scheme, the Combined County Authority has asked the scheme Actuary to provide an Asset Ceiling Calculation as a reduction in future contributions based on the present value of future service costs less the present value of future service contributions. The Asset Ceiling was higher than the net pensions asset, so the full amount has been recognised as an asset within Long Term Investments in the Balance Sheet.
- The Combined County Authority has undertaken cash flow modelling which, taking account of the cash and cash equivalent balances of £79.5m as at 31 March 2025 and forecast cash balances and cash equivalent balances up to 31 March 2026 demonstrates the Combined County Authority does not have any liquidity concerns over the next 12 months from date of authorisation. It is therefore appropriate to prepare the financial statements on a going concern basis

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

Pension Asset – Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, the growing number of permanent employees and expected returns on pension fund assets.

5. External Audit Cost

The Combined County Authority has accrued for the following cost in 2024/25 in relation to the audit of the Statement of Accounts provided by the Combined County Authority's external auditors, Forvis Mazars LLP. There is no comparative figure for 2023/24 as Forvis Mazars LLP were not appointed to audit the 2023/24 accounts until 13 June 2025. When an estimate of the fee is received the accounts will be adjusted before finalisation.

2023/24 £'000	Fees Payable	2024/25 £'000
0	Fees payable with regards to external audit services carried out by the appointed auditors for the year	146
0	Fees payable in respect to other services	0
0	**Total**	**146**

6. Mayor's and Members' Allowances

The Mayor is the only member of the Combined County Authority Board who receives an allowance from EMCCA, although the position of Deputy mayor is also remunerated if the position is held by an elected member that is not the Leader of a Constituent Council. Regulatory Committee Members also receive allowances, this includes the Independent Chair of Audit & Governance Committee and the Committee membership, and the Chair of Overview & Scrutiny Committee and the Committee membership. Leaders and Constituent Members are required to be remunerated by their own authorities.

2023/24 £'000	Members Allowances	2024/25 £'000
0	Allowances	113
0	Expenses	5
0	**Total**	**118**

7. Officers' Remuneration

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

Senior Employees

Senior Officers earning less than £150,000 are disclosed individually by job title. Those whose remuneration is £150,000 or more are identified by name. This applies to both permanent and interim postholders as all postholders listed contributed to the delivery of core services within the Combined County Authority.

It is important to note that interim staff are not entitled to benefits available to permanent employees, such as pension contributions, paid annual leave, or sick pay. The reported costs for interim staff exclude agency fees, which are accounted for separately and based on the agency rate advised under the Local Government Resourcing Partnership (LGRP) framework. The figures shown are payments made by EMCCA to the agency (fees plus expenses where applicable), net of the agency fee. Further deductions are taken such as Employer National Insurance contributions, the Apprenticeship Levy, and the umbrella company's margin, before determining the pay received by the interim officer. These further deductions are not shown.

Interim employees constituted most of the Combined County Authority's workforce during its first year. This reflects the need to establish the organisation, including its structures, governance and senior staffing needs, requiring expert and specialist resources to do so.

The Combined County Authority embarked on a significant "Path to Permanence" recruitment drive during 2024/25 for senior and other staff in the organisation. This is now significantly reducing the ratio of interim to permanent staff. Amy Harhoff, EMCCA's first permanent Chief Executive started work in early February 2025, and in March 2025 three permanent Executive Directors were appointed and they commenced work early in 2025/26. Further senior staff are being recruited at Director and Head of Service level during Spring and Summer 2025.

