SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY

STATEMENT OF ACCOUNTS 2022/23

Unaudited

For the period
1 April 2022 to 31 March 2023

Contents

Narrative Report by the Chief Financial Officer

1. INTRODUCTION

Purpose of the Narrative Report

The Narrative Report provides key messages on the organisational structure of the Mayoral Combined Authority (MCA), its overall strategies and objectives and how it has performed over the year in terms of achieving those objectives.

The Narrative Report also provides a summary of the MCA's financial performance and how it has secured economy, efficiency, and effectiveness (value for money) in the use of its resources over the course of the 2022/23 financial year in meeting its strategic aims as a Group. Whilst the effects of the Covid-19 pandemic have reduced in comparison to previous years, it still continues to have an impact on the MCA and this is outlined in section 4 below.

Another key milestone in 2022/23 was the formal dissolution of SYPTE. This was subject to a Parliamentary legislation and SYPTE was formally closed as a legal entity on 31 March 2023.

2. ORGANISATION & CORPORATE OBJECTIVES

The South Yorkshire Mayoral Combined Authority and MCA Group

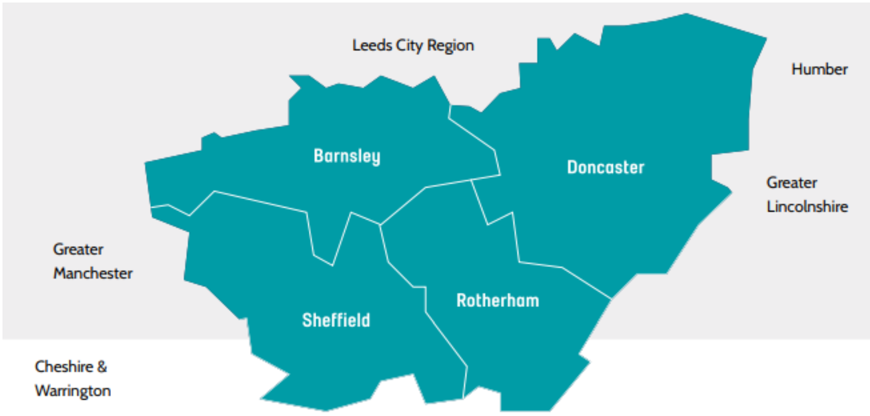
The MCA is a formal partnership of Councils and the directly elected Mayor of South Yorkshire that shapes policy and leads on decision-making.

Formed in 2014, the constituent members of the Mayoral Combined Authority are Barnsley, Doncaster, Rotherham, and Sheffield.

The MCA is supported in its activity by a Local Enterprise Partnership (LEP). The LEP brings together the interests and expertise of the South Yorkshire business community, and also key anchor institutions such as the universities and colleges and third sector representation.

The Mayor and the Leaders of the four Councils form the MCA Board. The MCA Board is the principal decision-making body. Sitting below the MCA Board are a number of thematic boards that design policy in their respective areas and exercise some delegated decision making functions.

The thematic boards are chaired by a Council Leader with a member of the Local Enterprise Partnership serving as a Vice-Chair. The Boards are supported in their duties by officers of the MCA Executive.



The overall purpose of the MCA is to fulfil two complementary functions:

- To drive economic growth in the City Region through the implementation of the Strategic Economic Plan (SEP); and
- To act as the Local Transport Authority for South Yorkshire and be responsible for its statutory Local Transport Plan.

The MCA is the legal and accountable body for all funding received by it including that notionally awarded to the LEP.

From 1 April 2019, the MCA became the employing body for the South Yorkshire Executive Team: a dedicated resource providing impartial advice and support to the MCA, Mayor and LEP. The MCA shares officer resource within its Group, with officers of the MCA and the South Yorkshire Passenger Transport Executive coming together to deliver shared-services and joint leadership.

The MCA's powers and functions are defined in statute. Most recently these changed when the South Yorkshire Devolution Deal was signed by Minister Simon Clarke on 27 July 2020 which, in addition to providing £30m per annum over the next 30 years, gives the MCA control of the Adult Education Budget as well as powers over transport, skills, housing and regeneration. Since this point the MCA has received further powers relating to its ability to borrow for all its competencies and functions.

During the year the region elected its second Mayor (Oliver Coppard) in May 2022, and the activities and performance included in these 2022/23 Accounts largely reflect his vision and policy objectives.

Economic Development

The MCA's SEP was revised in 2021, setting out a 20-year plan for economic growth, creating new jobs and businesses covering the period 2021 to 2041. This newly adopted plan refreshes the SEP previously adopted in 2015, adjusting for the changes to the economic landscape following the Covid-19 pandemic.

Our Strategic Economic Plan 2020-40 sets out our vision and policy objectives to grow the economy at pace and at scale, ensuring that all people and places have a fair opportunity to contribute to, and benefit from prosperity.

During the year, work has been undertaken to develop plans that reconcile the existing Strategic Economic Plan activities with Mayoral Manifesto commitments. The MCA has commissioned the production of four investment plans for each of the constituent local authorities – known as the Place Plans – along with a region wide growth plan known as the Prospectus for Growth.

The Place Plans will anchor the MCA into local priorities, with the regional Prospectus for Growth using those foundations to deliver transformational investment across South Yorkshire.

In parts, delivery of these plans is already underway, with work expected to accelerate during financial year 2023/24.

The Vision

To grow an economy that works for everyone, developing inclusive and sustainable approaches that build on our innovation strengths and embrace the UK's 4th Industrial Revolution to contribute more to UK prosperity and enhance quality of life for all.

The MCA will deliver on our vision, through Prospectus for Growth. This will act as a medium to long-term investment prospectus underpinned by a robust, local evidence base and supported by resourced delivery plans with an outcomes-based reporting framework. This will chart and communicate our collective impact on the region's economy, jobs and the lives of residents.

Overarching Policy Objectives

<u>Growth</u>
Growing the economy and enhancing its strength and resilience.

<u>Inclusion</u>
Ensuring that everyone has a fair opportunity to contribute to and benefit from economic growth, that people have a greater stake in their economy, and that work is more closely linked to wellbeing and a decent life.

<u>Sustainability</u>
Driving low carbon, green and circular economy opportunities within the economy and delivering net-zero emissions and lower overall environmental impact.

To support the delivery of the SEP, the MCA Board in March 2021 agreed to set up the South Yorkshire Renewal Fund (SYRF). This was intended to be the "fund of funds". This is to say that all funding allocations bequeathed to the MCA will "sit" in the SYRF and be governed by the investment principles agreed by the Board and any specific rules that may accompany individual funding streams. Therefore, the SYRF now includes funding streams such as Gainshare (the devolution investment fund), Shared Prosperity Fund, CRSTS, AEB and Brownfield Housing Fund.

In January 2022, the MCA Board agreed a phased approach to the deployment of the SYRF and then in March 2022, notional gainshare allocations were agreed for the MCA and the four SY districts. In addition, the Project Feasibility Fund was set up using Gainshare revenue over the next two years.

As mentioned above, the MCA Board also agreed to the development of five delivery plans (four Place Based Investment Plans and a Prospectus for Growth) to deliver the SEP.

Our investment is yielding dividends: the share of South Yorkshire businesses classed as “high growth” is now level with Greater Manchester and Liverpool City Region. The Mayor hosted South Yorkshire’s first Tech Summit in Barnsley, and launched the tech welcome grants scheme to encourage firms to relocate to South Yorkshire.

Transport

We have continued to deal with the impact of Covid and its effects on both the viability of the commercial public transport network in the short to medium-term, but also the implications on medium to longer-term passenger demands and travel habits.

SYPTE and transport operators in the region continued to receive funding from DfT to support levels of service which would otherwise not be commercially viable to allow for demand to recover and, as best as possible, services to return to a commercially sustainable level.

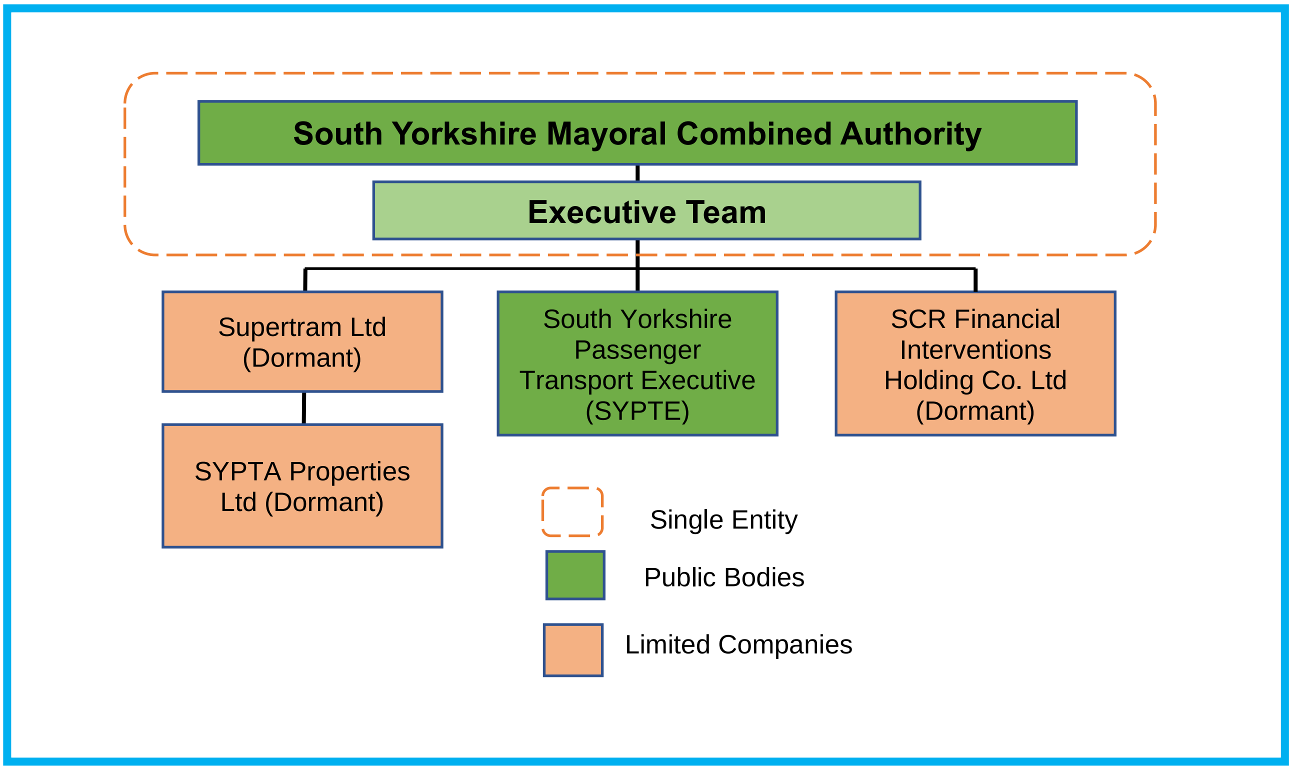
The new Mayor’s Manifesto Commitments included the following transport related priorities:-

1. Pursue the option to implement bus franchising and bring buses back under public control
2. Deliver on active travel targets
3. Recruit a new active travel commissioner and expand walking and cycling networks;
4. Review the ownership of tram operations and consider bringing tram back under public control at the end of the current concession in March 2024;
5. Lobby for government for better investment in rail across South Yorkshire and the North;
6. Lobby for government for increased investment in accessibility at railway stations;
7. Adopt a zero-tolerance approach to harassment on buses for passengers and staff and in taxis;
8. Support Doncaster bid to become the home of Great British Railways.

These priorities set the framework for the full Transport Strategy outlining the evidence base and key policies which will be adopted to help deliver the goals and mayoral commitments.

MCA Group Structure

The MCA Group comprised the following organisations during 2022/23:



South Yorkshire Passenger Transport Executive (SYPTE) was responsible for the delivery of public transport services during 2022/23 whilst the MCA was responsible for approving the income and expenditure estimates of SYPTE and its capital programme. The structure also shows the three dormant companies in 2022/23 as set out in the diagram.

The decision taken by the MCA to integrate SYPTE into the MCA also represents a significant change to the MCA group's governance model. Over the past 2 years, the MCA has begun taking the necessary preparatory steps to plan for the dissolution of the SYPTE as a statutory entity and new legislation was finally passed by Parliament to formally dissolve the SYPTE on 31 March 2023.

3. KEY DEVELOPMENTS IN THE YEAR

This section highlights the key achievements and developments delivered by the MCA Group in 2022/23. During the year the MCA has:

- Delivered practical integration of the Group on time and under budget, ahead of the formal dissolution of SYPTE on 31 March 2023.
- Undertaken an organisational wide review, engaging with stakeholders at a national, regional, and local level to understand how the MCA can become a more effective organisation.
- Continued to fight for the re-establishment of aviation activity at Doncaster Sheffield Airport.
- Accelerated the franchising assessment process for South Yorkshire's bus system - the legal process to evaluate whether the current bus system works for our region or whether a move towards franchising is appropriate.
- Agreed and begun the difficult work to bring Supertram back into public control and ownership to stabilise the network, at the end of Stagecoach's franchise in March 2024.
- Navigated supplier and inflationary headwinds to invest c. £112m into capital investment schemes – the most spent by the MCA since its inception in 2014.
- Taken the difficult decision of agreeing to a 2% increase in the transport levy – the first increase in more than a decade – to strengthen the long-term financial sustainability of our bus network. The four councils agreed this despite historic pressures on local authority budgets.
- Continued to stabilise the transport network through the purchase of further tendered bus services and a local funding package for operators to complement national support.
- Supported patronage on the bus network and alleviated the cost-of-living crisis by introducing a £2 bus and tram fare cap from 1 November 2022.
- Continued to support young people by extending the 18-21 "Zoom Beyond" concession.
- Committed £5.2m to protect school routes and provided an additional £7.2m for the bus network through the Protection of Priority Services Reserve.
- Used funding surpluses earned from exceptional Treasury Management performance to invest into a cost-of-living package aimed at food security
- Committed £24m of revenue funding to the design, development, and implementation of five long-term investment plans, aimed at stimulating long-term investment and growth for the region.
- Secured new sources of funding for high growth, innovative firms. Northern Gritstone – a collaboration between the Universities of Sheffield, Leeds and Manchester – has invested over £43m this year in three high value university 'spin-outs' in the region.
- Worked with the South Yorkshire Pension Fund to develop their Place Base Impact Fund, supporting the potential for up to £500m of Pension Fund investment into the region.

- Lobbied the Government, via the Mayor, for protected (and expanded) funding for Working Win pilots – helping those suffering with mental and physical illness back into the labour force. This programme is now secure for another two years.
- Agreed and began the region's first ever Shared Prosperity Fund programme.
- Redesigned the Assurance Framework to ensure processes would allow the MCA and partners to deliver quality investment activity at pace.
- Met challenging delivery timelines to ensure time-limited government funding was deployed without incurring clawback.

4. POST PANDEMIC RECOVERY

This section has been included in the Narrative Report as the impacts of the pandemic, and consequent changes to societal behaviours, continue to be an important factor on the level of demand for the MCA's services, and how its delivers and pays for those services.

Provision of Transport Services & Funding

Whilst 2022/23 didn't see any national restrictions on movement or operations as a result of Covid-19, the impact of the pandemic continued to be felt. Services across the region on all modes experienced demand still well below that of pre-pandemic levels with society adjusting to new ways of working.

During 2022/23 the MCA continued to commit to operators a subsidy equal to the concessionary fare reimbursements paid prior to the pandemic, pro-rated based on the levels of services operated.

Complemented by national support paid directly to operators, this level of support largely secured the continuation of the network in its pre-pandemic form, though we should note that national funding arrangements remained over very short periods of certainty with numerous funding cliff edges.

Where bus services were not run this was principally due to shortages in bus-drivers and strike action, rather than insufficient funding, and some communities experienced a complete withdrawal of bus services from October 2022 as a result.

Towards the end of the year, it became apparent that some operators were beginning to prepare their businesses for the assumed loss of government support in the new financial year and one major operator in the region forewent receipt of continued government funding from October 2022 which placed greater financial pressure on the MCA as a result.

Uncertainty on the intentions of Government to sustain funding, and the quantum of funding that was ultimately made available has led to significant planning strain, with the need to maintain reserves to avoid immediate shock.

To mitigate against this the MCA has undertaken a number of network reviews and developed a supporting Financial Strategy, principally focused on the use of reserves to provide a bridge to a commercially sustainable network. This activity reflects that supporting all potentially withdrawn services will not be sustainable within existing resource envelopes, with a need for either rationalisation of the network or new funding to be found.

By the end of the year Government had, through various decision points, agreed to sustain funding to the end of March 2023. This funding allowed the MCA to avoid drawing upon reserves in the financial year, with resource carried forward to meet the deferred risk.

Work continues to ensure that the impact of service reductions is mitigated in so far as it is possible to do so.

Renewal Action Plan

Whilst concerns around the transport work remained a focus, resources also continued to be allocated to planning for the ongoing recovery phase through Renewal Action Plan commitments.

During the year the MCA continued to fund Business Advisors to support businesses in their transition to the new operating environment whilst a significant piece of work was undertaken to shape the MCA's wider approach to business support.

Matching Gainshare funding to Shared Prosperity Funding, the MCA has now been able to shape a funding package that will support an exemplar business support offer.

Whilst over £7m was earmarked to support skills Renewal Action Plan activity in March 2021, by the end of the year very little of the resource had been deployed.

In part, this position has been caused by a fundamental difference in the way the economy behaved during the pandemic and in its aftermath compared to forecast. The MCA had braced for significant unemployment, with a need to deploy funding to retraining and pathways to employment activity.

The success of national furlough and business support schemes meant that this forecast did not come to fruition, with instead an unexpected contraction in the labour market being the key concern.

This outcome has required a re-set on assumptions, with schemes and resource instead being committed to activity such as the MCA's bus driver training and retention scheme.

Reserves, Financial Performance and Financial Position

Reserves continued to be reviewed throughout the year as the MCA, and the nation in general, began to adjust to post-pandemic realities. That adjustment was buffeted throughout the year as the consequences of the war in Ukraine and aggressive inflation began to impact on the MCA's day-to-day business.

At Quarters 1, 2, and 3 reserve positions were reviewed, with opportunities considered on how best resource could be deployed to support pressing issues such as the cost-of-living crisis and the potential for the loss of significant parts of the transport network.

The most significant risk during the year for the MCA as the local transport authority was the impact on the bus tendered services budget in the event that operators cut or withdrew vital public transport services in response to the potential cessation of central Government support.

During the year the MCA increased the level of reserves held to support emergency support to the transport network, taking the Protection of Priority Services reserve from £7m to £11.7m.

This increase was achieved via the reprioritisation of a number of existing reserves and the contribution generated from exceptional treasury management performance. This performance saw £9m of investment income generated against a base budget forecast of just over £1m.

This surplus funding was, in part, diverted to immediate cost-of-living priorities during the year, with some held over to support transport risk and a further £3.75m committed to a capacity and development reserve.

This latter reserve represents a new earmarked reserve that will help the MCA to adjust to the aggressive inflationary environment that is driving costs up across the business and contributing to an extremely difficult labour market.

The unexpected continuation of Government funding over Quarter 4 of the financial year and the challenges bus operators faced in recruiting drivers also contributed to lower than forecast draws against both the Protection of Priority Services Reserve and the Levy Reduction Reserve. Lower draws on these two reserves will provide additional flexibility to address impending issues in the new financial year.

Finally, over the course of the year the MCA undertook a significant balance sheet exercise to review aged balances. This review has allowed for the release and reclassification of money, including the creation of an earmarked reserve for a risk around the Woodbourne Road tunnel in Sheffield and the release of a number of items to the General Fund.

Cash Flow Management

Cashflow management is governed by the MCA group's Annual Treasury Management Strategy, the 2022/23 update of which was approved by the MCA Board in March 2022.

In common with most other public sector bodies, the MCA's approach to its Investment Strategy is governed by a hierarchy of considerations centred on protecting public funding.

This hierarchy places a greater emphasis on the security and the liquidity of the MCA's investments than it does on the yield generated from them. This relatively conservative approach limits the MCA's exposure to losses arising from counterparty default, but also potentially limits the returns that can be generated from investing in riskier products or over longer time periods.

Despite this relatively risk-averse approach investment income generated £9m in year and £8m more than budget as outlined in the financial performance section below.

5. FINANCIAL PERFORMANCE

Overall Position

At outturn the financial results show that the MCA incurred expenditure of £267m, falling short of the base budget estimates by £205m. Analysis highlights that underperformance in the capital programme accounted for £177m, or 86%, of this underspend:

Consolidated Group	Base £k	Outturn £k	Variance £k
Capital	£289,410	£112,473	-£176,937
Revenue	£182,960	£154,918	-£28,042
Total	**£472,370**	**£267,391**	**-£204,979**

The financial outturn is notable on a number of issues:

- At c. £112m the MCA and partners achieved the highest levels of annual capital investment since its inception in 2014;
- Whilst in-year expenditure reached record levels it did fall short of base budget forecasts, with significant amounts of activity slipped into future years as labour market pressures impacted on capacity and inflationary pressures required schemes to be re-designed;
- This capital slippage led to higher levels of cash being held on deposit which attracted improving yields as interest-rates rose in response to inflation;
- This investment activity allowed the MCA to generate c. £8m more in investment income than it had planned, enabling the implementation of a £4m cost-of-living package to support struggling communities and allowing the MCA to consider options to bridge longer-term financial pressures;
- The MCA was also able to navigate complex commercial challenges on the bus and tram network, using local and national funding to sustain a level of service and support patronage priming products such as the Zoom Beyond concession and the £2 fare cap;
- An unexpected continuation of Government funding support for the transport network over Quarter 4 means that the MCA has avoided the need to draw upon finite reserves earmarked to support priority bus services, with that resource now available in the new year and beyond; and,
- Bus operators' ability to deliver on all routes – regardless of subsidy – has remained a problem throughout the year, with a lack of drivers leading to some tendered services remaining unfilled. This has further contributed to a net c. £2m underspend on local transport authority activity, reducing the need for calls on the Levy Reduction Reserve.

Reviewing the outturn position by thematic area reflects the broad position above:

Consolidated Group	Base £k	Outturn £k	Variance £k
Transport & Environment	£267,102	£133,786	-£133,316
Housing & Infrastructure	£81,766	£47,526	-£34,240
Skills & Employment	£56,664	£45,254	-£11,411
Business Growth & Recovery	£17,311	£14,373	-£2,938
	£422,843	£240,939	-£181,905
MCA Executive	£20,831	£13,341	-£7,490
Mayoral Office	£3,137	£2,405	-£732
Project Feasibility Fund	£12,000	£7,344	-£4,656
Community Renewal Fund	£4,000	£3,362	-£638
Uncommitted Resource	£9,559	£0	-£9,559
Total	**£472,370**	**£267,391**	**-£204,979**

Underspends in the Transport and Environment area reflect slippage on transport capital programmes, principally the Transforming Cities Fund, City Region Sustainable Transport Fund and Mayor's Transport Fund. Underspending in Housing & Infrastructure principally reflects slippage on the Brownfield Housing capital programme. Underspending on Skills and Employment activity reflects in-year revenue underspends on the Adult Education Budget and Skills Renewal Action Plan activity.

Underspends across the programme have resulted in the MCA holding higher cash balances and reserves than it forecast to. These balances have been managed in accordance with the Treasury Management Strategy and have generated additional investment income that has in turn obviated the need to draw on general reserves as was initially planned.

The revenue underspend of £28m is due to slower than budgeted delivery on revenue programmes funded by revenue grant and reserves. This is illustrated in the table below which shows that the underspend on net revenue expenditure is matched by a lower draw down of revenue grants and revenue reserves. Unused grant and reserves are being carried forward in the balance sheet to meet expenditure in future years when it arises.

REVENUE	Group - Original Budget £k	MCA/LEP £k	South Yorkshire Transport £k	Group - Outturn £k	Variance £k
Gross revenue expenditure	£182,960	£71,520	£83,398	£154,918	-£28,042
General income	-£4,774	-£8,572	£0	-£8,572	-£3,798
Commercial income	£0	£0	-£17,230	-£17,230	-£17,230
Net revenue expenditure	£178,186	£62,948	£66,168	£129,116	-£49,070
Revenue grants	-£146,149	-£62,390	-£54,364	-£116,754	£29,395
Revenue reserves	-£32,037	-£4,310	-£9,204	-£13,514	£18,523
Intercompany	£0	£0	-£2,600	-£2,600	-£2,600
Net surplus	**£0**	**-£3,752**	**£0**	**-£3,752**	**-£3,752**

The net surplus of £3.75m is due to the additional investment income generated in year. This has been transferred to a Capacity and Development Fund. Its purpose is to mitigate pressures caused by the high inflation environment and to support the development of organisational capacity and capability requirements which emerged from the recent MCA Review.

Reconciliation of the Revenue Budget Outturn to the Comprehensive Income & Expenditure Statement (CIES)

The Revenue Outturn described above reports financial performance on the statutory basis on which Local Government raises finance from local taxpayers to deliver services and invest in its capital assets.

