Hull and East Yorkshire Combined Authority

Statement of Accounts 2025-26

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Hull and East Yorkshire Combined Authority will, on request, provide this document in Braille, audio or large print format.

A copy of this is available for viewing, along with other information on the Combined Authority's services, on our website at www.hullandeastyorkshire.gov.uk or from Hull and East Yorkshire Combined Authority, Two Humber Quays, Wellington Street West, Hull, HU1 2BN.

1. Introduction

This is the first Statement of Accounts for the Hull and East Yorkshire Combined Authority (HEYCA) and covers the extended accounting period from 5 February 2025, when the Authority was established, to 31 March 2026. The extended reporting period reflects the Local Audit (Modification of Financial Reporting Requirements) Regulations 2025, which required HEYCA's first Statement of Accounts to cover the period beginning on 5 February 2025 rather than preparing a separate set of accounts for 2024/25. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and associated statutory requirements.

The purpose of this Narrative Report is to provide a fair, balanced and understandable guide to the Authority, its objectives, governance, financial performance and financial position, principal risks and future outlook. It explains the most significant matters reported in the accounts and helps the reader to understand how the Authority has used its resources during its first period of operation.

This first reporting period was one of establishment, transition and early delivery. During the period, the Authority moved from legal creation and organisational set-up into live operation under an elected Mayor, while beginning to implement the Hull and East Yorkshire devolution deal and establish the strategic, financial and governance foundations needed for long-term delivery.

2. Hull and East Yorkshire Combined Authority

The Hull and East Yorkshire Combined Authority (HEYCA) is the devolved body which allows powers and funding to come from Westminster to the region.

The Authority was established on 5 February 2025 and brings together Hull City Council and East Riding of Yorkshire Council as its constituent councils. It and provides the strategic institution through which devolved powers and funding can be exercised locally across Hull and East Yorkshire. The Order confers functions across transport, housing and regeneration, planning-related powers, and wider economic development responsibilities.

The Authority was created as part of the Hull and East Yorkshire devolution deal agreed with Government. That deal provides a £400 million investment fund over 30 years, together with wider devolution of responsibilities and access to additional funding streams connected to transport, regeneration, skills and economic growth.

HEYCA operates in a distinctive regional context. Hull and East Yorkshire has a population of more than 600,000 people and around 20,000 businesses, with strong links across the Humber and to Leeds, York, Sheffield, Manchester and Liverpool. The area has nationally significant strengths in manufacturing, ports and logistics, energy, agri-food, rail, engineering and growing research and innovation capability, while also facing persistent challenges of deprivation, lower pay and inequality in parts of the city, coast and rural communities.

The Authority's purpose is to provide strategic leadership across this functional economy so that decisions and investment previously made centrally can be shaped locally, in partnership with constituent councils, business, public services, communities and Government.

Led by Mayor Luke Campbell MBE (elected on 1 May 2025 as our first elected Mayor), we convene partners from across our region to ensure that Hull and East Yorkshire can become a better place to live, work and do business.

3. Basis of Preparation and the First Reporting Period

This Statement of Accounts covers the period from the Authority's establishment on 5 February 2025 to 31 March 2026. This means the financial statements reflect an inaugural period of 14 months, rather than a standard local government financial year. The budget reporting for the period also combines the final part of 2024/25 with the full 2025/26 financial year to ensure consistency between management reporting and statutory accounts during HEYCA's first year of operation.

This context is important when interpreting the figures in the accounts. The financial statements for this first period reflect both the normal financial activity of a public body and the one-off characteristics of organisational establishment, including the creation of governance and assurance arrangements, build-up of capacity, mayoral election costs, and the phased mobilisation of devolved funding streams and investment programmes.

4. Vision, Priorities and Strategic Framework

During the period, HEYCA developed its ten-year Gameplan, which sets out the Authority's initial vision and guiding principles for the area. The Gameplan states the Authority's vision as: "Hull and East Yorkshire will be recognised as a region where confidence, connections and creativity bring prosperity and opportunity for all."

The Gameplan identifies four strategic priorities which frame the Authority's approach to investment and delivery: Good jobs, Better connected, Fit and healthy, and Affordable homes.

Good jobs

By supporting investment in innovation, digital technology and modern workplaces, we can build an economy that works for everyone and keeps talent here in Hull and East Yorkshire.

Better connected

By improving how we move and communicate, we will make it easier for everyone to reach jobs, education and essential services. Most importantly, we will create a region that feels more closely connected.

Fit and healthy

Health is shaped by where we live. Across Hull and East Yorkshire, people live in different places and circumstances. Every community has its own strengths and faces different challenges.

Affordable homes

Hull and East Yorkshire's natural setting is one of our greatest strengths. By building homes in the right places, we can strengthen families, communities and our region's future.

These priorities are intended to work together so that growth is accompanied by better connectivity, improved health and wellbeing, and access to suitable, affordable housing.

The Gameplan also introduces an Outcomes Framework, which brings together a small number of measurable indicators to describe prosperity and wellbeing across Hull and East Yorkshire. This framework is intended to support strategic decision-making, accountability and public scrutiny by showing how the place is changing over time, rather than acting as a narrow performance scorecard for the Combined Authority alone.

The Authority's strategic framework is supported by the Single Assurance Framework, which explains how HEYCA will ensure that funding decisions are evidence-based, linked to strategic objectives, and supported by clear appraisal, approval, monitoring and evaluation arrangements.

5. Governance and Accountability

A major feature of the first reporting period was the creation of the Authority's governance and accountability arrangements. At its first meeting on 5 March 2025, the Combined Authority approved its Constitution and put in place the core framework for decision-making, transparency, audit and scrutiny.

The inaugural mayoral election took place on 1 May 2025, and Luke Campbell MBE was elected as the first Mayor of Hull and East Yorkshire. He formally took office on 6 May 2025, marking the transition from the Authority's establishment phase into mayor-led operation.

The Single Assurance Framework, updated in January 2026, sets out how the Authority will use public money responsibly, openly and transparently, with best value principles at the centre of decision-making. The Framework aligns with the English Devolution Accountability Framework, HM Treasury Green Book guidance and the wider local government accountability framework. It explains the roles of the Mayor, Executive, statutory officers, Governance and Audit Committee, Overview and Scrutiny Committee and advisory boards in supporting lawful and effective decision-making.

The Assurance Framework also confirms the Authority's commitment to the Nolan Principles of Public Life, to declaration and management of interests, to anti-fraud, anti-bribery and anti-money laundering controls, to equality and transparency duties, and to regular publication of decisions, meeting papers and governance information. These arrangements form an essential part of the control environment that underpins the Statement of Accounts.

The Authority's governance and control environment is further detailed in the Annual Governance Statement, which provides sets out the framework of internal control, risk management and governance in place during the year.

6. Business Model and How the Authority Uses Its Resources

HEYCA's business model in its first year was necessarily hybrid. It had to establish itself as a new public body while also beginning to operate as a strategic investment and delivery authority. During the period, the organisation operated through a combination of directly employed staff, interim and agency support, and service level agreements with the constituent councils to ensure continuity of service and safe, legal operation from day one.

The Gameplan and Assurance Framework together set out how HEYCA intends to operate over the longer term. The Authority's role is to align transport, skills, housing, health and investment decisions across the geography; provide a single strategic interface to Government and investors; and use devolved powers and funding to support prosperity and opportunity across the region.

In practice, this means that the Authority uses its resources in four main ways: to fund its own day-to-day operations; to build the capacity and systems needed for delivery; to deploy grant-funded programmes and investment; and to work through partnerships, particularly with the constituent councils and other public, private and voluntary sector stakeholders.

The Assurance Framework confirms that significant investments are intended to proceed through a structured six-stage process of initiation, development, appraisal, approval, monitoring and close, with business cases prepared in line with HM Treasury's five-case model and assessed for value for money, deliverability and strategic fit.

7. Performance in the Period

The first reporting period saw the successful establishment of the Combined Authority as a legal, democratic and operational body. Key milestones included creation of the Authority under the 2025 Order, adoption of the Constitution and governance arrangements, successful delivery of the inaugural mayoral election, and commencement of mayor-led governance from May 2025.

The period also saw the development of the Authority's first integrated strategic framework. Through the Gameplan, HEYCA set out a coherent statement of priorities, delivery plans and intended outcomes for the area. The Gameplan identifies early actions across the Authority's four priorities, including development of a regional economic assessment and Local Growth Plan, progression toward devolved adult skills responsibilities, preparation of a statutory Local Transport Plan, delivery of a Mayoral Community Investment Fund, and work toward a Spatial Development Strategy and wider housing and regeneration interventions.

HEYCA also began to deploy devolved funding and investment. The combined capital budget for the period totalled £56.9 million, with £51.9 million spent in-year, largely through payments to the constituent councils to support agreed spending plans and approved capital programmes. These investments support strategic activity such as transport improvements, regeneration, infrastructure and related programme delivery.

The period laid the groundwork for HEYCA's future role in transport and skills. During 2025-26, plans were agreed to take local control of approximately £20.1 million of transport funding, including around £19.5 million of capital funding for local transport improvements, and to prepare for the transfer of the Adult Skills Fund from 2026-27. These developments are significant because they mark the Authority's transition from set-up activity toward fuller devolved delivery.

8. Financial Performance

The revenue budget for the period 5 February 2025 to 31 March 2026 was £19.2 million. The report of the year-end financial position to the Executive Board shows a revenue surplus of £10.7 million before transfers to earmarked reserves. After transfers to earmarked reserves, the remaining surplus is £1.9 million, which is retained in the Authority's general reserve.

The Authority's total revenue income for the period was £23.7 million. This included a range of government grants and investment income, notably the Investment Fund, Capacity Fund, UK Shared Prosperity Fund, transport-related funding and other specific grants. The income position was stronger than initially budgeted, mainly because the Authority received an additional £2.0 million of Capacity Funding, a £1.554 million grant to support preparation of a Spatial Development Strategy, and higher-than-forecast investment income due to market interest rates and cash balances being above initial assumptions.