The remuneration paid to the Combined County Authority's senior employees was as follows:

2023/24 Salary, fees and allowances £'000	Roles	Names	2024/25 Salary, Fees and Allowances £'000	2024/25 Pension Contributions £'000	2024/25 Total Authority £'000	Dates of Employment
	Chief Executive	Amy Harhoff	31	4	35	From 27/01/2025 through the year
106	Interim Chief Officer	Mark Rogers	181	0	181	18/08/2023 - 24/01/2025
45	Interim Director of Law & Governance	Jodie Townsend	295	0	295	From 30/01/2024 through the year
121	Interim Deputy Chief Executive	Damien Dacey	241	0	241	01/10/2023 - 31/03/2025
116	Interim Executive Director of Resources	Amanda Mays	235	0	235	From 21/08/2023 through the year
122	Interim Executive Director of Place	Richard Grice	234	0	234	From 01/09/2023 through the year
106	Interim Transport Programme Director	Peter Mann	182	0	182	From 04/09/2023 through the year
20	Interim Director of Finance		129	0	129	
	Executive Director of Strategy & Inclusive Growth		75	8	83	
	Interim HR Director		71	0	71	
	Interim Spatial Development Director		64	0	64	
	Interim Director of Comms & Engagement		62	0	62	
	Interim Director of Skills		34	0	34	
	Mayoral Chief of Staff		30	3	33	
	Director Climate Resilience & Green Growth		10	1	11	
	Director Economy		6	1	7	

Permanent Employees		
2023/24	Salary band	2024/25
0	£50,000 - £54,999	5
0	£55,000 - £59,999	2
0	£60,000 - £64,999	4
0	£65,000 - £69,999	4
0	£70,000 - £74,999	0
0	£75,000 - £79,999	1
0	£80,000 - £84,999	0
0	£85,000 - £89,999	0
0	£90,000 - £94,999	1
0	£95,000 - £99,999	1
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115000 - £119,999	0
0	£120,000 -£ 124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	Over £135,000	1

Interim Employees		
2023/24	Salary band	2024/25
0	£50,000 - £54,999	2
0	£55,000 - £59,999	1
0	£60,000 - £64,999	6
0	£65,000 - £69,999	3
0	£70,000 - £74,999	2
0	£75,000 - £79,999	6
0	£80,000 - £84,999	0
1	£85,000 - £89,999	0
0	£90,000 - £94,999	1
0	£95,000 - £99,999	0
0	£100,000 - £104,999	0
2	£105,000 - £109,999	1
0	£110,000 - £114,999	1
1	£115000 - £119,999	0
2	£120,000 -£ 124,999	0
0	£125,000 - £129,999	2
0	£130,000 - £134,999	0
0	Over £135,000	8

The Combined County Authority's permanent employees receiving more than £50,000 remuneration which included exit packages for the year (excluding pension contributions) were paid the amounts in the table above.

Interim officers, including senior officers, whose renumeration were over £50,000 but less than £150,000 are shown in this table. These renumeration has been determined by excluding agency fees. Agency fees for this purpose has been assumed to be the LGRP framework rate.

8.Exit Packages

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

Total	Number of compulsory redundancies	Number of other departures with exit packages	Total number of exit packages	Total exit package cost where >1 in band £'000
£50,000 - £79,999	0	1	1	78
Total	**0**	**1**	**1**	**78**

9. Financing and Investment Income and Expenditure

This includes corporate items of income and expenditure arising from the Authority's involvement in financial instruments and similar. It includes items such as interest.

2023/24 £'000	Financing and Investment Income and Expenditure	2024/25 £'000
0	Interest payable and similar charges	52
0	Net interest on the net defined benefit liability (asset)	11
(748)	Interest receivable and similar income	(3,526)
(748)	**Total**	**(3,463)**

10. Government and other grant income

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement of the Combined County Authority and are reflected within the net cost of services.

