Greater Lincolnshire
Combined County Authority

Draft Statement of Accounts

2025/2026 Financial Year

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Introduction

Draft Statutory Instruments to establish the Greater Lincolnshire Combined County Authority (the Authority) were laid before Parliament on 26 November 2024 and came into effect on 5 February 2025.

Led by the Mayor, the Authority plays a central role in delivering inclusive economic growth through the development of skills, housing, and transport across Lincolnshire, working in partnership with local government, public services, and industry to improve lives and create economic growth. The Corporate Plan was adopted in December 2025, setting out ambitions under the themes of Bolder Ambitions, Better Connected, and Brighter Futures.

The financial year 25/26 has been a year of consolidation and early delivery. Following the formalisation of the Combined County Authority, this period has seen the Authority build its governance structures, establish its investment programmes, and begin to deploy devolved funding across key priority areas including economic growth, transport and connectivity, skills and employment and housing.

The Authority has been and continues to be committed to bringing more funding to the region, and in 2025/26 moved from start up to delivery, taking steps to strengthen the organisation, ensuring it has both the capacity and the capability to deliver its ambitions.

Overview

The Statement of Accounts which follows sets out the Greater Lincolnshire Combined County Authority (the Authority) income and expenditure for the period and its financial position as at 31 March 2026.

The Authority has **assessed the need for group accounts** and concluded none are required. These figures are therefore prepared on a single entity basis in accordance with the requirements of the Accounts and Audit Regulations 2015.

The format and content of the statements is prescribed by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code). This is based on International Financial Reporting Standards (IFRSs) adapted for use in a local government sector context.

The accounts provide a true and fair view of The Authority 's financial position at 31 March 2026, subject to external audit review.

Governance

Governance arrangements continue to be strengthened under the political leadership of the Authority Mayor, supported by an experienced Corporate Leadership Team of officers.

The Authority has an established constitution, clear financial regulations and delegations, and established policies and procedures for managing risks, fraud, and Freedom of Information requests.

Further details of our governance arrangements are set out in the Annual Governance Statement, a formal statement that covers all significant corporate systems, processes, and controls spanning the entire range of its activities. This is approved by the Audit Committee and signed by the Authority.

Risk Management

The Authority is aware of the uncertain economic climate and potential changes to the funding landscape and, as part of its financial planning and management, has taken steps to ensure the Authority is resilient to change.

The Authority has in place risk management arrangements that are continually reviewed and improved. The Authority's corporate risk register is maintained and considered regularly by the Senior Leadership Team and the Governance and Audit Committee.

Building on the work previously undertaken on risk management, work has continued to consolidate the approach to risk management to ensure that risk is considered consistently across the Authority.

Work to allocate risk owners will continue as the Authority's operating structure evolves.

Narrative Statement

Auditors

The auditors for the 2025/26 accounts are Forvis Mazars. Their appointment was made under the Local Audit and Accountability Act 2014 through Public Sector Audit Appointments Limited on behalf of the Authority.

Going concern

Statement of Accounts

The Statement of Accounts summarises the Authority's financial performance during the period ended 31st March 2026 and its financial position on this date. The accounting statements comprise:

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

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

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

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

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

Disclosure Notes: These provide more detail about individual transactions and balances.

Certification

The Authority's Responsibilities

The Authority is required to:

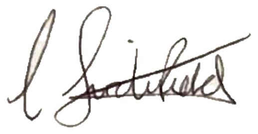
- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, the officer is the Chief Financial Officer (Section 73).
- Manages its affairs to secure economic, efficient and effective use of resources and safeguards its assets.
- Approves the Statement of Accounts

The Chief Financial Officer Responsibilities

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

In preparing this Statement of Accounts, the CFO (Section 73) 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.



Independent Auditors Report to the Members of Greater Lincolnshire Combined County Authority

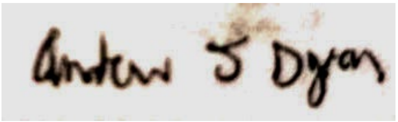
Certification of the Chief Financial Officer

I certify that:

a. The Statement of Accounts for the year ended 31 March 2025 has been prepared in the form directed by the Code and under the accounting policies set out in Note 1.
b. In my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.
c. The statement of accounts is unaudited and may be subject to change.

Debbie Simpson
S73 Officer
Date of certification:

Authority Approval of Statement of Accounts



Andrew Dyson
Audit and Governance Committee
Date of approval:

Annual Governance Statement for the period ended 31st March 2026

Scope of Responsibility

The Greater Lincolnshire Combined Authority (the Authority) has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit and that of management within the Authority, who have responsibility for the development and maintenance of the internal control environment. The Authority will have its first external audit on the 2025/26 accounts, and any findings will also inform the 2026/27 assurance statement.

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. Good governance is fundamental to this.

The Authority Constitution is the document that sets out the Authority's overall governance arrangements, procedures, roles, responsibilities, and standards of conduct.

During the year, the Authority has operated within a Local Assurance Framework, which provides the structure for governance, assurance, and risk, aligned to best practice and consistent with the principles of the CIPFA/SOLACE Delivering Good Governance Framework. This has been underpinned by the Authority's values of integrity, openness, and accountability.

This statement explains how the Authority has discharged its responsibility to ensure that governance arrangements remain robust, transparent, and effective, supporting the delivery of the Authority's statutory duties and strategic ambitions for the region.

The Purpose of the Local Assurance Framework

The framework is designed to enable the Authority to deliver its strategic priorities and statutory functions in a lawful and transparent way, based on robust information. The framework ensures effective management of public funds and is designed to manage risk to a reasonable level, whilst recognising that it cannot eliminate all risk of failure.

Given the rapid growth of the Authority and the increase in both the scope and scale of work, the process of shaping governance is anticipated to be iterative and supported by a dedicated governance lead, reflecting the Authority's move from start-up to delivery and growth. In designing governance controls, the following key principles will be applied.

Principle A – Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values, and the Rule of Law

The Authority promotes high standards of conduct through Codes of Conduct and established arrangements for declaring and managing interests, gifts, and hospitality.

The Monitoring Officer has a statutory duty to ensure lawful and fair decision-making and to advise on governance, probity, and ethical standards, reporting directly to Members on any material legal or governance concerns where necessary.

All new Members and employees are educated in the Nolan Principles. The Authority sets out clear behavioural expectations for officers and Members through formal codes of conduct and policies, ensuring all actions uphold integrity, accountability, and the values of the organisation.

Principle B – Ensuring Openness and Transparency

The Authority is committed to transparency through the publication of agendas, reports, and decision records, public access to meetings and budgets, and the maintenance of a forward plan of key decisions. Engagement with stakeholders, partners, and local communities is embedded in policy development and delivery to ensure informed decision-making.

New Members and employees are educated in relation to transparency, with declarations of interest signed and published.

Expenditure details are published along with tender details in line with the Authority's transparency policy.

Principle C – Defining Outcomes

The Authority has established clear strategic priorities reflecting the area's economic, social, and environmental ambitions. Outcomes and benefits are defined and monitored at strategic and programme levels.

The requirement for programmes to align with the corporate plan is built into approval processes and the monitoring of outcomes.

Principle D – Risk management.

A corporate risk management framework has been developed to identify and manage strategic, financial, and operational risks, which are reviewed regularly by management and reported to Members as appropriate. Work is underway to embed this across the Authority.