The Authority's total revenue expenditure for the period was £12.998 million. This expenditure reflects the running costs of the organisation, including the costs of establishing and building delivery capacity, and the deployment of government grants via the investment programme. Major areas of operational costs included staffing, agency and interim support, service level agreements with the constituent councils, supplies and services, premises, insurance, communications, professional consultancy and the costs of the inaugural mayoral election.

The revenue account includes transfers to earmarked reserves to align the year-end position with future commitments and funding conditions. These include £5.708 million to the Investment Fund reserve, £1.554 million to the Spatial Development Strategy reserve, £0.970 million to the Community Investment Fund reserve, and £0.500 million to the Mayoral Election reserve.

After these transfers, the remaining £1.943 million is held as the Authority's general reserve. The Section 73 Officer's assessment is that this represents an appropriate level of reserve at this stage, equivalent to around 5% of the approved 2026/27 revenue budget of £39.5 million.

The following table sets out the revenue account actual position against budget for the period, as reported to senior management and the Executive Board.

	2025-26		
	Full Year Budget	Outturn	Variance
	£m	£m	£m
EXPENDITURE			
Operational Costs			
Employee Costs	2.198	2.203	0.006
Members Allowances and Expenses	0.191	0.105	- 0.086
Travel & subsistence	0.043	0.015	- 0.029
Communications	0.025	0.001	- 0.024
Corporate Services via SLAs	0.626	0.586	- 0.040
Mayoral Election Costs	1.352	1.357	0.005
Supplies and Services	0.316	0.933	0.617
Insurance	0.010	0.032	0.022
Premises	0.110	0.115	0.005
Total Operational Costs	**4.871**	**5.347**	**0.476**
Investment Programme			
Investment Fund	6.196	0.487	- 5.708
UK Shared Prosperity Fund	6.527	6.527	-
Consolidated Active Travel Fund	0.283	0.284	-
Electric Vehciles (LEVI)	0.323	0.323	-
Community Investment Fund	1.000	0.030	- 0.970
Total Investment Programme Costs	**14.329**	**7.651**	**- 6.678**
TOTAL EXPENDITURE	**19.200**	**12.998**	**- 6.202**
INCOME			
Government Grants			
Capacity Fund	- 2.000	- 4.000	- 2.000
Investment Fund	- 8.670	- 8.670	-
UK Shared Prosperity Fund	- 6.527	- 6.527	-
Consolidated Active Travel Fund	- 0.284	- 0.284	-
DfT - Local Transport Resource Funding	- 0.634	- 0.634	-
MHCLG - NI Contributions Grant	- 0.140	- 0.140	-
DWP - Get Britain Working	- 0.100	- 0.100	-
Electric Vehciles (LEVI)	- 0.323	- 0.323	-
Bio Diversity Fund	-	- 0.027	- 0.027
Spatial Development Strategies Grant	-	- 1.554	- 1.554
Other Government Grants	-	- 0.022	- 0.022
Investment income	- 0.522	- 1.392	- 0.870
TOTAL INCOME	**- 19.200**	**- 23.673**	**- 4.473**
NET (SURPLUS) / DEFICIT BEFORE TRANSFERS TO RESERVES	**-**	**- 10.675**	**- 10.675**
Use of (-) / Contributions to (+) Reserves	-	8.732	8.732
NET (SURPLUS) / DEFICIT	**-**	**- 1.943**	**- 1.943**

The capital budget for the period totalled £56.9 million, with actual capital expenditure of £51.9 million. Most of the capital funding received in the period was deployed through payments to the constituent councils to support approved spending plans and strategic investment activity. The remaining balance of £5.0 million was transferred to the Capital Grants Unapplied Reserve in accordance with grant conditions to support future-year delivery.

Of the capital funding deployed during the year, £35.3 million was provided to East Riding of Yorkshire Council and £17.0 million to Hull City Council. These resources were incorporated into the councils' capital programmes to support major transport, regeneration, infrastructure and related projects. The report also notes that both councils experienced slippage against original programme profiles, reflecting revised scheme timing and delivery rather than a change in strategic direction.

	2025-26		
	Full Year Budget	**Outturn**	**Variance**
	£m	***£m***	**£m**
<u>Expenditure</u>			
Investment Programme			
Investment Fund	4.670	-	- 4.670
UK Shared Prosperity Fund	2.884	2.884	-
Consolidated Active Travel Fund	0.968	0.968	-
Rural England Prosperity Fund	0.540	0.540	-
Local Transport Block	15.631	15.631	-
Integrated Transport Block	3.900	3.900	-
Highways Maintenance Block	26.497	26.497	-
Electric Vehicles	0.332	-	- 0.332
Mayoral Renewables	1.450	1.450	-
Total Investment Costs	**56.872**	**51.870**	**- 5.002**
TOTAL EXPENDITURE	**56.872**	**51.870**	**- 5.002**
FUNDED BY GOVERNMENT GRANTS	**- 56.872**	**- 56.876**	**- 0.004**
NET (SURPLUS) / DEFICIT BEFORE TRANSFERS TO RESERVES	**-**	**- 5.006**	**- 5.006**

The balance sheet shows net assets of £15.68 million at 31 March 2026 and usable reserves of £15.68 million. This financial position reflects the characteristics of a first-year grant-funded strategic authority, including resources received in advance of future spend, balances earmarked for future investment purposes and prudent retention of reserves to maintain resilience as the Authority's functions continue to mature.

9. Risk Management

As a newly established combined authority, HEYCA faces a number of risks and uncertainties typical of an organisation moving from establishment into active delivery. These are identified in our strategic risk register and include:

- Management of performance and delivery of organisational priorities, including the Game Plan
- Maintenance of good governance and control throughout the organisation
- Retention of strong relationships with stakeholders

- Development and maintenance of organisation capacity and capability
- Ensuring public engagement and understanding of the Authority's purpose

The Authority's Risk Management Framework sets out how HEYCA will identify, analyse, approve, monitor and report on strategic, operational and programme risks, with oversight from the Senior Leadership Team and the Audit and Governance Committee.

Risk Management Framework – Hull and East Yorkshire Combined Authority

10. Outlook

The Authority enters 2026-27 having completed its establishment phase and with the core foundations in place for fuller delivery. The first period has demonstrated the Authority's ability to create lawful and functioning governance arrangements, operate under elected mayoral leadership, steward significant devolved funding and establish a clear strategic framework for future activity.

The next stage of HEYCA's development will focus on turning the ambitions of the Gameplan into sustained delivery. This includes progressing the Local Growth Plan, transport planning, work and skills activity, housing and regeneration planning, the health and community agenda, and assumption of the Adult Skills Fund.

HEYCA's revenue budget is set to grow from £19 million in 2025-26 to £37 million in 2026-27, following transfer of additional responsibilities for the Local Growth Fund, adult skills and bus funding. The capital budget for 2026-27 is £68 million, which largely consists of funding for local transport (£23m) and highways maintenance (£32m) which will be directed to the constituent councils for delivery of schemes across Hull and East Yorkshire.

As these responsibilities and funding arrangements are embedded, alongside the development of organisational capacity, medium-term financial planning, performance management and evaluation arrangements will strengthen.

The longer-term challenge for the Authority is to convert devolved powers, long-term funding and strategic leadership into measurable and lasting improvements in productivity, inclusion, connectivity, health and housing outcomes across Hull and East Yorkshire.

11. The accounts

This is the first Statement of Accounts for HEYCA and summarises the financial performance of the Authority for the extended accounting period from 5 February 2025, when the Authority was established, to 31 March 2026.

The accounts consist of: -

The Auditor's Report (page 10) sets out the independent auditor's opinion on the financial statements including the conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources.

The Statement of Responsibilities for the Statement of Accounts (page 11) identifies the officer who is responsible for the proper administration of the Combined Authority's financial affairs and sets out theirs and the Combined Authority's responsibilities in respect of the statement of accounts.

The Movement in Reserves Statement (page 12) reconciles the outcome of the comprehensive income and expenditure statement with the outcome on the general fund balance and details the movement on all other reserves that the Combined Authority holds, both usable reserves (i.e. those that can be used to fund expenditure) and other reserves.

The Comprehensive Income and Expenditure Statement (page 13) identifies the income and expenditure on all services the Combined Authority provides except the pension fund (see below) and brings together all the recognised gains and losses of the Combined Authority during the period 5 February 2025 to 31 March 2026.

The Balance Sheet (page 14) sets out the financial position of the Combined Authority as at 31 March 2026. The balance sheet shows the value of the assets and liabilities recognised by the Combined Authority at the balance sheet date.

The Cash Flow Statement (page 15) shows the changes in cash and cash equivalents of the Combined Authority during the reporting period.

Auditor's Report

1. The Combined Authority's responsibilities

The Combined Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Combined Authority, that officer is the Executive Director of Finance.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the statement of accounts.

2. The responsibilities of the Director of Finance

The Executive Director of Finance is responsible for the preparation of the Combined Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (the Code).

In preparing this statement of accounts, the Executive Director of Finance 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 are up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Combined Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Combined Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

3. Certificate

I hereby certify that the following statement of accounts give a true and fair view of the financial position of Hull and East Yorkshire Combined Authority at 31 March 2026 and its income and expenditure for the fourteen months then ended.

The statement of accounts is currently unaudited and may be subject to change.

Julian Neilson

Section 73 Officer

30 June 2026

Movement in reserves statement (MiRS)

This statement shows the movement in the year on the different reserves held by the Combined Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The surplus or deficit on the provision of services shows the true economic cost of providing services. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.

	Note(s)	General fund balances £000	Earmarked reserve balances £000	Capital grant unapplied account £000	Total usable reserves £000	Total unusable reserves £000	Total authority reserves £000
Balance at 5 February 2025		*0*	*0*	*0*	*0*	*0*	*0*
Movement in reserves during 2025/26							
Total comprehensive income and expenditure		**15,781**	**0**	**0**	***15,781***	**-9**	***15,773***
Adjustments between accounting basis and funding basis under regulations	Note 5	-13,746	8,732	5,006	*-9*	9	*0*
Increase/decrease (-) in year		**2,035**	**8,732**	**5,006**	**15,773**	**0**	**15,773**
Balance at 31 March 2026 carried forward		**2,035**	**8,732**	**5,006**	**15,773**	**0**	**15,773**

General and earmarked balances consist of £0.4m general fund and £13.7m of earmarked general fund reserves. A detailed analysis of the movements in earmarked reserves can be found in note 166.