This differs from the way in which financial performance is reported in the CIES in the Statement of Accounts which is on the basis of generally accepted accounting practice (International Financial Reporting Standards).

The following table shows how the MCA's surplus on the provision of services shown in the CIES of £7.762m reconciles to the Revenue Outturn against Revenue Budget reported to the MCA on 5 June 2023 of £3.752m.

	2022/23
	£'000
Surplus on Provision of Services in the CIES	**-7,762**
Reversal of items not chargeable against revenue budget:	
IAS 19 pension costs - current service	-1,100
IAS 19 pension costs - net pension interest	-142
Capital grant income & contributions credited to Taxation & Non Specific Grant Income in the CIES	3,240
Capital grant income relating to REFCUS credited to net cost of continuing operations	106,853
Capital grant expenditure (REFCUS) charged to net cost of services within the CIES	-109,920
PPE Depreciation charged to CIES	-455
Intangible Assets amortisation charged to CIES	-383
Revaluation loss on PPE surplus assets charged to CIES	-150
Reversal of previous PPE Revaluation losses credited to the CIES	424
Revaluation gain on investment properties	95

Expected credit losses relating to capital loans	-855
Soft loan adjustments	24
Items chargeable against revenue budget not included in CIES:	
Statutory provision for repayment of debt (MRP)	3,368
Less: grant income recognised in Period 13 not in the Outturn	
Unapplied Mayoral Capacity Fund transferred to reserves	162
Unapplied Gainshare revenue transferred to reserves	3,475
Contributions to reserves charged to Outturn	
PFI reserve	1,058
Levy Reduction Reserve (MRP savings related)	434
£2 fare cap continuation	500
Protection of Priority Services	2,000
Debt Financing Reserve	650
Mayoral Election Reserve	600
Food Security	150
Business Sinking Fund	282
Draw down from reserves credited to Outturn	
Mayoral Capacity Fund	-208
Business Sinking Fund	-25
Business Renewal Action Plan	-885
Skills Renewal Action Plan	-97
Skills Bank	-474
Bus Franchise	-168
18-21 concessions	-1,500
Midland Rd dilapidations	-60
Mayoral Election Reserve	-892
Levy Reduction Reserve	-1,991
Surplus reported in Outturn report to the MCA	**-3,752**
Surplus on MCA/LEP activities – Windfall income on treasury activity transferred to Capacity and Development Fund	-3,752
Deficit on transport activities	0
Surplus reported in Outturn report to the MCA	**-3,752**

Reserves

Legislation requires that the MCA maintains an adequate level of reserves and balances to meet estimated future expenditure when calculating the budget requirement and to mitigate against specific risks. The MCA's approach to this is through its annual reserves strategy.

The MCA holds reserves across the Group structure. These reserves are differentiated between capital and revenue, and those that are earmarked to specific activity or otherwise.

Revenue reserves are broadly categorised into:

- General Fund – core reserves held to mitigate against financial shock

- South Yorkshire Renewal Fund - The MCA has identified a number of immediate priorities to support from Gainshare revenue funding. Resource is committed to Business and Skills Renewal Action Plan activity along with contributions to transport priorities and funding for the delivery of the Place Plans and the Prospectus for Growth

- Programmes and Projects – resource arising largely from timing differences in the receipt of funding and our readiness to incur expenditure on committed activity. Resource is held for programmes such as Skills Bank and projects such as the Franchising Assessment. Resource is also held under this heading for key financial strategies such as the approach to the release of the Levy Reduction Reserve and the release of the Protection of Priority Services reserve to mitigate against the loss of Government financial support to the transport network.

- Identified Risks – sums set aside to mitigate specific risks that have been identified and can be reasonably quantified.

As at 31 March 2023, the MCA group held earmarked revenue reserves of £91.3m and a further £7.8m of uncommitted General Fund balances held to meet contingencies and unforeseen costs.

The MCA group also held capital reserves of £71.4m consisting of grants unapplied and capital receipts.

Whilst this position appears very healthy, it should be noted that all bar £3.75m of earmarked revenue reserves are fully committed for the specific purposes set out above, (ie South Yorkshire Renewal, Programme and Project Delivery or Identified risks). All bar £6m of capital reserves are committed on the same basis. The level of these earmarked reserves is planned to fall in future years as the activity they are intended to fund takes place as outlined in the Reserves Strategy adopted by the MCA when the 2023/24 budget was set.

More detailed information on the reserves held by the MCA can be found in Note 30 of the single entity accounts and in Note 61 of the Group accounts.

6. GOVERNANCE

Mayoral Combined Authority

The MCA is responsible for setting the policy direction for the South Yorkshire and maximising financial investment to achieve economic growth. It is also the Local Transport Authority for South Yorkshire.

The MCA makes large investment decisions on schemes and projects in line with the MCA's SEP and is the accountable body for all funding allocated to the region. The MCA Mayor is accountable for the devolved transport powers through the Bus Services Act.

All five constituent members of the MCA (the four South Yorkshire Leaders and the Mayor) have an equal vote and decisions are made by a majority vote. The MCA Constitution allows for voting rights to be extended to non-constituent members at the discretion of the constituent members.

Local Enterprise Partnership

The LEP is a voluntary business-led partnership which brings together business leaders, local politicians, and other partners to promote and drive economic growth across South Yorkshire.

The LEP has been responsible for setting strategy and acting as the custodian of the Strategic Economic Plan (SEP).

All LEP Board members (apart from co-opted members) have voting rights and decisions are taken on the basis of a simple majority.

During 2021/22 Government undertook a review of LEPs nationally. LEPs will be disbanded nationally from financial year 2023/24 onwards with Government issuing new guidance on how the business sector should be engaged in MCA business.

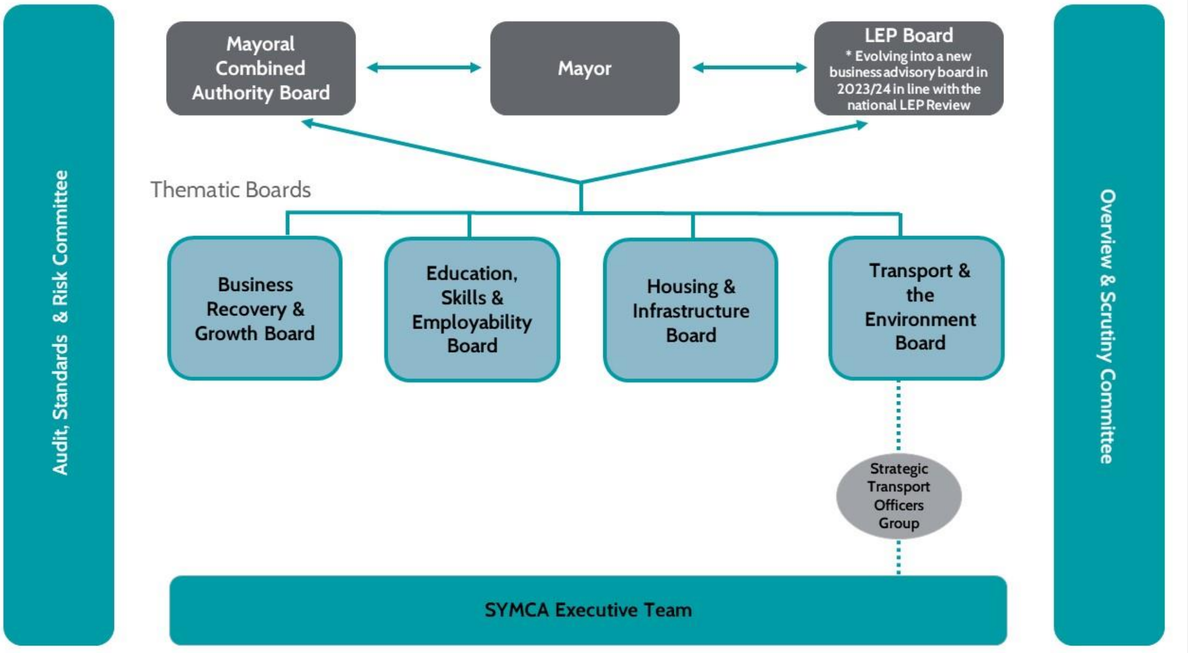
The MCA has considered this change as part of its Review processes with proposals agreed to move to governance structures that will see the creation of a Mayoral Economic Advisory Council and a Business Advisory Board.

Thematic Boards

To support decision-making and delivery, the MCA and LEP have been supported by five Thematic Boards: Business Growth and Recovery; Housing and Infrastructure; Skills and Employment and Transport and the Environment. The Thematic Boards are accountable to the MCA and LEP.

Within their respective themes, the role of Thematic Boards has been to shape future policy, priorities, and programmes for the MCA and LEP to approve. They have provided leadership review of programme performance and identify and recommend mitigations for any programme risks or poor performance. The Transport Board has also provided direction for and has overseen the performance of the South Yorkshire Passenger Transport Executive (SYPTE) in delivering public transport services.

The governance arrangements during 2022/23 are depicted in the diagram below:



These arrangements have been reviewed during the past year and will change during 2023/24.

Audit Standards & Risk Committee

The MCA's Audit Standards & Risk Committee (ASRC) provides a high-level focus on assurance and the MCA's arrangements for governance. The ASRC ensures that the organisation is fulfilling its legal obligations, has robust control measures in place and is managing risk effectively. The Committee receives reports on both financial and non-financial performance.

Membership of the ASRC is politically balanced as far as practicable and in 2022/23 consisted of 4 elected Councillors (or their nominated substitute) from the four South Yorkshire Local Authorities and two independent members.

In addition, the MCA has an established process for internal and external audit. Internal Audit is a contracted service (Grant Thornton effective up to 31 March 2023), and Ernst and Young (EY) are the appointed External Auditors (from 2018/19 – 2022/23).

Overview and Scrutiny Committee

The Overview and Scrutiny Committee holds the MCA, Mayor and LEP to account and ensures that all aspects of decision-making are transparent, inclusive, and fair. The Committee is responsible for checking that the MCA and LEP are delivering their objectives and that MCA policies, strategies and plans are made in the best interests of residents and workers in the region.

Membership of the Overview and Scrutiny Committee is politically balanced and consists of 10 elected Councillors (or their nominated substitute) from the four Local Authorities in the region. The Overview and Scrutiny Committee has the authority to review and scrutinise a decision made, or action taken by the MCA, LEP, Thematic Boards and Sub-Boards. The Committee can, at their discretion, make recommendations for change or improvements.

Independent Assessment of Governance Arrangements

The MCA's overall governance arrangements have been subject to independent assessment on an annual basis by External Audit and Internal Audit.

Although no significant issues have been identified as a result of this year's evaluation, we are committed to continually strengthening and improving our governance arrangements.

A more detailed review of the SYMCA's governance arrangements including its Governance Improvement Plan is included in the Annual Governance Statement.

7. OUTLOOK

The year ahead is characterised by challenge, change, and opportunity.

Whilst Mayor Coppard will commence his second year in office and accelerate delivery of his manifesto the MCA will contend with a number of generational challenges.

Firstly, the wider macro-economic environment continues to impact on day-to-day business.

Recruitment into specialist posts continues to be a material concern with high vacancy rates and long lead-in times to recruitment weighing on capacity and capability. Equally, pay pressures are weighing on budgets, particularly affecting authorities like the MCA who are not in receipt of index linked settlements.

The high inflationary environment is proving a drag on the capital programme as schemes require re-engineering to fit within budgetary envelopes and a dearth of professional expertise slowing the pace at which that work can be undertaken.

Slippage on the capital programme now means that the MCA will be running Transforming Cities Fund programme activity concurrently with the City Region Sustainable Transport Settlement programme, placing strain on existing stretched transport investment teams.

Macro pressures are also met with local issues, with the MCA’s decision to proceed with the bus franchising assessment and the end of the current tram concession coalescing in the new financial year.

Bringing the tram back under public control by March 2024 represents the biggest transfer of risk into the MCA since its inception in 2014. The challenge of achieving a seamless operational transfer of activity from the current operator to the MCA’s operating subsidiary by this point will be a significant undertaking. Managing the risk and reward of tram operations thereafter perhaps more so.

Accepting risk around tram operations could be exacerbated by the pursuit of a bus franchising scheme. Whilst the current bus network appears unsustainable in its current subsidised form, bus franchising would confer much greater control and direction, but also exposure to the performance of the franchised network.

Work will accelerate in the new year on the franchising assessment, but ahead of that the MCA will continue to apply its existing strategy to supporting a transition to a sustainable network whilst addressing the structural deficit within the transport budget. Having secured the first transport levy increase in over 13 years in 2023/24 it is likely that further sustained increases will be required to avoid a further deterioration in spending power.

The announcement of a two-year bus funding package that will see the MCA receive c. £3.1m p/a is, whilst welcome, insufficient to change the commercial equation and it is expected that a significant proportion of the network will ultimately be lost. This loss is not without consequence: fewer buses mean fewer routes to places of education and job opportunities.

In the new year the MCA will also launch its new governance arrangements and will formally ask Government for the powers and functions of the South Yorkshire Police and Crime Commissioner to be vested into the MCA. Should the Government agree to this legislation will be tabled which if passed will lead to a new Mayoral election in May 2024.

These changes will place further strain on the MCA’s capacity but offer the opportunity for the MCA to become a much more capable organisation.

During 2022/23 the MCA spent a significant amount of effort in examining how it undertakes business and finding opportunities to improve.

A new management team is now in place and delivering change, whilst key processes such as the design and application of the Assurance Framework have been agreed and will be rolled out in the new year. These changes should increase the pace at which quality schemes can be designed and delivered, focussing capacity on value-add activity.

The disbursement of Project Feasibility Funding to partners and MCA teams will also mean that in the new year the region will be in receipt of four Place Plans and one Prospectus for Growth which will, for the first time, set out in practical delivery terms the individual and collective aspiration of the regional partners over the long-term.

This defined long-term aspiration will be met by an increased focus on harnessing the spending power of institutional investment. During 2022/23 MCA officers worked with the South Yorkshire Pension Fund to develop their Place Impact Fund – an investment fund that could see up to £0.5bn of local resource invested into local priorities. This work is complemented by ongoing dialogue with a number of private institutional investors that will begin to bear fruit in the new year and practical attempts to land further investment through our direct support to ventures such as Northern Gritstone.

Funding the design of ambitious local and regional growth plans and matching that aspiration to private funding offers the region the opportunity to reduce reliance on boom-and-bust cycles of Government investment.

Further opportunity for the region will arise from the work on the South Yorkshire Investment Zone. In his 2023 Spring Budget the Chancellor announced that eight MCAs in England, including South Yorkshire, had been invited to co-design Investment Zone (IZ) proposals with Government.

The IZ Prospectus set out that the selected MCA areas could receive £80m of funding over five years beginning in 2024/25, to be used flexibly between spending and tax incentives.

Such policies, when aligned to our existing activity, offer another tool to re-shape South Yorkshire's economic future.

Whilst the aggressive inflationary environment presents risk and pressures, the concomitant interest-rate environment is likely to present opportunity. The coalescing of capital programme slippage and increasing interest-rates is likely to lead to another year of strong investment income returns.

Whilst the majority of these returns are required to fund inflationary pressures in the base budget, income may also become available to support priority activity or be moved to reserves to support risk.

Underpinning these challenges, the risk, and the opportunity, is the MCA's reserve strategy. This strategy sees the release of funding to deliver priority programmes and projects; but also the release of resource to enable us to manage change appropriately; to invest in ideation and thought leadership that will provide the innovation required to make meaningful change; and resource to manage identified risk.

The current reserve strategy is appropriate to the current level of risk, but will need to be reassessed continuously in light of the MCA's continuing evolution.

In summary, 2023/24 will continue to see high levels of investment which will undoubtedly create new opportunities in the region but there remain many underlying challenges and changes for the MCA to address in order to meet its overall priorities and objectives.

Annual Governance Statement

Executive Summary

Scope of Responsibility

The South Yorkshire Mayoral Combined Authority ("the Authority") is responsible for ensuring that its business is conducted in accordance with law and that proper standards of governance are employed; that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. The Authority has a duty under the Local Government Act 1999 to make proper arrangements for the governance of its affairs and to secure continuous improvement in how its functions are exercised.

This statement explains how we have complied with our Local Code of Corporate Governance and meets the requirements of Regulation 6 (1a and 1b) of the Accounts and Audit (England) Regulations 2015 in relation to conducting a review at least once per year of the effectiveness of systems of internal control. These regulations also require a statement reporting on the findings of the review to be published with the Statement of Accounts in the form of an Annual Governance Statement.

What do we mean by Governance?

By governance, we mean the arrangements that are put in place to ensure that our intended outcomes are defined and achieved. The term 'Governance Framework' is used to describe the systems and processes, cultures and values, by which the activities we are accountable for, are directed and controlled. We recognise that to be truly effective, these arrangements must be robust but also adaptable to changing circumstances including the expectations of the public and of other stakeholders. We are committed to addressing governance issues as they arise and to keeping our arrangements under review.

What is 'good governance'?

Fundamentally, good governance is about making sure we do the right things, in the right way, for the right people. Our commitment to good governance is set out in our Code of Corporate Governance. This Code, aligned the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016, has been in place for the year ended 31st March 2023, and describes how we will carry out our functions in a way that shows accountability, transparency, effectiveness, integrity, and inclusivity.

Working in this way will allow us to deliver our objectives in the most effective and efficient manner, bringing about better, sustainable outcomes for the residents, communities and businesses of South Yorkshire.

Summary of governance issues during 2022/23

There have been a number of factors that have challenged and tested our governance arrangements during the year:

- Following a mayoral election in May 2022, the Authority came under new political leadership with new agenda and manifesto and a subsequent change in the executive leadership of the organisation
- The integration of the MCA and PTE Executive teams and further preparation for the legal dissolution of SYPTE
- Increased programme costs due to inflationary pressures
- Time restricted programme delivery in response to Government grant funding
- Legacy Covid 19 pandemic issues continue to impact the Authority, particularly around the sustained pressure on the viability of the public transport network due to short term recovery funding commitments from central government and lower levels of patronage than pre-Covid
- The loss of key regional infrastructure – Doncaster Sheffield Airport

Our evaluation of the effectiveness of our governance arrangements in the context of these issues has concluded that arrangements were fit for purpose and robust yet flexible enough to respond to the challenges presented. The organisation has been able to undertake its day-to-day activities effectively and the systems and processes in place have provided a robust level of control.

Statement by the Chair of the South Yorkshire Mayoral Combined Authority and the Chief Executive

On the basis of the sources of assurance set out in this statement, we are satisfied that, throughout the year 2022/23, and up to the date of the approval of the accounts, a satisfactory system of internal control has facilitated good governance of the Authority's affairs and the effective exercise of its functions.

We are satisfied that the comprehensive evaluation process undertaken has identified the relevant areas for attention over the forthcoming year. The action plan, monitored by the Audit, Standards and Risk Committee, will (when implemented) further enhance the Authority's governance, risk and internal control framework.

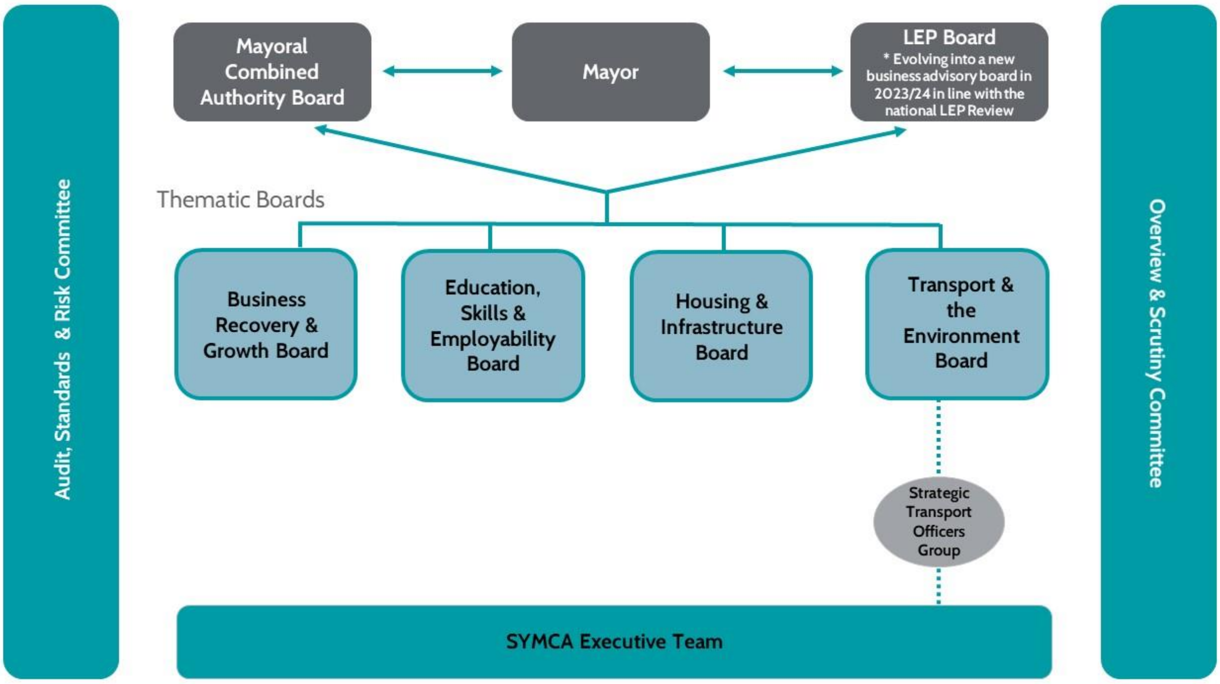
…………………………………………………………...

On behalf of the South Yorkshire Mayoral Combined Authority

1. Identification of key governance arrangements

The organisational governance structure in place during the year is shown below:

Fig 1: 2022/23 Governance Structure



The Authority's Constitution sets out the governance arrangements of the organisation including terms of reference for four thematic boards and two statutory committees (shown above). The Constitution defines the operating principles of the Authority and embraces a suite of policies including, but not limited to, Codes of Conduct, Whistleblowing, Anti-fraud and Bribery, Contract Procedure Rules, Finance Regulations and the Code of Corporate Governance.

The Constitution also sets out the functions and delegated responsibilities of the statutory officers, namely the Head of Paid Service (Chief Executive), the Section 73 Officer (Chief Finance Officer) and the Monitoring Officer.

The Chief Finance Officer (CFO) operates in line with the CIPFA Statement on the Role of the CFO in Local Government (2016) and is actively involved in, and able to bring influence to bear on all material decisions to ensure that immediate and longer-term implications, opportunities and risks are fully considered. The CFO leads on the promotion and delivery of good financial management, which aims to ensure that public money is safeguarded and used in an appropriate, economic and effective manner.

All Statutory Officers have direct access to the Chair of the Combined Authority with reference to their core statutory and professional roles.

The Authority also has in place an Assurance Framework which is updated annually and sets out how public money will be used responsibly, outlining the processes for ensuring openness and accountability for public funds.

The Audit, Standards and Risk Committee provide a high-level focus on assurance and governance arrangements. Their role is to ensure that the Authority fulfils its legal obligations, complies with statutory requirements, is managing risk effectively and has robust control measures in place for all devolved powers and funding.

The Overview and Scrutiny Committee holds the Authority to account for all decisions taken, including those relating to devolved powers and funding. They have the authority to review and scrutinise any decision made, or action taken and are responsible for checking that the Authority is delivering objectives, and that policies, strategies and plans are made in the best interests of residents and workers in the region.

Our Strategic Economic Plan 2021-41 sets out our vision and policy objectives to grow the economy at pace and at scale, ensuring that all people and places have a fair opportunity to contribute to, and benefit from prosperity. During the year work has been undertaken to develop a delivery plan that reconciles existing Strategic Economic Plan activities with Mayoral Manifesto commitments. The delivery of this plan will commence during financial year 2023/24 and will engage key partners and stakeholders.

2. Reviewing and evaluating of the effectiveness of the Governance Framework

The review of effectiveness has been informed by:

- The Head of Internal Audit's Annual Report which provides an opinion on the adequacy and effectiveness of the MCA's risk management, control and governance processes
- The Risk Register which sets the culture and tone for the management of threats, concerns, and assurances across the organisation
- The work of the Audit, Standards and Risk Committee which includes responsibility for monitoring the effectiveness of the Authority's governance arrangements and control environment
- Internal management processes
- The report of the MCA's External Auditor
- Recommendations from externals bodies/government departments
- A series of interviews with officers and an Executive Leadership Board workshop where we have assessed and evaluated our compliance with our Code of Corporate Governance and the effectiveness of our governance framework.

We are content that our system of internal control is satisfactory and has facilitated compliance with the principles of good governance during the year.

3. Head of Internal Audit Opinion

The role of the Internal Auditor is to provide an independent assessment of the system of internal control. They undertake a cyclical review of the main financial and operational systems on a rolling three-year Audit Plan which is based on an analysis of where there is most risk. Core financial systems are reviewed on an annual basis. Internal Audit works closely with External Audit and complies with the Public Sector Internal Audit Standards (PSIAS).