Proportionate, risk-based decision-making arrangements are applied to ensure interventions are appropriate, affordable, and deliver value for money, supported by business case, assurance, and gateway review processes.

Clear schemes of delegation and defined Member and officer roles support effective decision-making, with partnership and delivery arrangements subject to appropriate governance, oversight, and risk management.

Principle E – Developing the Authority's Capacity and Capability

The Authority is supported by statutory officers, including the Chief Executive, Section 73 Officer, and Monitoring Officer, who provide professional leadership and advice to employees and Members.

Organisational capacity is assured through workforce planning, learning and development, and access to specialist expertise to ensure the skills and resources required to deliver priorities are in place. Training on finance and programme management controls will form part of employee induction.

Systems and processes are being documented, and training put in place to ensure officers adhere to the requirements of the Local Assurance Framework. This work is expected to be completed by the end of spring 2026.

Principle F – Robust Internal Control and Strong Financial Management

Budget setting is a collaborative process, involving all key stakeholders.

The Section 73 Officer is responsible for the proper administration of financial affairs, supported by medium-term financial planning, robust budget setting and monitoring, treasury management, and capital governance arrangements.

As the staffing complement grows, budget holders will be identified and systems of control extended.

Financial controls are relevant to North East Lincolnshire Council, who manage financial transactional processing, as well as the Authority's internal staff. Systems are being put in place to ensure controls that reflect best practice transcend organisational boundaries. The effectiveness of these controls is assured through internal audit.

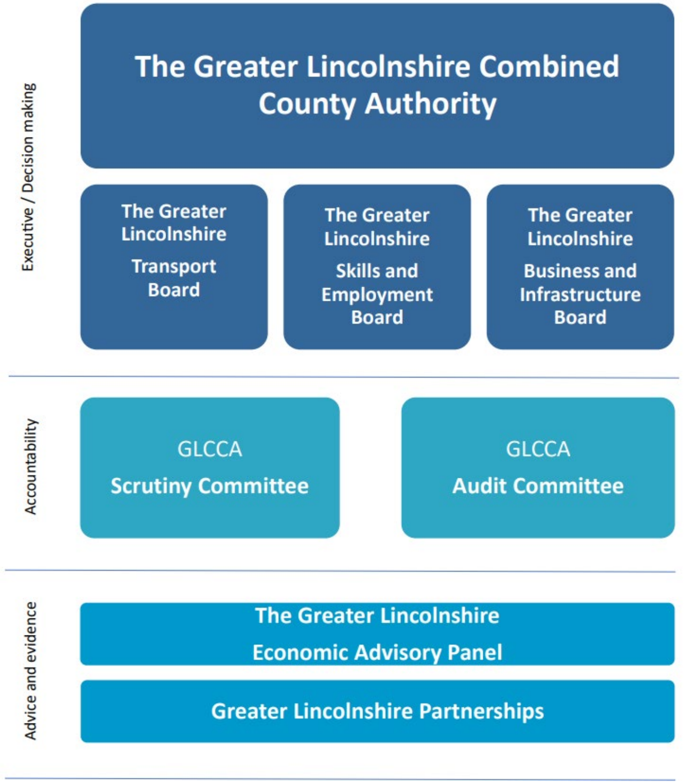
Principle G – Implementing Good Practices in Transparency, Reporting and Audit

The Authority maintains effective scrutiny and assurance arrangements through an Audit Committee with defined responsibilities. Internal Audit provides independent assurance on governance, risk management, and internal controls, while External Audit provides independent assurance on the financial statements and value-for-money arrangements.

An annual programme of internal audit is agreed at the start of each year on a risk-based priority basis. Audit findings are reported to Audit Committee Members and inform continuous improvement. The closure of audit findings by the action owner is tracked by the lead auditor

Review of Governance Effectiveness

As a newly established Combined Authority, the organisation is at the early stage of developing and embedding its systems, policies and processes. Interim arrangements and officer oversight have been in place to support effective decision-making and control, reporting through a formal governance structure.



An assurance framework is in development and will continue to be refined as the organisation grows.

The delivery of UKSPF has been supported by a range of governance mechanisms, including formal agreements with defined milestones and outcomes, regular meetings with the program lead, and payments contingent on evidence of expenditure and achieved results.

The program pipeline is being developed with methods to prioritise investment according to strategic fit, value for money and outcomes achieved.

- The Authority considers the development of governance systems a priority area for the coming year, and the documentation of standard operating procedures (SOPs) has already commenced following: Sequencing – the documentation of processes in a logical order
- Single ownership – allocation of named process owners
- Consistency – SOPs follow a standard template

The delivery of transport functions will become increasingly important to the Authority. In readiness, committees have been established, including committees to consider and embed financial and governance controls.

Financial planning and oversight

During 2025/26, the Authority introduced a financial planning and reporting framework to ensure resources are aligned to regional priorities and used responsibly.

Budgeting considered emerging operational requirements, delivery models, and key financial risks such as inflation and interest rate pressures. Planning had a strong focus on ensuring affordability, resilience, and delivery of strategic priorities.

As required under Section 73 of the Local Government Act 1985, the Authority's Chief Finance Officer provided a formal opinion on the robustness of the estimates and the adequacy of reserves as part of the budget approval process.

The 2025/26 budget was subject to formal governance and assurance through:

- Review by the Senior Leadership Team
- Oversight and recommendations from the Overview and Scrutiny Committee
- Final approval by the Authority in March 2025

Where appropriate, engagement with partners and stakeholders took place, particularly in relation to transport.

Forecasts were refreshed at the end of each financial quarter to enable effective financial control and resource reallocation. They were also refreshed to reflect the financial impact of the new operating structure, which was approved in-year.

Formal agreements underpinned the passporting of funds, and SLAs were put in place to govern delivery and charges for services provided by local authorities.

Internal Audit

Lincolnshire County Council provides the internal audit resource for the Authority. The work of Internal Audit is informed by an assessment of risk, and a strategic audit plan is devised based on these assessments. This plan is submitted to the Authority's Governance and Audit Committee for consideration and approval.

Four audits are planned for 2025/26, with three having been completed at the time of this report. One high-risk area was identified in governance and has now been addressed. Other recommendations resulted in management actions which have either been completed or are in progress.

Internal Audit identified the need for the Authority to further formalise and embed key governance, financial, and operational arrangements, while recognising the Authority's early stage of development and the progress made to date. This finding reflects the Authority's stage of growth and the necessary sequencing of activity, rather than any breakdown in control.

Risk Management Arrangements

The Authority has in place risk management arrangements that are continually reviewed and improved. The Authority's corporate risk register is maintained and considered regularly by the Senior Leadership Team and the Governance and Audit Committee.

Building on the work previously undertaken on risk management, work has continued to consolidate the approach to risk management to ensure that risk is considered consistently across the Authority.

Work to allocate risk owners will continue as the Authority's operating structure evolves.

Governance Improvement Plan for 2026/27

The Authority is committed to continually strengthening and improving governance arrangements to reflect the needs of the organisation as it develops. During 2026/27, action will be taken:

- The programme to document key processes will be completed.
- A compliance dashboard will be developed for the Governance & Audit Committee to enable clearer identification of compliance and governance issues that the committee can more easily interrogate and challenge.
- Governance approaches for transport and skills funds and delivery will be developed.
- A process will be embedded to ensure actions identified by senior leadership as part of the Directors' Assurance Statement process are monitored.
- The Audit Committee will receive regular updates on outstanding internal audit recommendations.
- Officers will routinely attend committees to respond to Member challenge.
- A rolling programme of training will be developed to support committee members.