2023/24 £'000	Revenue grants and contributions credited to cost of services	2024/25 £'000
0	East Midlands Investment Zone Revenue	2,585
0	Bootcamps	2,560
500	Mayoral Capacity Funding	1,000
500	East Midlands Transport Plan	500
469	Brownfield Housing Fund	459
0	Careers and Enterprise	446
0	Growth Hub	380
0	Local Enterprise Partnership Funding	234
49	Devolution of the Adult Education Budget	222
0	Homes England	103
0	Connect to Work Programme	100
0	Election Awareness Campaign	100
0	Transport Contribution	70
0	Key Account Management	46
0	Smart Management Date Hub	42
0	Youth Futures	7
0	Youth Guarantee	3
1,518	**Total**	**8,857**

2023/24 £'000	Capital Grants funding Revenue Expenditure funded from Capital under Statute credited to cost of Services	2024/25 £'000
0	Integrated Transport & Highways Maintenance	35,894
0	Pothole Fund	9,645
0	Local Transport Capital Block - reallocated HS2 funding	6,087
0	East Midlands Investment Zone Capital	550
0	**Total**	**52,176**

Grants Received in Advance

2023/24 £'000	Grants Received in Advance - Revenue	2024/25 £'000
0	CRSTS Revenue Grant	(11,000)
0	Consolidated Active Travel Fund - Revenue Grant	(1,564)
0	MHCLG Capacity Funding	(500)
0	Active Travel Fund 5 Revenue Grant	(194)
0	**Total**	**(13,258)**

2023/24 £'000	Grants Received in Advance - Capital	2024/25 £'000
0	Brownfield Housing Grant	(8,415)
0	Transport	(1,505)
0	**Total**	**(9,920)**

Taxation and non-specific grant Income and Expenditure

This is the Combined County Authority's Investment Funding split between capital and revenue resources.

2023/24 £'000	Taxation and Non-Specific Grant Income and Expenditure	2024/25 £'000
9,500	East Midlands Investment Fund - Capital	19,000
9,500	East Midlands Investment Fund - Revenue	19,000
19,000	**Total**	**38,000**

11. Related Parties

The Combined County Authority is required to disclose material transactions with related parties – bodies or individuals that have potential to control or influence the Combined County Authority or to be controlled or influenced by the Combined County Authority. Disclosure of these transactions allows readers to assess the extent to which the Combined County 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 County Authority.

Central Government

Central Government has significant influence over the general operations of the Combined County Authority. It is responsible for providing the statutory framework within which the Combined County Authority operates and provides funding in the form of grants. Grants received from Government Departments together with receipts not yet recognised due to conditions attached to them on 31 March 2025 are set out in note 10. Material transactions with Central Government bodies are shown in the table below.

Government Department	£'000
Department for Transport	66,389
Ministry of Housing, Communities and Local Government	51,843
Department for Education	2,783
Department for Business and Trade	426
Department for Work & Pensions	100
Total	**121,541**

Members

Members of the Combined County Authority have direct control over the financial and operating policies. The total of members allowances paid in 2024/25 is shown in note 6. All members have at least two roles under the Local Government Act 1985 in that they are members of one of the four constituent County and City Councils and are appointed to the Combined County Authority or co-opted to one of its committees.

Officers

There were no significant transactions between the officers and other related parties during the year

Other Public Bodies

	Devolved Transport Funding £'000	Place £'000	Strategy and Inclusive Growth £'000	Resources, CEX, Mayor £'000
Constituent Authorities				
Derby City Council	3,795	119	2	257
Derbyshire County Council	23,542	107	444	192
Nottingham City Council	4,988	8,173	7	1,348
Nottinghamshire County Council	19,302	520	714	2,506
Total	**51,626**	**8,918**	**1,167**	**4,303**

12. Adjustment between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement (CIES) recognised by the Combined County Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Combined County Authority to meet future capital and revenue expenditure.