The adjustments between accounting basis and funding basis under regulations are further analysed in note 4.

Comprehensive income and expenditure statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the funding position under local government regulations. The reconciliation between the accounting position and the funding position is shown in the movement in reserves statement and the expenditure and funding analysis in note 2.

	Note	2025/26		
		Gross expenditure £000	Gross income £000	Net expenditure £000
Service expenditure				
Operational Costs		5,338	-100	5,238
Investment Programme		59,521	-59,339	182
Total continuing services - cost of services		64,859	-59,439	5,420
Other Operating Expenditure		0	0	0
Financing and Investment Income and Expenditure		1	-1,485	-1,484
Taxation and Non-Specific Grant Income and Expenditure			-19,717	-19,717
Surplus (-) or deficit on the provision of services		64,860	-80,642	-15,781
Remeasurement of the pension net defined benefit liability (asset)				0
Other comprehensive income and expenditure	MiRS			0
Total comprehensive income and expenditure				-15,781

Balance sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Combined Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Combined Authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Combined Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserve is unusable reserves, i.e. those that the Combined Authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to fund future capital expenditure if the assets are sold and reserves that hold timing differences shown in the movement in reserves statement line 'Adjustments between accounting basis and funding basis under regulations'. As this is the first set of accounts for the Combined Authority there are no comparators.

	Note	31 March 2026 £000
Property, plant & equipment		0
Intangible assets		0
Long-term investments		0
Long-term debtors		0
Total long-term assets		0
Short-term debtors	11	2,700
Short-term investments	12	11,690
Cash and cash equivalents		2,649
Total current assets		17,039
Short-term borrowing		
Short-term creditors	13	-1,266
Revenue grants receipts in advance		0
Capital grants receipts in advance		0
Current provisions		0
Total current liabilities		-1,266
Long-term borrowing		0
Deferred liabilities		0
Long-term creditors		0
Long-term provisions		0
Deferred credits		0
Revenue grants receipts in advance		0
Pension liability	14	0
Total long-term liabilities		0
NET ASSETS		15,773
Financed by		
Usable reserves	15	15,773
Unusable reserves	17	0
TOTAL RESERVES		15,773

Julian Neilson, Section 73 Officer
30 June 2026

Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents of the Combined Authority during the reporting period. The statement shows how the Combined Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Combined Authority are funded by way grant income. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Combined Authority's future service delivery.

	Note	2025/26	
		£000	£000
Net (surplus) or deficit on the provision of services	CIES	-15,781	
Adjust net surplus or deficit on the provision of services for non cash movements	23	1,453	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		3,386	
Net cash flows from operating activities			-10,943
Investment activities			
Purchase of short-term and long-term investments		13,592	
Other payments for investing activities		0	
Proceeds from short-term and long-term investments		0	
Capital grants received		0	
Net cash flows from investing activities			13,592
Financing activities			
Other receipts from financing activities		0	
Other payments for financing activities		0	
Cash payments for the reduction of the outstanding liability relating to leases		0	
Repayments of short-term and long-term borrowing		0	
Net cash flows from financing activities			0
Net (Increase) / Decrease in cash and cash equivalents			2,649
Cash and cash equivalents at 5 February 2025			0
Cash and cash equivalents at 31 March 2026	22		-2,649

1. Accounting policies

I. General

The statement of accounts summarises the Combined Authority's transactions for the period 5 February 2025 to 31 March 2026 and its position at the end of 31 March 2026. The Combined Authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations (Amendment) 2022, which require that they be prepared in accordance with proper accounting practices. The accounts of Hull and East Yorkshire Combined Authority have been compiled in accordance with the Code of Practice on Local Authority Accounting in the UK 2025-26 supported by International Financial Reporting Standards.

The Code requires that the accounts are prepared on a Going Concern basis. This means that the accounts are based on the assumption that the functions of the Combined Authority will continue in operational existence for the foreseeable future.

As permitted under the Code, the concept of materiality has been applied when determining appropriate disclosures to be made in the financial statements. Information is classed as material if omitting, misstating, or obscuring it could reasonably influence decisions of users of the financial statements.

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

Prior period adjustments may arise as a result of a material change in accounting policies or to correct a material error.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period i.e. as prior period adjustments. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Combined Authority's financial position or financial performance. Where a material change is required, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied i.e. a prior period adjustment is made unless stated otherwise.

A change in accounting policy generally requires the disclosure of three balance sheets to reflect the impact on the current period, the end of the preceding period and the impact on the

opening balance sheet of the previous period.

The nature and impact of any prior period adjustments required will be explained in a separate note to the accounts.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change, there is no prior period adjustment.

Changes to accounting standards adopted by CIPFA's Code of Practice for 2025-26 include the following:

- IFRS 16 leases issued in January 2016
- Classification of liabilities as current or non-current (amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (amendments to IFRS16) issued in September 2022
- International Tax Reform (amendment to IAS 12) Pillow Two Model Rules issued in May 2023
- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) issued in May 2023.

The above changes have been considered and the impact to the Combined Authority's Statement of Accounts is only in relation to IFRS 16 Leases, this is detailed further at XII.

III. Interests in companies and other entities

The Combined Authority does not have material interests in companies and other entities that have the nature of subsidiaries, associated companies, or jointly controlled entities. Group accounts have therefore not been prepared. In the Combined Authority's own single entity accounts, the interests in companies and other entities are recorded as financial assets at fair value. Where the fair value cannot be measured reliably, cost has been used as the best estimate of fair value (as they are held at cost there are no gains or losses to be recognised). Should the Combined Authority be required to prepare group accounts, an entity will not be included if it is not material.

IV. Accruals of expenditure and income (creditors and debtors)

The accounts of the Combined Authority are prepared on an accruals basis. This means that the sums due to or from the Combined Authority during the year are included in the accounts, whether or not the cash has actually been received or paid in the year in question. Accruals have been made for all known material revenue and capital debtors and creditors for goods and services supplied by and to the Combined Authority during the year, including services provided by employees.

V. Significant items

Where items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the comprehensive income and expenditure statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Combined Authority's financial performance.

VI. Revenue recognition

The revenue recognition policy covers the sale of goods (produced by the Combined Authority for the purpose of sale or purchased for resale), the rendering of services, interest, royalties and dividends, non-exchange transactions (i.e. council tax) and where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria.

Revenue is recognised when (or as) the Combined Authority satisfies a performance obligation and is measured at the transaction price of the consideration receivable (i.e. the amount to which the Combined Authority expects to be entitled in exchange for transferring promised goods or services). However, if payment is on deferred terms, the consideration receivable is recognised initially at the cash price equivalent. The difference between this amount and the total payments received is recognised as interest revenue in the surplus or deficit on provision of services. Short duration receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial. There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions, i.e. revenue relating to council tax and non-domestic rates and therefore these transactions are measured at their full amount receivable.

VII. Trade and other receivables and payables

Trade and other receivables are not recognised when the Combined Authority becomes committed to supply the goods or services but when the ordered goods or services have been delivered or rendered.

Trade and other payables are not recognised when the Combined Authority becomes committed to purchase the goods or services but when the ordered goods or services have been delivered or rendered.

With the exception of financial instruments, they are recognised and measured in accordance with the revenue recognition policy.

VIII. Cash and cash equivalents

Cash includes all bank credit balances and overdrafts held by the Combined Authority as part of its normal cash management, including all deposit accounts accessible without notice.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents include investments with a fixed maturity of three months or less from the date of acquisition and fair value through profit or loss financial assets such as cash placed in money market funds.

IX. Support service costs

The Code requires that the net cost of services within the Comprehensive Income and Expenditure Statement (CIES) is presented based on how income and expenditure are reported internally to management rather than the total cost principle described by the SeRCOP. For this Combined Authority, corporate and support services operate and are managed separately throughout the financial year and are, therefore, reported separately on the face of the CIES and not apportioned.

X. Interest receivable or payable

The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at amortised cost, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the movement in reserves statement to ensure only actual interest is charged to council tax.

For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

XI. Grants and contributions

All revenue, revenue expenditure funded from capital under statute (REFCUS) and capital grants and contributions with conditions attached are held as receipts in advance on the balance sheet. This is until such time as the condition no longer applies, at which point the grant/contribution is recognised as income in the comprehensive income & expenditure statement. Specific revenue and REFCUS grants and contributions are accrued and credited to income within service revenue accounts when the conditions regarding their use are met. Any income credited to service revenue accounts in excess of the expenditure they are intended to fund are, subject to approval, appropriated to revenue grants and contributions unapplied earmarked reserves until the expenditure is incurred. Revenue and REFCUS grants and contributions to cover general expenditure, including revenue support grant, national non-domestic rate redistribution and unringfenced government grants, are credited to taxation and non-specific grant income and expenditure at the foot of the comprehensive income and expenditure statement.

General revenue grants and contributions are subject to the normal carry-forward processes attributable to general fund balances.

Grants and contributions relating to the funding of non-current asset (capital) expenditure are credited to taxation and non-specific grant income and expenditure at the foot of the comprehensive income and expenditure statement when the conditions regarding their use are met. Both REFCUS and capital grants and contributions are reversed out of the general fund balance in the movement in reserves statement to either the capital adjustment account if the grant/contribution has been used to finance capital expenditure in the year, or to the capital grants unapplied account reserve until it is applied to fund capital expenditure, at which point it is transferred to the capital adjustment account.

XII. Leases – right-of-use assets

With effect from 1 April 2024 IFRS 16 was adopted as new the standard for leases and subsequently applied.

IFRS 16 states that an authority will identify a lease at inception of a contract, and assess whether the contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time.

The main impact of this is in respect to lessee accounting. Operating leases for assets leased into the Combined Authority no longer exist. Arrangements which were assessed as an operating lease previously (under IAS 17) have been re-classified and brought onto the balance sheet, recognising the leased asset in the appropriate asset register and future rents recorded in the Combined Authority's balance sheet as a liability. Any new leases identified in year have been classified as a finance lease, providing they meet all the necessary criteria to recognise under the new adopted standard.