- Budget holders and associated controls will be introduced as the Authority moves to its new operating structure.
- Risk owners will be introduced as the Authority's operating structure evolves.

Independent Assessment and Opinion – Internal Audit

The Head of Internal Audit has provided an annual opinion of Adequate Assurance for 2025/26 on the overall adequacy and effectiveness of the Authority's governance, risk management and internal control framework. This opinion has informed the preparation of the Annual Governance Statement.

Conclusion – Certification

As laid out in the statements, governance arrangements have been reviewed and considered in line with the CIPFA/LASAAC Code of Practice. To the best of our knowledge, the governance arrangements defined have been operating effectively during 2025/26. Based on the review undertaken, the Authority has reasonable assurance that governance arrangements in place during 2025/26 were appropriate to its current stage of development and that plans are in place to address identified areas for improvement.

Whilst recognising that supporting processes are still being developed and will be completed and embedded during 2026/27, we are satisfied that there has been an adequate framework of controls in place over the financial year 2025/26.

Signing of the Annual Governance Statement

The Annual Governance Statement will be considered and signed by the Mayor prior to publication of the audited Statement of Accounts.

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Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the income received and expenditure incurred by the Authority during the year. The figures are prepared in accordance with International Financial Reporting Standards (IFRS) and therefore includes some items that are recognised for accounting purposes but do not affect the Authority's useable reserves. The impact of these accounting adjustments is shown in the Movement in Reserves Statement.

	Note	2025/2026 Gross Expenditure £000	2025/2026 Gross Income £000	2025/2026 Net Expenditure £000
Resources		2,665	0	2,665
Infrastructure and Planning		96	0	96
Economic Growth		15,858	(15,676)	182
Strategy and Performance		153	0	153
Employment and Skills		237	(267)	(30)
Transport		126,570	(126,378)	192
Investment Fund		1,112	(10,224)	(9,112)
Other Corporate Budgets		24	(300)	(276)
Cost of Service		146,715	(152,845)	(6,130)
Other Operating Expenditure		0	0	0
Financing and Investment Income and Expenditure	12	0	(1,055)	(1,055)
Non-Specific Grant Income and Expenditure	13	0	(17,940)	(17,940)
(Surplus) or Deficit on Provision of Service		146,715	(171,840)	(25,125)
Re-measurement of the Net Defined Benefit Liability/(Asset)	34			8
Other Comprehensive Income and Expenditure				8
Total Comprehensive Income and Expenditure				(25,117)

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Combined Authority, analysed into in to 'usable reserves' (i.e. those that can be applied to fund future expenditure) and 'unusable reserves' (i.e. established for specific legal or accounting purposes and cannot be used to fund future expenditure).

The statement shows how the in-year movements of the authority's reserves are broken down between gains and losses incurred in accordance with International Financial Reporting Standards (IFRS) and the statutory adjustments required to return to the amounts to be funded from resources.

	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance Sheet as at 31 March 2025								
Movement in Reserves during the Year:								
Total Comprehensive Income and Expenditure	25,125	0	25,125	0	0	25,125	(8)	25,117
Adjustments Between Accounting Basis & Funding Basis Under Regulations - Note 9	(12,024)	0	(12,024)	0	12,000	(24)	24	
Net Increase / (Decrease) before Transfers to Earmarked Reserves	13,101	**0**	13,101	**0**	12,000	25,101	16	25,117
Transfers to or from Earmarked Reserves	(13,101)	13,101	**0**	0	0	0	0	**0**
Increase / (Decrease) in 2025/2026	**0**	13,101	13,101	**0**	12,000	25,101	16	25,117
Balance Sheet as at 31 March 2026	**0**	13,101	13,101	**0**	12,000	25,101	16	25,117

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories.

The first category of reserve are usable reserves, i.e., those reserves that the authority may use 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 reserve are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses and reserves that hold timing differences in capital investment (the Capital Adjustment Account) these are shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

	Note	31 March 2026 £000
Property, Plant & Equipment	14	20
Long Term Assets		**20**
Short Term Debtors	19	449
Cash and Cash Equivalents	20	29,535
Current Assets		**29,984**
Short-Term Creditors	17, 21	(3,366)
Capital Grants Received in Advance	30	(1,521)
Current Liabilities		**(4,887)**
Other Long-Term Liabilities – Pensions	34	0
Long Term Liabilities		25,117
Net Assets / (Liabilities)		**0**
Usable Reserves	MIRS	25,101
Unusable Reserves	23	16
Total Reserves		**25,117**

Cash Flow Statement

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

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way grant income or from the recipients of services provided by the authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery.

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

	Note	2025/2026 £000
Net surplus or (deficit) on the provision of services		**25,125**
Adjustment to surplus or deficit on the provision of services for non-cash movements	24	1,952
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24	(135,165)
Net cash flows from operating activities		**(108,088)**
Net cash flows from investing activities	25	**137,623**
Net cash flows from financing activities	26	**0**
Net increase or (decrease) in cash and cash equivalents		**29,535**
Cash and cash equivalents at the beginning of the reporting period	20	0
Cash and cash equivalents at the end of the reporting period	20	**29,535**

Note 1 – Accounting Policies

General principles

These financial statements present the transactions of the Greater Lincolnshire Combined County Authority (the Authority) for the period from 5 February 2025 to 31 March 2026, together with its financial position at 31 March 2026. The Authority is required to produce an annual Statement of Accounts under the Accounts and Audit Regulations 2015, which must be prepared in accordance with proper accounting practices.
Those practices are primarily defined by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, alongside applicable International Financial Reporting Standards (IFRS).

The accounts have largely been prepared using the historical cost convention. Where required by the Code, this has been adjusted to reflect the current value of certain non-current assets and financial instruments.
As these are the first set of accounts, prior-year information is not available and that this is consistent with the Code's IFRS-based framework for new entities.

Changes in accounting policies and disclosures

Accounting policies are only revised where this is required by proper accounting practices or where the change results in more relevant and reliable information. Where a policy change is applied, it is normally implemented retrospectively, with prior year figures and opening balances adjusted as if the revised policy had always been in place, unless stated otherwise.

MATERIAL ACCOUNTING POLICES

Accrual 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.
- Where applicable supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- In respect of both capital and revenue transactions, the Authority operates on the normal accruals concept of income and expenditure.

Government grants

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

Amounts recognised as due to The Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or 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.

Grants paid in advance as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet. When conditions are satisfied, the grant or contribution is recognised 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.

Where the Authority acts as the accountable body for grant funding, the full value of the grant is recognised as income in the Comprehensive Income and Expenditure Statement. Amounts that are passported directly to constituent councils are presented separately within the grant-allocation disclosures.

Revenue expenditure funded from capital under statute

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

Pensions scheme

Benefits Payable During Employment

Short-term employee benefits such as wages and salaries paid annual leave, sick leave, and expenses are paid on a monthly basis and reflected as expenditure in the relevant service line in the Comprehensive Income and Expenditure Statement.

Termination Benefits

No termination benefits were paid or accrued during the financial year ended 31 March 2026.

Post-employment Benefits

Employees of the Authority are members of the pension scheme, the Local Government Pension Scheme, administered by East Riding of Yorkshire Council.
The scheme provides defined benefits to members including (retirement lump sums and pensions.