The Head of Internal Audit's Annual Report for 2022/23 has included the following opinion:

My opinion for the period 1 April 2022 to 31 March 2023:

Significant assurance with some improvement required

My overall opinion for the period 1 April 2022 to 31 March 2023 is that based on the scope of reviews undertaken and the sample tests completed during the period, ***Significant assurance with some improvement required*** *can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.*

In issuing this opinion, we have taken into consideration where reviews have concluded in a Partial assurance opinion with improvement required.

We have not issued any "No assurance" reports during the year and our work carried out to date has not resulted in any high risk recommendations being made, however we have reported 18 medium risk issues.

We identified weaknesses in some areas which put system objectives at risk. These include Adult Education Budget, Net Zero Governance and an area of Grant Controls. We have provided a summary of the key issues on the following pages of this report.

We acknowledge these were areas of known risk to the Authority and were included in our audit plan on this basis, however, the weaknesses identified lead us to conclude that only a Partial assurance with improvement required opinion could be given to the risk based reviews and therefore the Framework of Internal Control.

This has not prevented us from issuing a Significant assurance with some improvement required opinion overall due to the assurance identified in the core review areas, but bring to your attention that our opinion takes all reviews into account.

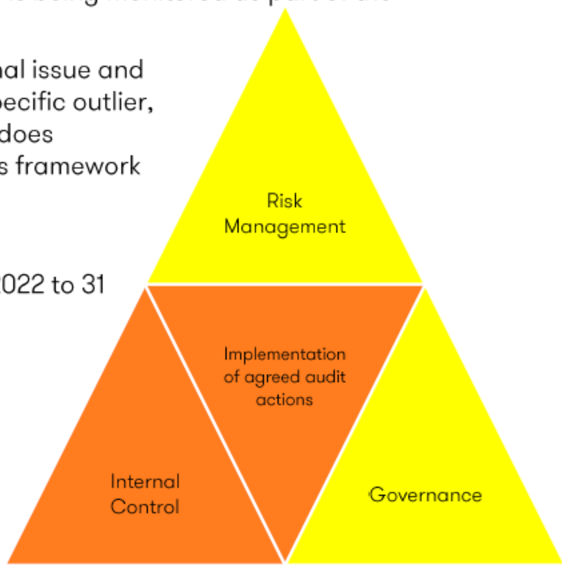
We note that the Authority has been subject to a number of changes during the year including a change in Executive Leadership and Mayor. We recognise that this has led to some changes in strategic direction which has impacted on the ability of the Authority to progress its objectives in some areas.

This has also impacted the ability of the Authority to implement a number of Internal Audit actions in accordance with the original agreed target dates.

We have also noted that a key theme emerging from our reviews is lack of capacity and resource across the Authority. Workforce has been identified as a key risk by the Authority and is being monitored as part of the Corporate Risk Register.

We recognise that this is a national issue and therefore the Authority is not a specific outlier, but a continued lack of resource does increase the risk to the Authority's framework of control.

My opinion for the period 1 April 2022 to 31 March 2023 is as follows:



Our assurance levels are shown at appendix 1.

4. CIPFA Code of Financial Management

SYMCA's financial management is compliant with the CIPFA Code of Financial Management. The Code includes six principles of good financial management:

1. Leadership
2. Accountability
3. Transparency
4. Standards
5. Assurance
6. Sustainability

The Code then translates these principles into an explicit set of standards (17 in total) which practice is assessed against regularly.

5. Accountability and Action Plans

5.2 Audit Recommendations

- **External Audit**

At the time of drafting the 2021/22 external audit is ongoing therefore no formal recommendations have been made.

There were two recommendations made as a result of the 2020/21 external audit both of which were implemented and adopted on an ongoing basis. These related to reviewing the fixed asset register and disclosure notes.

There are no outstanding recommendations from any years prior.

- **Internal Audit**

The most significant weakness identified through internal audit activity during the year relates to Net Zero Governance. Five recommendations were around strengthening the leadership and governance of the Net Zero Programme. Since the conclusion of the audit, progress has been made in terms of re-setting the strategy using baseline data to identify any gaps and monitor progress, the development of a range of early 'deliverables' to be taken forward during 2023 and building a team to support this work. In addition, a twice-yearly progress report has been included in the Forward Plan for the MCA Board and as well as Net Zero featuring on the Authority's risk register both at a strategic and operational level meaning regular oversight by the Executive Leadership Team and Audit, Standards and Risk Committee.

A new Internal Audit provider has been appointed commencing 1st April 2023 any outstanding recommendations made by the current provider will continue to be monitored by the Audit, Standards and Risk Committee until complete.

6. Risk Management

During the year a new Risk Management Framework has been implemented strengthening the Authority's approach to the management of risk. Regular reporting to the Executive Leadership Board and the Audit, Standards and Risk Committee has ensured effective oversight of risks presenting the highest level of threat to the achievement of the Authority's objectives. These include:

	Risk Description	Year End Position
Net Zero, Sustainability/ Climate Change		
	Due to an inability to galvanise the required level of support, consensus, and leadership across the region, from partners and stakeholders both private and public, there is a risk that the approach is fragmented, resulting in a failure to achieve the net zero target, by 2040,	Significant progress has been made on developing a coherent strategy for the region, however the scale and nature of the issues we face will always mean that the response could be viewed as inadequate. The delivery of a Citizens' Assembly on the climate emergency during 2023 will give further opportunity for creating the regional consensus and spur action.
Doncaster Sheffield Airport Closure		
	Due to the cessation of aviation operations, there is a risk that the area will be subject to direct and indirect job losses, resulting in a drag on the regional economy and the area becoming less desirable for inward investment.	At the financial year-end SYMCA was in receipt of a proposal from City of Doncaster for financial support to undertake exploratory business case work that could lead to a Compulsory Purchase Order process. A decision on funding for this activity will be formally taken at the MCA's June Board with the City of Doncaster proceeding with work in the interim. Alongside this activity work continues to identify potential third-party.
Tram Services		
	Due to a delay in concluding future operating model for tram services beyond the current operating concession and then completing transition, there is a risk that the MCA is exposed to operational transport provision and financial risks, resulting in financial, capability and capacity pressures as well disruption to tram services	An agreed operating model for the new company (as an arms-length wholly owned subsidiary of SYMCA) is now being developed with a clear timeline in place on putting in place the appropriate structures and governance arrangements needed. The mobilisation and transition team is now substantially in place and developing more detailed plans through to Q4 2023/24 to ensure a smooth transition to publicly owned operations.
Bus Recovery Funding		
	Due to reduced/terminated recovery funding from central government and lower levels of patronage, there is a risk that the network suffers major cuts, resulting in a spiral of decline	We have been able to maintain network stability despite continued short-term funding extensions by DfT for bus services. We have planned to implement a sustainably funded network from July 2023 although there remains uncertainty over DfT funding from June. Our plans will however ensure we maximise our available budget and prudent use of reserves to ensure the best network can be maintained based on available funding.

7. Progress against our Governance Improvement Plan for 2022/23

Although no significant issues were identified in the previous financial year, we identified areas for improvement and put in place a Governance Improvement Plan. The plan, and our progress against, has been monitored by the Audit, Standards and Risk Committee during the year. The Committee agreed to the conclusion of the plan at their meeting in March 2023, recognising that some actions, whilst 'completed' would continue to be implemented or embedded into the new financial year and become part of business as usual.

Table 1: Progress against our Governance Improvement Plan for 2022/23

Improvement Action	Progress in year
CIPFA/SOLACE Framework – Principle B - Ensuring openness and comprehensive stakeholder engagement	
Improve the way we engage with and listen to our customers by actively pursuing their views through an agreed and published plan of consultations based on the priorities of the Corporate Plan, including the Bus Service Improvement Plan and franchising.	Enhanced Partnership Forum now well established and playing a key role is designing and recommending the content of the Bus Customer Charter (to be approved in early 2023/24). MCA undertook a public consultation in August 2022 on the prioritisation of bus service attributes to inform tendered service awards in October 2022. Whilst these have been deferred until July 2023 (at the earliest) the data will still be used for future tendering activity.
Improve our responsiveness to customer enquiries and complaints by tracking and monitoring issues and making necessary process changes to improve customer experience at an operational level.	Proposal to centralise further customer-facing services and activities (e.g. general enquiries) into the existing transport Contact Centre. Trial of using the Contact Centre for Mayoral Election was successful in April/May 2022. A review of the processes for management of elected member correspondence is also underway. Consolidation of digital social media channels in progress with Contact Centre taking ownership from 13 March 2023. Enhanced Partnership Passenger Charter is being developed with support from the Enhanced Partnership Forum and is due for approval in Q1 2023/24. Public Transport Operations Team continue to provide support for responses to customer and elected member correspondence.
CIPFA/SOLACE Framework - Principle C - Ensuring our outcomes are defined in terms of sustainable economic, social, and environmental benefits	
Improve our plans and strategies by ensuring they illustrate the contribution they will make to changing the regions' economic outlook.	The primary source of evidence is the Outcomes Framework which has been updated to reflect mayoral manifesto commitments, e.g. health inequalities. This is supported by the new Data and Intelligence Hub (https://southyorkshire-ca.gov.uk/Data-Intelligence-Hub) and has been designed to be the single source of truth about the performance of the South Yorkshire economy and should provide the baseline for all plans and

	strategies. This is now part of the "business as usual" will be reviewed and iterated regularly.
Improve how we design and develop our programmes of activity, by including a suite of economic indicators and outcomes that clarify the impact the activity needs to achieve to realise the economic growth required.	A framework of indicators has been developed and agreed with all LA partners (the Outcomes Framework referred to above). This is a comprehensive set of evidence backed information which builds on the indicators and outcomes agreed in the SEP (see section nine of the SEP). The framework reflects the Stronger, Fairer and Greener objectives agreed by the MCA and its partners and stakeholders and shows, current relative performance, and the extent of the gap to our peers and the national average, (signaling the ambition needed to address this). This is the reference evidence base for all project design, development, and assurance. Further work has been undertaken to update this to fully reflect mayoral priorities. And more work is underway to explore how the MCA can illustrate the contribution to the economy (or the drag on the economy) relative to the each of the priority areas e.g. early years, health inequalities etc
Improve the understanding our internal teams and partners have of the impact we are seeking from our programmes and investments.	The agreed Outcomes Framework referred to above is important here too. Corporate Policy team has business partners working closely with all teams to ensure the data, evidence and insights needed to challenge ambition and ensure strategic fit is forthcoming. The business case template ensures project developers can demonstrate and evidence the impact of schemes and show how this aligns with agreed MCA objectives. This is now part of thew MCA's "business as usual" working practice". The MCA is also working closely with all Local Authorities to develop and deliver their Place Based Investment Plans
CIPFA/SOLACE Framework - Principle D - Planning interventions that optimise the achievement of intended outcomes.	
Improve how we shape and challenge the options and strategies open to South Yorkshire decision makers by developing relationships with national academics, research and development leaders and policy makers across all our agendas.	Close working is underway with Local Authorities and universities on the development of the Office of Data Analytics. This will, if successful, provide a valuable resource for using big data to answer the big questions of today. Some national research funding has been secured to begin to make some progress here. SYMCA is working closely with the two Sheffield universities to ensure robustness and rigour in its thinking and practice. For example, the Yorkshire Policy Engagement Research Network project will support the nascent Office for Data Analytics and help deliver the Better Business Challenge manifesto commitment.

Improve our approach to stakeholder engagement seeking to broaden our stakeholder base and develop significant new relationships with the financial sector to lever far greater investment in South Yorkshire.	Work continues to develop new working relationships with institutional investors and develop new ways of stimulating investment. Following close to a year of engagement, South Yorkshire Pension Fund have announced c. £0.50bn in funding that will be directed at investment into South Yorkshire, supporting levelling up missions. SYPF's announcement is a welcome first-step in a new approach to local pension fund investment supporting SYMCA's economic growth agenda. SYMCA officers will now work with the Fund to drive investment opportunities towards the money. Work also continues with Aviva, with a number of site visits planned and opportunities for partnership working being considered. SYMCA is also developing a number of pilot projects aimed at co-investment and angel investment vehicles. These micro-schemes will offer more varied and flexible opportunities when compared to the macro activity with pension funds. SYMCA has also commissioned support to help shape its approach to international investment capture. This work helps determine how best SYMCA can market the region to foreign audiences. Finally, SYMCA continues to engage with Government on investment zones, with the hope that this policy agenda could stimulate greater opportunity for attracting external investment.
CIPFA/SOLACE Framework – Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	
Improve the support given to our workforce by implementing the agreed Management Code, that sets out the management commitment to teams to ensure colleagues are supported and accountable, and receive feedback. To ensure a consistent and good experience of work and clear pathways to raise any issues.	SYMCA made a commitment to better support colleagues through a structured communication framework. This included a commitment to quarterly all staff events with the political leadership, monthly all staff briefings, and a commitment for every officer to have twice-yearly meetings with their Director along with monthly team meetings. This meeting cycle has now been embedded with all-staff events recorded where possible. Directors are meeting with their officers on a cyclical basis whilst individual teams are discharging the requirement to meet frequently in different ways best suited to their circumstance.

	Since the adoption of this framework management have further adjusted the approach to senior-manager meetings with the intention of better facilitating the development and ownership of ideas and tasks and creating dedicated space for strategic leadership. This has led to the creation of an Executive Leadership Board and a Corporate Delivery Board. These two Boards replace the previous Management Board and will both draw in a more holistic cadre of officers into discussions but also bring more coherency to which matters are discussed and dealt with where. A new HR and Organisational Design Director has been recruited with a shift towards developing a new 'People Services' operating model. In the immediate term, this model will focus on supporting the organisation through the integration of the SYPTE and MCA following the dissolution of SYPTE on the 1st April 2023
Improve our business operations by developing and agreeing a corporate development plan to embed, through a number of clearly defined business improvement projects, the vision of the integrated organisation and the core values into our ways of working and behaviour.	A Corporate Delivery Team, comprised of leaders across the organisation, who lead and deliver priority programmes of work has been established and will meet monthly. It will be chaired by an Executive Leadership Board member who will provide two-way communication and active engagement with the Board. Its purpose is to address and resolve some of the organisation's biggest challenges that require cross-cutting organisational input and solutions, such as improving agility, responsiveness, and collaboration across the MCA and with partners, streamlining processes, reducing duplication, and improving internal communication.
Improve the physical environment of the workforce to enhance the employee experience and support a culture of collaboration and innovation.	During the year, floor 2 of Broad Street West has been transformed from rented accommodation to an open plan collaborative space. This space has been used throughout the year by project teams, individuals and groups for a range of activity including staff briefings, team building sessions and employee engagement sessions. A wider estate review is also considering how best to use facility capacity across the region. A key consideration in this activity is the aspiration to ensure all officers, regardless of location, work in appropriate and suitable accommodation. A new Head of Service will undertake this review following the departure of the previous Officer.
CIPFA/SOLACE Framework – Principle F - Risks and performance are managed through robust internal control and strong public financial management	

Improve how we use management information to provide assurance on organisational performance.	Work is underway to develop a set of metrics that will form a Corporate Health Dashboard and enable the Executive Leadership Team to monitor the performance of the organisation. The Corporate Health Dashboard work continues to be refined and embedded into day-to-day activity. SYMCA Enhanced Partnership Performance Dashboard has been established to understand bus service operations performance and is reviewed at EP Board quarterly.
Improve the management of risks by embedding the new risk management framework	Work continues to embed the risk management approach. The most recent internal audit concluding there is 'significant assurance – with some improvement required' and notes the progress made since the last audit. The findings and agreed actions will be incorporated into a 23/24 Risk Management Support Plan to further embed risk management practice and enhance reporting.
Improve the management of our corporate policies and procedures that provide a framework for our operating environment.	A 'Corporate Documentation Management Process' was agreed by Management Board in May 2022. A Corporate Document library managed by the Governance Team working in conjunction with the Communications Team is in place. As part of the 'Formal Dissolution Project' activity is being undertaken transfer existing documentation from legacy intranets and prioritise documentation for immediate review. It is anticipated that this project will extend into the new financial year. work is progressing, accelerated by the decommissioning of legacy intranets. It is anticipated that, particularly where HR policies are concerned, this piece of work will continue throughout 23/24 and will become a business-as-usual activity.

8. Governance Improvement Plan for 2023/24

Although no significant issues have been identified as a result of this year's evaluation, we are committed to continually strengthening and improving our governance arrangements and, during 2023/24, will particularly focus on the following key activities.

The Governance Improvement Plan consists of actions identified from the Annual Governance Review 22/23 and has been structured around the principal outcomes of the MCA Review.

Principal Outcome	**Deliverables**	**ELT Owner**
Strengthening MCA officer leadership and organisation performance	Reviewed and updated officer scheme of delegation	SD
Increasing agility and responsiveness	Implemented Revised Assurance Framework	CM

Changing structures and processes to facilitate deepening of relationships and collaboration	Reviewed governance decision making process and implementation of any agreed changes	MS
Supporting team members to thrive	Reviewed and consolidated HR policies Induction for new elected members Programme of knowledge development sessions for members	GS SD SD
Driving a new operating ethos and culture	Embedded Risk Management Framework Cyber Essentials Plus attainment Reviewed Information Governance policies and training delivered Reviewed and updated Information Asset Registers Corporate Document Management Process implemented	GS GS SD SD SD

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Statement of Accounts

Statement of Responsibilities

The Mayoral Combined Authority's Responsibilities

The Mayoral Combined Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has the responsibility for the administration of those affairs. That Officer is the Group Chief Financial Officer.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Responsibilities of the Group Chief Financial Officer

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

In preparing this Statement of Accounts, the Group Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent, and
- complied with the Local Authority Code.

The Group Chief Financial Officer has also:

- kept proper accounting records, which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Mayoral 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 Mayoral Combined Authority will continue in operational existence for the foreseeable future, and

- maintained such internal control as determined is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

I hereby certify that the Statement of Accounts on pages 41 -157 gives a true and fair view of the financial position of South Yorkshire Mayoral Combined Authority at 31 March 2023 and of its income and expenditure for the year ended 31 March 2023.

Gareth Sutton
Group Chief Financial Officer
Section 73 Officer
30 June 2023

The Core Financial Statements

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Mayoral Combined Authority, analysed into usable reserves (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The (Surplus)/Deficit on the Provision of Services line shows the true economic cost of providing the Mayoral Combined Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance. The net (increase)/decrease before transfers, to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers (to) or from earmarked reserves undertaken by the Mayoral Combined Authority.

Movement in Reserves Statement 2022/2023		**General Fund Balance £000**	**Earmarked Revenue Reserves £000**	**Capital Grants Unapplied £000**	**Capital Receipts Reserve £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**
	Note	30	30	30	30		31	
Balances at 1 April 2022		**(2,276)**	**(71,481)**	**(44,502)**	**(13,661)**	**(131,920)**	**76,877**	**(55,043)**
Movement in reserves during 2022/23:								
(Surplus)/deficit on provision of services	CIES	(7,762)				(7,762)	0	(7,762)
Revaluation Gains							(1,671)	
Movement in Pensions Reserve							(6,849)	(1,671)
								(6,849)
Total Comprehensive (Income) and Expenditure		**(7,762)**				**(7,762)**	**(8,520)**	**(16,282)**
Adjustments between accounting basis and funding basis under regulations	13	999	0	(3,240)	0	(2,241)	2,241	0
Net (increase)/decrease before transfers to earmarked reserves		**(6,763)**		**(3,240)**	**0**	**(10,003)**	**(6,279)**	**(16,282)**
Transfers (to)/from earmarked reserves	14	6,178	(6,825)	1,430	(4,254)	(3,471)	3,471	0
(Increase)/decrease in year		**(586)**	**(6,825)**	**(1,810)**	**(4,254)**	**(13,474)**	**(2,808)**	**(16,282)**
Balance at 31 March 2023		**(2,862)**	**(78,306)**	**(46,312)**	**(17,915)**	**(145,394)**	**74,069**	**(71,325)**

Movement in Reserves Statement 2021/2022	Note	General Fund Balance £000	Earmarked Revenue Reserves £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
	Note	30	30	30	30		31	
Balances at 1 April 2021		**(1,742)**	**(61,388)**	**(22,939)**	**(18,689)**	**(104,758)**	**67,408**	**(37,350)**
Movement in reserves during 2021/22:								
(Surplus)/deficit on provision of services	CIES	(16,481)	0	0	0	(16,481)	0	(16,481)
Revaluation Gains		0	0	0	0	0	(673)	(673)
Movement in Pensions Reserve		0	0	0	0	0	(539)	(539)
Total Comprehensive (Income) and Expenditure		**(16,481)**	**0**	**0**	**0**	**(16,481)**	**(1,212)**	**(17,693)**
Adjustments between accounting basis and funding basis under regulations	13	5,854	0	(21,563)	5,028	(10,681)	10,681	0
Net (increase)/decrease before transfers to earmarked reserves		**(10,627)**	**0**	**(21,563)**	**5,028**	**(27,162)**	**9,469**	**(17,693)**
Transfers (to)/from earmarked reserves	14	10,093	(10,093)	0	0	0	0	0
(Increase)/decrease in year		**(534)**	**(10,093)**	**(21,563)**	**5,028**	**(27,162)**	**9,469**	**(17,693)**
Balance at 31 March 2023		**(2,276)**	**(71,481)**	**(44,502)**	**(13,661)**	**(131,920)**	**76,877**	**(55,043)**

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Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost, in the year, of providing services in accordance with generally accepted accounting practices.

2021/22					2022/23		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		**Notes**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
			Continuing Operations:				
99,108	(103,244)	(4,136)	Transport Authority		129,170	(131,612)	(2,442)
108,541	(94,974)	13,567	Local Enterprise Partnership		110,736	(104,122)	6,614
207,649	**(198,218)**	**9,431**	**(Surplus) / Deficit on Continuing Operations**		**239,906**	**(235,734)**	**4,172**
			Other Operating Income and Expenditure				
		(831)	Financing and Investment Income and Expenditure	15			(8,694)
		(25,081)	Taxation and Non-Specific Grant Income	16			(3,240)
		(16,481)	**(Surplus)/Deficit on Provision of Services**	3			**(7,762)**
		(673)	(Surplus)/deficit on revaluation of non-current assets				(1,671)
		(539)	Actuarial (gains)/losses on pension assets/ liabilities				(6,849)
		(1,212)	**Other Comprehensive Income & Expenditure**				**(8,520)**
		(17,693)	**Total Comprehensive (Income) and Expenditure**				**(16,282)**

Balance Sheet

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Mayoral Combined Authority. The net assets of the Mayoral Combined Authority (assets less liabilities) are matched by the reserves held by the Mayoral Combined Authority.

Reserves are reported in two categories. The first category of reserves is usable reserves, ie those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use. The second category of reserves is unusable reserves, ie those that the Authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses where amounts would only become available to provide services 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 at 31 March 2022 £000		**Notes**	**As at 31 March 2023 £000**
1,148	Intangible Assets	19	766
23,347	Property, Plant and Equipment	17	23,410
0	Assets held for Sale		1,450
1,979	Other Fixed Assets – Investment Properties	18	2,074
18,477	Long-Term Debtors	22	10,317
40,000	Long-Term Investments	23	98,000
84,951	**Long-Term Assets**		**136,017**
110,462	Short-Term Investments	20	190,074
2,941	Short-Term Debtors	24	1,209
221,922	Cash and Cash Equivalents	25	163,571
335,325	**Current Assets**		**354,854**
(55,865)	Short-Term Creditors	27	(183,438)
0	Short-Term Borrowing	26	(4,000)
(668)	Short-Term Provisions	28	0
(168,523)	Capital Grants Receipts in Advance	38	(211,993)
(225,056)	**Current Liabilities**		**(399,431)**
(25,000)	Long-Term Borrowing	20	(21,000)
(4,721)	Pension Liability		886
(110,456)	Other Long-Term Liabilities	29	0
(140,177)	**Long-Term Liabilities**		**(20,114)**
55,043	**Net Assets/(Liabilities)**		**71,326**
(131,920)	Usable Reserves	30	(145,395)
76,877	Unusable Reserves	31	74,069
(55,043)	**Total Reserves**		**(71,326)**

The unaudited Statement of Accounts for the South Yorkshire Mayoral Combined Authority was approved and authorised for issue by the Group Chief Financial Officer, in accordance with the Accounts and Audit (England) Regulations 2015 on 30 June 2023.

Gareth Sutton
Chief Financial Officer
Section 73 Officer
30 June 2023

Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Mayoral Combined Authority during the reporting period. The Statement shows how the Mayoral 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 Authority are funded by way of taxation and grant income, or from the recipients of services provided by the Mayoral Combined Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Mayoral Combined Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Mayoral Combined Authority.