Recognition of right-of-use assets are now included in the newly adopted standard. Any arrangements have been identified and included in the asset register, with the lease liability recognised on the Combined Authority's balance sheet from the 1 April 2024.

The Combined Authority has elected to apply exemptions to low value assets. The Combined Authority has determined this limit to be £10,000.

The Combined Authority has also chosen to elect to apply the exemption for short-term leases. The standard defines a short-term lease to be 12 months or less in duration or has less than 12 months remaining at the transition date 1 April 2024.

Leases with payments at peppercorn or nominal consideration that are provided at substantially below market terms, and leases for nil consideration, are accounted for as follows:

- Any portion of the lease that is payable is accounted for in the same way as other lease obligations under IFRS 16 Leases.
- The fair value of the lease asset on initial recognition is recognised as a fair value right-of-use asset on the Balance Sheet, with any difference recognised in taxation and non-specific grant income in the CIES.

The Combined Authority entered into a property lease with a contractual term of five years, including a tenant break option exercisable after 12 months. At the commencement date, management concluded that it was reasonably certain the break option would be exercised. Consequently, the enforceable lease term is assessed as 12 months and the arrangement is treated as a short-term lease. In accordance with the Code, no right-of-use asset or lease liability has been recognised on the Balance Sheet. Lease payments are recognized as expenditure on a straight-line basis over the lease term.

The Combined Authority will remeasure any leases if a lease is modified, or a change in lease term is identified.

XIII. Debt redemption

Each year the Combined Authority sets aside sums to meet its credit liabilities, i.e. monies it owes from borrowings and other methods it has used to finance capital spending. The sums set aside can include:

- A minimum revenue provision, including the principal element of finance lease-type arrangements.
- Commuted payments in respect of government grants on loan charges.
- Voluntary amounts set aside from revenue.
- Voluntary amounts set aside from usable capital receipts.
- Voluntary amounts set aside from the major repairs reserve.

XIV. Employee benefits

Employee benefits are accounted for in accordance with the Code's interpretation of IAS 19 – Employee Benefits. This standard covers both benefits payable during and after employment.

a) Benefits payable during employment

Liabilities for employees' entitlements to 'short term employee benefits' i.e. wages, salaries, annual leave and other employee benefits which are expected to be paid or settled wholly within 12 months of the balance sheet date, are recognised as an expense in the year in which employees render service to the Combined Authority. Annual leave is accrued at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit where these rates are available, otherwise the accrual will be based on the prevailing rates. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the movement in reserves statement to the accumulated absences account (unusable reserve) so that annual leave benefits are charged to the financial year in which the absence occurs.

It was determined that an accrual was not needed at the year end as there were no unpaid employee benefits.

The Combined Authority does not award long-term employee benefits i.e. those which are not expected to be paid or settled within 12 months of the balance sheet date.

b) Termination benefits

Termination benefits are amounts payable as a result of a decision by the Combined Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Such benefits are charged on an accruals basis to the relevant service in the comprehensive income and expenditure statement from which the officer is being made redundant at the earlier of when the Combined Authority can no longer withdraw the offer of those benefits or when the Combined Authority recognises costs for a restructuring.

c) Post-employment benefits

The Combined Authority participates in one pension scheme that meet the needs of employees in particular services. The scheme provides members with defined benefits related to pay and service. The schemes are as follows:

- **Local Government Pension Scheme** – subject to certain qualifying criteria, employees are eligible to join the funded Local Government Pension Scheme. The pension costs charged to the Combined Authority's accounts in respect of these employees are calculated in accordance with IAS 19 – Employee Benefits.

d) The local government pension scheme

The local government scheme is accounted for as a defined benefits scheme:

The liabilities of the pension fund attributable to the Combined Authority are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 6.35%, based on the indicative rate of return on a high-quality corporate bond. The corporate bond yield curve is constructed as follows:
    - An approach to setting the discount rate has been adopted whereby a "Hymans Robertson" corporate bond yield curve is constructed based on the constituents of the iBoxx AA corporate bond index.
- The assets of the fund attributable to the Combined Authority are included in the balance sheet at their fair value. The change in the pension's liability is analysed into the following components:

  Service cost comprising:

    - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the comprehensive income and expenditure statement to the services for which the employees worked.
    - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statements.
    - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Combined Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the comprehensive income and expenditure statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

  Remeasurements comprising:

  - return on fund 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 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 fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the Combined Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The balance that arises on the pensions reserve thereby measures the beneficial impact on the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

As at 31 March 2026, the Combined Authority's pensions asset or liability is recognised on the balance sheet. This reflects the assets that have already been set aside to fund future pension liabilities less the fair value of future pension liabilities that have been incurred. The overall gain at 31 March 2026 does not result in a return of funds from the Local Government Pension Scheme, therefore a further calculation determines an asset ceiling for which the Combined Authority can reflect an asset on the balance sheet. This calculation has further reduced the asset by £0.008m to zero.

e) Long term disability benefits

Long term disability benefits are accounted for in accordance with the rebuttable presumption of International Public Sector Accounting Standard 25 – Employee Benefits, in which all long-term disability benefits are accounted for in the same way as defined benefit post-employment benefits rather than IAS 19 where they are presumed not to be subject to the same degree of uncertainty as the measurement of post-employment benefits and are accounted for immediately when the obligation arises.

XV. Property, plant and equipment

a) Recognition

As at 31 March 2026, the Combined Authority does not own any Property and has not recognised any Vehicles, Plant or Equipment.

XVI. Intangible assets

a) Recognition

As at 31 March 2026, the Combined Authority does not recognise any intangible assets.

XVII. Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. In accordance with the Code, provisions are made when the Combined Authority has a present obligation (either legal or constructive) as a result of a past event; it is probable that a transfer of economic benefit will be required to settle it; and a reliable estimate can be made of the financial obligation. If it becomes probable that a transfer of economic benefit is no longer required to settle the obligation, the provision is reversed.

Provisions are charged as an expense to the appropriate service line in the comprehensive income and expenditure statement in the year that the Combined Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Combined Authority settles the obligation.

As at 31 March 2026 the Combined Authority determined that no provision were required.

XVIII. Reserves

Amounts set aside for purposes falling outside the definition of provisions are reserves. Transfers into and out of reserves are shown in the movement in reserves statement and not within service expenditure in the surplus or deficit on the provision of services. 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 appropriate reserve amount is then appropriated back into the general fund balance in the movement in reserves statement so that there is no net charge against council tax for the expenditure.

Reserves are an accumulation of previous years' surpluses, deficits and transfers and are categorised as either 'usable' or 'unusable' and are detailed in the notes to the core financial statements.

Usable reserves are those the Combined Authority may use to fund either revenue or capital expenditure as prescribed. None of the other reserves can be used to support revenue spending and are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits.

XIX. Contingent assets and liabilities

Contingent liabilities are disclosed within the notes to the financial statements if there is a possible obligation that may require a payment or transfer of economic benefits as a result of past events.

Contingent assets are not recognised in the financial statements but are disclosed within the notes if the inflow of a receipt or economic benefit is probable.

XX. Financial assets

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

- amortised cost
- fair value through profit or loss (FVTPL), and
- fair value through other comprehensive income (FVTOCI)

The Combined Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest the instrument. The effective interest rate is the rate that exactly discounts estimated future cash flows over the life of the instrument to the amount at which it was originally recognised. For most of the financial assets held by the Combined Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Combined Authority has taken the decision, for policy reasons, to make a number of loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the comprehensive income and expenditure statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the loan recipients, with the difference serving to increase the amortised cost of the loan in the balance sheet.

Statutory provisions require that the impact of soft loans on the general fund balance is the actual interest receivable for the financial year – the reconciliation of amounts debited and credited to the comprehensive income and expenditure statement to the net gain required against the general fund balance is managed by a transfer to or from the financial instruments adjustment account in the movement in reserves statement.

Any gains and losses that arise on de-recognition of assets are credited/debited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement surplus or deficit on the provision of services.

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVTPL are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

Where fair value of an equity instrument cannot be measured reliably and the best estimate of fair value is cost, it is carried at cost (less any impairment losses).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVTOCI are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

XXI. Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and thereafter carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Combined Authority has, this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the comprehensive income and expenditure statement is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowings are credited and debited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the surplus or deficit on the provision of services is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the comprehensive income and expenditure statement, regulations allow the impact on the general fund balance to be spread over future years. The Combined Authority has a policy of spreading a premium against the term of the new loan taken out, or 10 years for a discount received. The reconciliation of amounts charged to the comprehensive income and expenditure statement to the net charge required against the general fund balance is managed by a transfer to or from the financial instrument’s adjustment account in the movement in reserves statement.

XXII. Events after the reporting period

Where an event occurs after the balance sheet date, favourable or unfavourable, which provides evidence of conditions that existed at the balance sheet date, the amounts recognised in the statement of accounts are adjusted to reflect this. Where an event occurs after the balance sheet date that is indicative of conditions that arose after the balance sheet date, the amounts recognised in the statement of accounts are not adjusted but are disclosed as a separate note to the accounts.

Events after the reporting period are reflected up to the date when the statement of accounts are authorised for issue, which is the date they are authenticated by the Section 73 officer by signing and dating them before publishing.

XXIII. Value added tax

VAT is included in relevant income and expenditure, whether of a capital or revenue nature, only to the extent that it is irrecoverable from HM Revenue & Customs.

XXIV. Agency Income

Any precept income is collected on behalf of the Combined Authority by the two unitary authorities (East Riding of Yorkshire Council and Kingston upon Hull City Council). This income is collected under an agency arrangement with the Authority including an appropriate share of taxpayer transactions within the financial statements.

XXV. Significant judgements in applying accounting policies

In applying the accounting policies set out above, the Combined Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

a) Leases

For all its contractual arrangements the Combined Authority must assess and decide whether the contract contains the substance of a lease which either brings in or transfers the use of an asset to or from a third party for a period of time for more than 12 months.

A contract which identifies an asset leased out by the Combined Authority, is then considered further as to whether the lease is accounted for as operating or finance lease.