Adjustments between accounting basis and funding basis	Notes	General Reserve £'000	Earmarked Revenue Reserves £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Capital Adjustment Account £'000	Financial Instruments Adjustment Account £'000	Accumulated Absences Account £'000	Pensions Reserve £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance as at 1 April 2024		**(10,493)**	**0**	**(19,250)**	**0**	**(29,743)**	**0**	**0**	**0**	**0**	**0**	**(29,743)**
Movement in reserves during 2024/25												
Surplus / (Deficit) on provision of services	13	**(21,156)**				**(21,156)**						**(21,156)**
Other Comprehensive Income & Expenditure			0	0	0	0	0	0	0	(2)	(2)	(2)
Adjustment between accounting basis and funding basis												
Application of Capital Grants credited to CIES		51,908	0	(51,908)	0	0	0	0	0	0	0	0
REFCUS - Revenue funded by Capital		(60,248)	0	0	0	(60,248)	60,248	0	0	0	60,248	0
Employee Benefits	25	(26)	0	0	0	(26)	0	0	26	0	26	0
Retirement benefits		259	0	0	0	259	0	0	0	(259)	(259)	0
Redemption of Financial Assets (Loans)	21	(52)	0	0	0	(52)	0	52	0	0	52	0
Employer Contribution to Pensions		(361)	0	0	0	(361)	0	0	0	361	361	0
Transfer to Earmarked reserves	24	37,860	(18,592)	(19,269)	0	0	0	0	0	0	0	0
Transfer from Earmarked reserves	24	(214)	214	0	0	0	0	0	0	0	0	0
Financing Capital Spend		1,765	0	60,676	(210)	62,231	(62,231)	0	0	0	(62,231)	0
Balance as at 31st March 25		**(757)**	**(18,378)**	**(29,751)**	**(210)**	**(49,096)**	**(1,983)**	**52**	**26**	**100**	**(1,805)**	**(50,900)**
		(757)	(18,378)	(29,751)	(210)	(49,096)	(1,983)	52	26	100	(1,804)	(50,900)

13. Expenditure and Income Analysis by Nature

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

2023/24 £'000	Expenditure and Income Analysis by Nature	2024/25 £'000
	Expenditure	
939	Employee expenses	7,894
1	Premises	97
1	Transport	32
332	Supplies and services	13,193
8,114	REFCUS Expenditure	60,248
9,388	**Total Expenditure**	**81,464**
	Income	
0	Fees, charges and other service income	(122)
(748)	Interest and investment income	(3,463)
(38,383)	Government grants and contributions	(99,033)
(39,131)	**Total Income**	**(102,618)**
(29,743)	**(Surplus) or Deficit on the provision of Services**	**(21,156)**

14. Expenditure and Funding Analysis (EFA)

The Expenditure and Funding Analysis (EFA) shows the difference between net income and expenditure and the position compared to presenting that information in accordance with the Code in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated between the Combined County Authority's services. In 2023/24 there were no adjustments required to net income in the CIES so no comparators are required.

	2024/25			
Expenditure and Funding Analysis	**Expenditure / Income chargeable to General Reserve Balance £'000**	**Statutory Adjustments see 14.1 £'000**	**Other Differences £'000**	**Net Expenditure in the CIES £'000**
Chief Executive	1,457	10	0	1,467
Mayor's Office	(661)	53	0	(608)
Place	11,139	18	0	11,157
Resources	8,555	(400)	0	8,155
Strategy and Inclusive Growth	117	19	0	136
Net Cost of Services	**20,607**	**(300)**	**0**	**20,307**
Other Operating Expenditure	0	0	0	0
Financing and Investment	(1,959)	(1,504)	0	(3,463)
Non-specific grants	(38,000)	0	0	(38,000)
Remeasurement of Net Pension Asset	0		(2)	(2)
Total	**(19,352)**	**(1,804)**	**(2)**	**(21,158)**
Opening General Reserve	(10,493)			
Transfers to other Usable Reserves	29,089			
Closing General Reserve	**(757)**			

14.1 Analysis of Statutory Adjustments included in the EFA

Expenditure and Funding Analysis Statutory Adjustments	2024/25 Net Capital £'000	Net Pension £'000	Other £'000	Total £'000
Chief Executive	0	7	3	10
Mayor's Office	0	52	1	53
Place	0	17	1	18
Resources	(428)	22	6	(400)
Strategy and Inclusive Growth	0	4	15	19
Net Cost of Services	**(428)**	**102**	**26**	**(300)**
Other Operating Expenditure	0	0	0	0
Financing and Investment income & expenditure	(1,555)	0	51	(1,504)
Taxation and non-specific grant income and expenditure	0	0	0	0
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	**(1,983)**	**102**	**77**	**(1,804)**

The Other adjustments comprise of £26k for accumulated absences adjustment and a fair value adjustment on a long-term debtor of £51k.

15. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance the expenditure.

2023/24 £'000	Capital Expenditure and Capital Financing	2024/25 £'000
0	**Opening Capital Financing requirement**	**0**
0	**EMCCA delivered capital schemes**	0
8,114	Revenue expenditure funded from capital under statute	60,248
0	Property Plant and Equipment	428
0	Capital loans	0
	Sources of finance	
(8,114)	Capital grants	(60,675)
0	**Closing Capital Financing Requirement**	**0**

16. Property Plant and Equipment

The cost of the assets shown in the table below relate to the purchase of IT and office equipment. Assets are not depreciated in the year of acquisition.

2023/24			2024/25	
Vehicle, Plant, Furniture & Equipment £000	Total Property, Plant, Furniture & Equipment £000	Property, Plant & Equipment	Vehicle, Plant, Furniture & Equipment £000	Total Property, Plant, Furniture & Equipment £000
		Cost or valuation		
0	0	**at 31st March 24**	0	0
0	0	Additions	428	428
0	**0**	**at 31st March 25**	**428**	**428**
		Accumulated Depreciation & Impairment		
0	0	**at 31st March 24**	0	0
0	0	Depreciation charge	0	0
0	**0**	**at 31st March 25**	**0**	**0**
		Net Book Value		
0	0	**at 31st March 24**	0	0
0	**0**	**at 31st March 25**	**428**	**428**

17. Short-term Debtors

As the balance sheet represents the position at the end of the financial year, there are monies owed to the Combined County Authority at that date which are yet to be received as cash. The following analysis shows the amounts owed to the Combined County Authority which had not been received at 31st March 2025.

2023/24 £'000	Short Term Debtors	2024/25 £'000
59	Central Government bodies	771
0	Other local authorities	101
0	Health bodies	0
0	Other entities and individuals	389
100	Prepayments	73
159	**Total Short Term Debtors**	**1,334**

18. Long-term Debtors

Long term debtors represent those organisations that EMCCA have lent to and where repayment is expected to take longer than 12 months.

Nottingham City Council (NCC) advanced to DSF the sum of £2.150m. With effect from 1 April 2019, NCC novated the contract to Derbyshire County Council (DCC), acting on behalf of D2N2 Local Enterprise Partnership (LEP).

In 2024/25 DCC, acting on behalf of D2N2 LEP transferred its rights and obligations under the loan agreement to EMCCA. The outstanding balance of the loan as at 31st March 2025 was £1.555m.

2023/24 £'000	Long Term Debtors	2024/25 £'000
0	DSF Loan	1,503
0	Other entities and individuals	0
0	**Total Long Term Debtors**	**1,503**

19. Cash and Cash Equivalent

The balance of cash and cash equivalents is made up of the following:

31-Mar-24 £'000	Cash and Cash Equivalent	31-Mar-25 £'000
30,679	EMCCA Fund Bank Account Balance	1,208
30,679	**Total Cash Book Balance**	**1,208**
0	Bank Instant-Access Deposit Accounts	23,270
0	Money Market Funds	0
0	Short-Term Deposits	55,000
0	Cash Investment Loss Allowance	0
30,679	**Total Cash and Cash Equivalents**	**79,478**

20. Short-term Creditors

2023/24 £'000	Short Term Creditors	2024/25 £'000
0	Central Government bodies	(59)
(1,058)	Other local authorities	(2,117)
0	Health bodies	0
(37)	Other entities and individuals	(4,624)
0	Receipt in Advance	(23,177)
(1,095)	**Total Short Term Creditors**	**(29,977)**

Organisations that EMCCA owes money to, with repayment falling due within one year.