2021/22 £000		Notes	2022/23 £000
16,481	Net surplus or (deficit) on the provision of services		7,762
67,761	Adjustment to surplus or (deficit) on the provision of services for non-cash movements	32	71,522
0	Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	32	0
84,243	**Net cash outflow from operating activities**		**79,284**
44,716	Investing activities	33	(137,635)
0	Financing activities	34	0
128,959	**Net increase/(decrease) in cash and cash equivalents**		**(58,351)**
92,963	Cash and cash equivalents at 1 April		221,922
221,922	**Cash and cash equivalents at 31 March**	25	**163,571**

Notes to the Core Financial Statements

The following notes contain further information to that presented in the main statements. They provide narrative descriptions, disaggregation of items presented in the statements and information about items that do not qualify for recognition in the Statements.

1. Expenditure and Funding Analysis Note (EFA)

The Expenditure and Funding Analysis (EFA) note shows how annual expenditure is used and funded from resources (Government grants; rents) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's portfolios. Income and expenditure, accounted for under generally accepted accounting practices, is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2021/22					2022/23		
Net Expenditure Chargeable to the General Fund Balance £000	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure in the CIES £000**		**Notes**	**Net Expenditure Chargeable to the General Fund Balance £000**	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure in the CIES £000**
752	(4,888)	(4,136)	Transport Authority		(2,002)	(440)	(2,442)
(2,292)	15,859	13,567	Local Enterprise Partnership		446	6,168	6,614
(1,540)	**10,971**	**9,431**	**Net Cost of Services**		**(1,556)**	**5,728**	**4,172**
(9,087)	(16,825)	(25,912)	Other Income & Expenditure		(5,208)	(6,726)	(11,934)
(10,627)	**(5,854)**	**(16,481)**	**(Surplus)/Deficit**	3	**(6,764)**	**(999)**	**(7,762)**
(63,130)			Opening General Fund Balance		(73,757)		
(10,627)			(Surplus)/Deficit on General Fund Balance in year		(6,764)		
0			Other Movement		(648)		
(73,757)			**Closing General Fund Balance at 31 March**		**(81,169)**		

2. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

2022/23				
Adjustments from General Fund to arrive at the CIES Amounts	**Adjustments for Capital Purposes £000**	**Net change for the Pensions Adjustment £000**	**Other Differences £000**	**Total Adjustments £000**
Transport Authority	(3,367)	0	2,927	(440)
Local Enterprise Partnership	3,067	1,100	2,001	6,168
Net Cost of Services	**(300)**	**1,100**	**4,928**	**5,728**
Other Income & Expenditure from the Expenditure & Funding Analysis		142	(6,868)	(6,727)
Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	**(300)**	**1,242**	**(1,940)**	**(999)**

2021/22				
Adjustments from General Fund to arrive at the CIES Amounts	**Adjustments for Capital Purposes £000**	**Net change for the Pensions Adjustment £000**	**Other Differences £000**	**Total Adjustments £000**
Transport Authority	(1,283)	0	(3,605)	(4,888)
Local Enterprise Partnership	13,155	1,000	1,704	15,859
Net Cost of Services	**11,872**	**1,000**	**(1,901)**	**10,971**
Other Income & Expenditure from the Expenditure & Funding Analysis			(16,825)	(16,825)
Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	**11,872**	**1,000**	**(18,726)**	**(5,854)**

Adjustments for Capital Purposes - The statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from income and expenditure as these are not chargeable under generally accepted accounting practices.

Other Differences - Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For services - adjusted for interest payable/receivable which is added to the Financing and Investment income and expenditure line under other income and expenditure.
- For Financing and investment income and expenditure the other differences column included soft loans.

- Taxation and non-specific grant income and expenditure – Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year.

3. Expenditure and Income Analysed by Nature

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

2021/22 £000		2022/23 £000
	Expenditure:	
6,762	Employee Benefits Expenditure	7,666
203,643	Other Service Expenses	234,864
(1,240)	Support Service Recharges	(1,193)
1,377	Interest Payments	1,388
210,542	**Total Expenditure**	**242,725**
	Income:	
(289)	Fees, charges & other service income	(2,014)
(3,723)	Interest & Investment Income	(9,523)
(223,011)	Government Grants & Contributions	(238,950)
(227,023)	**Total Income**	**(250,487)**
(16,481)	**(Surplus)/Deficit on the Provision of Services**	**(7,762)**

Reconciliation of Income analysed by nature to Comprehensive Income and Expenditure Statement

	£000
Income as analysed by nature	**(250,487)**
Interest Income	9,523
Trading operations and Corporate incomes	5,230
Income as part of (Surplus)/Deficit on Continuing Operations in the CIES	**(235,734)**

4. Segmental Income

Income received on a segmental basis is analysed below:

2022/23				
Services:	**£000 Fees, Charges & Service**	**£000 Interest & Investment**	**£000 Grants & Contributions**	**£000 Total Income**
Transport Authority	0	0	(131,611)	(131,611)
Local Enterprise Partnership	(24)	0	(104,099)	(104,123)
Corporate	0	(11,513)	(3,240)	(14,753)
Total Income	**(24)**	**(11,513)**	**(238,950)**	**(250,487)**

2021/22				
Services:	**£000 Fees, Charges & Service**	**£000 Interest & Investment**	**£000 Grants & Contributions**	**£000 Total Income**
Transport Authority	0	0	(103,244)	(103,244)
Local Enterprise Partnership	(289)	0	(94,686)	(94,975)
Corporate	0	(3,723)	(25,081)	(28,804)
Total Income	**(289)**	**(3,723)**	**(223,011)**	**(227,023)**

The SYMCA does not internally report on the assets and liabilities of individual segments. Therefore, segmental analysis is not required to be disclosed.

5. Accounting Policies

I. General Policies

The Statements summarise the transactions of the Authority, for the 2022/23 financial year and its position at the year end of 31 March 2023. The Authority is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015. These regulations require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 7 of the 2015 Regulations.

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

Going Concern

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), the Accounts have been prepared on the going concern basis.

The concept of a going concern assumes that an authority’s functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which Local Authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their Financial Statements on a going concern basis of accounting.

Notwithstanding this, management have carried out an assessment that the going concern basis is appropriate by reference to the period to the end of the 2023/24 financial year having regard to forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Following the integration of the MCA and SYPTE and dissolution of SYPTE as a separate legal entity on 31 March 2023, Going Concern has been assessed for the continuing functions of the MCA and those transferred from SYPTE on an integrated basis.

The reserves strategy agreed at the time that the 2023/24 budget was set was to hold a minimum of £2.2m as unearmarked General balances for MCA/LEP activity and £5.0m for transport activity. As at 31 March 2023, the balances held were £2.9m and £5.0m respectively.

In addition, the MCA Group has set aside a number of specific earmarked reserves and other amounts in the Balance Sheet to provide against identified risks and to support the transition of the public transport network to a sustainable level by 2025/26 commensurate with patronage and the level of continuing national support from Government. Steps have also been taken to shape an appropriate operating model for the tram operations that mitigates the operating and financial risk when tram operations are brought back in house at the end of the tram concession in March 2024.

The assessment is that the amounts set aside and steps being taken are sufficient to mitigate the potential risks to income and expenditure over the period 2023/24 and 2024/25 without impacting on the level of unearmarked General balances.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing (other than to support the capital programme which is consistent with our plans and normal practice).

On this basis, the Authority have a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these Financial Statements.

II. Accruals of Income and Expenditure

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

- Revenue from exchange transactions is recognised when goods or services are transferred to the recipient in accordance with the performance obligations in the contract. It is recognised at an amount that reflects the consideration that the Authority expects to receive in a way that reflects the pattern in which goods or services are transferred/performance obligations are discharged.
- Expenses in relation to services received are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivables on investments is accounted for respectively as expenditure and income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the

Balance Sheet. Where there is evidence that debts are unlikely to be settled, an impairment loss allowance is made to write down the debtor balance and charge revenue for the income that might not be collected.

III. Acquisitions and Discontinued Operations

The Authority has not acquired or had any operations transferred to it from another public sector body during the year.

Similarly, the Authority has not discontinued any operations or transferred any to another public sector body during the year.

IV. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments which offer instant access and are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts.

V. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

There have been no changes to accounting policy or material errors requiring restatement by Prior Period Adjustment.

VI. Events After the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period, and the date the Statement of Accounts is authorised for issue.

There are two types of event:

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

Events taking place after the date of authorisation for issue are not reflected in the Financial Statements.

VII. Financial Instruments

Financial assets and liabilities are recognised when the Authority becomes a party to a contractual relationship. This may be the date that a contract is entered into but maybe later if there are conditions that need to be satisfied.

Financial instruments are measured on the basis of fair value adjusted for transaction costs that are directly attributable to the acquisition or issue of a financial asset or liability.

The exception to this is financial assets and liabilities measured at fair value through profit or loss. These are measured on recognition at fair value, but no adjustment is made for transaction costs. Any costs incurred are debited directly to the Surplus or Deficit on the Provision of Services.

Interest is debited and credited to the Surplus or Deficit on the Provision of Services according to an instrument's outstanding amortised cost and effective interest rate, rather than the actual interest rate payable for the year.

For instruments carried at fair value, valuation gains and losses are posted either to the Surplus or Deficit on the Provision of Services or to the Financial Instruments Revaluation Reserve.

Financial Assets

Financial assets are classified into the following categories:

- Amortised cost;
- Fair Value through other comprehensive income; and
- Fair Value through profit & loss.

Financial investments in subsidiaries, associates and joint ventures that are not held for sale are carried at cost less any allowance for impairment losses.

Financial asset classification is assessed by reference to the contractual cash flow characteristics of the financial asset and by the overarching investment strategy for managing financial assets under which the instrument has been acquired or originated.

The value of financial assets at amortised cost are determined using the effective interest rate. This is the rate of interest that will discount all the cash flows that will take place throughout the expected life of a financial instrument down to the fair value of the liability calculated at initial measurement.

Financial assets are impaired where there is a risk that there will be credit losses over an instrument's lifetime (ie there is a risk that principal or interest amounts will not be paid when they fall due). Allowance for losses is determined using the expected credit loss model. As prescribed by the Code no allowance for expected credit losses is made where the counterparty is Central Government or a Local Authority.

Where soft loans are made at less than market rates, the value of the loan is discounted using the market interest rate on initial recognition and the reduction in value debited to the Surplus or Deficit on the Provision of Services. Interest is credited to Surplus or Deficit on the Provision of Services at the higher effective rate of interest rather than the actual rate. Amounts debited or credited as a result of soft loan accounting adjustments are reversed out through Movement in Reserves to the Financial Instruments Adjustment Account as required by statutory provision.

Financial Liabilities

Financial liabilities are carried at amortised cost except for where exceptionally they are carried at fair value through profit and loss.

Financial liabilities at amortised cost are determined using the effective interest rate. This is the rate of interest that discounts all the cash flows that will take place throughout the expected life of a financial instrument down to the fair value of the liability calculated at initial measurement. The effective interest rate takes account of any premium paid for the right to enter into a loan at less than market rates or where a period of lower than market interest rates is granted and compensated for by a period of higher than market rates.

Where premiums and discounts are charged/credited to the Comprehensive Income and Expenditure Statement in year as a result of the early repayment of a loan, regulations allow the impact on the General Fund Balance to be spread over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. 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 Instruments Adjustment Account through the Movement in Reserves Statement.

However, where a re-purchase 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 Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

VIII. Government Grants and Other Contributions

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution, are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as liabilities (grant received in advance). When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account through the Movement in Reserves once they have been applied to fund capital expenditure.

Where the Authority awards a grant to a third party, the grant expenditure is recognised as payable when the Authority has reasonable assurance that:

- the grant recipient will comply with the conditions attached to the payments, and
- the grants or contributions will be paid.

The treatment of capital grants awarded to third parties is explained further in Accounting Policy XIV.

IX. Leases

Leases are classified as finance leases, where the terms of the lease substantially transfer all risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Operating Leases

The Authority as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefiting from use of the leased property, plant, or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

X. Overheads and Support Services

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

XI. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that obligation arises and is measured at the best estimate of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Payments are charged against the provision.

Best estimates are kept under review and adjusted where fresh evidence comes to light.

Increases or decreases to provisions are charged/credited as above to the relevant service line.

Provisions are reversed out where it becomes less than probable that a transfer of economic benefits will take place and credited back to the Comprehensive Income and Expenditure Statement.

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 obligation is settled.

Contingent Liabilities

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

Exceptionally, Contingent Liabilities may also arise in circumstances where a provision would otherwise be made but the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts.

Contingent Assets

A contingent asset arises where an event has taken place that provides a possible asset due to an inflow of economic benefits or service potential, whose existence will only be confirmed by the occurrence or otherwise of uncertain events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the Accounts.

XII. Charges to Revenue for the Repayment of Debt

The Authority is required to set aside from revenue each year a minimum amount to reduce its overall borrowing requirement. This sum is referred to as the Minimum Revenue Provision (MRP).

The Authority's MRP policy (as set out in its Annual Treasury Management Strategy) adopts the principles of statutory MRP Guidance and provides for MRP on capital expenditure incurred after 1 April 2008 using the asset-life approach, so that the profile of charges to revenue is commensurate with the period over which economic benefit is provided by the assets created/improved.

All expenditure incurred before 1 April 2008 is provided for on a flat line basis spread over 50 years representing an approximation of asset life and the funding profile which supports those provisions.

XIII. Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund. When the expenditure to be financed from a reserve is incurred, it is charged to the relevant service line in the Comprehensive Income and Expenditure Statement and financed by an appropriation from reserves.

Reserves are categorised as either usable or unusable. Further detail on the nature of these reserves is contained in Notes 30 and 31.

XIV. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions that does not result in the creation of a non-current asset is charged as expenditure in the year to the relevant service in the Comprehensive Income and Expenditure Statement.

The charge is reversed out through the Movement in Reserves so that there is no impact on the revenue finances of the Authority.

Grant income used to finance such expenditure is credited to the relevant service in the Comprehensive Income and Expenditure Statement.

It too is reversed out through the Movement in Reserves so that there is no impact on the revenue finances of the Authority.

XV. Value Added Tax (VAT)

VAT is excluded from both income and expenditure to the extent it can be recovered.

Irrecoverable input VAT is charged as an expense.

XVI. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's Financial Statements are categorised within the fair value hierarchy, as follows:

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

The categories of asset and liability carried in the Authority's balance sheet at Fair Value include:

- Operational Property, Plant & Equipment.
- Surplus assets and Assets Held for Resale.
- Investment Properties.
- Financial Assets and Liabilities.

Further detail on the bases used to determine Fair Value is contained in the relevant Accounting Policy Note.

XVII. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority, and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential, (ie repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs are capitalised where significant for capital projects that take a substantial period of time to get ready for intended use, until the construction is complete.

The cost of assets acquired, other than by purchase, is deemed to be its fair value, unless the acquisition does not have commercial substance. In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. When gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried on the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included on the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie Assets Under Construction).

Depreciation is calculated on a straight-line basis, over the useful life of the asset as follows:

- Buildings are based upon individual asset lives, which are reassessed as part of the rolling programme of revaluations.
- Fixtures and Fittings are depreciated over a maximum period of 10 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately where they have significantly different useful lives. Components are also recognised where capital investment for replacement or enhancement of the asset establishes a material component.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the (Surplus)/Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset on the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Capital receipts are credited to the Capital Receipts Reserve and can then only be used to finance new capital investment or set aside to reduce the underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against revenue, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Infrastructure Assets

In November 2022, CIPFA issued an Update to the 2021/22 (and 2022/23) Code of Practice on Local Authority Accounting. This Update allows for the movement between the opening and closing balance of infrastructure assets to be presented on a net book value (rather than gross cost/accumulated depreciation) basis for a temporary period of 4 years from 2021/22 up to and including 2024/25. This is in recognition that authorities do not typically hold sufficiently detail regarding historical expenditure on their infrastructure assets in order to account for derecognitions on an accurate basis.

Furthermore, an amendment to the Local Authorities (Capital Finance and Accounting) Regulations was laid in November 2022 which permits local authorities, when they replace a component of an infrastructure asset, to determine the carrying amount to be derecognised in respect of that replaced component as nil. This statutory override applies from 2024/25 onwards and to any Statement of Accounts not yet certified by the auditor (which in the case of the Authority is 2021/22)

The Authority has adopted both of these overrides for the purposes of its single entity and Group accounts.

XVIII. Employee Benefits

With effect from 1 April 2019, the Authority became an employing body and is now responsible for its own payroll. As a consequence, IAS 19 “Employee Benefits” has been fully adopted, including, the requirements relating to Post-Employment Benefits.

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the 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. They are charged on an accrual basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are made to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination 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.

Post-Employment Benefits

On 1 April 2019, the Authority became an employing authority within the South Yorkshire Local Government Pension Scheme administered by South Yorkshire Pensions Authority.

The Local Government Pension Scheme provides defined benefits (retirement lump sums and pensions) to scheme members, earned as employees whilst working for the Authority.

As a defined benefit scheme:

- The liabilities of the South Yorkshire Pension Scheme attributable to the Authority are included in the balance sheet on an actuarial basis using the projected unit method.
- Liabilities are discounted to their current value using a discount rate determined by the Actuary (Mercers).
- The assets of the South Yorkshire Pension Scheme attributable to the Authority are included in the Balance Sheet at their fair value.

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

- Current Service Cost – the increase in liabilities as a result of benefits earned in the year.
- Past Service Cost – increase in liabilities as a consequence of amendment or curtailment of the Pension Scheme whose affect relates to benefits earned in previous years.
- Net pension interest cost.

Statutory provisions require the General Fund to be charged with the amount payable to the South Yorkshire Pension Scheme not the IAS 19 costs. Accordingly, the difference between the two is reversed out through the Movement in Reserves Statement and taken to a pensions reserve.

Actuarial gains and losses that arise because events have not coincided with the assumptions made by the Actuary do not affect the Surplus or Deficit on provision of Services in the CIES but are taken to the pensions reserve through Other Comprehensive Income & Expenditure.

Pension Fund Accounts are available from the South Yorkshire Pensions Authority, 8th Floor, Gateway Plaza, Sackville Street, Barnsley S70 2 RD.

XIX. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost and subsequently at fair value based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment Properties are not depreciated but their value is reviewed annually and revalued where necessary according to market conditions at the year end.

Returns earned on investment properties net of operating expenditure are credited to Financing and Investment Income in the CIES.

Gains and losses on revaluation are similarly posted to the Financing and Investment Income and Expenditure, as are gains and losses on disposal.

Revaluations gains and losses and gains and losses on the disposal of investment properties are credited/charged to Financing and Investment Income and Expenditure in the CIES. Such gains and losses are therefore reversed out of the General Fund Balance through the Movement in Reserves Statement to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

XX. Business (Non-domestic) Rates

The Authority receives the growth in business rates income from businesses within Enterprise Zones. All such Business Rates are collected by the billing authority who retain 100% of such income which is then paid over to the Authority to fund its economic development activities.

The income is recognised by the Authority in accordance with Collection Fund accounting rules. Namely, income is recognised in year based on the business rates estimates submitted by the billing authorities to DLUHC before the start of the financial year in their NNDR 1. The surplus or deficit arising against the estimate is recognised in the following year once the NNDR 3 outturn has been submitted by billing authorities to DLUHC.

XXI. Interests in Companies and Other Entities

The Authority has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In 2022/23 the MCA group comprised the following active entities:

- The Authority as the ultimate controlling entity.
- SYPTE which is controlled by the Authority by virtue of its statutory relationship.

In addition, the Authority has interests in several dormant companies, which are not consolidated into the group accounts due to being immaterial in nature. These comprise:

- SYPTA Properties Limited.
- Supertram Limited.
- South Yorkshire Local Enterprise Partnership Limited.
- SCR Financial Interventions Holding Company Limited.

It also had an interest in SYITA Properties Limited which is now liquidated.

6. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

Lease Accounting IFRS 16

IFRS 16 introduces major changes for Lessees. Hitherto, Lessees have only recognised a leased asset on the balance sheet where substantially all the risks and rewards of ownership are transferred to the Lessee. However, the new lease accounting rules under IFRS 16, will require a Lessee to recognise a right of use of an underlying asset for the period of the lease term for all leases other than those which are short- term or of low value.

The implementation of IFRS 16 will also impact on accounting for PFI/PPP arrangements.

The original timetable for introducing IFRS 16 was from 1 April 2020. However, CIPFA have confirmed that the date for mandatory implementation has now been deferred to 1 April 2024. Further consideration of its impact will be undertaken in 2023/24 in preparation for its implementation.

Other Accounting Standards

The following Accounting Standards have been issued but not yet adopted:

Definition of Accounting Estimates (Amendments to IAS 8) and, Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) both of which were issued in February 2021.
The Amendments to IAS 8 clarify that an accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty, that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated using measurement techniques involving the use of judgements or assumptions based on the latest available, reliable information.

The Amendments to IAS 1 clarify that accounting policies only need to be disclosed where they give rise to items which are material to a user of the accounts. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

Whilst the Amendments to IAS 8 and IAS 1 should lead to improved reporting neither will is thought likely to have a significant impact on the amounts anticipated to be reported in the financial statements as they do not change, in substance, the way that Accounting Policies and Accounting Estimates are currently determined.

7. Critical Judgements in Applying Accounting Policies

The Code requires that an Authority considers whether it is acting as principal or agent in determining how a material transaction should be presented in the Accounts. The Code stipulates that an authority is acting as an agent in situations or circumstances “where the Authority is acting as an intermediary.” It is acting as a principal in situations or circumstances “where the Authority is acting on its own behalf.”

Over the course of the year, Central Government has continued to provide support for socially necessary bus services and light rail services, in the form of the Local Transport Fund.

The Authority has accounted for £8.185m of grant awarded in respect of the Local Transport Fund and final instalments of the Local Transport Fund's predecessors (the Light Rail Restart Revenue Grant and Bus Recovery Grant) during the year which has been paid over to its subsidiary, SYPTE.

As responsibility for administering these grants and paying them over to operators rests with SYPTE, the view reached is that, under these circumstances, the Authority is merely acting as an intermediary in passporting the grant to the PTE. Accordingly, the receipt of grant from DfT and payment of the grant to SYPTE is not included within income and expenditure in the Authority's Accounts but is instead disclosed as income and expenditure within the accounts of SYPTE.

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

The unusually high rates of inflation currently being experienced together with the hike in interest rates to combat them, has potential implications for the Statement of Accounts in a number of areas.

However, it is important to note that the value of assets and liabilities at the Balance Sheet date reflect the conditions pertaining at the reporting date of 31 March. Subsequent events, which impact on the value of assets and liabilities after this date give rise to non-adjusting Post Balance Sheet Events as explained in Note 10 below.

As illustrated in the table below, the main sources of estimation uncertainty are considered to be the value at which Property, Plant & Equipment and Investment Properties are carried in the Balance Sheet and the Authority's share of the assets and liabilities of the South Yorkshire Pension scheme.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Plant Property and Equipment Investment Property / Assets Held for Sale	Specialised properties use Depreciated Replacement Cost as a proxy for current value in use. Increases in materials and labour costs will impact on cost information used to prepare DRC measurements as the starting point for such measurements is current Gross Replacement Cost. DRC measurements have been provided by a professionally qualified valuer for all material Land & Buildings measured on this basis. Investment Property / Assets Held for Sale carried at Market	A change in either the Market Value or assumed asset lives will impact on their carrying value in the Balance Sheet. It will not, however, have an impact on the Authority's finances due to the way in which Local Government is financed.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	Value are valued by a professionally qualified valuer at the prevailing market rate at the date of valuation. Property, Plant and Equipment is depreciated over useful economic lives that are dependent on assumptions made by the Authority and its Valuers.	
Financial instruments	The market expectation of higher interest rates will affect borrowing costs and investment income on variable rate debt or investments, and, therefore the Fair Value of outstanding long term debt and investments which would be expected to fall. The Authority does not hold any long term debt at Fair Value but it does impact on the Fair Value disclosure of borrowing and investments carried at amortised cost in the Financial Instruments Note (Note 20) provided by the Authority's treasury advisors.	A change in the prevailing interest rate used to determine the Fair Value of long term borrowing and investments at the balance sheet date would impact the disclosure but have no impact on their carrying value in the Balance Sheet
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The market volatility and increase in interest rates over the course of the year has led to a marked increase in high quality corporate bond yields from which the discount rate used to calculate the current value of pension liabilities is determined. This is reflected in a significant fall in the present value of pension obligations at the end of 2022/23. This is offset to some extent by an increase in pension liabilities as a consequence of pension increases being higher than previously assumed to keep pace with inflation.	The sensitivity analysis shown in the Pensions Note (Note 41) shows that small changes to key actuarial assumptions can have a significant impact on the net pensions' liability. However, as explained in Accounting Policy XVIII, the amount chargeable to the General Fund is determined by Local Government Pension Regulations not IAS 19 pension costs which provides certainty on the amount chargeable following each triennial valuation.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	A firm of Actuaries (Hymans Robertson LLP) is engaged to provide the Authority with expert advice about the assumptions applied.	