These judgements are made on the professional opinion of the Combined Authority ‘s valuers, accountants and procuring officers using flowchart assessments in the contract procedure rules based on criteria set out in IFRS16 Leases. The relevant accounting policy is applied based on the outcomes of the assessments.

b) Group accounting

The Combined Authority has to decide whether there is a group relationship between the Combined Authority and other entities. The accountants assess each relationship that exists between the Combined Authority and other entities that may result in a group accounts relationship using a flowchart of decisions based on CIPFA group accounting guidance. It has been determined that there are no significant relationships that require the production of group accounts for 2024-25.

c) Non-current assets

In accordance with the Code, non-current assets are recognised in the balance sheet where the Combined Authority directly owns the assets or where the school/governing body own the assets or have had rights to use the assets transferred to them.

d) Property, plant and equipment impairments

When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of the valuers' assumptions and estimates.

e) Property, plant and equipment components

Judgement is required in determining the significant components of property, plant and equipment assets and their related useful lives for accurate depreciation purposes. The Combined Authority's quantity surveyors, valuers and accountants work together to determine this.

XXVI. Assumptions made about the future and other major sources of estimation uncertainty

The statement of accounts contains estimated figures that are based on assumptions made by the Combined 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.

The items in the Combined Authority's balance sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

a) Pensions Asset / Liability

Estimation of the net asset/liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Hymans Robertson as actuaries are contracted to provide the Combined Authority with their professional opinion on the estimate of the pension asset/liability.

The effects on the pension asset/liability of changes in individual assumptions can be measured and a sensitivity analysis is included in Pensions Note 14.

b) Accruals and provisions

The accounts of the Combined Authority are prepared on an accruals basis meaning that the sums due to or from the Combined Authority during the year are included in the accounts, whether or not the cash has actually been received or paid in the year in question. Accruals may be made on exact amounts where invoices, although not received in time to be processed in the correct year, are received in time to inform the amount provided for. Where it is known that amounts are due to or from the Combined Authority relating to the current year, but no exact information is available to inform this, an estimate has to be made. The assumptions made would mostly apply to income, expenditure, debtors and creditors.

More information on provisions can be found in Accounting Policy XVII. There are no provisions as at 31 March 2026.

c) Pension Fund Level 3 Investments

£0.007 of the Pension Fund’s investments relate to property assets and unquoted level 3 investments. As none of these investments are publicly listed, there is a degree of estimation involved in the valuations of these assets.

2. Expenditure and funding analysis

The objective of the expenditure and funding analysis is to demonstrate to council tax and rent payers how the funding available to the Combined Authority for the period has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The expenditure and funding analysis also shows how this expenditure is allocated for decision making. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on page 13.

2025/26 Current Year	Outturn Reported to Management	Difference between Outturn and Net Expenditure charged to General Fund Balance	Net Expenditure Chargeable to the General Fund Balance	Adjustments between Funding & Accounting Basis	Net Expenditure in CI&E
	£000	£000	£000	£000	£000
Combined Authority Service Costs	-2,523	7,761	5,238	0	5,238
Investment Programme	-13,158	27,086	13,928	-13,746	182
Net Cost of Services	-15,681	34,847	19,166	-13,746	5,420
Other Income & Expenditure	13,738	-39,945	-26,207	5,006	-21,201
Surplus (-) or Deficit on the Provision of Services	-1,943	-5,098	-7,041	-8,740	-15,781
Opening General Fund Balance at 5 February 2025	0				
Add Surplus on General Fund Balance in Year	-2,035				
Closing General Fund Balance at 31 March 2026*	-2,035				

*The split of this balance between the general fund and earmarked reserves can be found in the movement in reserves statement on page 12.

An analysis of the adjustments between the outturn reported to management, expenditure chargeable to the general fund and expenditure in the comprehensive income and expenditure statement can be found in Note 3.

3. Analysis of adjustments within the expenditure and funding analysis

The tables below provide a reconciliation of the main adjustments required within the expenditure and funding analysis to arrive at the expenditure within the Comprehensive Income and Expenditure Statement from the outturn reported to management.

a) Reconciliation between Outturn reported to management and expenditure charged to the General Fund

Adjustments from Outturn to arrive at Net Expenditure Charged to the General Fund	Use of Reserves in Outturn £000	Other Differences £000	Total Adjustments £000
Operational Costs	0	7,761	**7,761**
Investment Programme	0	27,086	**27,086**
Net Cost of Services	0	34,847	**34,847**
Other Income and Expenditure	-8,732	-31,213	**-39,945**
Difference between Outturn and General Fund Surplus or Deficit	-8,732	3,634	**-5,098**

- **Use of Reserves in Outturn** – The surplus or deficit reported within the revenue outturn report includes the use of reserves (general fund and earmarked). This is not comparable to the surplus or deficit reported within the Comprehensive Income and Expenditure Statement, which shows the position before the funding from reserves.

- **Other Differences** – Consists of other presentational differences, which are presented in different lines within the Outturn Report, compared to the Net Expenditure charged to the General Fund balances.

b) Reconciliation between expenditure chargeable to the General Fund and expenditure included within the Comprehensive Income and Expenditure Statement

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	2025/26 Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustment £000	Other Differences £000	Total Adjustments £000
Operational Costs	-5,006	0	0	**-5,006**
Investment Programme	0	0	0	**0**
Net Cost of Services	-5,006	0	0	**-5,006**
Other Income and Expenditure	5,006	0	0	**5,006**
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	0	0	0	**0**

- **Adjustments for Capital Purposes** – include the movement of Capital Grants that remain unspent at the year end to the Capital Grants Unapplied Account.
- **Net Change for the Pensions Adjustments** – includes the removal of the employer pension contributions made by the Combined Authority as allowed by statute and the replacement with current service costs and past service costs, alongside the net interest on the defined benefit liability charged within other income & expenditure.

A detailed breakdown of the main adjustments included within the above table can be found in Note 4.

4. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Combined Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Combined Authority to meet future capital and revenue expenditure.

2025/26	General Fund Balance £000	Capital Grant Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000
Adjustments involving the Capital Grants Unapplied Account Reserve				
Capital grants and contributions unapplied credited to CI&ES	5,006	-5,006	**0**	**0**
Application of grants and contributions to capital financing			**0**	**0**
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure account	22		**22**	**-22**
Employer's contributions payable to the East Riding Pension Fund	-13		**-13**	**13**
Total adjustments between accounting basis and funding basis under regulations	**5,014**	**-5,006**	**9**	**-9**

5. Nature of expenses

The following is a subjective analysis of the surplus or deficit on the provision of services within the comprehensive income and expenditure statement on page 13.

	2025/26 £000
Fees, charges and other service income	0
Interest and investment income	-1,484
Government grants	-79,156
Other grants, reimbursements and contributions	0
Interest income on plan assets	0
Total Income	-80,641
Employee benefit expenses	2,194
Other service expenses	62,665
Depreciation, amortisation and impairment	0
Other capital charges	0
Loss on disposal of fixed assets	0
Pension interest cost	0
Total Expenditure	64,859
Surplus or Deficit on the Provision of Services	-15,781

6. Comprehensive income and expenditure line notes

a) Financing and investment income and expenditure

	Note	2025/26 £000
Net interest on the net defined benefit liability (asset)		0
Interest and investment income		-1,484
		-1,484

b) Taxation and non-specific grant income and expenditure

	Note	2025/26 £000
General Government Grants		
Capacity Fund		-4,000
Investment Fund		-13,340
Biodiversity Fund		-27
Redmond Review Grant		-22
Spatial Development Strategies Grant		-1,554
Local Transport Resource Funding		-634
NI Contributions Grant		-140
		-19,717

7. Government grants, contributions and donated assets

The following specific grants and contributions were included in the Comprehensive Income and Expenditure Statement. Non-specific grants are shown in Note 60 above there were no grants and contributions still held as liabilities on the Balance Sheet due to the conditions preventing them from being recognised not yet being met.

	2025/26 £000
Government Grants	
Capacity Grant	-4,000
Investment Fund	-13,340
BioDiversity Fund	-27
Consolidated Active Travel Fund	-1,252
Highways Maintenance Block	-26,497
Integrated Transport Block	-3,900
Local Transport Block	-15,631
Local Transport Resource Funding	-634
Get Britain Working	-100
Electric Vehicles (LEVI)	-323
Electric Vehicles (Pavement Channels)	-332
Mayoral Renewables (Solar carports)	-700
Mayoral Renewables (South Cliff Caravan Park)	-750
Rural England Prosperity Fund	-540
UK Shared Prosperity Fund	-9,410
MHCLG NI Contributions	-140
Spatial Development Strategies	-1,554
Redmond Review	-22
	-79,153

8. Audit fees

This note discloses, in accordance with the Code, the fees payable to the auditors appointed under the Local Audit and Accountability Act 2014 for work carried out relating to the 2025-26 year of account.

	2025/26 £000
External audit services	180
Fees for non audit work	0
	180

9. Officers' remuneration

a) Officers' remuneration by band (excluding Senior Officers)

Detailed below is the number of employees, in the accounting period to which the accounts relate, whose remuneration, excluding employer's pension contributions fell in each bracket of a scale in multiples of £5,000, starting from £50,000. Senior Officers are not included in the analysis as their remuneration is disclosed separately in Note 9b).

	2025/26
	Total
Remuneration Band	
£50,000 to £54,999	0
£55,000 to £59,999	0
£60,000 to £64,999	0
£65,000 to £69,999	0
£70,000 to £74,999	0
£75,000 to £79,999	0
£80,000 to £84,999	0
£85,000 to £89,999	0
£90,000 to £94,999	0
£95,000 to £99,999	0
£100,000 to £104,999	0
£105,000 to £109,999	0
£110,000 to £114,999	0
£115,000 to £119,999	0
£120,000 to £124,999	0
£140,000 to £144,999	0
	0

b) Senior Officers' remuneration

Statutory regulations require the separate disclosure of individual remuneration details for senior employees. Senior officers are individuals:

- whose annualised salary is £150,000 or more. These must be identified by name and job title; or
- whose annualised salary is £50,000 or more and hold defined 'senior' positions. These must be identified by way of job title only.