21. Financial Instruments

The financial assets and financial liabilities disclosed in the Balance Sheet are made up of the following:

2023/24 £'000	Financial Instruments	2024/25 £'000
(748)	Interest Income - Treasury Management	(3,515)
0	Loss from Changes in Fair Value	52
0	**Net impact on Surplus/Deficit on Provision of Service**	**(3,463)**
0	**Impact on Other Comprehensive Income**	0
(748)	**Net (Gain)/Loss for the year**	**(3,463)**

22. Fair Value of Financial Assets and Financial Liabilities

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

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

- The fair values of other long-term investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- Service loans have been discounted using a rate with an equivalent margin over current base rate to that at the time the loan was agreed
- no early repayment is recognised

- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- For equity and equity type investments, the fair value has been assumed as the Combined County Authority's share of shareholders funds as of 31 March 2025.

The fair valuation technique for the loan uses the income approach; a valuation technique that converts future amounts (e.g. income) to a single current amount.

EMCCA has just one loan with Fair Value. This is shown in the table in note 21 as a £52k loss.

23. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

23.1. Credit risk

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

A limit of £25m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £15m applies. The Combined County Authority also sets limits on investments in certain sectors. The Combined County Authority had a total of £55m deposited with the Debt

Management Office (DMO) and £24.5m with UK banks, as at 31 March 2025. As the DMO is within the scope of HM Treasury this reduces the overall credit risk.

23.2. Liquidity Risk

The Combined County Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. There is no significant risk that it will be unable to raise finance to meet its commitments.

23.3. Market risks:

23.4. Interest rate risk

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

• investments at fixed rates – the fair value of the assets will fall

• investments at variable rates – the interest income credited to the (Surplus) / Deficit on the provision of services will rise.

The Finance Team assesses interest rate exposure, with professional advice from its Treasury Management Advisors, which feeds into the setting of the annual budget and is used to update the forecasts during the period. This allows any adverse changes to be accommodated.

23.5. Foreign Exchange Risk

The Combined County Authority has no assets or liabilities denominated in foreign currencies and therefore has no exposure to risk arising from movements in exchange rates

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 County Authority to meet unforeseen events and risks.

Earmarked reserves

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

Balance at 01-Apr-24 £'000	Earmarked Reserves	Transfer In £'000	Transfer Out £'000	Balance at 31-Mar-25 £'000	Purpose of Earmarked Reserve
0	Elections Reserve	4,000	0	4,000	To cover potential costs of the next Mayoral election.
0	EMCCA Transition	1,756	0	1,756	To fund one off roles and activities to help EMCCA complete its transition from a start-up entity in 2024-25 to a more mature organisation.
0	New Programme Fund	4,456	0	4,456	To support new projects or programmes during the course of a year.
0	Investment Zones	340	0	340	To provide support to grant recipients towards expenditure lawfully incurred or to be incurred by them in delivering the Investment Zone.
0	Bootcamps Wave 5	311	0	311	To arrange for the delivery of and management of Skills Bootcamps in our geographical and neighbouring areas in agreement with relevant local authorities. The Skills Bootcamps shall be aligned to employer needs and directly linked to employment opportunity.
0	Connect to Work	60	0	60	To help individuals, particularly those with disabilities, health conditions, or complex barriers to employment, find and sustain work.
0	Careers and Enterprise	100	0	100	This amount is largely funding to enable the EMCCA careers hub to support schools, colleges and employers in its geographical area to provide high quality, broad, structured, inclusive careers education that reaches every young person.
0	Key Account Management	1	0	1	To provide funding to deliver additional Foreign Direct Investment into the Midlands Engine by enabling the authority to identify and engage existing foreign investors in its area to generate reinvestment in the region.
0	Economic Dev & Visitor Economy	300	0	300	To fund committed expenditure to support the review of invest, visit and business support functions for economic development.
0	Local Area Energy Planning	267	0	267	To fund committed expenditure for the roll out of the Local Area Energy Planning across the region through Midlands Net Zero Hub.
0	Transport Transition	1,000	(214)	786	Resource costs to support the transport transition.
0	Transport Reserve	6,000	0	6,000	To ensure a 'soft landing' for the transport transition.
0	**Total Earmarked Reserve**	**18,591**	**(214)**	**18,377**	