The Local Government Pension Scheme

The Local Government Pension Scheme is treated as a defined benefit scheme.
The pension liability relating to the East Riding of Yorkshire Pension Fund is recognised in the Balance Sheet based on an actuarial valuation using the projected unit method. This approach estimates the future benefits that employees have earned to date, considering assumptions such as life expectancy, staff turnover and future salary growth.

Pension fund assets attributable to the Authority are included at fair value.

Movements in the net pension liability during the year are split into the following elements:

Service cost comprising:

- Current service cost reflects the additional liability arising from employee service in the year and is charged to the Comprehensive Income and Expenditure Statement (CIES) in line with where employees are deployed.
- Past service cost arises from changes to the scheme or curtailments relating to earlier periods of service and is charged to the Surplus or Deficit on the Provision of Services.

- Net interest represents the financing impact of the net defined benefit position over the year and is recognised within Financing and Investment Income and Expenditure. It is calculated using the discount rate applied to the opening net defined benefit liability or asset.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the East Riding pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

The Movement in Reserves Statement reflects this statutory position by transferring amounts to and from the Pensions Reserve. This adjustment removes the accounting entries for retirement benefits charged under accounting standards and replaces them with the cash contributions paid to the pension fund and any related payments made directly to pensioners, including amounts that remain payable at the year end.
In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the actual amounts payable by the Authority to the pension fund or directly to pensioners during the year, rather than the amounts determined under accounting standards
The balance on the Pensions Reserve therefore represents the extent to which pension costs recognised in the accounts have been offset by statutory funding arrangements based on actual cash contributions rather than the timing of benefits being earned by employees.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with a low risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authorities' cash management.

Property Plant & 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.

Property Plant & Equipment Asset Categories

The following one reporting categories fall within the classification of property, plant and equipment:

- Vehicles, Plant & Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis where it is probable that the future economic benefits or service potential associated with the item will flow to The Authority and the cost can be measured reliably. Expenditure on the acquisition or creation of assets is recognised as property, plant and equipment only when it exceeds the capital de minimis threshold of £10,000, with a notable exception being bulk purchases, which are capitalised where the total value exceeds the threshold. Expenditure that maintains, but does not enhance, an asset's service potential (i.e. repairs and maintenance) is charged to revenue as incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bring the asset to the location and condition necessary for it to be capable of operation in the manner intended by management.

Amounts recognised in the Comprehensive Income and Expenditure Statement are subsequently reversed out of the General Fund Balance through the Movement in Reserves Statement and transferred to the Capital Adjustment Account, ensuring there is no impact on funding requirements.

From 1 April 2025, the Code requirements changed in respect of revaluations of Plant & Equipment measured at current value. Where assets are not non-property assets subject to indexation, they are to be revalued every five years, with annual indexation applied to assets during the four intervening years.

Material assets are recognised into components for depreciation purposes when the component is of significant cost compared to the total cost of the item and has a materially different useful life to the main asset. Enhancement expenditure requires the de-recognition of the component being replaced or refurbished, and the new component reflected in the carrying amount, even where parts of an asset have not previously been recognised as a separate component.

Depreciation

Depreciation is provided for all property, plant and equipment assets through the systematic allocation of their depreciable amounts over their useful lives. Exceptions are made for assets without a determinable, finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is normally charged in the first full year of operational use, except where stated, and calculated on the following bases:

- Vehicles, plant, furniture and equipment – straight-line allocation over estimated life of the asset or as advised by a suitably qualified officer.

Charges to Revenue for Non-current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;

Overheads and Support Services

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

Reserves

The 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 in the Movement in Reserves Statement. 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. The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement.
Reserves can be used to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority—these reserves, where applicable, are explained in the relevant policies.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income. During the initial period of operation, the Authority did not hold a VAT registration number; however, it has been in correspondence with HMRC to initiate the set-up. As such, VAT has been treated as recoverable on the basis that the registration will be backdated to the date of the initial application. VAT treatment is aligned to standard VAT accounting procedures.

Note 2 – Accounting Standards Issued, Not Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2025/2026 (the Code), the Authority is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

At the Balance Sheet date, the following new standards, or amendments to existing standards, have been issued but not adopted:

- Amendments to the Classification and Measurement of financial Instruments (Amendments to IFRS 9 and IFRS 7) issued May 2024. These amendments introduce targeted classifications to how financial instruments are classified and measured, together with enhanced disclose requirements.
- Annual improvements to IFRS accounting standards- Volume 11 issued July 2024. The annual improvements comprise minor amendments intended to clarify existing requirements and improve consistency across accounting standards.

Whilst the adoption of the above changes will bring clarity and lead to improved reporting, it is not anticipated that they will have a significant impact on the amounts to be reported in the financial statements.

Note 3 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no specific judgements that require disclosure at this point in time.

Note 4 – Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty's

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

There are. currently no items in the Authorities Balance Sheet as of 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year.

The Authority has prepared these financial statements on the assumption that VAT incurred during the year is recoverable. At the time of preparing the accounts, the Authority was awaiting the allocation of a VAT registration number and therefore has assumed that input VAT will be recoverable from HMRC. Should this position change, the financial statements may require amendment to reflect irrecoverable VAT costs.

Note 5 – Material Items of Income and Expense

There have been no material items of income and expenditure during 2025/2026 that are not already disclosed elsewhere in the accounts.

Note 6 – Events After the Balance Sheet Date

Events after the Balance Sheet date 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 events
- Those that are indicative of conditions that arose after the reporting period — the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

The Authority is not aware of any significant post balance sheet events.

Note 7 – Expenditure and Funding Analysis and Associated Notes

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (i.e. government grants, contributions), by authorities in comparison with those resources consumed or earned by authorities in accordance with International Financial Reporting Standards (IFRS). It also shows how this expenditure is allocated for decision making purposes between the authority's directorates.

Income and expenditure accounted for under IFRS is presented more fully in the Comprehensive Income and Expenditure Statement

	2025/2026 Budget Monitoring Outturn £000	2025/2026 Adjustments Between Outturn and Net Expenditure Chargeable to the General Fund £000	2025/2026 Net Expenditure Chargeable to the General Fund £000	2025/2026 Adjustments between the Funding and Accounting Basis £000	2025/2026 Net Expenditure in the CIES £000
Resources	4,315	(1,309)	3,006	(341)	2,665
Infrastructure and Planning	0	98	98	(2)	96
Economic Growth	(5)	187	182	0	182
Strategy and Performance	0	153	153	0	153
Employment and Skills	0	43	43	(73)	(30)
Transport	0	296	296	(104)	192
Investment Fund	0	847	847	(9,959)	(9,112)
Other Corporate Budgets	2,966	(596)	2,370	(2,646)	(276)
Net Cost of Services	7,276	(281)	6,995	(13,125)	(6,130)
Other Income and Expenditure	(7,276)	281	(6,995)	(12,000)	(18,995)
(Surplus) or Deficit	**0**	**0**	**0**	(25,125)	(25,125)
Opening General Fund Balance			0		0
Surplus or (Deficit) on General Fund Balance in Year			0		(25,125)
Closing General Fund Balance			**0**		**(25,125)**

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts

2025/2026 Financial Year	Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total £000
Resources	5	(6)	(340)	(341)
Infrastructure and Planning	0	(2)	0	(2)
Economic Growth	0	0	0	0
Strategy and Performance	0	0	0	0
Employment and Skills	0	0	(73)	(73)
Transport	0	0	(104)	(104)
Investment Fund	0	0	(9,959)	(9,959)
Other Corporate Budgets	(25)	0	(2,621)	(2,646)
Net Cost of Services	(20)	(8)	(13,097)	(13,125)
Other Income and Expenditure from the Expenditure and Funding Analysis	(12,000)	0	0	(12,000)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(12,020)	(8)	(13,097)	(25,125)

Segmental Income

The following analysis shows revenues from external customers included within the Net Expenditure chargeable to the General Fund in the Expenditure and Funding Analysis:

Revenue from External Customers	2025/2026 £000
Resources	0
Infrastructure and Planning	0
Economic Growth	0
Strategy and Performance	0
Employment and Skills	(17)
Transport	0
Investment Fund	(24)
Other Corporate Budgets	(300)
Total Income Analysed on a Segmental Basis	(341)

Revenue from External Customers: Income from organisations/individuals from outside the authority, excluding any grant income.