2025/26	Salary, Fees & Allowances £000	Expense Allowances £000	Compensation for Loss of Employment £000	Total excluding Pension Contributions £000	Employers' Pension £000	Total Remuneration £000
Interim Chief Executive						
Mark Rogers (Until 30.09.25)	181	0	0	**181**	0	**181**
Alan Menzies (Started 03.11.25)	78	0	0	**78**	0	**78**
Interim Director of Finance - Section 73 Officer	57	0	0	**57**	11	**69**
Interim Strategic Director of Legal & Governance - Monitoring Officer (22.06.25 to 28.09.2025) Jayne La Grua	90	0	0	**90**	0	**90**
Interim Strategic Director Law & Governance - Monitoring Officer (Started 29.09.25)	30	0	0	**30**	0	**30**
Senior Strategic Advisor, Resources (24.03.25 to 12.08.25) Amanda Mays	102	0	0	**102**	0	**102**

The salary, fees and allowance figures are shown before the deduction of employee contributions made to the Pension Fund. All employees who are members of the Local Government Pension Scheme pay individual contributions deducted from their salary.

c) Exit packages

The number and costs of exit packages, that have been charged to the Comprehensive Income and Expenditure Statement in the year, are set out in the table below.

	2025/26			
	Number of Compulsory Redundancies	Number of Other Departures	Total Number of Exit Packages	Total Cost of Exit Packages
Exit Package Cost Band				£000
£0 to £20,000	0	0	0	0
£20,001 to £40,000	0	1	1	20
£40,001 to £80,000	0	0	0	0
£80,001 to £250,000*		0	0	0
Total	0	1	1	20
Total Cost (£000)	0	20		20

10. Members' allowances

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

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

	2025/26 £000
Allowances	89,812
Expenses	5,186
	94,998

11. Short-term debtors

	31 March 2026 £000
Accrued Income	1,901
Other Receivable Amounts	767
Payments In Advance	10
Trade Receivables	22
	2,700

12. Short-term investments

	31 March 2026 £000
Fixed maturity greater than 3 months	11,690
	11,690

13. Short-term creditors

	Note	31 March 2026	
		£000	£000
Year-end accruals			-240
Trade Payables			-1,026
Total Creditors			**-1,266**

14. Pension assets and liabilities

a) Scheme details

As part of its terms and conditions of employment of its officers and other employees, the Combined Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Combined Authority has a commitment to make the payments, and this needs to be disclosed at the time that employees earn their future entitlement.

The Combined Authority participates in one pension scheme:

- **The Local Government Pension Scheme (LGPS)** - this is a funded defined benefits scheme, meaning that the Combined Authority and its employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets. Hull and East Yorkshire Combined Authority is an employer in the East Riding Pension scheme

b) IAS 19 disclosure

Post employment benefits are accounted for in accordance with International Accounting Standard 19 (IAS 19).

The actuary – Hymans Robertson LLP – carried out an actuarial valuation of the East Riding Pension Fund as at 31 March 2025, and this was reported to the East Riding – Pension Fund in a report dated March 2026. The valuation is made on a number of assumptions which fall into two main categories:

- **Demographic assumptions** – try to forecast when benefits will become payable and what form they will take, e.g. when members will retire (at their normal retirement age or earlier), how long they will live and whether a dependant's pension will be paid.

- **Financial assumptions** – try to anticipate the size of the benefits. For example, how large members' final salaries will be at retirement and how their pensions will increase over time. In addition, the financial assumptions also help us to estimate how much all these benefits will cost the Fund in today's money by making an assumption about the return on the Fund's investments in the future.

IAS 19 (Employee Benefits) is based on a simple principle – that an organisation should account for employment and post-employment benefits when employees earn them and the Combined Authority is committed to providing them, even if the actual provision might be many years in the future. The IAS19 principles give a better reflection of the economic reality of the relationship between an employer and their employees (and with pension funds) than might be appreciated from cash flows. The following notes provide more information on the post – employment benefits of the Combined Authority.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is reported in the cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge the Combined Authority makes against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits, as determined by the actuary, is reversed out of the General Fund and HRA via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Transactions within the Comprehensive Income and Expenditure Statement

The current service cost amount differs from what the Combined Authority is paying in cash contributions which is based on certified rates from the last formal valuation

The remeasurement of the net defined liability reflects the change in market conditions since 31 March 2025. As at the end of March 2026, the net discount rate is 6.35%. An increase in the net discount rate will lead to a decrease in the assessed value of obligations, as a lower value is placed on benefits paid in the future.

	31 March 2026 £000
Current service cost	13
Past service cost (including curtailments)	0
(Gain)/loss from settlements	0
Total Service Cost	13
Financing and Investment Income and Expenditure	
Interest income on plan assets	-1
Interest cost on defined benefit obligation	1
Net interest on the net defined benefit liability (asset)	0
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	13
Remeasurement of the net defined benefit liability comprising	
Return on plan assets (excluding the amount included in net interest expense)	
Actuarial (gains)/losses arising from changes in demographic assumptions	
Actuarial (gains)/losses arising from changes in financial assumptions	-1
Other (if applicable)	
Changes in effect of Asset Ceiling Adjustment	8
Total remeasurements recognised in Other Comprehensive Income	7
Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	20
Movement in Reserves Statement	
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits	-13
Employers' Contributions Payable to the Scheme	22

c) Pension assets and liabilities recognised in the Balance Sheet

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

	31 March 2026 £000
Fair value of plan assets (LGPS)	28
Present value of defined benefit obligation (LGPS)	-20
Present value of unfunded liabilities (LGPS & Teachers)	0
Asset Ceiling Adjustment	-8
Pension Asset / Liability (-)	0

The impact of the Asset Ceiling Adjustment is as follows:

	2024/26 £000
Opening value of the additional liability	0
Changes in the effect of the Asset Ceiling	0
Additional liability	-8
Closing Position as at 31 March	-8

The plan obligation is £0.020m, and plan assets are £0.028m. A pension asset reflects the assets that have already been set aside to fund future pension liabilities less the fair value of future pension liabilities that have been incurred. The overall asset position at 31 March 2026 does not result in a return of funds from the Local Government pension scheme, therefore a further calculation determines an asset ceiling for which the Combined Authority can reflect an asset on the balance sheet. This calculation has further reduced the asset by £0.008m.

d) Reconciliation of the movements in the fair value of the scheme

Reconciliation of present value of the scheme assets (defined benefit obligation):

	2024/26 £000
Opening fair value of scheme assets as at 5 February	0
Interest income	1
Remeasurement gain/(loss):	
The return on plan assets	
(excluding the amount included in net interest expense)	
Contributions from employer	20
Contributions from employees	7
Benefits paid	0
Effect of Settlements	0
Other (if applicable)	0
Balance as at 31 March	28

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2024/26 £000
Opening fair value of scheme liabilities as at 5 February	
Current Service Cost	13
Interest Cost	1
Contributions from scheme participants	7
Remeasurement gain/(loss):	
Actuarial (gains)/losses arising from changes in demographic assumptions	0
Actuarial (gains)/losses arising from changes in financial assumptions	-1
Other (if applicable)	0
Past Service Cost	0
Benefits paid	0
Effect of settlements	0
Balance as at 31 March	20

e) Local Government Pension Scheme assets

The Combined Authority's assets consist of the following categories, further analysed by those that have a quoted market price in an active market and those that do not.

The assets detailed below are at bid value as required under IAS19. As shown, 74% of the assets are quoted in an active market and 26% are in unquoted markets.

By definition, the investments in unquoted markets are not publicly quoted and the valuation depends on estimation techniques and non-marketable observable inputs. Therefore, there is a higher risk that the valuations for £0.007m – 26% (unquoted markets) are either over or under stated. This is mitigated by the level of assets in unquoted markets and the expertise of the actuary appointed to undertake the valuation.

Asset Type	Quoted in an Active market	Unquoted	31 March 2026 £000
Equity Securities			
Other	0.0	0.0	**0.0**
	0.0	0.0	**0.0**
Debt Securities			
Corporate Bonds (Non -Investment Grade)	0.5	0.9	**1.4**
UK Government	0.5	0.0	**0.5**
Other	0.2	0.0	**0.2**
	1.2	0.9	**2.1**
Private Equity			
All	0.3	1.4	**1.7**
Real Estate			
UK Property	0.3	2.1	**2.4**
Investment Funds and Unit Trusts			
Equities	14.1		**14.1**
Bonds	2.2	0.2	**2.4**
Infrastructure	0.2	1.7	**1.9**
Other	2.1	1.0	**3.1**
	19.2	6.4	**21.5**
Cash and Cash Equivalents	0.3	0.0	**0.3**
	21	**7**	**28**

The Combined Authority does not have any financial instruments held as scheme assets nor does it occupy or use any of the property assets included above.

f) Basis for estimating assets and liabilities

Assets

The administering authority does not account for each employer's assets separately. Instead, the Fund's actuary is required to apportion the assets of the whole Fund between the employers, at each triennial valuation.

This apportionment uses the income and expenditure figures provided for certain cash flows for each employer. This process adjusts for transfers of liabilities between employers participating in the Fund but does make a number of simplifying assumptions. The split is calculated using an actuarial technique known as "analysis of surplus".

The methodology adopted means that there will inevitably be some difference between the asset shares calculated for individual employers and those that would have resulted had they participated in their own ring-fenced section of the Fund.

The administering authority recognises the limitations in the process, but it considers that the Fund actuary's approach addresses the risks of employer cross-subsidisation to an acceptable degree.

Liabilities

IAS19 states that the discount rate used to place a value on the liabilities should be 'determined by reference to market yields on high quality corporate bonds at the reporting date'. In addition, 'the currency and term of the high quality corporate bonds used to set the discount rate shall be consistent with the currency and terms of the liabilities'. To set the discount rate, a "Hymans Robertson" corporate bond yield curve was constructed based on the constituents of the iBoxx AA corporate bond index. This approach to setting the discount rate as at 31 March 2026 follows the same principles to those adopted at 31 March 2025.

To improve accuracy, the actuary has determined that a separate discount rate should be calculated for individual employers, dependent on their own weighted average duration. This Combined Authority has been classified as having a weighted average duration of more than 29 years which is in the 'ultra long' discount rate category.