Capital Grants Unapplied Reserve

This table details Capital Grants Received in the year, but where the expenditure has yet to be incurred.

01-Apr-24 £'000	Capital Grants Unapplied Reserve	Transfer In £'000	Transfer Out £'000	31-Mar-25 £'000
9,500	Capital Investment Fund	19,000	(428)	28,072
0	Investment Zones	269	0	269
7,936	Retrofit Housing	0	(7,936)	0
1,200	Gigahubs	0	(49)	1,151
166	Markham Vale Cycling	0	(166)	0
189	Low Carbon Skills	0	(189)	0
259	Homelessness	0	0	259
19,250	**Total Capital Grants Unapplied Reserves**	**19,269**	**(8,768)**	**29,751**

The multi-year Capital Investment Fund is a funding source that comes into the region through EMCCA to support strategic priorities. The system of identifying and allocating projects for funding will be developed as the investment criteria, investment pipeline and partnership arrangements that underpin its ongoing review and delivery are more fully developed, including with oversight of the Investment Committee. Work is now well underway, working with constituent councils, other local authorities and regional partners to gain an understanding of and co-develop priorities for longer-term investment on the basis of thematic portfolios. For example, six capital projects have already been committed to in 2024/25 for delivery from 2025/26.

25. Unusable reserves

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 additions to 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. The account is credited with capital grants and contributions.

2023/24 £'000	Capital Adjustment Account	2024/25 £'000
0	**Balance as at 1st April 24**	0
0	**Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement**	
0	Capital Grants & Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	0
8,114	Revenue Expenditure Funded from Capital under Statute	60,248
	Capital financing applied in the year	
(8,114)	Application of Grants to Capital Financing from Capital Grant Unapplied Account	(62,231)
0	**Balance as at 31 March 25**	**(1,983)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General fund Balance accruing for paid absences earned but not taken in year (e.g. annual leave entitlement carried forward at 31st March 2025). Statutory arrangements require that the impact on the General fund Balance is neutralised by transfers to or from the Account.

2023/24 £'000		2024/25 £'000
0	**Balance at 1st April 24**	**0**
0	Settlement of accrual made at the end of the preceding year	0
0	Amount accrued at the end of the current year	26
0	**Balance as at 31 March 25**	**26**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Combined County Authority accounts for post-employment benefits in the comprehensive income and expenditure statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Combined County Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

2023/24 £'000		2024/25 £'000
0	**Balance at 1st April 24**	**0**
0	Remeasurement of the net defined benefit liability / (asset)	100
0	Reversal of items relating to retirement benefits debited or credited to the surplus and deficit on the provision of services in the Comprehensive Income and Expenditure Statement	0
0	Employer's pensions contribution and direct payments to pensioners payable in the year	0
0	**Balance at 31 March 25**	**100**

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gain or losses made by the Combined County Authority arising from the increase or decrease in the value of it's investments that are measured at fair value through other comprehensive income and fair value through profit or loss. See Note 21 for further information.