Note 8 – Expenditure and Income Analysed by Nature

The Authority's expenditure and income are analysed as shown within the following table:

Expenditure / Income	2025/2026 £000
Expenditure:	
Employee Benefits Expenses	452
Other Services Expenditure	23,092
Depreciation, Amortisation, Impairment	5
Interest Payments	0
Precepts and Levies	0
(Gain)/Loss on the Disposal of Assets	0
Other Expenditure	123,165
Total Expenditure	146,714
Income:	
Fees, Charges and Other Service Income	0
Interest and Investment Income	(1,055)
Government Grants and Contributions	(47,619)
Other Income	(123,165)
Total Income	(171,839)
(Surplus) or Deficit on the Provision of Services	(25,125)

Note 9 – Adjustments between Accounting Basis and Funding Basis under Regulations

	2025/2026 Usable Reserve General Fund Balance £000	2025/2026 Usable Reserve Capital Grants Unapplied £000	2025/2026 Movement in Unusable Reserves £000
Adjustments to Revenue Resources:			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements			
Pension Cost (transferred to (or from) the Pensions Reserve)	(8)	0	8
Holiday pay (transferred to the Accumulated Absences Reserve)	4	0	(4)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	5	0	(5)
Total Adjustments to Revenue Resources	1	**0**	(1)
Adjustments between Revenue and Capital Resources:			
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(25)	0	25
Total Adjustments between Revenue and Capital Resources	(25)	**0**	25
Adjustments to Capital Resources:			
Application of capital grants to finance capital expenditure	(12,000)	12,000	0
Total Adjustments to Capital Resources	(12,000)	12,000	**0**
Total Adjustments	(12,024)	0	**24**

Note 10 – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from funding in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2025/2026.

	Balance as at 31 March 2025 £000	Transfers In 2025/2026 £000	Transfers Out 2025/2026 £000	Balance as at 31 March 2026 £000
Operational Reserve	0	2,393	0	2,393
Base Reserve	0	233	0	233
Service Specific Reserves:				
Resources	0	340	0	340
Transport	0	104	0	104
Investment Fund Reserve	0	9.959	0	9,959
Employment and Skills	0	72	0	72
Total Earmarked Reserves	**0**	**13,101**	**0**	**13,101**

Service Specific Reserves
Service specific reserves were established in respect of programmes or projects were planned/committed spending was not completed during 2025/2026.

Investment Fund Reserve
This reserve comprises of unspent Investment Fund which may be applied in the following years.

Elections Reserve (within Resources)
A specific reserve being built to cover the cost of mayoral elections.

Operations Reserve
This reserve has been established to provide mitigation against operational risks within the MTFP, reflecting uncertainty over the pace of the Combined Authority's growth and the timing of its operational development.

Base Reserve
This reserve has been established to provide contingency for unidentified risks, equivalent to 5% of operational costs.

Note 11- Mayoral Funds

	2025/2026 £000
Mayoral office running costs	212
Election costs	2,273
Total	**2,485**

These costs are included in the CIES under resources.

Note 12 – Financing and Investment Income and Expenditure

	2025/2026 £000
Interest Payable and Similar Charges	0
Net Interest on the Net Defined Benefit Liability/(Asset)	0
Interest Receivable and Similar Income	(1,055)
Income and Expenditure in relation to Investment Properties and Changes in their Fair Value	0
Total	(1,055)

Note 13 – Taxation and Non-Specific Grant Income and Expenditure

	2025/2026 £000
Mayoral Capacity Funding	4,000
Investment Fund	1,800
Other Non-Ring-Fenced Government Grants	140
Capital Grants and Contributions	12,000
Total	**17,940**

Note 14 – Property, Plant and Equipment

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

2025/2026 Financial Year	Vehicles, Plant & Equipment £000	Total £000
Cost or Valuation:		
Balance as at 1 April 2025	0	**0**
Additions	25	**25**
Balance as at 31 March 2026	25	**25**
Depreciation and Impairment:		
Balance as at 1 April 2025	0	**0**
Depreciation Charge	(5)	**(5)**
Balance as at 31 March 2026	**(5)**	**(5)**
Net Book Value:		
Balance as at 31 March 2026	20	**20**
Balance as at 31 March 2025	0	**0**
Analysis of Net Book Value Balance as at 31 March 2026:		
Authority Owned Assets	20	**20**
Right of Use Assets	0	**0**

Capital Commitments

At 31 March 2026, the authority had not entered into any material contracts for the construction or enhancement of Property, Plant and Equipment in future years.

Depreciation

The following asset lives have been used in the calculation of depreciation:

- Vehicles, Plant, Furniture and Equipment – 5 years

Note 15 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

No inventories were held by the Authority at 31st March 2026.

Note 16 Investment properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale (in the ordinary course of operations).

The Authority did not own or hold any properties for rental income generation or capital appreciation purposes during 2025/26 and therefore had no investment properties to disclose.

Note 17 – Financial Instruments

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

	31 March 2026 Long Term £000	31 March 2026 Short Term £000
Financial Assets:		
Loans and Receivables at Amortised Cost	0	0
Debtors carried at Amortised Cost	0	179
Total Financial Assets	**0**	**179**
Financial Liabilities:		
Borrowings at Amortised Cost	0	0
Creditors carried at Contract Amount	0	3,366
Total Financial Liabilities	**0**	**3,366**

Amounts relating to financial instruments recognised in the Comprehensive Income and Expenditure Statement:

Financial Liabilities Measured at Amortised Cost	2025/2026 £000
Interest Expense	0
Total Expense in Surplus or Deficit on the Provision of Services	**0**

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms'-length transaction regardless of whether that price is directly observable or estimated using another valuation technique.