As with all public sector bodies, the Authority faces significant uncertainty about the future levels of Government and stakeholder funding in respect of both its transport and economic development functions. High inflation and increased interest rates will also put pressure on costs but also generate higher returns on the Authority's investments. These challenges are being managed through robust financial planning and management processes and by building in sufficient financial resilience to ensure the Group's sustainability in the medium to longer term asset. This is explained more fully in management's Going Concern assessment set out at the start of the Accounting Policies Note (Note 5)

9. Prior Period Adjustments

None.

10. Events After the Reporting Date

The South Yorkshire Passenger Transport Executive (Transfer of Functions) Order 2023 enacted on 20 February 2023, provided for the South Yorkshire Passenger Transport Executive to be dissolved on 31 March 2023 and all of its functions, property, rights and liabilities to be transferred to the South Yorkshire Mayoral Combined Authority. The Continuity provisions of the Order make for a seamless transfer of functions such that anything that in the process of being done by or in relation to SYPTE immediately before the 1 April is treated as if done by or in relation to the Authority. Similarly, the Authority has been substituted for SYPTE, in any instruments, contracts or legal proceedings which relate to any of the functions, property, rights or liabilities transferred, and are made or commenced before the transfer takes effect.

Furthermore, The Local Authority Accounting Code of Practice states that combinations of public sector bodies through local government reorganisation and other transfers of function from one public sector body to another are deemed to be combinations of businesses under common control. As such, assets and liabilities shall normally be transferred at their carrying amount as at the transfer date without the need for restatement.

Accordingly, practically and in substance, the dissolution of SYPTE on 31 March 2023 and transfer of all of its functions, property, rights and liabilities to the Authority does not have a financial effect on the amounts reported in either SYPTE's or the Authority's 2022/23 accounts.

The unaudited Statement of Accounts was authorised for issue by the Group Chief Financial Officer (Section 73 Officer) on 30 June 2023. Events taking place after this date are not reflected in the Financial Statements or Notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

11. Material Items of Income and Expense

Devolution Funding (Gainshare)

As a consequence of the MCA implementing the South Yorkshire Devolution Deal, the Authority is due to receive an annual allocation of £30m of Devolution Funding (Gainshare) over a 30 year period commencing in 2020/21. The allocation is split £12m revenue and £18m capital.

The MCA has approved a spending programme for the initial 4 years allocation to promote recovery and renewal post Covid through the South Yorkshire Renewal Fund.

In 2022/23, the Gainshare capital funding allocation of £18m has been applied in full.

£8.5m of the in year revenue allocation has been spent together with a further drawdown of £2.5m from earmarked Gainshare revenue reserves. This has been primarily used to distribute £7.275m of project feasibility funding to constituent authorities and £1.5m to provide support towards the cost of 18-21 concessions. The unused balance of the in year allocation of £3.5m has been transferred to earmarked Gainshare reserves to support the delivery of immediate priorities for economic recovery and renewal.

Capital Grants (Revenue Expenditure Funded by Capital Under Statute)

The Authority awarded capital grants of £109.9m during the course of the year (£73.4m transport and £36.5m MCA/LEP) in furtherance of its strategic objectives.
Transport capital grant expenditure includes: £42.4m CRSTS/TCF; £20.8m Parkway Widening, and, £7.8m on legacy Highways Capital Maintenance and ITB.
The total of £73.4m includes £8.9m awarded to SYPTE to fund SYPTE led scheme delivery.
MCA/LEP capital grant expenditure includes: £14.2m of Gainshare capital; £4m Brownfield Housing; £6m on Business Investment schemes funded by recycled LGF; and, £12.4m additional capital funding provided by DLUHC.

In accordance with the Code of Practice, and, as explained in Accounting Policy XIV on Revenue Expenditure Funded by Capital Under statute (REFCUS), this grant expenditure has been charged to continuing services in the CIES as transport or MCA/LEP depending on its nature.

Government capital Grant funding of £106.9m has been credited to the CIES as income. This all relates to the capital grant expenditure incurred of £109.9m and has therefore been credited to continuing services within the CIES according to which line the related capital grant expenditure has been charged to ie transport or MCA/LEP. The balance of capital grant expenditure not funded by Government Grant of £3m has been funded by capital receipts and capital grant unapplied.

The £3.2m of other capital income recognised within Taxation & Non-Specific Grant Income represents a return of grant funding due to the successful rollout of the Superfast South Yorkshire broadband scheme.(see Note 42 for further detail)

Revenue Grants

The Authority received £54.364m of Transport Levy in 2022/23 from its constituent Local Authority members. This has been used to provide Revenue Grant of £51.106m to SYPTE to fund its operational transport revenue budget for the year and to meet the Authority's costs incurred in delivering its transport functions.

As part of its Devolution Deal, the Authority assumed responsibility for devolved Adult Education Budget (AEB) from 1 August 2021, commissioning adult skills provision for the residents of Barnsley, Doncaster, Rotherham and Sheffield. The Authority received £39.8m of devolved AEB funding for the year together with £3.2m for Free Courses for Jobs. Spending for the year amounted to £34.9m. The balance is being carried forward in revenue grant received in advance to meet expenditure in the final term of the 2022/23 academic year.

12. Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2022/23.

See Note 10 Events After the Reporting Date for further detail on the dissolution of SYPTE on 31 March 2023 and transfer of all of its functions, property, rights and liabilities to the South Yorkshire Mayoral Combined Authority.

13. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments, shown in the Movement in Reserves Statement, that are made to the total Comprehensive Income and Expenditure recognised by the Mayoral 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 Mayoral Combined Authority to meet future capital and revenue expenditure.

2022/23	General Fund Balance £000	Capital Receipt Reserves £000	Capital grants unapplied Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CIES:						
Capital grants and contributions credited to the CIES – taxation and non-specific grants	3,240	0	(3,240)	0	0	0
Capital grants & contributions credited to CIES -REFCUS	106,853	0	0	106,853	(106,853	0
Use of Capital Receipt Reserves to fund Capital expenditure	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	(109,920)	0	0	(109.920)	109,920	0
Depreciation	(455)	0	0	(455)	455	0
Amortisation	(383)			(383)	383	
Impairment/Expected Credit Losses	(486)	0	0	(486)	486	0
Employers' contribution to Pension Schemes	(1,242)	0	0	(1,242)	1,242	0
Direct Revenue Financing						
Amount by which finance costs calculated in accordance with the code are different from the amount of finance costs calculated in accordance with statutory requirements	24	0	0	24	(24)	**0**
Insertion of items not debited or credited to the CIES:						
Statutory provision for repayment of debt (MRP)	3,367	0	0	3,367	(3,367)	0
Total	**999**	**0**	**(3,240)**	**(2,241)**	**2,241**	**0**

2021/22	**General Fund Balance £000**	**Capital Receipt Reserves £000**	**Capital grants unapplied Reserves £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**
Reversal of items debited or credited to the CIES:						
Capital grants and contributions credited to the CIES – taxation and non-specific grants	17,233	0	(21,563)	(4,330)	4,330	0
Capital grants & contributions credited to CIES -REFCUS	77,190	0	0	77,190	(77,190)	0
Use of Capital Receipt Reserves to fund Capital expenditure	0	5,028	0	5,028	(5,028)	0
Revenue expenditure funded from capital under statute	(90,340)	0	0	(90,340)	90,340	0
Depreciation	(523)	0		(523)	523	0
Impairment/Expected Credit Losses	(362)	0		(362)	362	0
Employers' contribution to Pension Schemes	(1,000)	0	0	(1,000)	1,000	0
Direct Revenue Financing						
Amount by which finance costs calculated in accordance with the code are different from the amount of finance costs calculated in accordance with statutory requirements						
Insertion of items not debited or credited to the CIES:	289	0	0	289	(289)	0
Statutory provision for repayment of debt (MRP)	3,367	0	0	3,367	(3,367)	0
Total	**5,854**	**5,028**	**(21,563)**	**(10,681)**	**10,681**	**0**

14. Transfers (To)/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and amounts drawn down from earmarked reserves to meet General Fund expenditure during the year.

Information on the purpose of the more significant Reserves is disclosed in Note 30.

	31 March 2021 £000	Transfers Out 2021/22 £000	Transfer in 2021/22 £000	Total Movements £000	31 March 2022 £000	Transfers Out 2022/2023 £000	Transfer in 2022/23 £000	Total Movements £000	31 March 2023 £000
South Yorkshire Renewal Fund:									
Gainshare - contingency	(710)	0	(124)	(124)	(834)	834	0	834	0
Gainshare – Emergency Recovery Fund	(1,172)	1,172	0	1,172	0				0
Gainshare – Business Renewal Action plan	(2,972)	705	(3,938)	(3,233)	(6,205)	885	0	885	(5,320)
Gainshare – Skills Renewal Action Plan	(3,101)	0	(4,109)	(4,109)	(7,210)	97	0	97	(7,113)
Gainshare – Prospectus for Growth	0	0	0	0	0	0	(1,600)	(1,600)	(1,600)
Gainshare – Project Feasibility (MCA)	0	0	0	0	0	**0**	(200)	(200)	(200)
Gainshare – Project Feasibility (CDC)	0	0	0	0	0	**0**	(725)	(725)	(725)
Gainshare – 18 to 21 concessions	(1,811)	991	(2,400)	(1,409)	(3,220)	2,701	0	2,701	(519)
Gainshare – Programme Management	(474)	0	0	0	(474)	0	0	0	(474)
Gainshare – Debt Financing	0	0	0	0	0	0	(650)	(650)	(650)
Gainshare – Destination Management	0	0	0	0	0	0	(250)	(250)	(250)
Gainshare – Protection of Priority Services	0	0	0	0	0	0	(2,735)	(2,735)	(2,735)
Programmes and Projects – MCA/LEP									
Project Feasibility Fund	(3,600)	0	0	0	(3,600)	0	0	0	(3,600)
Mayoral Capacity Fund	(1,274)	518	(195)	323	(951)	208	(162)	46	(905)
Mayoral Election Reserve	(2,187)	1,180	0	1,180	(1,007)	892	(600)	292	(715)
Business Sinking Fund	(2,121)	0	0	0	(2,121)	25	(281)	(256)	(2,377)
Skills Bank	(7,837)	885	(3,525)	(2,640)	(10,477)	474	0	474	(10,003)
Food Security Project	0	0	0	0	0	0	(150)	(150)	(150)
Apprenticeship Grant for Employers	(107)	0	0	0	(107)	0	0	0	(107)
Strategic Asset Management	(28)	0	0	0	(28)	0	0	0	(28)
Programmes and Projects – LTA									
Levy Reduction Reserve	(14,163	1,231	(479)	752	(13,411)	1,990	(434)	1,556	(11,855)
Bus Franchise Assessment	0	0	(3,000)	(3,000)	(3,000)	168	0	168	(2,832)
PFI Reserve	(12,446	3,000	(1,240)	1,760	(10,686)	0	(1,058)	(1,058)	(11,744)
Protection of Priority Services	(5,888)	0	0	0	(5,888)	0	(2,000)	(2,000)	(7,888)

£2 fare cap continuation	**0**	0	0	0	0	0	(500)	(500)	(500)
Identified Risks									
Income Resilience Reserve	(1,497)	0	(585)	(585)	(2,082)	0	0	0	(2,082)
Redundancy Reserve	0	0	(180)	(180)	(180)	0	0	0	(180)
Other									
Capacity and Development Fund	**0**	0	0	**0**	**0**	0	(3,754)	(3,754)	(3,754)
Total	**(61,388)**	**9,682**	**(19,775)**	**(10,093)**	**(71,481)**	**8,275**	**(15,097)**	**(6,825)**	**(78,306)**

15. Financing and Investment Income and Expenditure

The following table provides a breakdown of Financing and Investment Income and Expenditure.

Interest payable relates to the £25m of loans held by the Mayoral Combined Authority at an average 5.5% interest rate:

31 March 2022 £000		**Note**	**31 March 2023 £000**
1,377	Interest Payable and similar charges		1387
(1,974)	Interest receivable and similar income		(9,523)
104	Pension interest cost and expected return on pensions assets		142
(212)	(Surplus) or deficit of trading undertakings	35	(716)
(126)	Property Management – Investment income	18	16
(831)	**Total**		**(8,694)**

16. Taxation and Non- Specific Grant Income

The following table provides a breakdown of Taxation and Non-Specific Grant Income:

31 March 2022 £000		**31 March 2023 £000**
	Non-ring-fenced government grants:	
(7,847)	Non-Specific Revenue grants	0
(17,234)	Capital Grants and Contributions	(3,240)
(25,081)	**Total**	**(3,240)**

17. Property, Plant and Equipment (PPE)

Movements on Balances:

Movements in 2022/23	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment (VPFE) £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000	Total PFI Assets included in PPE £000
Cost or Valuation:						
At 1 April 2022	**20,975**	**1,067**	**1,600**	**138**	**23,780**	**0**
Other movements	0	0	0	0	**0**	**0**
Additions – programmed investment	0	0	0	22	**22**	**0**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	1,671	0	0	0	**1,671**	**0**
Revaluation increases/ (decreases) to Surplus/Deficit on the Provision of Services	103	0	(150)	0	**(47)**	**0**
De-recognition – disposals	0	0	0	0	**0**	**0**
De-recognition – other	0	0	0	0	**0**	
Reclassification and transfers	0	160	(1,450)	(160)	**(1,450)**	**0**
At 31 March 2023	**22,749**	**1,227**	**0**	**0**	**23,976**	**0**

Movements in 2022/23 (Continued)	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000	Total PFI Assets included in PPE £000
At 1 April 2022	0	(431)	0	0	**(431)**	**0**
Depreciation charge	(320)	(135)	0	0	**(455)**	**0**
Other movements	0	0	0	0	**0**	**0**
Impairment (losses)/reversals recognised in the Revaluation Reserve	0					
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	320	0	0	0	**320**	**0**
De-recognition - disposals	0	0	0	0	**0**	**0**
De-recognition - other	0	0	0	0	**0**	**0**
Reclassification and Transfers	0	0	0	0	**0**	0
At 31 March 2023	**0**	**(566)**	**0**	**0**	**(566)**	**0**
Net Book Value;						
At 31 March 2023	22,749	661	0	0	**23,410**	**0**
At 31 March 2022	20,975	636	1,600	138	**23,349**	**0**

Movements in 2021/22	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment (VPFE) £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000	Total PFI Assets included in PPE £000
Cost or Valuation:						
At 1 April 2021	**20,990**	**1,067**	**1,680**	**29**	**23,766**	**0**
Additions – transferred in from subsidiary	0	0	0	0	**0**	**0**
Additions - programmed investment	0	0	0	109	**109**	**0**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	506	0	0	0	**506**	**0**
Revaluation increases/ (decreases) to Surplus/Deficit on the Provision of Services	(221)	0	0	0	**(221)**	**0**
De-recognition – disposals	0	0	0	0	**0**	**0**
De-recognition – other	0	0	0	0	**0**	**0**
Reclassification and transfers	(300)	0	(80)	0	**(380)**	**0**
At 31 March 2022	**20,975**	**1,067**	**1,600**	**138**	**23,780**	**0**

Movements in 2021/22 (Continued)	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000	Total PFI Assets included in PPE £000
Accumulated Depreciation and Impairment:						
At 1 April 2021	(300)	(296)	(80)	0	**(676)**	**0**
Depreciation charge	(323)	(135)	0	0	**(458)**	**0**
Depreciation written out to the Revaluation Reserve	221	0	0	0	**221**	**0**
Depreciation written out to the Surplus/Deficit on the Provision of Services	102	0	0	0	**102**	**0**
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	**0**	**0**
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	**0**	**0**
De-recognition - disposals	0	0	0	0	**0**	**0**
De-recognition - other	300	0	80	0	**380**	0
Reclassification and Transfers	0	0	0	0	**0**	**0**
At 31 March 2022	**0**	**(431)**	**0**	**0**	**(431)**	**0**
Net Book Value:						
At 31 March 2022	20,975	636	1,600	138	**23,349**	**0**
At 31 March 2021	20,690	770	1,600	29	**23,089**	**0**

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Depreciation

Depreciation is charged on a straight-line basis over the useful life of the asset.

Capital Commitments

There are no significant capital commitments as at 31 March 2023.

Revaluations

Revaluations of Land and Buildings have been carried out by a professionally qualified Valuer in 2022/23.

The following statement splits the value of those asset categories, into the years the assets were most recently valued:

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000
Carried at Historical Cost	0	661	0	0	661
Valued at Fair Value as at:					
31 March 2023	22,749	0	0	0	22,749
31 March 2022	0	0	0	0	0
31 March 2021	0	0	0	0	0
31 March 2020	0	0	0	0	0
31 March 2019	0	0	0	0	0
31 March 2018	0	0	0	0	0
31 March 2017	0	0	0	0	0
31 March 2016	0	0	0	0	0
31 March 2015	0	0	0	0	0
Total Cost or Valuation	**22,749**	**661**	**0**	**0**	**23,410**

18. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure Statement:

2021/22 £000		2022/23 £000
(126)	Net Rental income from investment property	16
(126)	Net (gain)/loss	16

The following table summarises the movement in the fair value of investment properties over the year:

2021/22 £000	Cost or Valuation	2022/23 £000
1,779	Balance At 1 April	1,979
200	Revaluations	95
0	Reclassifications	0
1,979	**Balance at 31 March**	**2,074**

Fair Value Hierarchy

To conform to the requirements of IFRS 13, Fair Value measurement, details of the Authority's investment properties and information about the fair value hierarchy as at 31 March 2023 are as follows:

2022/23				
Recurring fair value measurements using:	**Quoted prices in active markets for identical assets (Level 1)**	**Other significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Fair value as at 31 March 2023**
	£000	**£000**	**£000**	**£000**
Investment Properties	0	2,074	0	2,074
Total	**0**	**2,074**	**0**	**2,074**

2021//22 Comparative				
Recurring fair value measurements using:	**Quoted prices in active markets for identical assets (Level 1)**	**Other significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Fair value as at 31 March 2022**
	£000	**£000**	**£000**	**£000**
Investment Properties	0	1,979	0	1,979
Total	**0**	**1,979**	**0**	**1,979**

Valuation Process for Investment Properties

Revaluations of the Authority's investment properties have been carried out by a professionally qualified Valuer in 2022/23.

19. Intangible Assets

The carrying amount of intangible assets is amortised on a straight-line basis.

The movement on intangible asset balances during the year is as follows:

			2021/22			**2022/23**
	Internally Generated Assets	Other Assets	**Total**	Internally Generated Assets	Other Assets	**Total**
	£000s	£000s	**£000s**	£000s	£000s	**£000s**
Balance at 1 April	0	1,531	**1,531**	0	1,148	**1,148**
Amortisation for the period	0	(383)	**(383)**	0	(382)	**(382)**
Additions	0	0	**0**	0	0	**0**
Net Carrying Amount at End of Year	0	1,148	**1,148**	0	766	**766**
Comprising:						
Gross carrying amounts	0	1,531	**1,531**	0	1,531	**1,531**
Accumulated amortisation	0	(383)	**(383)**	0	(765)	**(765)**
	0	1,148	**1,148**	0	766	**766**

20. Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

Current 31 March 2022	**Long Term 31 March 2022**		**Current 31 March 2023**	**Long Term 31 March 2023**
£000	**£000**		**£000**	**£000**
0	(25,000)	Financial liabilities at amortised cost	(4,000)	(21,000)
0	0	Accrued interest	0	0
0	**(25,000)**	**Total financial liabilities**	**(4,000)**	**(21,000)**
110,000	40,000	Investments at amortised cost	187,000	98,000
462	0	Accrued interest	3,074	0
110,462	**40,000**	**Total Investments at amortised cost**	**190,074**	**98,000**
221,922	0	Cash and cash equivalents	154,766	0
0	0	Accrued Interest	0	0
221,922	**0**	**Total cash and cash equivalents**	**154,766**	**0**
332,384	**40,000**	**Total investments**	**344,840**	**98,000**

Soft Loans

The Authority had one soft loans at the start of the financial year:

- £1.39m to Doncaster Metropolitan Borough Council to support the DN7 scheme

The movements in the Soft Loan Balance arising from these transactions is summarised in the table below:

	31 March 2022 £000	31 March 2023 £000
Opening Balance	5,828	1318
New Loans Granted	0	0
Less Fair Value Adjustment on Initial Recognition	0	0
Less Discounted Amount	0	0
Less Other Adjustments	(4,799)	0
Less Dividend Payment	0	0
Unwinding of discount	289	24
Balance Carried Forward	**1,318**	**1,342**
Nominal Value	**1,390**	**1,390**

Expected Credit Loss Model

The Authority has, with effect from 1 April 2018, determined impairment loss allowances on all of its financial assets held at amortised cost using the expected credit loss model.

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 12-month expected losses.

Expected credit losses will be calculated on individual assets where reasonable to do so. Where the Authority cannot gather reasonable and supporting information without undue cost or effort to support expected credit losses on an individual basis, it will assess losses on a collective basis.

The impairment loss allowances made in 2022/23 are summarised in Note 21.

Financial Instrument Gain/Losses

The Financial Instrument gains and losses recognised in the Comprehensive Income and Expenditure Statement are:

2021/22 Financial liabilities £000	2021/22 Financial Assets £000	2021/22 Total £000		2022/23 Financial Liabilities £000	2022/23 Financial Assets £000	2022/23 Total £000
1,376	0	1,376	Interest expense	1,387	0	1,387
1,376	**0**	**1,376**	**Interest payable and similar charges**	**1,387**	**0**	**1,387**
0	(1,974)	(1,974)	Interest income	0	(9,523)	(9,523)
0	**(1,974)**	**(1,974)**	**Interest and investment income**	**0**	**(9,523)**	**(9,523)**
1,376	**(1,974)**	**(598)**	**Net (gain)/loss for the year**	**1,387**	**(9,523)**	**(8,136)**

Fair Value of Assets and Liabilities Carried at Amortised Cost

The borrowings and investments disclosed in the Balance Sheet are shown at amortised cost. Their fair value can be assessed by calculating the net present value (NPV) of the cash flows that take place over the remaining life of the instruments which provides an estimate of the value of payments in the future in today's terms. The calculations have been made using the following assumptions:

- PWLB Loans – There are two options for determining the fair value of PWLB borrowing. One is to use the prevailing rate for new borrowing (the certainty rate) at the balance sheet date. The second is to use the prevailing premature repayment rate at the balance sheet date. These rates are then applied to determine the net present value of the cashflows that are expected to take place over the remaining life of the PWLB loans within the Authority's debt portfolio. Both are disclosed.
- Accrued interest has been included in the fair valuation calculation as this is also reflected in the carrying amount. The accrued interest figure is calculated up to and including the valuation date.
- Investments – fair value is determined by comparison of the fixed term investment held by the Authority with a comparable investment with a similar lender for the remaining period of the deposit.
- Short-term financial liabilities and financial assets - Where an instrument has a maturity of less than 12 months, the fair value the carrying amount is deemed a reasonable approximation of fair value.

Fair Value of Financial Liabilities Carried at Amortised Cost-New Borrowing (Certainty) Rate

31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000		31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000
25,000	29,503	PWLB debt	25,000	25,446
25,000	**29,503**	**Total Financial Liabilities**	**25,000**	**25,446**

Fair Value of Financial Liabilities Carried at Amortised Cost-Premature Repayment Rate

31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000		31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000
25,000	31,611	PWLB debt	25,000	26,772
25,000	**31,611**	**Total Financial Liabilities**	**25,000**	**26,772**

The fair value is greater than the carrying amount because the Authority's portfolio comprises fixed rate loans with interest rates in excess of current PWLB new borrowing rates.

If the Authority were to seek to repay its PWLB debt early as at the Balance Sheet, the PWLB apply the premature repayment rates. The difference between the carrying value of £25m and fair value of £26.772m is a measure of the premium the Authority might have to pay to terminate loans early as at the Balance Sheet date.

Fair Value of Financial Assets Carried at Amortised Cost

The analysis below relates to fixed term deposits held with Local Authorities. Call accounts held with UK banks and Money Market Funds are disclosed within cash and cash equivalents – see Note 25.

31 March 2022			**31 March 2023**	
Carrying Amount £000	**Fair Value £000**		**Carrying Amount £000**	**Fair Value £000**
40,000	40,000	Investments at Amortised Cost- Long Term	98,000	94,249
110,462	109,832	Investments at Amortised Cost- Short- Term	190,074	190,074
150,462	**149,832**	**Total**	**288,074**	**284,323**

21. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

The Mayoral Combined Authority's activities expose it to a variety of financial risks, the key risks are:

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

Overall Procedures for Managing Risk

The Authority's overall risk management procedures are designed to comply with regulatory guidance applicable to Local Authorities, namely, the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Statutory Investment Guidance.

Overall, these procedures require the Authority to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Code of Practice on Treasury Management.
- By approving annually in advance prudential indicators.
- The Authority's overall borrowing.
- Its exposure to fixed and variable rate interest on borrowing and investments.
- The maturity structure of debt.
- Investments of 365 days or more.
- By approving an investment strategy for the forthcoming year setting out the criteria for both investing and selecting investment counterparties to protect the principal sums invested having due regard to risk and in compliance with statutory Guidance.