2023/24 £'000	Financial Instruments Revaluation Reserve	2024/25 £'000
0	**Balance at 1st April 24**	**0**
0	(Gains) or losses on of equity instrument designated at fair value through other comprehensive income	52
0	**Balance as of 31st March 25**	**52**

26. Note to the Cashflow Statement – Investing and Financing Activities

Short term investments are sums invested with maturity of greater than three months but less than 12 months at the balance sheet date. Sums invested with a maturity of less than three months at the balance sheet date are classified as Cash and Cash Equivalents, see Note 19. The cash flows for investing activities include the following;

26.1 Investing Activities

01-Apr-24 £'000	EMCCA Cash Flow Statement - Investing Activities	31-Mar-25 £'000
0	Purchase of Short and Long-Term investments	0
0	Purchase of Property, Plant and Equipment	0
0	Cash advanced for Capital Loans	0
0	Proceeds from Loan Repayments	0
0	Capital Grants and Contributions received	0
0	**Net cash flows from investing activities**	**0**

26.2 Financing Activities

The cash flows for financing activities include the following:

01-Apr-24 £'000	EMCCA Cash Flow Statement - Financing Activities	31-Mar-25 £'000
0	Interest income from Treasury Mgt	0
0	Loss in FV	0
0	**Net surplus/deficit**	**0**
	Net expenditure on capital grants and contributions	(1,690)
0	**Net cash flows from financing activities**	**(1,690)**

27. Events after the Reporting Period

The D2N2 Local Enterprise Partnership (LEP) has transferred its functions and staff to the Combined County Authority. This integration, part of the devolution deal for the East Midlands, aims to create a more unified approach to economic development and regional growth. Staff and contracts were novated in the financial year 2024/25 and the associated expenditure and income have been included in the Combined County Authority's 2024/25 statement of accounts.

The LEP also held £11m in reserves, the agreement for these cash balances to be transferred to the Combined County Authority were signed in April 2025, post the financial reporting period, it is therefore considered a non-adjusting event under IAS 10. This has therefore not been reflected in the statement of accounts for 2024/25 and will be recognised in the statement of accounts for 2025/26.

GLOSSARY OF TERMS

Accounting Standards

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) are the accounting standards that the Combined County Authority are required to follow when producing the financial statements.

Accruals

An accounting principle that recognises income and expenditure as they are earned or incurred, not as money is received or paid.

Actuarial Assumptions

Predictions made for factors that will affect the financial position of the pension scheme.

Actuarial Gains and Losses

Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

Budget

A budget is a plan of approved spending during a financial year.

Capital Programme

The plan of approved spending on non-current assets.

CIPFA

The Chartered Institute of Public Finance and Accountancy, the institute that governs accounting in the public sector.

Credit loss

Cash shortfalls measured by the difference between the net present value of all the contractual cash flows that are due to the Combined County Authority in accordance with the contract for the instrument and the net present value of all the cash flows that the Combined County Authority expects to receive.

Deficit

This occurs when spending exceeds income.

Depreciation

The measure of wear and tear, consumption or other reduction in the useful economic life of a non-current asset.

EMCCA

East Midlands Combined County Authority

Fair Value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial Instrument

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

Financial Year

The Combined County Authority's financial year runs from 1 April to the following 31 March.

IAS

International Accounting Standards

Impairment of Asset

An asset has been impaired when it is judged to have lost value other than through normal use.

Intangible Assets

An item which does not have physical substance (for example software) but can be identified and used by the Combined County Authority over a number of years.

Lease

A finance lease is an agreement to pay for an asset in regular instalments where the person paying the lease (the lessee) is deemed to own the asset. In contrast, an operating lease occurs when the lessee is not considered to own the asset.

LEP

Local Enterprise Partnerships

LGRP

Local Government Resourcing Partnership

Materiality

An item is material if its inclusion in the financial statements would influence or change the judgement of a reasonable person. If the information would have no impact on the decision maker, it is deemed not material.

Public Works Loan Board (PWLB)

A government agency that lends money to local authorities. Local authorities are able to borrow some or all of their requirements to finance capital expenditure from this source.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Spending on assets that have a lasting value but are not owned by the Combined County Authority