Except for the financial assets carried at fair value, all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The Authority has no external borrowing and therefore no underlying Capital Financing Requirement (CFR) at the year-end. Accordingly, no Minimum Revenue Provision (MRP) has been charged in the accounts for the year

Note 18 – Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the authority.
- Liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments.
- Re-financing and Maturity risk – the possibility that the Authority might need to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance

The 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 North East Lincolnshire Council's treasury team, under policies approved by the Board in the annual Treasury Management Strategy – the Treasury Management Strategy for 2025/2026 was approved by full Board in May 2025. The Authority maintains written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

Credit risk

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

Credit risk is managed through the Annual Investment Strategy (part of the wider Treasury Management Strategy), which requires that deposits are not made with financial institutions unless they meet minimum credit criteria, (A-) as rated by S & P Global, Fitch, and/or Moody's Ratings Services. The authority further uses the creditworthiness service provided by Arlingclose Limited. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies, forming the core element, to provide a tailored list of suggested counterparties. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies.
- CDS spreads to give early warning of potential changes in credit ratings.
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The Annual Investment Strategy also imposes a maximum amount and time limits with any financial institution located within each category.
The Authority's maximum exposure to credit risk in relation to its investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A risk of non-recovery applies to all the authority's deposits, but there was no evidence at the 31 March 2026 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

Analysis shows that the application of the above methods (in particular, the monitoring of counterparty rating and management of deposit term) results in a non-material expected credit loss on its investments when applying an historic rating-linked default probability
Liquidity Risk

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Authority has not undertaken any borrowing during the period and has sufficient cash resources to cover day-to-day cash flow timing differences. The Authority is also required to set a balanced budget through the Local Government Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant perceived risk that the authority will be unable to raise finance to meet its commitments under financial instruments.

Re-financing and Maturity Risk

The Authority maintains a significant investment portfolio. Whilst the cash flow procedures above are monitored against re-investment risk, the risk to the Authority in replacing financial instruments as they mature.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority's approved treasury and investment strategies address the main risks, and the North East Lincolnshire Council treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow need.

Interest rate risk

The Authority is potentially exposed to risk arising from interest rate movements on borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense will rise.
- Borrowings at fixed rates – the fair value of the borrowings will fall.
- Investments at variable rates – the interest income rise.
- Investments at fixed rates – the fair value of the assets will fall.

The Authority has strategies in place for managing interest rate risk. The Treasury Management Strategy sets the authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which proscribes maximum limits for fixed and variable interest rate exposure. The central treasury team monitor market and forecast interest rates throughout the year and adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed, where possible.

Price risk

The market prices of any authority fixed rate investments are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk. This will typically only apply where an investment is held as Fair Value through Profit and Loss or Fair Value through other Comprehensive Income.

Foreign exchange risk

Whilst the Authority may, occasionally have cause to make non-sterling based payments in respect of goods and services received, the authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no ongoing exposure to loss arising from movements in exchange rates.

Note 19 – Debtors

Debtors are financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents.

Debtor	2025/2026 Long –Term £000	2025/2026 Short -Term £000
Central Government Bodies	0	142
Other Local Authorities	0	0
NHS Bodies	0	0
Other Entities and Individuals	0	37
Impairment Allowances	0	0
Loans and Advances	0	0
Value Added Tax	0	270
Total Debtors	**0**	**449**

Note 20 – Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with a low risk of change in value. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authorities cash management.

Cash and cash equivalents at the end of the reporting period as shown in the Cash Flow Statement can be reconciled to the related items in the Balance Sheet as follows:

	2025/2026 £000
Cash and Bank Balances	1,418
Short Term Investments	28,117
Total Current Asset	**29,535**

Note 21 – Creditors

The following amounts are owed by the authority within the next twelve months:

Creditor	2025/2026 £000
Central Government Bodies	0
Other Local Authorities	2,506
Other Entities and Individuals	860
Tax & National Insurance	0
Total Creditors	3,366

Note 22 – Provisions

Provisions are recognised where the authority has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

The are no provisions included as at 31st March 2026.

Note 23 – Unusable Reserves

	2025/2026 £000
Capital Adjustment Account	20
Pensions Reserve	0
Accumulated Absences Account	(4)
Total Unusable Reserves	16

Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis as required). The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction, and subsequent expenditure.

Notes to the Accounts

	2025/2026 £000	2025/2026 £000
Balance at 1 April	**0**	**0**
Charges for depreciation and impairment of non-current assets	(5)	
Revenue expenditure funded from capital under statute	(123,165)	
		(123,170)
Adjusting amounts written out of the Revaluation Reserve		0
Net written out amount of the cost of non-current assets consumed in the year		(123,170)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	0	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	123,165	
Application of grants to capital financing from the Capital Grants Unapplied Account	0	
Capital expenditure financed from revenue	25	
		123,190
Balance at 31 March		**20**

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 authorities 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 authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. Whilst the balance on the pensions reserve may show a substantial shortfall in the benefits earned by past and current employees, and the resources the authority has set aside to meet them, the statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2025/2026 £000
Balance at 1 April	**0**
Re-measurements of the net defined benefit liability/(asset)	(1)
Change in the Asset Ceiling	(7)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(10)
Employer's pensions contributions and direct payments to pensioners payable in the year	18
Balance at 31 March	**0**

Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise within revenue from accruing for compensated absences earned but not taken in the year, e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the revenue is neutralised by transfers to or from the account.

	2025/2026 £000
Balance at 1 April	**0**
Settlement or cancellation of accrual made at the end of the preceding year	0
Amounts accrued at the end of the current year	(4)
Balance at 31 March	**(4)**

Notes to the Accounts

Note 24 – Cashflow From Operating Activities

The cash flows from operating activities include the following items:

	2025/2026 £000
Interest Paid	0
Interest Received	1,055
Total	**1,055**

	2025/2026 £000
Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements:	
Depreciation	5
Impairment & Downward Valuations	0
Amortisation	0
(Increase)/Decrease in Debtors	(449)
Increase/(Decrease) in Creditors	2,404
Increase/(decrease) in impairment for bad debts	0
(Increase)/Decrease in Inventories	0
Movement in Pension Liability	(8)
Carrying Amount of Non-Current Assets, and Non-Current Assets Held for Sale, Sold or De-recognised	0
Other items charged to the Net Surplus or Deficit on Provision of Services	0
Total	**1,952**
Adjustment for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities:	
Proceeds from the sale of PPE, Investment Property and Intangible Assets	0
Any other items for which the cash effects are Investing or Financing Cash Flows	(135,165)
Total	**(135,165)**

Note 25 – Cashflow from Investing Activities

	2025/2026 £000
Purchase of PPE, Investment Property and Intangible Assets	937
Other payments for Investing Activities	0
Proceeds from the sale of PPE, Investment Property and Intangible Assets	0
Other receipts from investing activities	137,686
Net Cash Flows from Investing Activities	**137,623**

Note 26 – Cashflow from Financing Activities

	2025/2026 £000
Cash receipts of Short Term and Long-Term Borrowing	0
Cash payments to reduce outstanding finance lease liabilities	0
Repayment of Short Term and Long-Term Borrowing	0
Other payments for Financing Activities	0
Net cash flows from Financing Activities	**0**

Note 27 – Members' Allowances

The authority paid the following amounts to elected members of the authority during the year:

	2025/2026 £000
Allowances	109
Expenses	7
Total	**116**

A breakdown of amounts paid directly to members can be found on the Authority's website.