The prudential indicators are set annually as part of the Treasury Management Strategy and monitored and reported on to Members at least twice yearly through a mid-year report and end of year annual report on treasury performance.

The Authority maintains written principles/policies (the Treasury Management Practices or TMPs) for overall risk management, covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. These TMPs are a requirement of the

Code of Practice which are updated and implemented by the Treasury Management team.

Credit Risk

Credit risk relating to treasury activity is minimised through the Annual Investment Strategy which forms part of the Authority's Annual Treasury Management Strategy. The Investment Strategy restricts placing investments with counterparties to those with high credit ratings to minimise the risk of default.

The Authority adopts a counterparty list based on a model provided by its treasury advisors using credit ratings from the three national rating agencies (Fitch, Moody's and Standard and Poors) supplemented by the following information:

- Credit updates and credit outlooks from credit rating agencies.
- Credit Default Swap spreads to give early warning of likely changes in credit ratings (a CDS is the market perception of credit risk for financial institutions).
- Sovereign ratings to enable the Mayoral Combined Authority to only select counterparties from the most creditworthy countries.

As at 31 March 2023 the Authority held short- and long-term investments carried at amortised cost of £285m representing fixed term deposits and £154.766m classified as cash and cash equivalents (see Note 25) comprising £40m of call accounts with banks, and £114.766m Money Market Funds. The default risk associated with these investments at the balance sheet date ranged between 0.014% and 0%.

No impairment loss allowances have been made during the year in respect of these investments as the very low default risk would only require an impairment loss allowance of c.£14k.

Local authorities by virtue of relevant statutory provisions which prevent default have a zero default risk.

The table below shows the credit rating of counterparties other than local authorities held at 31 March 2023:

31 March 2023				
	Financial Institution	**Rating of Counterparty**	**Country**	**Amount £000**
	Money Market Funds	AAA	UK	114,766
	Barclays Bank plc	A	UK	20,000
	Santander UK plc	A	UK	20,000
	Standard Chartered	A+	UK	20,000
	Goldman Sachs International	A+	UK	20,000
	SMBC Bank International plc	A-	UK	20,000
	National Bank of Kuwait International plc	A-	UK	20,000

31 March 2022				
	Financial Institution	**Rating of Counterparty**	**Country**	**Amount £000**
	Local Authorities		UK	130,000
	Barclays Bank plc	A	UK	20,000
	Lloyds Bank plc	A+	UK	20,000
	Santander UK plc	A	UK	20,000
	Standard Chartered	A+	UK	20,000

Other financial assets held at the year-end comprised:

- £10.317m of long- term capital loans advanced to third parties in furtherance of the Authority's economic development objectives - see Note 22.
- £2.285m of short- term debtors – see Note 24.

These notes disclose the amounts set aside for expected credit losses.

Liquidity Risk

The Authority has substantial investments which are managed in such a way as to ensure that there is sufficient liquidity on a day-to-day basis to meet expenditure when needed.

On an annual basis, the Authority is required to produce a balanced budget under the Local Government Finance Act 1992. This ensures that overall, over the course of the financial year there is sufficient monies raised to cover annual expenditure.

Longer term, the Authority has access to PWLB should it require funds to meet its capital investment plans, subject to it being affordable under the Prudential Code.

Refinancing and Maturity Risk

The investment portfolio is managed in such a way as to provide sufficient short-term liquidity and to ensure that there are sufficient funds to repay Group borrowing as it falls due.

The maturity analysis of financial liabilities is:

	2021/22				**2022/23**	
Principal	**Accrued Interest**	**Principal plus Interest**		**Principal**	**Accrued Interest**	**Principal plus Interest**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
0	0	0	Less than 1 year	(4,000)	0	(4,000)
(16,000)	0	(16,000)	Between 2 and 5 years	(16,000)	0	(16,000)
(4,000)	0	(4,000)	Between 5 and 10 years	0	0	0
(5,000)	0	(5,000)	More than 10 years	(5,000)	0	(5,000)
(25,000)	**0**	**(25,000)**	**Total**	**(25,000)**	**0**	**(25,000)**

The maturity analysis of short and long-term investments is:

2021/22				2022/23		
Principal	**Accrued Interest**	**Principal plus Interest**		**Principal**	**Accrued Interest**	**Principal plus Interest**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
110,000	462	110,462	Under 1 year	187,000	3,074	190,074
25,000	0	25,000	Between 1 and 2 years	45,000	0	45,000
15,000	0	15,000	Between 2 and 5 years	53,000		53,000
0	0	0	Between 5 and 10 years			
0	0	0	More than 10 years			
150,000	**462**	**150,462**	**Total**	**285,000**	**3,074**	**288,074**

Market Risk

Interest Rate Risk

Interest rate risk arises on borrowings and investments as follows:

- Borrowing at Variable Rates — The interest expense charged to the Comprehensive Income and Expenditure Statement may rise.
- Borrowing at Fixed Rates — The fair value of the borrowing liability will rise (no impact on revenue balances).
- Investments at Variable Rates — The interest income credited to the Comprehensive Income and Expenditure Statement may fall.
- Investments at Fixed Rates — The fair value of the assets will fall (no impact on revenue balances).

The Authority’s strategy for managing interest rate risk is set out below.

Borrowing

The Authority’s debt portfolio is fixed rate PWLB debt. The amount of interest payable is not therefore exposed to risk from interest rate fluctuations.

Investments

The investment portfolio comprises fixed term deposits with Local Authorities and other low risk counterparties, call accounts and Money Market Funds “MMFs”.

Sensitivity analysis

If interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	0
Decrease in fair value of fixed rate investment assets*	1,608
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(1,226)

Notes:

* The change in Fair Value of fixed rate investments and fixed rate borrowing is based on a 1% increase in interest rates above the market rates prevailing at the balance sheet date. The approximate impact of a 1% fall in interest rates would be the same but with the movements being reversed.

Foreign Exchange Risk

The Authority has no significant financial assets or liabilities denominated in foreign currencies and therefore no material exposure to loss arising from movements in exchange rates.

22. Long Term Debtors

The following is an analysis of Long-Term Debtors:

31 March 2022 £000		31 March 2023 £000
1,318	Other Local Authorities	1,341
17,159	Others	8,976
18,477	**Total**	**10,317**

The long-term debtors represent Capital Loans advanced to third parties to support the MCA's strategic economic development objectives.

The carrying value of £10.317m comprises the nominal value of loans £11.559m less soft loan adjustment of £0.049m less expected credit losses of £1.193m.

23. Long-Term Investments

The following is an analysis of Long-Term Investments:

31 March 2022 £000		31 March 2023 £000
40,000	Investments with Local Authorities	98,000
40,000	**Total**	**98,000**

A maturity analysis of long-term investments is set out in Note 21.

24. Short-Term Debtors

The following is an analysis of Short-Term Debtors:

31 March 2022 Restated £000		31 March 2023 £000
882	Trade Customers	614
858	Receivables from Related Parties	387
0	Prepayments	0
1,201	Other Amounts	208
2,941	**Total**	**1,209**

The debtors balance comprises gross debtors of £1.511m less an allowance for impairment losses of £0.302m.

25. Cash and Cash Equivalents

The following is an analysis of Cash and Cash Equivalents shown in the Balance Sheet:

31 March 2022 £000		31 March 2023 £000
0	Cash at Bank-Bank overdrawn	0
156	Cash at Bank	8,805
221,766	Highly liquid Investments	154,766
221,922	**Total**	**163,571**

26. Short-Term Borrowing

The balance of Short-term Borrowing relates to a number of loans from other Local Authorities for the Mayoral Combined Authority/LEP:

31 March 2022 £000		31 March 2023 £000
0	Accrued interest on borrowing	0
0	PWLB Borrowing	(4,000)
0	**Total**	**(4,000)**

27. Short-Term Creditors

The following is an analysis of Short-Term Creditors:

31 March 2022 Restated £000		31 March 2023 £000
(5,893)	Trade Creditors	(6,019)
(32,508)	Related Parties Creditors	(144,417)
(17,464)	Revenue Grant Received in advance (Note 38)	(33,002)
0	Other Creditors	0
(55,865)	**Total**	**(183,438)**

As SYPTE will be integrating with SYMCA on 1 April 2023, therefore all the creditors relating to SYPTE are shown as short-term creditors (Related Parties Creditors).

28. Provisions

The Mayoral Combined Authority has the following Provisions:

31 March 2022 £000		31 March 2023 £000
(589)	Balance at 1 April	(668)
318	Released/utilised in year	668
(397)	Created in year	0
(668)	**Total**	**0**
	Split by:	
(668)	Short-term	0
0	Long-term	0
(668)	**Total**	**0**

29. Other Long -Term Liabilities

The full value of Other Long -Term Liabilities relates to the balance held for SYPTE, expected to be drawn down after more than one year and is primarily to repay SYPTE's borrowing as it falls due. As SYPTE will be integrating with SYMCA on 1 April 2023, therefore all the creditors relating to SYPTE are shown as short-term creditors.

31 March 2022 Fair Value £000		31 March 2023 Fair Value £000
(110,456)	South Yorkshire Passenger Transport Executive	0
(110,456)	**Total**	**0**

30. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

General Fund Balance

The General Fund is an unearmarked reserve to cover unexpected fluctuations in income and expenditure and unforeseen contingencies.

The table below shows the balance of the General Fund available balance:

31 March 2022 £000		31 March 2023 £000
(2,277)	MCA / LEP	(2,865)
(2,277)	**Total**	**(2,865)**

Earmarked General Fund Reserves

The table below provides a breakdown of the earmarked reserves balance.

31 March 2022 £000		31 March 2023 £'000
	South Yorkshire Renewals Fund	
(834)	Gainshare – Contingency	0
(6,205)	Gainshare – Business Renewal Action Plan	(5,318)
(7,210)	Gainshare – Skills Renewal Action Plan	(7,113)
0	Gainshare – Prospectus for Growth	(1,600)
0	Gainshare – Project Feasibility Fund (MCA)	(200)
0	Gainshare – Project Feasibility Fund (CDC)	(725)
(3,220)	Gainshare – 18 to 21 Concessions	(520)
(474)	Gainshare – Programme Management	(474)
0	Gainshare – Debt Financing	(650)
0	Gainshare – Destination Management	(250)
0	Gainshare – Protection of Priority Services	(2,734)
	Programmes and Projects – MCA/LEP	
(3,600)	Project Feasibility Fund	(3,600)
(951)	Mayoral Capacity Fund	(905)
(1,007)	Mayoral Election Reserve	(715)
(2,121)	Business Sinking Fund	(2,378)
(10,477)	Skills Bank	(10,003)
0	Food Security Project	(150)
(107)	Apprenticeship Grant for Employers	(107)
(28)	Strategic Asset Management	(29)
	Programmes and Projects – Local Transport Authority	
(13,411)	Levy Reduction Reserve	(11,854)
(3,000)	Bus Franchising Assessment	(2,832)
(10,686)	PFI Reserve	(11,744)
(5,888)	Protection of Priority Services	(7,888)
0	£2 Fare Cap Continuation	(500)
	Identified Risks	

(2,082)	Income Resilience Fund	(2,082)
(180)	Redundancy Reserve	(180)
	Other	
0	Capacity and Development Fund	(3,752)
(71,481)	**Total**	**(78,303)**

Earmarked reserves are set aside to meet future liabilities and provide financing for future revenue or capital spending plans.

Programmes and Projects earmarked reserves represent resource arising largely from timing differences in the receipt of funding and the Authority's readiness to incur expenditure on committed activity.

Identified Risks represent sums set aside to mitigate specific risks that have been identified and can be reasonably quantified.

Information on the use of Reserves in the year is disclosed in Note 14.

The purpose of the more significant of these reserves is as follows:

- South Yorkshire Renewals Fund (Gainshare Revenue) - The MCA has identified a number of immediate priorities to be supported from Gainshare revenue funding. Resource is committed to Business and Skills Renewal Action Plan activity along with contributions to transport priorities (most notably 18-21 concessions and priority services) and funding for the delivery of the Place Plans and the Prospectus for Growth.
- Project Feasibility Fund - the reserve has been created to provide sustainable revenue funding for the early-stage development of capital projects.
- Mayoral Capacity Fund - the Fund's primary purpose is to build capacity and expertise to support the Elected Mayor in discharging his responsibilities and developing specific policy areas aligned to the Mayors' commitments set out in his manifesto.
- Mayoral Election Reserve - The reserve is being built up to provide funding towards the cost of staging the next Mayoral election which is scheduled to take place in May 2027.
- Business Sinking Fund – This reserve is being used to support Business Growth related revenue activity.
- Skills Bank Reserve - The reserve is ring-fenced to support future Skills Bank delivery and sustainability now that the Skills Bank 2 programme has ended.
- Food Bank security – residual balance available from the cost-of-living package approved by the MCA in 2022/23 to support struggling communities
- Levy Reduction Reserve - The reserve was created as a result of a major restructure of capital financing across the Group in 2013/14 and 2014/15. It is being used to bridge the funding shortfall between the baseline transport revenue budget and

transport levy to sustain levy reductions until convergence of the two can be achieved.

- Bus Franchising Review - A £3m reserve was initially created to review and assess bus franchising across South Yorkshire.
- Private Finance Initiative Reserve - The PFI reserve is to meet future liabilities relating to Doncaster Interchange up until the end of the PFI scheme and to meet residual liabilities beyond the end of the scheme. It has been established by virtue of the fact that fixed annual amount of Government funding is higher than the unitary payment to the PFI provider in the early years of the scheme. The reserve will then be drawn down in later years to meet the rising costs of the PFI scheme as the unitary payment is indexed for inflation.
- Protection of Priority Services - the reserve has been created to enable an orderly transition from the current heavily subsidised public transport system model to a commercially sustainable post-pandemic network and to protect school routes. In particular, whilst Government has extended support for bus services to July 2023, it is not clear what its intentions are beyond this point.
- £2 fare cap continuation - funding set aside to sustain a level of service and support patronage in conjunction with 18-21 concessions
- Income Resilience Reserve - The reserve provides the MCA with financial resilience to cope with events outside of the control of the MCA resulting in a loss of major sources of income, for example the impact of appeals, business closures or revaluation on EZ business rates.
- Capacity and Development Fund – the purpose of the Fund is to mitigate the pressures caused by the high inflation environment that is driving costs up across the business, the impact of Government's recent decision to withdraw LEP capacity funding (£0.50m p/a since 2014), and, also to support the organisational capacity requirements arising from the review of MCA's governance, external engagement, organisational structure, business processes and ways of working reported to the MCA Board on 5 June 2023

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to repay debt. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

The table below shows the balance of the Capital Receipts Reserve:

31 March 2022 £000		**31 March 2023 £000**
(18,689)	Balance at 1 April	(13,661)
(6,989)	Capital loan repaid	(8,521)
12,017	Capital receipt applied during the year	4,268
(13,661)	**Total**	**(17,914)**

£16.037m of the balance at 31 March 2023 is earmarked to support capital investment in Business Investment schemes.

The remaining £1.877m has been placed in a Corporate Asset Management Fund the purpose of which is to maintain Group assets through ongoing capital investment.

Capital Grants Unapplied Account

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which there are no conditions or conditions have been met and have therefore been recognised as income but have not yet been applied for financing.

The table below shows the balance on the Capital Grants Unapplied Account.

31-Mar 2022 £000		**31-Mar 2023 £000**
(22,939)	Balance at 1 April	(44,502)
(21,563)	Capital Grant credited in year	(3,240)
0	Capital grant applied for financing in year	783
0	Transfer to earmarked reserves	646
(44,502)	**Total**	**(46,313)**

£32.610m of the balance at 31 March 2023 represents unapplied Gainshare capital. This has been earmarked to meet forthcoming commitments under the South Yorkshire Renewal Fund to support South Yorkshire's recovery post Covid 19. The South Yorkshire Renewal Fund will support immediate economic recovery through investment in key infrastructure and flood defences, and, further ahead, development of a much wider programme of investment in places including transport and infrastructure.

A further £7.671m represents recycled capital grant that is being held for re-investment purposes.

The remaining balance of £6.032m is unearmarked at present.

31. Unusable Reserves

The following table summarises the Unusable Reserves balances:

1 April 2022 £000		**31 March 2023 £000**
	Capital Reserves:	
81,595	Capital Adjustment Account	85,989
(9,512)	Revaluation reserve	(11,083)
72,083		74,906
	Revenue Reserves:	
73	Financial instruments Adjustment Account	49
4,721	Pensions Reserve – Note 41	(886)
4,794		(837)

76,877	**Total**	**74,069**

Capital Reserves

Capital Reserves are not available for revenue purposes and certain ones can only be used for specific statutory purposes.

Capital Adjustment Account

The Capital Adjustment Account comprises differences between how charges for the use of Property, Plant & Equipment and their financing are accounted for under proper accounting practice and the amounts that are statutorily required to be charged under Local Government financing regulations in determining the amount to be met by local taxpayers. Note 13 provides details on the entries that have been made in this regard in 2022/23.

2021/22 £000		2022/23 £000
71,731	**Balance at 1 April**	**81,595**
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
523	Depreciation of Non-current assets	606
0	Impairment of Non-current assets	
0	Revaluation losses	(424)
(200)	Movements in fair value of Investment Properties	(95)
0	Movements in fair value of Donated Asset Account	
383	Amortisation of Intangible assets	383
90,340	Revenue expenditure funded from capital under statute	109,920
0	Non-Current assets written off on disposal	0
180	Other	855
	Adjusting amounts written out of the Revaluation Reserve:	
(106)	Difference between fair value depreciation and historical cost depreciation	(102)
0	Accumulated gains on assets sold or scrapped	0
0	Other	0
162,851	**Net written out amount of the cost of non-current assets consumed in the year**	**192,738**
	Capital financing applied in the year:	
(12,018)	Use of the Capital Receipts Reserve to finance new capital expenditure	(4,267)
6,989	Capital loan repaid	8,521
(72,860)	Capital grants and contributions credited to the CIES including REFCUS Income	(106,853)
0	Application of grants and contributions from the Capital	0
0	Grants Unapplied Account	(783)
(3,367)	Statutory provision for the repayment of debt	(3,367)
0	Direct Revenue Financing	0
(81,256)		(106,749)
81,595	**Balance at 31 March**	**85,989**

Financial Instruments Adjustment Account

2021/22 £000		2022/23 £000
362	**Balance at 1 April**	**73**
(289)	Soft Loan Amortisation	(24)
73	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	49
73	**Balance at 31 March**	**49**

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2021/22 £000		2022/23 £000
1,974	Interest Received	6,912
(1,377)	Interest Paid	(1,387)
597	**Total**	**5,525**

The surplus or (deficit) on the provision of services has been adjusted for the following non-cash movements:

2021/22 £000		2022/23 £000
841	Depreciation	455
0	Reversal of previous PPE revaluation losses	(274)
0	Investment property revaluation gains	(95)
0	Intangible assets amortisation	383
(6,443)	Increase/(decrease) in Creditors	17,118
6,733	(Increase)/decrease in Debtors	9,891
	Increase/(decrease) in Provisions	(668)
	Increase/(decrease) in Capital Grant Received in advance	43,470
64,521	Other non-cash items charged to the net surplus or deficit on the provision of services	0
1,461	Movement in Pensions Liability	1,242
67,113	**Total**	**71,522**

The surplus or (deficit) on the provision of services has been adjusted for the following items that are investing and financing activities:

2021/22 £000		2022/23 £000
649	Proceeds from short term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures, and subsidiaries)	0
0	Any other items for which the cash effects are investing or financing cash flows	0

649	**Total**	**0**

33. Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2021/22 £000		2022/23 £000
0	Purchase of short- term and long-term investments	(137,613)
0	Other payments for investing activities	0
(284)	Purchase of PPE, Investment property and Intangible assets	(22)
45,000	Proceeds from short-term and long-term investments	0
0	Other receipts from investment activities	0
44,716	**Total**	**(137,635)**

34. Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2021/22 £000		2022/23 £000
0	Repayments of other long-term liabilities	0
0	**Total**	**0**

35. Trading Operations

AMP Technology Centre Operation

The financial performance of the AMP for the financial year was as follows:

2022/23	**Income**	**Expenditure**	**Operating (Surplus)/ Deficit**	**Accounting Adjustments**	**Accounting (Surplus)/ Deficit**
	£000	**£000**	**£000**	**£000**	**£000**
AMP Technology Centre Operation	(1,831)	1,115	(716)	0	(716)

2021/22-Comparative	**Income**	**Expenditure**	**Operating (Surplus)/ Deficit**	**Accounting Adjustments**	**Accounting (Surplus)/ Deficit**
	£000	**£000**	**£000**	**£000**	**£000**
AMP Technology Centre Operation	(1,597)	1,385	(212)	0	(212)
	(1,597)	**1,385**	**(212)**	**0**	**(212)**

NB Trading operations overall reported surpluses on controllable income and expenditure.

36. Officers' Remuneration and Members Allowances

The remuneration paid to the Mayoral Combined Authority's senior employees is shown in the table below:

2022/23	Salary	Expenses	Exit Payments	Pension Contribution	Total
	£	£	£	£	£
Current					
Martin Swales – Interim Chief Executive (Head of Paid Service) – Note 1	200,700	0	**0**	0	200,700
Interim Executive Director Infrastructure & Place – Note 2	144,400	0	0	0	144,400
Executive Director Resources and Investment (S.73 officer)	109,863	20	0	15,491	125,374
Director of Law and Governance (Monitoring Officer) – Note 3					
Executive Director Policy and Strategic Development – Note 4	76,968	0	0	11,514	88,482
Corporate Director Growth Business and Skills – Note 5	7,500	0	0	1,125	8,625
Non current					
Dr Dave Smith – Chief Executive (Head of Paid Service) – Note 6	44,956	0	0	0	44,956
Deputy Chief Executive – Note 7	78,510	15	59,037	11,070	148,632
Interim Director of Transport, Housing & Infrastructure – Note 8	56,032	0	0	0	56,032
Interim Corporate Director of Business & Skills – Note 9	145,113	0	0	0	145,113
Sub Total	***864,042***	***35***	***59,037***	***39,200***	***962,314***
Elected Mayor – Oliver Coppard (Note 10)	70,718	0	0	0	70,718
Elected Mayor – Dan Jarvis	8,282	0	0	0	8,282
Sub Total	***79,000***	***0***	***0***	***0***	***79,000***
Total	**943,042**	**35**	**59,037**	**39,200**	**1,041,314**

Notes

1. Interim Chief Executive and Head of Paid Service from 1.7.2022 to 31.3.2023. The MCA's Head of Paid Service is currently contracted through an agency, with the MCA not incurring costs related to holiday and pension entitlements, nor employers' national insurance. The costs of this engagement are broadly comparable to the gross costs of similar employed individuals in peer authorities.
2. Interim Executive Director Infrastructure and Place from 15.8.2022 to 31.3.2023. The postholder also took on the statutory role of Director General of SYPTE from 1.1.2023 until SYPTE's dissolution on 1.4.2023

3. The Director of Law and Governance and Monitoring Officer was employed by South Yorkshire Passenger Transport Executive in 2022/23. Their salary costs have been charged to and are disclosed within SYPTE's 2022/23 Accounts and in Note 66 to the Group Accounts
4. The Executive Director Policy and Strategic Development was on secondment from Greater Manchester Combined Authority from June 2022 to 28.2.2023. From 1.3.2023 they have been employed directly by the Authority.
5. The Corporate Director Growth, Business and Skills is on secondment from HM Treasury with effect from 1.3.2023
6. Chief Executive and Head of Paid Service from 1.4.2022 to 30.6.2022
7. Deputy Chief Executive from 1.4.2022 until 30.11.2022
8. Interim Director of Transport, Infrastructure & Housing (including additional integration responsibility) from 1.4.2022 to 30.6.2022.
9. Interim Corporate Director of Business & Skills from 1.4.2022 to 30.12.2022.
10. Oliver Coppard took up his role of Elected Mayor of the Authority following the mayoral election on 6 May 2022

2021/22	**Salary**	**Expenses**	**Pension Contribution**	**Total**
	£	**£**	**£**	**£**
Dr Dave Smith – Chief Executive (Head of Paid Service)*	179,823	0	0	179,823
Deputy Chief Executive	115,596	0	16,299	131,895
Director of Transport, Infrastructure & Housing	5,323	0	751	6,074
Interim Director of Transport, Infrastructure & Housing	44,550	0	0	44,550
Martin Swales - Interim Director of Transport, Infrastructure & Housing (including additional integration responsibility)	155,939	0	0	155,939
Director of Business & Skills	81,667	0	11,515	93,182
Interim Corporate Director of Business & Skills	53,200	0	0	53,200
Group Finance Director	99,321	0	14,004	113,325
Sub Total	***735,419***	***0***	***42,569***	***777,988***
Elected Mayor	79,000	281	0	79,281
Director of Mayor's Office	95,096	0	13,409	108,505
Sub Total	***174,096***	***281***	***13,409***	***187,786***
Total	**909,515**	**281**	**55,978**	**965,774**

Notes

1. Director of Transport, Infrastructure & Housing to 18 April 2021.
2. Interim Director of Transport, Infrastructure & Housing to 25 July.
3. Interim Director of Transport, Infrastructure & Housing (including additional integration responsibility) July 26 onwards.
4. Director of Business & Skills to 31 January 2022.
5. The Group Principal Solicitor and Monitoring Officer is employed by South Yorkshire Passenger Transport Executive. His salary costs have been charged to and are disclosed within SYPTE's 2021/22 Accounts and in Note 66 to the Group Accounts.