The main demographic assumption to which the valuation results are most sensitive is that relating to the longevity of the Fund's members. As a member of Club Vita, the baseline longevity assumptions that have been adopted are a bespoke set of Vitacurves specifically tailored to fit the membership profile of the Fund. Other demographic assumptions include assumptions for ill health retirements, family details, and commutation of pension.

The recommended retail price index (RPI) inflation assumption is based on the use of a market implied inflation curve over a range of maturities.

The pension increase assumption is set in line with the actuaries default consumer price index (CPI) assumption. As a market in CPI linked bonds does not exist, the actuary estimates the long-term gap between the RPI and CPI in order to derive a CPI assumption for accounting purposes. Our default assumed RPI-CPI gap will be 0.20%

The salary increase assumption at the 2025 valuation has been set to 2.3% p.a. This reflects pay constraints given tighter budgetary conditions. There is a separate allowance for expected pay rises granted in the future as a result of promotion.

	31 March 2026 % p.a
Mortality Assumptions:	
Longevity at 65 for current pensioners:	
Men	**21.2 years**
Women	**24.1 years**
Longevity at 65 for future pensioners:	
Men	**22.0 years**
Women	**25.5 years**
Pensions increase rate (CPI)	**3.00**
Rate of increase in salaries	**3.00**
Rate for discounting scheme liabilities	**6.35**
Take-up of option to convert annual pension into lump sum	**65.0%**

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions as set out in the table above. The actuary has determined sensitivity analyses as detailed below:

	Approximate % increase to Employer Liability %	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	3	1
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/Revaluation Rate (CPI)	3	1

The costs of a pension arrangement require estimates regarding future experience. The assumptions used are largely prescribed at any point and reflect market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate can have a significant effect on the value of the liabilities reported.

A reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude.

The longevity assumptions (member life expectancy) are in line with the Club Vita analysis which was used by the actuary at the formal funding valuation as at 31 March 2025. For sensitivity purposes, the actuary has estimated that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice, the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

The salary increase assumption has been set to be consistent with the most recent formal valuation. The sensitivity analysis shows the impact of an additional salary increase of 0.1% which would increase the employer liability by approximately 0%.

Pension increase assumptions are based on CPI which is calculating as RPI less 0.20% p.a. An additional 0.1% increase in the pension rate would increase the employer liability by 3%.

The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

Asset and Liability Matching Strategy

The Fund does not have a formal Asset and Liability Matching Strategy, but it does select investments that are expected to meet the payment of pension liabilities over the long term and this is set out in its Investment Strategy Statement.

The Fund's primary long-term risk is that the Fund's assets do not meet the cost of its pension liabilities, i.e. the benefits payable to its members. Therefore, the aim of the Fund's investment management is to achieve the long term expected rate of return with an acceptable level of risk. The Fund achieves this through setting the strategic asset allocation, typically on a triennial basis alongside the latest actuarial valuation, which is expected to achieve the target rate of return over the long term. The Fund's appetite for risk will vary depending on market conditions and the types of investments available to it but will be commensurate with meeting the long-term target investment rate of return.

The Fund has a dedicated strategic risk register which identifies the key risks inherent in the Pension Fund, an estimate of the severity of each risk, and the risk controls that are in place to mitigate these risks. The risk register is reviewed twice a year by the Pensions Committee and quarterly by the Pensions Board which considers issues such as performance, regulation and compliance, and personnel.

The Pension Fund section of the accounts provides further details on the how risk is managed and the investments in place.

Impact on the Combined Authority's Cash flows

One of the main objectives of the scheme is to maintain a relatively stable employer contribution rate. The Combined Authority's contribution rate is determined by the actuary and the contribution rate outcomes were implemented with effect from 1 April 2026. The Combined Authority's contribution rate currently set at 20.0% of pensionable pay, until March 31 2029.The next valuation will be based on the Fund's position as at 31 March 2028 and the outcomes will be implemented with effect from 1 April 2029.

The scheme will take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other existing public service pension schemes in England and Wales). The Act provides the scheme regulations to be made within a common framework to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The total contributions expected which relate to the LGPS by the Combined Authority in the year to 31 March 2026 is £0.020m

This excludes contributions deducted and paid across from employee members of the scheme.

15. Usable Reserves

The Combined Authority keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some have been set up voluntarily to earmark resources for future spending plans and others are needed to comply with proper accounting practice.

Usable reserves are those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, for example the Usable Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt.

	Note	Balance 5 February 2025 £000	Net Movement in-year £000	**Balance 31 March 2026 £000**
General Fund	MiRS	0	2,035	**2,035**
Capital Grant Unapplied Account	28	0	5,006	**5,006**
Earmarked Reserves	29	0	8,732	**8,732**
		0	15,773	**15,773**

16. Earmarked revenue reserves

	5 February March 2025 £000	Total Movement in-year £000	Income £000	Expenditure £000	**31 March 2026 £000**
Investment Reserve	0	5,708	5,708	0	**5,708**
Community Investment Reserve	0	970	970	0	**970**
Spatial Development Reserve	0	1,554	1,554	0	**1,554**
Elections Reserve	0	500	500	0	**500**
	0	8,732	8,732	0	8,732

17. Unusable reserves

Unusable reserves are those that the Combined Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold statutory adjustments required to reconcile balances to the amounts chargeable to council tax for the year, in order to comply with legislation, which are shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'. The purpose of each reserve is explained in the individual notes.

	Note	Balance 5 February 2025 £000	Net Movement in-year £000	**Balance 31 March 2026 £000**
Unusable Reserves				
Pensions Reserve		0	0	**0**
		0	0	**0**

18. Pensions reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Combined Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect

	Note	2025/26 £000
Balance as at 5 February		**0**
Actuarial gains and losses on pension assets and liabilities		**9**
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		**-22**
Employer's pension contributions and direct payments to pensions payable in the year		**13**
Total Increase in the account in year		**0**
Balance as at 31 March		**0**

inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Combined Authority makes employer's contributions to the Pension Fund, or eventually pays any pensions for which it is directly responsible. A debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Combined Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits fall to be paid.

19. Carrying amount of categories of financial assets and financial liabilities

The financial assets and liabilities disclosed in the Balance Sheet are made up of the following categories of financial instrument.

	31 March 2026			
	Long term £000	Current £000	Total Carrying Value £000	Total Fair Value £000
Category of Financial Instrument				
Investments at amortised cost	0	11,690	11,690	11,690
Cash and cash equivalents at amortised cost	0	1,306	1,306	1,306
Cash and cash equivalents at FVTPL	0	1,343	1,343	1,343
Total Included in Current Assets	0	14,340	14,340	14,340
Total Financial Instruments	0	14,340	14,340	14,340
Non-financial Instrument Assets and Liabilities			-14,340	
Net Assets less Total Liabilities			0	

Fair Value

Financial liabilities and financial assets taking the form of a basic lending arrangement are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining terms of the instruments. Disclosure of fair value is not required where the carrying amount is thought to be a reasonable approximation of fair value, such as when the interest rate remains the same for the life of the instrument.

Financial Assets Measured at Fair Value

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 5 February 2025 £000	As at 31 March 2026 £000
Investments in equity instruments designated at fair value through other comprehensive income	Level 3	At cost, method described below	0	0
Investments in LVNAV money market funds classified as fair value through profit and loss	Level 1	Unadjusted quoted prices in active markets for identical financial instruments	0	1,343
Total			0	1,343

Equity instruments that do not have a quoted market price

The Combined Authority has no investments in equity instruments where cost has been used as the best estimate of fair value.

20. Financial instrument gains/losses

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

	Note	Financial Liabilities		Financial Assets			
At 31 March 2026		Liabilities Measured at Amortised Cost (contracted amounts)	Finance Leases	Balances Held on Behalf of Others	Measured at Amortised Cost	Measured at FVTPL	Total
		£000	£000	£000	£000	£000	£000
Interest and investment income		0	0	0	1,484	0	1,484
Net Financing and Investment Income and Expenditure		0	0	0	1,484	0	1,484
Net (Gain)/Losses for the Year		0	0	0	1,484	0	1,484

21. Financial instruments and risk management

The Combined Authority is a local authority as defined by the Local Government Act 1972, and primarily provides statutory services to its population on a not-for-profit basis. As such, few financial instruments are used by way of commercial business. However, the funding mechanism means that, during the year, the Combined Authority may hold substantial assets and liabilities. The Combined Authority uses financial instruments to manage the risks arising from holding assets and liabilities; it does not undertake financial instruments for trading or speculative purposes.

Instruments commonly used to hedge financial and treasury type risks include derivative securities, such as an option, future or swap, of which the criteria and value are determined by those of an underlying asset. The Combined Authority has not used any derivative financial instruments.

The Combined Authority has adopted the CIPFA Code of Practice for Treasury Management in Public Services. It maintains and operates a Treasury Management Policy comprising an overview of the principles and practices to which the activity will comply. Alongside this Policy, the Department for Communities and Local Government has issued guidance under section 15(1) (a) of the Local Government Act 2003, to which local authorities must have regard. Annually, the Combined Authority approves a Treasury Management Strategy for the forthcoming year. Taken together, these documents form the structure for managing risk.

The main financial risks arising from the Combined Authority's activities are credit risk, liquidity risk and interest rate risk. The way these risks are managed is summarised below. Other risks include insurance risk, price risk and foreign exchange risk, although the Combined Authority has limited exposure to those instruments.

a) Credit risk

Credit risk is the probability that other parties might fail to pay amounts due to the Combined Authority. Appropriate credit limits have been established by the Combined Authority for individual counterparties for treasury management purposes. As a statutory service provider, the Combined Authority is not able to apply normal commercial principles to credit risk for all its counterparties. The Combined Authority's Treasury Management Policy specifies the following framework for credit limits:

	Maximum £000	**Actual at 31 March 2026** **£000**
Specified Investments (limit per counterparty)		
UK Government	Unlimited	**0**
Natwest	30,000	**15,406**
Local Authorities	20,000	**3,167**
Money Market Funds with a minimum rating AAA2	20,000	**4,222**
Banks and Building Societies with a minimum rating of A-/A:	20,000	**3,167**
Non-Specified Investments (limit per counterparty)		
Non-specified investments	20,000	**0**
Loans (limit per counterparty)		
Other Public Bodies and Educational Establishments	5,000	**0**
Wholly Owned Companies or Associates	10,000	**0**
Partnership Arrangements	10,000	**0**
Charities	500	**0**
Other Limits (on day of investment)		
Aggregate value of Non-specified Investments	50,000	**0**
Aggregate value of Loans	20,000	**0**

The aggregate value of loans will not exceed £20m at any one time.