Note 28 – Officers' Remuneration

Senior Officer Remuneration

Leadership Team Structure 2025/2026 Post Title	Basic Salary £	Salary Supplement £	Benefit in Kind £	Expense Allowance £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Executive – L Sirdifield	10,484	0	0	0	0	2,097	**12,581**
Director of Strategy and Operations	0	0	0	0	0	0	**0**
Director of Resources	0	0	0	0	0	0	**0**
Head of Governance (Monitoring Officer)	0	0	0	0	0	0	**0**
Head of Infrastructure and planning	0	0	0	0	0	0	**0**
Head of Economic Growth	0	0	0	0	0	0	**0**
Head of Strategy and Performance	0	0	0	0	0	0	**0**
Head of Employment and Skills	0	0	0	0	0	0	**0**
Head of Transport	0	0	0	0	0	0	**0**

This table details the remuneration received by members of the authorities Leadership Team

Notes

An arrangement is currently in place with Lincolnshire to provide interim staffing, under this arrangement GLCCA was recharged 100% salary costs and other remuneration. As the post holders are not direct employees of Greater Lincolnshire Combined County Authority, these costs are not reflected in these tables.

Senior Employee Remuneration

Excluding Senior Officers who are listed individually in the previous tables, there were no authority employees whose remuneration was £50k or more.

Exit Packages

There were no exit package in the period ended 31st March 2026

Note 29 – External Audit Costs

The authority has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the authorities' external auditors, Forvis Mazars.

	2025/2026 £000
Fees payable with regards to external audit services carried out by the appointed auditor for the year *	180
Fees payable to the appointed auditor for the certification of grant claims and returns for the year	0
Fees payable in respect of other services provided by the appointed auditor during the year	0
Total fees payable	**180**

Note 30 – Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and

Expenditure Statement during the year:

Credited to Taxation and Non-Specific Grant Income	2025/2026 £000
Mayoral Capacity Grant	(4,000)
Investment Fund	(1,800)
Other Non-Ring-Fenced Government Grants	(140)
Capital Grants and Contributions	(12,000)
Total	**(17,940)**

Credited to Services	2025/2026 £000
UK Shared Prosperity Fund	(7,993)
Investment fund	(10,200)
Bus Service Grant	(8,593)
Local Transport Resource	(1,063)
Active Travel	(680)
Local Electric Vehicle Infrastructure grant	(528)
Other Grants and Contributions	(622)
Total	**(29,679)**

The Authority has received a number of grants and contributions that have yet to be recognised as income which have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follow:

Grants Received in Advance	**2025/2026** £000
Capital Grants	(1,521)
Revenue Grants	0
Total	**(1,521)**

Note 31 – Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the authority or to be controlled or influenced by the authority. Disclosure of these transactions allows readers to assess the extent to which the authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the authority.

Central Government

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

Members and Officers

Members of the authority have direct control over the authority's financial and operating policies. The total of members' allowances paid during the year is shown in Note 30 Members Allowances, and the Register of Members' Interests is available to be viewed on the authorities website.

Officers that might be in a position to influence significantly the policies of the authority are considered to be members of the Senior Leadership Team. All Senior Officers have been required to complete a related party declaration identifying organisations with which they have influence/or control, and which may have a related party interest with the authority.

In all instances, the grants were made with proper consideration of declarations of interest. The relevant members or officers did not take part in any discussion or decision relating to the payments.

Related Party Interests	**In-Year Expenditure** £000	**In-Year Income** £000	**Year-End Creditor** £000	**Year-End Debtor** £000	**Number of Members Declaring an Interest**	**Number of Officers Declaring an Interest**
2025/2026 Financial Year:						
Works and Services commissioned from Companies	0	0	0	0	0	0
Grants to Voluntary Organisations	0	0	0	0	0	0
Grant contributions to Charities	0	0	0	0	0	0
Grant contributions to Not-for-Profit Organisations	0	0	0	0	0	0

Note 32 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year, together with the resources that have been used to finance it, is shown in the table below. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR); a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of the table below.

	2025/2026 £000
Opening Capital Financing Requirement	**0**
Capital Investment:	
Property, Plant and Equipment	25
Investment Properties	0
Intangible Assets	0
Revenue Expenditure Funded from Capital Under Statute	123,165
Other – Capital Loan	0
	123,190
Sources of Finance:	
Capital Receipts	0
Government Grants and Other Contributions	(123,165)
Sums set aside from Revenue:	
Direct Revenue Contributions	(25)
Minimum/Voluntary Revenue Provision	0
	(123,190)
Closing Capital Finance Requirement	**0**
Explanation of Movements in Year:	
Increase in underlying need to borrow (unsupported by government financial assistance)	0
Increase/(Decrease) In Capital Financing Requirement	**0**

Note 33 – Leases

The Authority as Lessee

The Authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as service contracts, are assessed to determine whether they convey the right to control the use of an identified asset, by virtue of the right to obtain substantially all of the economic benefits or service potential from that asset and the right to direct its use.

The Authority as Lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

Where the Authority enters into a finance lease over property, plant, or equipment, the underlying asset is derecognised from the Balance Sheet at the commencement of the lease and treated as a disposal.

Operating Leases

Where the Authority grants an operating lease over a property or an item of property, plant, or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement.

The Authority incurred no expenditure as a Lessee or Lessor during the period ended 31st March 2026

Note 34 – Defined Benefit Pension Schemes

	2025/2026 Local Government Pension Scheme £000
Comprehensive Income and Expenditure Statement	
Cost of services:	
Service cost comprising:	
Current service cost	10
Past service cost	0
(Gain)/loss from settlements	0
Financing and investment income and expenditure:	
Net interest expense	0
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	10
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
Re-measurement of the net defined benefit liability comprising:	
Return on plan assets (excluding the amount included in the net interest expense)	0
Actuarial gains and losses arising on changes in demographic assumptions	0
Actuarial gains and losses arising on changes in financial assumptions	1
Other Experience	0
Change in the Asset Ceiling	7
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	18
Movement in Reserves Statement	
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(10)
Actual amount charged against the General Fund balance for pensions in the year:	
Employers' contributions payable to scheme	18
Retirement benefits payable to pensioners	

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

Participation in the Local government Pension Scheme
As part of the terms and conditions of employment of its officers, the authority makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Authority participates in one post-employment schemes:

i. The Local Government Pension Scheme, administered locally by East Riding of Yorkshire Council - this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The East Riding Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of East Riding of Yorkshire Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e., large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Notes to the Accounts

Transactions Relating to Post-Employment Benefits

The authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

Pensions Assets and Liabilities in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	2025/2026 Local Government Pension Scheme £000
Present value of the defined obligation	(17)
Fair value of plan assets	24
Net Asset/(Liability) arising from the defined benefit obligation	7
Total Asset/(Liability) before Asset Ceiling Adjustment	7
Asset Ceiling Adjustment	(7)
Total Asset/(Liability) after Asset Ceiling Adjustment	**0**

Asset Ceiling

The pensions valuation undertaken by the authority's actuary has determined that the fair value of the pension plan assets outweighed the present value of the plan obligations at 31 March 2026 resulting in a pension plan asset.

IAS19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan, and takes into account the adverse effect of any minimum funding requirements in accordance with IFRIC14.

As the actuary has calculated the asset ceiling to be in line with the surplus in the defined benefits plan, the authority has therefore restricted the net pension asset recognised in the balance sheet to reflect this.