The Mayoral Combined Authority's employees receiving more than £50,000 remuneration for the year (excluding senior officers separately disclosed above) were paid the following amounts:

Remuneration Band	2021/22 Total	2022/23 Total
£50,000 - £54,999	2	7
£55,000 - £59,999	3	0
£60,000 - £64,999	7	3
£65,000 - £69,999	3	8
£75,000 - £79,999	1	0
£80,000 - £84,599	1	1
£90,000 - £94,999	-	-
£95,000 - £99,999	2	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 and above	3	-
	22	**19**
There were no redundancies during the year		

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. Strain costs are £0k, (2021/22 £0k) and are included in the total cost:

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band (including strain costs)	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023 £'000**	**2022 £'000**
£0 - £20,000	0	-	0	-	0	-	0	-
£20,001 - £40,000	0	-	0	-	0	-	0	-
£40,001 - £60,000	0	-	1	-	1	-	59	-
£60,001 - £80,000	0	-	0	-	0	-	0	-
£80,001 - £100,000	0	-	0	-	0	-	0	-
£100,000 - £150,000	0	-	0	-	0	-	0	-
Total	**0**	**-**	**0**	**-**	**0**	**-**	**59**	**-**

Elected Members Allowance:

LEP Board members are not remunerated but are entitled to claim back travel and subsistence costs incurred whilst undertaking their duties on behalf of the LEP. In 2022/23, the total amount of expenses paid to members of the LEP Board, MCA and its Committees amounted to £Nil (2021/22 £4k).

37. External Audit Fees

The Mayoral Combined Authority has incurred the following costs in relation to the audit of the Statement of Accounts, provided by the External Auditors:

2021/22 £000		2022/23 £000
29	Fees payable with regard to external audit services carried out by the appointed auditor	29
0	Fee variation agreed	0
29	**Total**	**29**

In addition to the above, the PSAA have during the course of 2022/23 agreed a fee variation of £21,695 in respect of the 2020/21 audit.

38. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2021/22 £000 Restated		2022/23 £000
	Credited to Services:	
(68,387)	Department of Levelling up, Communities and Housing	(61,895)
(45,768)	Department for Transport	(75,706)
(19,900)	Department for Education and Skills Funding Agency	(34,988)
(1,925)	Department for Business, Energy & Industrial Strategy	(1,349)
(302)	Careers Enterprise Company	(340)
(1,240)	Department of Health and Social Care	(2,795)
(60,202)	English Local Government	(58,004)
(84)	Cabinet Office	(8)
(122)	Other	(625)
(197,930)		**(235,710)**
	Credited to Taxation and Non-Specific Grant Income:	
	Non-ring- fenced Government Grants:	
(17,234)	Department of Levelling up, Communities and Housing	0
(7,847)	LEP- Department of Levelling up, Communities and Housing	0
0	Others-Local Government	(3,240)
(25,081)		**(3,240)**
(223,011)	**Total**	**(238,950)**

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

31 March 2022 £000		31 March 2023 £000
	Revenue Grants Receipts in Advance:	
0	Department for Business, Energy & Industrial Strategy	(272)
(7,808)	Department for Transport	(13,298)
(2,066)	Department of Housing, Communities and Local Government	(2,360)
(7,275)	Department for Education and Skills Funding Agency	(16,734)
0	Cabinet Office	(123)
0	English Local Government	(52)
(298)	Non-Departmental Government Bodies	(130)
(17)	Department for Environment, Food & Rural Affairs	(33)
0	Department of Health and Social Care	0
(17,464)	**Total**	**(33,002)**
	Capital Grants Receipts in Advance:	
(149,967)	Department for Transport	(190,737)
(18,555)	Ministry of Housing, Communities and Local Government	(21,256)
(168,522)	**Total**	**(211,993)**

39. Related Party Disclosures

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority.

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

For the Authority, the main categories of related party are the four constituent Local Authorities whose Leaders make up the membership of the Mayoral Combined Authority and have direct control through voting rights, MCA/LEP Board members, and senior officers on the SYMCA Executive team.

LEP Board and MCA Members

During 2022/23 no disclosure is required in respect of works or services commissioned from companies in which members had an interest or with the members themselves (£nil 2021/22).

Senior Officers

During 2022/23, Senior Officers had no pecuniary interests requiring disclosure (£nil 2021/22).

Material Transactions with Related Parties

Income

2022/23	Transport Levy	EZ business rates	Local Authority subscriptions	Total
	£000	£000	£000	£000
Sheffield City Council	22,637	683	488	23,808
Barnsley Metropolitan Borough Council	9,530	779	206	10,515
Doncaster Metropolitan Borough Council	12,017	0	264	12,281
Rotherham Borough Council	10,180	757	226	11,163

Expenditure

2022/23	Programme Delivery - capital	Project Feasibility Funding	Programme Delivery – revenue	Total
	£000	£000	£000	£000
Sheffield City Council	18,897	3,300	1,846	**24,043**
Barnsley Metropolitan Borough Council	16,368	1,400	3,061	**20,829**
Doncaster Metropolitan Borough Council	19,289	1,075	1,634	**21,998**
Rotherham Borough Council	41,094	1,500	1,284	**43,878**

Programme Delivery (Revenue) includes the distribution of Community Renewal Funds, Adult Education Budget and Cost of Living Priorities (Food security)

Group Subsidiaries

South Yorkshire Passenger Transport Executive

The balance owing to South Yorkshire Passenger Transport Executive as at 31 March 2023 is shown in the table below:

2021/22 £000		2022/23 £000
(12,369)	Amounts due within one year	0
(110,456)	Amounts due after more than one year	(113,169)
(122,825)	**Total owed to SYPTE by the CA**	**(113,169)**

The following table shows the significant intercompany items of expenditure and income between the Authority and SYPTE:

2021/22 £000		2022/23 £000
Expenditure		**Expenditure**
51,848	Revenue Grant Payable to Support SYPTE Operational Expenditure	51,106
0	Other	12
2,620	Funding for PFI unitary payment	2,801
0	Revenue Funding – 18 to 21 concessions and £2 fare cap	2,600
3,656	Capital Grant to Support SYPTE Capital Programme	8,932
58,124		**65,451**

40. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure cannot be paid for immediately and is to be financed in future years by charges to revenue as the assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

2021/22 £000		2022/23 £000
	Capital Investment	
109	Assets under Construction	23
0	Property, Plant and Equipment	0
0	Intangible Assets	0
90,340	Revenue Expenditure Funded from Capital Under Statute	109,920
3,200	Capital loans	1,969
93,649	Total	**111,912**
	Sources of Finance	
81,631	Government Grants and Other Contributions	106,852
0	Capital Grant Unapplied	783
12,018	Capital Receipts	4,268
0	Direct Revenue Financing	0
0	Borrowing Requirement	9
93,649		**111,912**
	Capital Financing Requirements	
108,806	Opening Balance	109,880
0	Borrowing requirement for the year	9
4,441	Borrowing Requirement - in Year-Reversal of 20-21 Capital grant income	0
(3,367)	Statutory/Voluntary Provision for repayment of debt (MRP)	(3,368)
109,880	**Closing Balance**	**106,521**
(25,000)	PWLB Borrowing	(25,000)
0	Other Borrowing	0
(25,000)		**(25,000)**
84,880	**CFR in excess of debt**	**81,521**

The CFR is in excess of debt in the Authority's accounts, because a restructuring of Group financing in 2013/14 and 2014/15 effectively led to the Group's underlying need to borrow being transferred from SYPTE to the Authority whereas £92.400m of related debt still remains on SYPTE's Balance Sheet at the end of 2022/23.

41. Post-Employment Benefits

On 1 April 2019, the Authority became an employing authority within the South Yorkshire Local Government Pension Scheme administered by South Yorkshire Pensions Authority.

As part of the Terms and Conditions of Employment of its employees, the Authority offers post-employment benefits in the form of a Pension Scheme under the Local Government Pension Regulations 2013 and administered by the South Yorkshire Pensions Authority. This provides members with defined benefits related to pay and service. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

Local Government Pension Scheme:

Comprehensive Income and Expenditure Statement		
	2021/22	**2022/23**
	£'000	**£'000**
Current Service Cost	1,403	1,723
Financing Investment Income and Expenditure	104	142
Remeasurement in other Comprehensive Income and Expenditure	(539)	(6,849)
Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	968	(4,984)

Transactions Relating to Post-Employment Benefits:

Movement in Reserves Statement		
	2021/22	**2022/23**
	£'000	**£'000**
Reversal of Net Charges Made to the (Surplus)/Deficit for the		
Provision of Services for Post-Employment Benefits in Accordance with the Code	(1,507)	(1,865)
Actual Amount Charged Against the Operational Revenue Reserve		
Balance for Pensions in the Year:		
Employer's Contributions Payable to Scheme	507	623

Assets & Liabilities in Relation to Post-Employment Benefits

Reconciliation of Present Value of the Scheme Liabilities:	**2021/22**	**2022/23**
	£'000	**£'000**
Opening Balance at 1 April	(9,897)	(11,711)
Current Service Cost	(1,403)	(1,723)
Interest Cost	(236)	(343)
Contributions by Scheme Participants	(272)	(324)
Re-measurements - Experience gain/(loss)	97	(6,041)
Re-measurements - changes to financial assumptions	0	10,261
Benefits Paid	0	40
Closing Balance at 31 March	**(11,711)**	**(9,841)**

Reconciliation of Fair Value of the Scheme (Plan) Assets:	**2021/22**	**2022/23**
	£'000	**£'000**
Opening Balance at 1 April	5,637	6,990
Interest on Plan Assets	132	201
Re-measurements	442	2,629
Administration Expenses	0	0
Contributions by Employer	507	623
Contributions by Scheme (plan) Participants	272	324
Benefits Paid	0	(40)
Closing Balance at 31 March	**6,990**	**10,727**

Actuarial gains and losses on scheme liabilities arising from differences between what has actually occurred in the year and the assumptions made, or as a consequence of changes to financial assumptions are disclosed in the table above as remeasurements.

Pension Scheme Assets Comprised:	**2021/22**	**2022/23**
	£'000	**£'000**
Equities	3,274	5,986
Bonds		
Government Bonds	42	40
Other Bonds	1,605	2,417
Property	598	908
Infrastructure		1,076
Other	1,471	300
TOTAL	**6,990**	**10,727**

Scheme History	**2021/22**	**2022/23**
	£'000	**£'000**
Present Values of Liabilities	(11,711)	(9,841)

Fair Value of Scheme Assets			6,990	10,727
Surplus/(Deficit) in the Scheme			**(4,721)**	**886**

Basis for Estimating Assets and Liabilities				
The pension fund liabilities have been assessed by the actuaries, Hyman Robertson LLP. The main assumptions used in their calculations are as follows:				
Mortality Assumptions			**2021/22**	**2022/23**
Longevity for Current Pensioners:				
Men			22.6 years	20.5 years
Women			25.4 years	23.7 years
Longevity for Future Pensioners:				
Men			24.1 years	21.5 years
Women			27.3 years	25.2 years

Financial Assumptions				
Rate of increase in Salaries			4.3%	3.55%
Rate of increase in Pensions (CPI)			3.3%	2.95%
Discount Rate			2.7%	4.75%

The estimation of the defined benefit obligation is very sensitive to small changes in the actuarial assumptions. This is illustrated in the table below:

	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real discount Rate	3%	282
1 year increase in member life expectancy	4%	394
0.1% increase in the Salary Increase Rate	0%	32
0.1% increase in the Pension Increase Rate (CPI)	3%	254

Impact on Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The most recent triennial valuation was completed on 31 March 2022 and sets a combined employer contribution rate for the Authority / SYPTE post integration from the 1 April 2023 onwards in respect of the three-year period 2023/24 to 2025/26.

The employer contribution rate for 2023/24 has been determined as 11.4% of pensionable pay.

42. Contingent Liabilities/Contingent Assets

Contingent Asset

The Superfast South Yorkshire Programme has been successful in helping BT Openreach to deliver Fibre to the Cabinet (FTTC) and Fibre to the Premise (FTTP) solutions to enhance broadband services to homes and businesses across South Yorkshire. The programme was supported with £19.5m of public subsidy, £10.4m of which was from the LEP and £9.1m from Government.

The contract with BT Openreach provides for public subsidy to be returned in a phased way as customer take up exceeds the target of 20% set in the contract.

An initial refund of £3.24m has been received and accounted for in 2022/23.
Further refunds are anticipated but there remains uncertainty at this time over the timing and amount which will be credited.

Group Accounts

The Group Accounts, comprise the accounts of the Authority, and its subsidiary, the South Yorkshire Passenger Transport Executive.

All intra-group trading, balances and unrealised gains and losses, at the end of the financial year 2022/23, have been eliminated in full. The Group Accounts have been prepared on a going concern basis.

South Yorkshire Passenger Transport Executive

The Accounts of the South Yorkshire Passenger Transport Executive (SYPTE) are prepared in accordance with the Accounts and Audit (England) Regulations 2015. These regulations require the Accounts to be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

The accounting convention of SYPTE's accounts is principally historic cost, modified by the revaluation of certain categories of assets and liabilities and financial instruments.

SYPTE has an interest in a joint venture with West Yorkshire Combined Authority, "Yorcard Limited". As the interest is not material in value, SYPTE has taken the decision not to consolidate Yorcard into SYPTE's Accounts in 2022/23.

SYPTE's 2022/23 Accounts are available on the Authority's website at https://southyorkshire-ca.gov.uk/about-us-governance-policy/financial-expenditure or from the following address:

Financial Services
South Yorkshire Mayoral Combined Authority Executive
11 Broad Street West
Sheffield
S1 2BQ

Group Core Financial Statements

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, analysed into usable reserves (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The (Surplus)/Deficit on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance. The net (increase)/decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers (to) or from earmarked reserves undertaken by the Group.

Group Movement in Reserves: Usable Reserves

2022/23	Note	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
		61	61	61	61	61
Balances at 1 April 2022		**(7,232)**	**(82,734)**	**(14,411)**	**(51,537)**	**(155,914)**
Adjustment to opening balances						
Movement in reserves during 2022/23:						
(Surplus)/deficit on provision of services	CIES	(3,471)	0	0	0	(3,471)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	0	0
Total Comprehensive (Income) and Expenditure		**(3,471)**	**0**	**0**	**0**	**(3,471)**
Adjustments between accounting basis and funding basis under regulations	49	(5,356)	0	(4,254)	(2,128)	(11,738)
Net (increase)/decrease before transfers to earmarked reserves		**(8,827)**	**0**	**(4,254)**	**(2,128)**	**(15,209)**
Transfers (to)/from earmarked reserves	50	7,764	(8,573)	80	1,512	783
(Increase)/decrease in year		**(1,064)**	**(8,573)**	**(4,174)**	**(616)**	**(14,427)**
Balance at 31 March 2023		**(8,297)**	**(91,307)**	**(18,585)**	**(52,153)**	**(170,341)**

2021/22	Note	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
		61	61	61	61	61
Balances at 1 April 2021		**(6,504)**	**(72,866)**	**(19,521)**	**(29,734)**	**(128,625)**
Prior Period Adjustment		0	0	0	0	0
Movement in reserves during 2021/22:						
(Surplus)/deficit on provision of services	CIES	(8,234)	0	0	0	(8,234)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	0	0
Total Comprehensive (Income) and Expenditure		**(8,234)**	**0**	**0**	**0**	**(8,234)**
Adjustments between accounting basis and funding basis under regulations	48	(2,983)	0	5,029	(21,101)	(19,055)
Net (increase)/decrease before transfers to earmarked reserves		**(11,217)**	**0**	**5,029**	**(21,101)**	**(27,289)**
Transfers (to)/from earmarked reserves	49	10,489	(9,868)	81	(702)	0
(Increase)/decrease in year		**(729)**	**(9,868)**	**5,110**	**(21,803)**	**(27,289)**
Balance at 31 March 2022		**(7,232)**	**(82,734)**	**(14,411)**	**(51,537)**	**(155,914)**

Group Movement in Reserves: Unusable Reserves and Total Group Reserves

2022/23	Note	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve £000	Accumulated Absences Reserve (PTE) £000	Unusable Reserves £000	Total Group Reserves £000
		62	62	62	62	62	62	62	
Opening Balances as at 1 April 2022		**81,596**	**73**	**(91,755)**	**(41,283)**	**27,905**	**99**	**(23,365)**	**(179,279)**
Movement in reserves during 2021/22:									
(Surplus)/deficit on provision of services	CIES	0	0	0	0	0	0	0	(3,471)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	(2,973)	(41,273)	0	(44,246)	(44,246)
Total Comprehensive (Income) and Expenditure		**0**	**0**	**0**	**(2,973)**	**(41,273)**	**0**	**(44,246)**	**(47,717)**
Adjustments between accounting basis and funding basis under regulations	49	5,176	(24)	2,895	831	2,849	0	11,727	(12)
Net (increase)/decrease before transfers to earmarked reserves		**5,176**	**(24)**	**2,895**	**(2,142)**	**(38,424)**	**0**	**(32,519)**	**(47,729)**
Transfers (to)/from earmarked reserves		(783)	0	0	0	0	0	(783)	0
(Increase)/decrease in year		**4,393**	**(24)**	**2,895**	**(2,142)**	**(38,424)**	**0**	**(33,302)**	**(47,729)**
Balance at 31 March 2023		**85,989**	**49**	**(88,860)**	**(43,425)**	**(10,519)**	**99**	**(56,667)**	**(227,008)**

2021/22	Note	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve £000	Accumulated Absences Reserve (PTE) £000	Unusable Reserves £000	Total Group Reserves £000
	Note	62	62	62	62	62	62	62	
Opening Balances as at 1 April 2021		**71,731**	**362**	**(97,917)**	**(38,506)**	**38,231**	**99**	**(25,999)**	**(154,624)**
Prior Period Adjustment									
Movement in reserves during 2021/22:									
(Surplus)/deficit on provision of services									(8,234)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	(3,541)	(12,880)	0	(16,421	(16,421)
Total Comprehensive (Income) and Expenditure	CIES	0	0	0	(3,541)	(12,880)	0	(16,421)	(24,655)
Adjustments between accounting basis and funding basis under regulations		9,865	(289)	6,162	764	2,554	0	19,056	0
Net (increase)/decrease before transfers to earmarked reserves	48	**9,865**	**(289)**	**6,162**	**(2,777)**	**(10,326)**	**0**	**2,635**	**(24,655)**
Transfers (to)/from earmarked reserves		0	0	0	0	0	0	0	0
(Increase)/decrease in year		**9,865**	**(289)**	**6,162**	**(2,777)**	**(10,326)**	0	2,635	**(24,655)**
Balance at 31 March 2022		**81,596**	**73**	**(91,755)**	**(41,283)**	**27,905**	**99**	**(23,365)**	**(179,279)**

Group Consolidated Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statements show the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2021/22					2022/23		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		**Notes**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
41,323	(103,244)	(61,921)	Transport Authority		66,329	(131,611)	(65,282)
107,444	(94,975)	12,469	Local Enterprise Partnership		108,126	(104,123)	4,003
79,429	(19,711)	59,718	SYPTE		87,104	(24,677)	62,427
228,196	**(217,930)**	**10,266**	**(Surplus)/Deficit on Continuing Operations**		**261,559**	**(260,411)**	**1,148**
		(10)	Other Operating Income and Expenditure				(8)
		0	Gains on disposal of non-current assets				0
		6,835	Financing and Investment Income	51			(1,534)
		(25,325)	Taxation and Non-Specific Grant Income	52			(3,077)
		(8,234)	**(Surplus)/Deficit on Provision of Services**				(3,471)
		(3,541)	(Surplus)/Deficit on revaluation of non-current assets				(2,973)
		0	Surplus/deficit on revaluation of available for sale financial assets				0
		(12,880)	Actuarial (gains)/losses on pensions assets/ liabilities	73			(41,273)
		(16,421)	Other comprehensive income and expenditure				**(44,246)**
		(24,655)	**(Surplus)/Deficit for the Year**				**(47,717)**
		(17,694)	Mayoral Combined Authority				(16,282)
		(6,961)	SYPTE				(31,435)
		(24,655)					**(47,717)**

Group Consolidated Balance Sheet

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group.

Reserves are reported in two categories. The first category of reserves is usable reserves, ie those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use. The second category of reserves is unusable reserves, ie those that the Group is not able to use to provide services. This category includes reserves that hold unrealised gains and losses where amounts would only become available to provide services 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 at 31 March 2022 £000		Notes	As at 31 March 2023 £000
3,379	Investment Property	55	3,579
1,148	Intangible Assets	53	765
164,507	Property, Plant and Equipment	54	161,771
40,000	Long-Term Investments	56	98,000
18,477	Long-Term Debtors		10,317
227,511	**Total Long-Term Assets**		**274,432**
110,463	Short-Term Investments	56	190,075
8,939	Short-Term Debtors	57	7,028
225,478	Cash and Cash Equivalents	58	164,094
66	Assets Held for Sale		1,516
344,946	**Current Assets**		**362,713**
572,457	**Total Assets**		**637,145**
(9,216)	Short-Term Borrowing	56	(51,696)
(55,414)	Short- Term Creditors	59	(78,021)
(2,721)	Short-Term Provisions	60	(637)
(291)	PFI/PPP Finance Lease Liability	72	(317)
(169,137)	Capital Grants Receipts In Advance	69	(212,222)
(236,779)	**Current Liabilities**		**(342,893)**
335,678	**Total Assets less Current Liabilities**		**294,252**
(118,280)	Long-Term Borrowing	56	(67,866)
(10,214)	PFI Finance Lease Liability	72	(9,898)
(27,905)	Net Pension (Liability)/Asset	73	10,519
(156,399)	**Long Term Liabilities**		**(67,244)**
179,279	**Net Assets/(Liabilities)**		**227,008**
(131,920)	Combined Authority		(145,395)
(23,993)	SYPTE		(24,946)
(155,913)	**Usable Reserves**	61	**(170,341)**
76,877	Mayoral Combined Authority		74,069
(100,243)	SYPTE		(130,736)
(23,366)	**Unusable Reserves**	62	**(56,667)**
(179,279)	**Total Reserves**		**(227,008)**

Group Consolidated Cash Flow Statement

The Consolidated Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The Statement shows how the Group 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 Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Group**.**

2021/22 **£000**		**Notes**	**2022/23** **£000**
8,234	Net surplus or (deficit) on the provision of services		3,471
79,432	- Adjustment to surplus or (deficit) on the provision of services for non-cash movements	63	90,572
(3,979)	- Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	63	0
83,687	**Net cash flow from operating activities**		**94,043**
45,168	Investing activities	64	(147,136)
(8,243)	Financing activities	65	(8,291)
120,612	**Net increase/(decrease) in cash and cash equivalents**		**(61,384)**
104,866	Cash and cash equivalents at 1 April	58	225,478
225,478	**Cash and cash equivalents at 31 March**	58	**164,094**

Notes to the Group Core Financial Statements

The following notes contain further information to that presented in the main Statements. They provide narrative descriptions, disaggregation of items presented in the Statements and information about items that do not qualify for recognition in the Statements.