The aggregate value of non-specified investments will not exceed £50m at any one time.

The above table shows the maximum credit risk associated with an individual counterparty, rather than separate investments. Investments with the Combined Authority's own bank are permitted to exceed the institutional and portfolio limits on an overnight basis when unexpected income is received.

Treasury credit risk has been managed dynamically during the year, responding to national and international events in financial markets. Security of principal sums invested continues to be the prime objective. The Combined Authority makes use of Low Volatility Net Asset Value (LVNAV) Money Market Funds which are instant access funds whose objectives match those of the Combined Authority, being security of principal and diversification of investments.

Total credit risk associated with all investments, including accrued interest, is as follows:

	Actual at 31 March 2026 £000
Specified Investments	
UK Government	**0**
Natwest	**1,238**
Local Authorities	**11,690**
Money Market Funds with a minimum rating AAA2	**1,343**
Banks and Building Societies with a minimum rating of A-/A22	**0**
Non-Specified Investments (limit per counterparty)	
Other non-specified investments*	**0**
Loans (limit per counterparty)	
Other Public Bodies and Educational Establishments	**0**
Wholly Owned Companies or Associates	**0**
	14,271

Expected Credit Losses

The Combined Authority has assessed its short and long term investments at amortised cost, using average cumulative credit loss rates published by the Moody's credit rating agency for those with credit ratings. The total expected credit loss calculated was below £10,000, therefore not material and no impairment allowances have been made.

All sundry debtors are assessed for expected credit losses, those that are not yet due are not deemed to have any credit losses associated with them at this stage. Those that are past due are then assessed further for expected credit loss, and the level of impairment allowance has been calculated with changes in loss allowances accounted for against Financing Investment Income and Expenditure in the surplus or deficit on the provision of service. The approach taken is to individually assess those over £10,000 and to do so collectively for the others to reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. Debt over 6 years old are impaired at 100%.

b) Liquidity risk

Liquidity risk is the risk that the Combined Authority is not able to meet its financial obligations as they fall due or can do so only at an excessive cost. The Combined Authority's policy is to maintain sufficient funds in a liquid form at all times to ensure that it can cover all fluctuations in cash flow and to meet its financial obligations. This is achieved by holding a prudent level of assets in short-term wholesale funds together with undrawn, committed borrowing facilities. Local authorities also have ready access to borrowing from the Public Works Loans Board. Refinancing risk is managed by limiting the amount of borrowing that matures within any specified period.

The table below analyses the Balance Sheet by significant class of asset and liability into relevant maturity bands based on the remaining period at the balance sheet date to the contractual maturity date. The figures are analysed gross to better reflect the purpose of the disclosure, therefore there is no obvious link comparing net assets to total equity unless the balance sheet figures are considered in the same manner.

In the below tables, within assets, PPE is not a financial instrument, whereas cash is, along with some elements of other assets where a contract gives rise to a financial asset including investment loans, shareholdings and loans, leases and other debtors. Usable and unusable reserves within liabilities are not financial instruments, borrowings are, along with some elements of other liabilities where a contract gives rise to a financial asset, including leases, trade and other creditors.

At 31 March 2026	Not more than 3 months £000	3 - 12 months £000	1 -5 years £000	More than 5 years £000	No specific maturity £000	Total £000
Assets						
Property, plant & equipment	0	0	0	0	0	**0**
Cash & cash equivalents	2,649	11,690	0	0	0	**14,339**
Other assets	2,073	627	0	0	0	**2,700**
Total Assets	4,722	12,317	0	0	0	**17,039**
Liabilities						
Borrowing	0	0	0	0	0	**0**
Other liabilities	1,266	0	0	0	0	**1,266**
Usable reserves	0	15,273	500	0	0	**15,773**
Unusable reserves	0	0	0	0	0	**0**
Total Liabilities	1,266	15,273	500	0	0	**17,039**
Liquidity Surplus/(Gap)	**3,456**	**-2,956**	**-500**	**0**	**0**	**0**

c) Interest rate risk

The Combined Authority is exposed to movements in interest rates reflecting the mismatch between the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or, if earlier, the dates on which the instruments mature. The Combined Authority manages this exposure by borrowing mainly at fixed rates and on a principal repayment basis for longer dated liabilities, thus maintaining a stable charge to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

The table below analyses the Balance Sheet by asset and liability class and summarises interest rate sensitivity exposure as at 31 March 2026. Items are allocated to time bands by reference to the earlier of the next interest rate repricing date and the maturity date.

In the below tables, within assets, PPE is not a financial instrument, whereas cash is, along with some elements of other assets where a contract gives rise to a financial asset including investment loans, shareholdings and loans, leases and other debtors. Usable and unusable reserves within liabilities are not financial instruments, borrowings are, along with some elements of other liabilities where a contract gives rise to a financial asset, including leases, trade and other creditors.

If interest rates had been 0.50% higher throughout the year, based on the transactions undertaken in the year and all other variables constant, the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement would have benefited by £0.186m, comprising £0.186m additional interest income on investments. There would be no additional interest charges as the borrowing portfolio is fixed, and no additional borrowing has been taken in year. A 0.50% fall in interest rates would have resulted in a decrease to interest rate receipts of £0.186m. There would be no material impact on the Balance Sheet and Other Comprehensive Income and Expenditure since the carrying amount of the respective assets and liabilities is a reasonable approximation of fair value.

At 31 March 2026	Not more than 3 months £000	3 - 12 months £000	1 -5 years £000	More than 5 years £000	No specific maturity £000	Total £000
Assets						
Property, plant & equipment	0	0	0	0	0	**0**
Cash & cash equivalents	2,649	11,690	0	0	0	**14,339**
Other assets	2,073	627	0	0	0	**2,700**
Total Assets	4,722	12,317	0	0	0	**17,039**
Liabilities						
Borrowing	0	0	0	0	0	**0**
Other liabilities	1,266	0	0	0	0	**1,266**
Usable reserves	0	15,273	500	0	0	**15,773**
Unusable reserves	0	0	0	0	0	**0**
Total Liabilities	1,266	15,273	500	0	0	**17,039**
Interest Rate Surplus/(Gap)	3,456	-2,956	-500	0	0	**0**

22. Cash and cash equivalents

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

		2024/26 £000
Cash equivalents		**1,902**
Cash at bank		**747**
Cash and cash equivalents	Page	**2,649**

23. Adjustment to net surplus or deficit on the provision of services for non-cash movements

	Note	2024/26 £000
Depreciation		**0**
Impairment and downwards valuation		**0**
Amortisation		**0**
Increase (-) / decrease in impairment provision for bad debts		**0**
Increase (-) / decrease in creditors		**-1,256**
Increase / decrease (-) in debtors		**2,700**
Increase / decrease (-) in inventories		
Pension liability		**9**
Carrying amount of non-current assets (and those held for sale) sold		**0**
Other non-cash items charged to the Surplus or Deficit		
Total non-cash movements in surplus or deficit on the provision of services		**1,453**

24. Related party transactions

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

a) Central government

UK Central government has significant influence over the general operations of the combined Authority – it is responsible for providing the statutory framework within which the Combined Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Combined Authority has with other parties. Grants received from government departments are set out in the Note 7. There were no transactions outstanding at 31 March 2026.

b) Members

Members of the Combined Authority have direct control over the Combined Authority's financial and operating policies. Information on Members' remuneration is published on the Combined Authority's website.

The Members' Register of Interest is published on the Combined Authority's website (address shown on page **Error! Bookmark not defined.**).

c) Officers

Officers that might be in a position to influence significantly the policies of the Combined Authority are considered to be members of the Senior Leadership Team as disclosed in Note 9b). There were no declarable transactions between any of these officers and the Combined Authority on a personal basis.

The Combined Authority officers' interests are listed below:

Humber Freeport Company Limited Board

Alan Menzies (Interim Chief Executive) was a Director during 2025-26

SWAP Audit Services

Julian Neilson (Interim Director of Finance) was a Director during 2025-26

Humber Bridge Board

Julian Neilson (Interim Director of Finance) was Treasurer during 2025-26

Nite Direct Marketing Limited

Alan Menzies (Interim Chief Executive) was a Director during 2025-26

Correct Compliance Limited

Alan Menzies (Interim Chief Executive) was a Director during 2025-26

Other

d) Assisted organisations

A review has been undertaken and no entities have been identified as assisted organisations.

e) Other

Information in respect of material transactions with related parties, not disclosed elsewhere in this Statement of Accounts, is presented below. The entities listed include levying and precepting bodies, and other entities such as voluntary organisations, educational establishments, partnerships and NHS organisations where officers or Members have declared an interest which has the potential to control or influence the Combined Authority or to be controlled or influenced by the Combined Authority.

For related parties the Combined Authority considers amounts over £75k as material. Some entities under this amount have been included as the transactions may be material to them.

The 2024-25 balances have been restated to ensure appropriate comparison with the 2025-26 statements.

	2024/26			
	Payments £000	Receipts £000	Debtors £000	Creditors £000
Central Government	112	-76,911	0	40
East Riding of Yorkshire Council	39,632	0	0	328
Kingston Upon Hull City Council	21,439	0	0	124

25. Events after the reporting period

This note considers events that arise after the balance sheet date, which concerns conditions that did not exist at that time and are of such materiality that their disclosure is required for the fair presentation of the final statements. Events after the balance sheet date are reflected up to the date when the Statement of Accounts was authorised by the Executive Director of Finance as Section 73 Officer on 30 June 2026.

At the date of signing, there have been no adjusting or non-adjusting events after the reporting period.