Reconciliation of Movements in the Fair Value of Scheme Assets:

	2025/2026 Local Government Pension Scheme £000
Opening fair value of scheme assets	**0**
Interest income	0
Re-measurement gain / (loss):	
The return on plan assets, excluding the amount included in the net interest expense	0
Other	0
Contributions from employer	18
Contributions from employees into the scheme	6
Benefits/transfers paid	0
Other	0
Closing value of scheme assets	24

Reconciliation of Present Value of the Scheme Liabilities:

	2025/2026 Local Government Pension Scheme £000
Opening balance at 1 April	**0**
Current service cost	(10)
Interest cost	0
Contributions from scheme participants	(6)
Re-measurement (gains) and losses:	
Actuarial (gains)/losses from changes in demographic assumptions	0
Actuarial (gains)/losses from changes in financial assumptions	(1)
Other	0
Past service cost	0
Benefits/transfers paid	0
Liabilities extinguished on settlements	0
Balance as at 31 March	(17)

Local Government Pension Schemes Assets Comprised:

	2025/2026 £000
Cash and Cash Equivalents	0.3
Equities: *by industry type*	
Other	**0**
Debt Securities: *by sector*	
Corporate Bonds (Non-Investment Grade)	1.3
UK Government	0.4
Other	0.2
Sub-Total Debt Securities	1.9
Real Estate - UK	2.0
Private Equity - All	1.5
Investment Funds and Unit Trusts:	
Equities	11.9
Bonds	2.1
Infrastructure	1.7
Other	2.6
Sub-Total Investment Funds and Unit Trusts	**18.3**
Total Assets	24.0

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the East Riding Pension Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary are set out in the following table:

	2025/2026
Mortality assumptions:	
Longevity at 65 current pensioners (years):	
Men	21.1
Women	24.0
Longevity at 65 for future pensioners (years):	
Men	21.9
Women	25.4
Financial assumptions:	
Rate of increase in salaries	3.00%
Rate of increase in pensions	3.00%
Discount rate	6.35%
Rate of inflation (CPI)	3.00%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in Assumption at 31 March 2026	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	3%	0
1 year increase in Member Life Expectancy	4%	1
0.1% increase in the Salary Increase Rate	0%	0
0.1% increase in the Pension Increase Rate / Revaluation Rate (CPI)	3%	0

Impact on the Authorities Cash Flows

The authority's actuary has estimated that the contributions to the scheme for 2026/2027 will be approximately £34,000.

Virgin Media Legal Case

The Government Actuaries Department is reviewing historic amendments to the LGPS, following a Court case in June 2023 and a Court of Appeal ruling in July 2024 which determined that certain rule amendments were invalid in absence of the actuarial certification (potentially including cases where such a confirmation cannot now be located).

The view of HM Treasury is that the relevant amendments in the LGPS would have been made by legislation - and therefore would remain valid until revoked or repealed by subsequent legislation or declared void by a court. On 5 June 2025, the DWP announced plans to introduce legislation to address issues arising from the case. At this point in time there is insufficient information to assess the potential impact, therefore, it is not reflected within these accounts.

Note 35 – Contingent Liabilities

A contingent liability arises where an event has occurred that gives The Authority a possible obligation, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of The Authority. Contingent liabilities also arise where a provision would otherwise be recognised, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

The Authority had no contingent liabilities requiring disclosure as at 31st March 2026.

Note 36 – Contingent Assets

A contingent asset arises where an event has occurred that gives The Authority a possible asset, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of The Authority.

The Authority does not have any material contingent assets requiring disclosure as at 31st March 2026

Note 37 – Agency Income and Expenditure

An authority is acting as an agent in situations or circumstances “where the authority is acting as an intermediary”. This will exclude situations where the authority is providing goods and services to another body – it must be providing goods and/or services to a third party on behalf of the other body.

The Authority did not have an agency income or expenditure during the period ended 31st March 2026

Note 38 – Long Term Contracts

A contract to perform work over a significant period of time (more than 12 months)

The Authority did not have any material long-term contracts or significant contractual commitments as at 31st March 2026

Glossary of Financial Terms

Financial Abbreviations and Rounding's

Throughout this document the standard financial abbreviations 'k' and 'm' have been used. In this case 'k' means thousands and 'm' means millions e.g., £6k means £6,000 and £1.577m means £1,577,000.

Most of the numbers in the accounts are rounded, with those in the main statements being presented to the nearest £1,000. Where necessary to ensure that totals are correct, small adjustments have been made to individual figures.

Glossary

Accruals
This is the concept of recognising income and expenditure when earned or incurred, not as money is received or paid.

Actuary
Pension expert.

Capital Expenditure
This is expenditure on the acquisition, creation or enhancement of a fixed asset.

Code of Practice (The Code)
This is a document issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). All English and Welsh Local Authorities must comply with the COP in compiling their financial statements.

Consistency
This is the principle that the accounting treatment of like items within an accounting period, and from one period to the next, is the same.

Creditors
Amounts owed by the authority for goods and services, where payment has not been made at the end of the financial year.

Current Assets
Current assets are items that can be readily converted into cash.

Current Liabilities
Current liabilities are items that are due immediately or in the short term.

Curtailments (Pension)
A curtailment is an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Examples might include a redundancy programme as a result of e.g. closing a factory or the introduction of a defined contribution pension arrangement covering all employees for future service.

De minimis
An immaterial amount or balance.

Debtors
Amounts owed to the authority for goods and services, where the income has not been received at the end of the financial year.

Deferred Liabilities
These are liabilities which by arrangement are payable beyond the next year at some point in the future or are paid off by an annual sum over a period of time.

Depreciation
This is the measure of the wearing out, consumption, or other reduction in the useful life of a non-current asset, whether arising from use, over time or obsolescence through technological or other changes.

Events after the balance sheet date
Those events of such materiality that their disclosure is required for the fair presentation of the authority's statements, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Glossary of Financial Terms

Exceptional Items
Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation to the accounts.

Extraordinary Items
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include any prior period items merely because they relate to a prior period.

General Fund
This is the main revenue account of a combined authority, from which day to day spending on its services is met.

Going Concern
Accounting concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants
Assistance by government and inter-government agencies and similar bodies, in the form of cash or transfer of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

International Financial Reporting Standards (IFRSs)
Statements prepared by the International Accounting Standards Board. Many of the International Financial Reporting Standards (IFRSs) and some International Public Sector Accounting Standards (IPSAS) apply to local authorities and any departure from these must be disclosed in the published accounts.

Liquid Resources
Current asset investments that are readily disposable by the authority without disrupting its business and are either: readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

Net Current Replacement Cost
Cost of replacing or recreating the particular asset in its existing condition and in its existing use.

Net Realisable Value
Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Operational Assets
Tangible fixed assets held and occupied, used or consumed by the authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Property, Plant & Equipment
Tangible assets that yield benefits to the authority and the services it provides for a period of more than one year.

Provision
Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

Prudence
An accounting concept that revenue is not anticipated but is recognised only when realised in the form of either cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty. Proper allowance must be made for all known and foreseeable losses and liabilities.

Remuneration
All amounts paid to or receivable by a person and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.

Reserves
Sums set aside to meet future expenditure. Some reserves are earmarked for specific purposes only. Others are general reserves.

Revenue Expenditure
Expenditure on the day-to-day running of the authority, including employee costs, running expenses and capital financing costs.

Revenue Expenditure Financed from Capital Under Statute (REFCUS)
Expenditure which may be properly capitalised, but which does not result in, or remain matched with, tangible non-current assets. An example would be capital expenditure on improvement grants.

Settlement (Pension)
A settlement is an irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the assets and liabilities in respect of that obligation. Examples would include purchasing annuities in respect of pensioner liabilities or making a bulk transfer payment to another arrangement.

Useful Life
This is the period over which the authority will derive benefits from the use of a fixed asset.