43. Group Expenditure and Funding Analysis Statement (EFA)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by Local Authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22 Single Entity £000	2021/22 Intercompany Adjustments £000	2021/22 Net Expenditure Chargeable to the General Fund Balance £000	2021/22 Adjustments between the Funding and Accounting Basis £000	2021/22 Net Expenditure in the CIES £000		Notes	2022/23 Single Entity £000	2022/23 Intercompany Adjustments £000	2022/23 Net Expenditure Chargeable to the General Fund Balance £000	2022/23 Adjustments between the Funding and Accounting Basis £000	2022/23 Net Expenditure in the CIES £000
752	(57,785)	(57,033)	(4,888)	(61,921)	Transport Authority		(2,002)	(62,840)	(64,842)	(440)	(65,282)
(2,292)	(1,097)	(3,389)	15,859	12,469	Local Enterprise Partnership		447	(2,611)	(2,164)	6,167	4,003
(3,801)	54,681	50,880	8,837	59,717	SYPTE		(446)	56,519	56,072	6,355	62,427
(5,341)	(4,200)	(9,542)	19,808	10,266	**Net Cost of Services**	44	**(2,002)**	**(8,932)**	**(10,935)**	**12,083**	**1,148**
		(1,675)	(16,825)	(18,500)	Other Income & Expenditure		0	0	2,108	(6,727)	(4,619)
		(11,217)	2,983	(8,234)	**(Surplus)/Deficit**	45			**(8,827)**	**5,356**	**(3,471)**
		(79,370)			Opening General Fund Balance				(89,965)		
		(11,217)			Surplus/Deficit on General Fund in year				(8,827)		
		622			Other Movements				(812)		
		(89,965)			**Closing General Fund Balance at 31 March**				**(99,604)**		

44. Group Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

2022/23				
Adjustments from General Fund to arrive at the CIES Amounts	**Adjustments for Capital Purposes £000**	**Net change for the Pensions Adjustment £000**	**Other Differences £000**	**Total Adjustments £000**
Transport Authority	(3,367)	0	2,927	(440)
Local Enterprise Partnership	3,067	1,100	2,001	6,168
Transport Services - PTE	3,737	1,607	1,011	6,355
Net Cost of Services	**3,437**	**2,707**	**5,939**	**12,083**
Other Income & Expenditure from the Expenditure & Funding Analysis	0	142	(6,869)	(6,727)
Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	**3,437**	**2,849**	**(930)**	**5,356**

2021/22				
Adjustments from General Fund to arrive at the CIES Amounts	**Adjustments for Capital Purposes £000**	**Net change for the Pensions Adjustment £000**	**Other Differences £000**	**Total Adjustments £000**
Transport Authority	(1,283)	0	(3,605)	(4,888)
Local Enterprise Partnership	13,155	1,000	1,704	15,859
Transport Services - PTE	6,625	1,554	658	8,837
Net Cost of Services	**18,497**	**2,554**	**(1,243)**	**19,808**
Other Income & Expenditure from the Expenditure & Funding Analysis	0	0	(16,825)	(16,825)
Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	**18,497**	**2,554**	**(18,068)**	**2,983**

Adjustments for Capital Purposes - The statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from income and expenditure as these are not chargeable under generally accepted accounting practices.

Net Change for the Pensions Adjustments - IAS 19 Employee Benefits pension related expenditure and income for SYPTE.

Other Differences - Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Services - adjusted for interest payable/receivable, which is added to the Financing and Investment income and expenditure line under other income & expenditure.
- For Financing and investment income and expenditure the other differences column included soft loans to Rotherham and Barnsley.
- Taxation and non-specific grant income and expenditure – Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year.

45. Group Expenditure and Income Analysed by Nature

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

2021/22 £000		2022/23 £000
	Expenditure:	
15,204	Employee Benefits Expenditure	16,415
263,321	Other Service Expenses	299,699
(1,241)	Support Service Recharges	(1,193)
12,037	Depreciation, Amortisation, Impairment	14,159
8,315	Interest Payments	7,913
297,636	**Total Expenditure**	**336,993**
	Income:	
(10,111)	Fees, charges & other service income	(13,679)
(3,724)	Interest & Investment Income	(11,517)
(292,035)	Government Grants & Contributions	(315,268)
0	Other Income	0
(305,870)	**Total Income**	**(340,464)**
(8,234)	**(Surplus)/Deficit on the Provision of Services**	**(3,471)**

Reconciliation of Income analysed by nature to Comprehensive Income and Expenditure Statement

2022/23	**£000**
Income as analysed by nature	**(340,464)**
Interest & Investment Income	**11,517**
Taxation and Specific Grant Income and Other Operating Income	**3,085**
Elimination of Group Transactions	**65,451**
Income as part of (Surplus)/Deficit on Continuing Operations in the CIES	**(260,411)**

2021/22	**£000**
Income as analysed by nature	(305,870)
Interest & Investment Income	3,724
Taxation and Specific Grant Income and Other Operating Income	25,334
Elimination of Group Transactions	58,882
Income as part of (Surplus)/Deficit on Continuing Operations in the CIES	**(217,930)**

46. Group Segmental Income

Income received on a segmental basis is analysed below:

2022/23				
Services:	**£000 Fees, Charges & Service**	**£000 Interest & Investment**	**£000 Grants & Contributions**	**£000 Total Income**
Transport Authority	0	0	(131,611)	(131,611)
Local Enterprise Partnership	(24)	0	(104,099)	(104,123)
Corporate	0	(11,513)	(3,240)	(14,753)
SYPTE	(13,655)	(4)	(76,318)	(89,977)
Total Income	**(13,679)**	**(11,517)**	**(315,268)**	**(340,464)**

2021/22				
Services:	**£000 Fees, Charges & Service**	**£000 Interest & Investment**	**£000 Grants & Contributions**	**£000 Total Income**
Transport Authority	0	0	(103,244)	(103,244)
Local Enterprise Partnership	(289)	0	(94,685)	(94,974)
Corporate	0	(3,724)	(25,081)	(28,805)
SYPTE	(9,823)	0	(69,024)	(78,847)
Total Income	**(10,112)**	**(3,724)**	**(292,034)**	**(305,870)**

The Authority does not internally report on the assets and liabilities of individual segments. Therefore, segmental analysis for these is not required to be disclosed.

47. Group Accounting Policies

The Accounting Policies of the Authority disclosed in Note 5 to the single entity accounts apply to the Group. These have been adapted or added to where necessary, where the transactions of Group entities are not present in the Authority's accounts or where a different treatment is required due to an entity being subject to a different financial framework. This principally applies to SYPTE.

The significant group accounting policies that are additional to or adapted are summarised below.

XXII. Government Grants and Other Contributions

The principles for recognising and accounting for revenue and capital grants are the same as in the single entity accounts.

However, in the case of SYPTE, following initial recognition, capital grants are transferred out of the Operational Revenue Reserve and credited to the Deferred Grants Reserve, if applied for financing, or to the Capital Grants Unapplied Reserves if unapplied.

Transfers are made from the Deferred Capital Grants reserve back to the Operational Revenue Reserve in line with the rate at which economic benefits from the use of the related asset are consumed and charged to revenue.

XXIII. Revenue Expenditure Funded from Capital under Statute (REFCUS)

SYPTE incurs expenditure on third party assets not in its ownership, for example, rail and highway infrastructure, and makes capital grants to community transport operators to support their operations. Such expenditure is charged to the CIES in full in the year it is incurred.

In the Authority's single entity accounts this expenditure is reversed out through Movement in Reserves to the Capital Adjustment Account.

However, SYPTE is not a local authority under Local Authority Capital Finance and Accounting Regulations and cannot therefore reverse such charges out from the Operational Revenue Reserve.

They therefore represent a proper charge to be met by the transport levy and other sources of revenue.

Where financed by capital grants, a transfer is made from the Deferred Capital Grants reserve back to the Operational Revenue Reserve to offset the charge made in the year as explained in Accounting Policy VIII above.

XXIV. Property, Plant and Equipment

Charges to Revenue for Non-Current Assets – Depreciation, Amortisation, Impairment and Revaluation Losses and Gains

The amounts charged to revenue for depreciation, amortisation, impairment revaluation gains and losses, are determined in accordance with proper accounting practice as for the single entity accounts.

However, SYPTE is not a local authority Under Local Authority Capital Finance and Accounting Regulations and cannot therefore reverse such charges from the Operational Revenue Reserve to a Capital Adjustment Account as the Authority does.

They therefore represent a proper charge to be met by the transport levy and other sources of revenue.

Where financed by capital grants, a transfer is made from the Deferred Capital Grants reserve back to the Operational Revenue Reserve to offset the charge made in the year as explained in Accounting Policy VIII above.

Disposals and Non-Current Assets Held for Sale

SYPTE has voluntarily adopted a policy of transferring sales proceeds from the disposal of non-current assets to a Capital Receipts Reserve to mirror the treatment in the Authority's Accounts.

The Capital Receipts Reserve is used by SYPTE in a similar way to the Deferred Capital Grants Reserve, ie transfers are made from the Capital Receipts Reserve back to the Operational Revenue Reserve in line with the rate at which economic benefits from the use of the related asset are consumed and charged to revenue. This applies to capital investment which it has been determined will be funded from capital receipts.
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XXV. Employee Benefits

The principles for accounting for benefits payable in employment and termination benefits are the same as in the single entity accounts.

Post-Employment Benefits

SYPTE has a continuing responsibility for any payments to the Fund in respect of service up to 25 October 1986 for all staff employed by SYPTE up to that date. The responsibility includes all staff that transferred to South Yorkshire Transport Limited as a consequence of the Transport Act 1985. For service from 26 October 1986 onwards SYPTE is only responsible to payments for the Fund in respect of its own directly employed staff. The annual cost of this responsibility is charged to the revenue account under Pension and Non-recurring costs.

Discretionary Benefits

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

Short-Term Accumulated Absences

SYPTE accrues for the cost of holiday entitlements and other forms of short-term accumulated absences earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit.

The accrual is charged to the CIES, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Private Finance Initiative (PFI) transactions

SYPTE's PFI scheme for the provision and operation of Doncaster Interchange meets the definition of a service concession under IFRIC 12 (Service Concession Arrangements).

Accordingly, SYPTE recognises the underlying value the asset within non-current assets on the Balance Sheet.

On initial recognition, a corresponding PFI liability for the amounts due to the PFI operator to pay for the assets.

The amounts payable to the PFI operators each year are analysed as follows:

- Fair value of the services received during the year – this is charged to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance Cost – an interest charge on the outstanding PFI liability is charged to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement.
- Contingent Rent – increases in the amount to be paid for the property arising during the contract are charged to the Comprehensive Income and Expenditure Statement.
- Payment Towards Liability – applied to write down the PFI liability.
- Lifecycle Replacement Costs – where these represent payments to maintain the asset rather than being a fixed asset addition they are charged to the relevant service in the Comprehensive Income and Expenditure Statement.

The PFI asset is revalued and depreciated in the same way as property, plant and equipment owned by SYPTE.

The Government Grant which helps to finance the PFI scheme is held and managed by the Authority and paid to SYPTE as liabilities arise.

XXVI. Financial Instruments

SYPTE account for financial liabilities at amortised cost in the same way as in the single entity accounts as described in Accounting Policy VII using the effective rate of interest.

In the Authority's Accounts the difference between interest determined at the effective rate and actual interest rate is adjusted for through Movement in Reserves to the Financial Instrument Adjustment Account.

As SYPTE is not a local authority, no such adjustment is made in SYPTE's Accounts.

Corporation Tax

SYPTE is a body corporate and subject to Corporation Tax on its taxable profits.

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

The main sources of uncertainty affecting the MCA's single entity accounts are disclosed in Note 8.

These equally apply to the Group.

With regard to public transport assets and liabilities included in the Group Balance Sheet, the Group supports SYPTE's determination that the high degree of uncertainty about future levels of funding from Local Government to support transport operations is not yet sufficient to provide an indication that transport related assets held by SYPTE might need to be impaired.

As set out in Note 10, following the integration of the MCA and SYPTE and dissolution of SYPTE as a separate legal entity on 31 March 2023, SYPTE's assets and liabilities have been transferred at their carrying amount as at the transfer date without the need for restatement.

Going Concern has been assessed on an integrated basis for the continuing functions of the MCA and those transferred from SYPTE. The Going Concern assessment for the integrated organisation is set out in Accounting Policy Note 5(i)

49. Group Adjustments between Accounting Basis and Funding Under Regulation

2022/23	General Fund Balance £000	Capital Receipt Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CIES:						
Capital grants and contributions credited to the CIES	110,093	0	(3.240)	106,853	(106,853)	**0**
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve						
Application of grants and contributions to capital financing transferred to Capital Adjustment Account						
Revenue expenditure funded from capital under statute	(109,920)	0	0	(109,920)	109,920	**0**
Finance costs	24	0	0	24	(24)	**0**
Other movements	(5,679)	0	(111)	(5,790)	5,778	**(12)**
Insertion of items not debited or credited to the CIES:						
Statutory provision for repayment of debt (MRP)	3,367	0	0	3,367	(3,367)	**0**
Employers' contribution to Pension Scheme	(2,849)	0	0	(2,849)	2,849	**0**
Direct Revenue Financing						
Transfer year one pension prepayment						
Capital Financing:						
Use of Capital Receipts Reserve to finance new capital expenditure		(4,254)	0	(4,254)	4,254	**0**
Other:						
Adjustment for the difference between fair value depreciation and historical cost						
Transfer to Accumulating Absences Account						
Grants received and receivable during the year						
Grants released to Operational Revenue Reserve						
Release to Revaluation Reserve						
Other Movements						
Total	**(4,963)**	**(4,254)**	**(3,351)**	**(12,569)**	**12,557**	**(12)**

2021/22	General Fund Balance £000	Capital Receipt Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CIES:						
Capital grants and contributions credited to the CIES	94,423	0	(21,564)	72,860	(72,860)	**0**
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	0	0	0	0	0	**0**
Application of grants and contributions to capital financing transferred to Capital Adjustment Account	0	0	0	0	0	**0**
Revenue expenditure funded from capital under statute	(90,340)	0	0	(90,340)	90,340	**0**
Finance costs	289	0	0	289	(289)	**0**
Other movements	(8,171)	0	463	(7,708)	7,708	**0**
Insertion of items not debited or credited to the CIES:						
Statutory provision for repayment of debt (MRP)	3,367	0	0	3,367	(3,367)	**0**
Employers' contribution to Pension Scheme	(2,552)	0	0	(2,552)	2,552	**0**
Direct Revenue Financing	0	0	0	0	0	**0**
Transfer year one pension prepayment	0	0	0	0	0	**0**
Capital Financing:						
Use of Capital Receipts Reserve to finance new capital expenditure	0	5,029	0	5,029	(5,029)	**0**
	0	0	0	0	0	**0**
	0	0	0	0	0	
Other:	0	0	0	0	0	
Adjustment for the difference between fair value depreciation and historical cost						**0**
Transfer to Accumulating Absences Account						
Grants received and receivable during the year	0	0	0	0	0	**0**
Grants released to Operational Revenue Reserve	0	0	0	0	0	**0**
Release to Revaluation Reserve	0	0	0	0	0	**0**
Other Movements	0	0	0	0	0	0
Total	**(2,983)**	**5,029**	**(21,101)**	**(19,055)**	**19,055**	**0**

50. Group Transfers (To)/From Earmarked Reserves

This note sets out the amounts set aside from the Group General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts drawn down from earmarked reserves to meet General Fund expenditure during the year. Information on the purpose of the more significant Reserves is disclosed in Note 30 (MCA single entity) and Note 61 (Group).

	31 March 2021 £000	Transfers Out 2021/22 £000	Transfer in 2021/22 £000	Total Movements £000	31 March 2022 £000	Transfers Out 2022/2023 £000	Transfer in 2022/23 £000	Total Movements £000	31 March 2023 £000
South Yorkshire Renewal Fund:									
Gainshare - contingency	(710)	0	(124)	(124)	(834)	834	0	834	0
Gainshare – Emergency Recovery Fund	(1,172)	1,172	0	1,172	0				0
Gainshare – Business Renewal Action plan	(2,972)	705	(3,938)	(3,233)	(6,205)	885	0	885	(5,320)
Gainshare – Skills Renewal Action Plan	(3,101)	0	(4,109)	(4,109)	(7,210)	97	0	97	(7,113)
Gainshare – Prospectus for Growth	0	0	0	0	0	0	(1,600)	(1,600)	(1,600)
Gainshare – Project Feasibility (MCA)	0	0	0	0	0	**0**	(200)	(200)	(200)
Gainshare – Project Feasibility (CDC)	0	0	0	0	0	**0**	(725)	(725)	(725)
Gainshare – 18 to 21 concessions	(1,811)	991	(2,400)	(1,409)	(3,220)	2,701	0	2,701	(519)
Gainshare – Programme Management	(474)	0	0	0	(474)	0	0	0	(474)
Gainshare – Debt Financing	0	0	0	0	0	0	(650)	(650)	(650)
Gainshare – Destination Management	0	0	0	0	0	0	(250)	(250)	(250)
Gainshare – Protection of Priority Services	0	0	0	0	0	0	(2,735)	(2,735)	(2,735)
Programmes and Projects – MCA/LEP									
Project Feasibility Fund	(3,600)	0	0	0	(3,600)	0	0	0	(3,600)
Mayoral Capacity Fund	(1,274)	518	(195)	323	(951)	208	(162)	46	(905)
Mayoral Election Reserve	(2,187)	1,180	0	1,180	(1,007)	892	(600)	292	(715)
Business Sinking Fund	(2,121)	0	0	0	(2,121)	25	(281)	(256)	(2,377)
Skills Bank	(7,837)	885	(3,525)	(2,640)	(10,477)	474	0	474	(10,003)
Food Security Project	0	0	0	0	0	0	(150)	(150)	(150)
Apprenticeship Grant for Employers	(107)	0	0	0	(107)	0	0	0	(107)
Strategic Asset Management	(28)	0	0	0	(28)	0	0	0	(28)
Programmes and Projects – LTA									
Levy Reduction Reserve	(14,163	1,231	(479)	752	(13,411)	1,991	(434)	1,557	(11,854)
Bus Franchise Assessment	0	0	(3,000)	(3,000)	(3,000)	168	0	168	(2,832)
PFI Reserve	(12,446	3,000	(1,240)	1,760	(10,686)	0	(1,058)	(1,058)	(11,744)
Protection of Priority Services	(6,998)	0	0	0	(6,998)	0	(2,000)	(2,000)	(8,998)

£2 fare cap continuation	0	0	0	0	0	0	(500)	(500)	(500)
Mass Transit Project readiness	(3,000)	0	0	0	(3,000)	445	0	445	(2,555)
Bus Recovery Project	(3,000)	648	0	648	(2,352)	123	0	123	(2,229)
Identified Risks									
Income Resilience Reserve	(2,997)	0	(585)	(585)	(3,582)	0	0	0	(3,582)
Redundancy & Pay inflation	(394)	0	(180)	(180)	(574)	0	0	0	(574)
Asset Management	(1,812)	0	0	0	(1,812)	0	0	0	(1,812)
Pensions Smoothing	(412)	0	(422)	(422)	(834)	0	(432)	(432)	(1,266)
Woodburn Road Tunnel	0	0	0	0	0	0	(1,883)	(1,883)	(1,883)
IT	(249)	0	0	0	(249)	0	0	0	(249)
Other									
Capacity and Development Fund	**0**	0	0	**0**	**0**	0	(3,754)	(3,754)	(3,754)
Total	**(72,865)**	**10,330**	**(20,197)**	**(9,867)**	**(82,732)**	**8,844**	**(17,413)**	**(8,569)**	**(91,304)**

51. Group Financing and Investment Income and Expenditure

The following table provides a breakdown of Financing and investment income and Expenditure:

2021/22 £'000		2022/23 £'000
8,343	Interest payable and similar charges	7,912
(1,974)	Interest receivable and similar income	(9,527)
(212)	(Surplus) or deficit of trading undertakings	(716)
(126)	Property Management – Investment income	16
0	Revaluation gains	0
6,031		**(2,315)**
804	Pensions – Interest cost	781
6,835	**Total**	**(1,534)**

52. Group Taxation and Non-Specific Grant Income

The following table provides an analysis of Taxation and Non-Specific Grant Income:

2021/22 £000		2022/23 £000
	Non-ring-fenced grants:	
(25,081)	Department of Levelling Up, Communities and Housing	0
(244)	Department for Transport	163
0	Other	(3,240)
(25,325)	**Total**	**(3,077)**

53. Group Intangible Assets

The following is an analysis of Intangible Assets:

2021/22 £000		2022/23 £000
	Cost or Valuation:	
0	At 1 April - PTE	0
0	Amortisation - PTE	0
1,531	Mayoral Combined Authority	1,531
(383)	Amortisation - CA	(766)
1,148	**At 31 March**	**765**

54. Group Property Plant and Equipment

Movements on Balances:

SYMCA Group 2022/23	Other land and buildings	Vehicles, plant, furniture and equipment	Surplus Assets	Assets under Construction	Total Property, plant and equipment
Cost or Valuation:					
At 1 April 2022	109,683	101,241	1,600	138	**212,662**
Other movements	(2,177)	0	0	0	**(2,177)**
Additions - programmed investment	0	698	0	2,295	**2,993**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,974	0	0	0	**2,974**
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services	476	0	(150)	0	**326**
De-recognition – disposals	0	(141)	0	0	**(141)**
De-recognition – other	0	0	0	0	**0**
Reclassification and transfers	0	160	(1,450)	(160)	**(1,450)**
At 31 March 2023	**110,956**	**101,958**	**0**	**2,273**	**215,187**
Accumulated Depreciation and Impairment					(29,430)
At 1 April 2022	(509)	(66,789)	0	0	**(67,298)**
Depreciation charge	(2,677)	(4,085)	0	0	**(6,762)**
Other movements	2,177	0	0	0	**2,177**
Impairment (losses) / reversals recognised in the Revaluation Reserve	0	0	0	0	**0**

Impairment (losses) / reversals recognised in the Surplus / Deficit on the Provision of Services	320	0	0	0	**320**
De-recognition – disposals	0	141	0	0	**141**
De-recognition – other	0	0	0	0	**0**
Reclassification and transfers	0	0	0	0	**0**
At 31 March 2023	**(689)**	**(70,733)**	**0**	**0**	**(71,422)**
Net Book Value					
At 31 March 2023	**110,267**	**31,225**	**0**	**2,273**	**143,765**
At 31 March 2022	109,174	34,452	1,600	138	145,364

2022/23	**Infrastructure Assets**	**Other Property, plant and equipment**	**Total Property, plant and equipment**	**PFI Assets included in other land and buildings**
Net book value	19,144	145,364	164,508	11,440
Other movements				
Additions - programmed investment	51	2,993	3,044	
Revaluation increases / (decreases) recognised in the Revaluation Reserve		2,974	2,974	887
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services		646	646	
De-recognition – disposals		0	0	
De-recognition – other		0	0	
Reclassification and transfers		(1,450)	(1,450)	
Depreciation charge	(1,189)	(6,762)	(7,951)	(347)
At 31 March 2023	**18,006**	**143,765**	**161,771**	**11,980**

55. Group Investment Properties

The following is an analysis of Investment Properties:

2021/22		2022/23
£000	**Cost or valuation:**	**£000**
3,079	**At 1 April**	**3,379**
300	Revaluation	200
0	Disposals	0
3,379	**At 31 March**	**3,579**

The assets held as Investment Properties are held to earn rentals or capital appreciation or both, rather than for use in the production or supply of goods or services for administrative purposes or for sale in the ordinary course of business.

Fair Value Hierarchy

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2023 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2023 £000
SYPTE	-	1,505	-	1,505
Mayoral Combined Authority	-	2,074	-	2,074
Total	**-**	**3,579**	**-**	**3,579**

There were no transfers between Levels during the year. All assets classified as Investment Properties have been done so under the Fair Value Model as defined under IAS 40 Investment Properties.

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

<u>Significant Observable Inputs – Level 2</u>

The fair value for the Investment Properties have been categorised at Level 2 in the fair value hierarchy as both are subject to estimation based on comparable properties at market value.

<u>Highest and Best Use of Investment Properties</u>

In estimating the fair value of the Mayoral Combined Authority's Investment Properties, the highest and best use of the properties is their current use.

<u>Valuation Techniques</u>

There has been no change in the valuation techniques used during the year for Investment Properties.

Valuation Process for Investment Properties

Valuations have been carried out by a professional valuer in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

56. Group Financial Instruments

Categories of Financial Instruments

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

	Long Term		Current	
	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000
Investments at Amortised Cost	40,000	98,000	110,463	187,000
Investments – Accrued interest				3,074
Cash and Cash Equivalents	0		225,478	164,094
Borrowings at Amortised Cost	(118,280)	(67,866)	(9,216)	(50,400)
Borrowings - Accrued Interest				(1,296)
Other Liabilities - PFI	(10,214)	(9,898)	(291)	(317)

The Financial Instrument gains and losses recognised in the Group Comprehensive Income and Expenditure Statement are:

	Financial Liabilities	Financial Assets	Total
2022/23 **Income, Expense, Gains and Losses**	**At amortised cost £'000**	**At amortised cost £'000**	**£'000**
Interest expense – debt	6,996		6,996
Interest expense - PFI	917		917
Changes in fair value	0		0
Impairment losses/(gains)	0		0
Total expense in Surplus or Deficit on the Provision of Services	**7,913**		**7,913**
Interest income		(9,527)	(9,527)
Total income in Surplus or Deficit on the Provision of Services			**(9,527)**
Net charge/(credit) for the year			(1,614)

2021/22 **Income, Expense, Gains and Losses**	**Financial Liabilities** **At amortised cost** **£'000**	**Financial Assets** **At amortised cost** **£'000**	**Total** **£'000**
Interest expense – debt	7,374	0	7,374
Interest expense - PFI	941	0	941
Reductions in fair value	0	884	884
Impairment losses/(gains)	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	**8,315**	**884**	**9,199**
	0	0	0
Interest income	0	(1,974)	(1,974)
Total income in Surplus or Deficit on the Provision of Services	0	**(1,974)**	**(1,974)**
Net charge/(credit) for the year	**8,315**	**(1,090)**	**7,225**

Fair Value of Assets and Liabilities

The Financial liabilities and financial assets reported in the Group Balance Sheet are all shown at amortised cost.

Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions set out in Note 20 to the single entity accounts.

Fair Value of Financial Liabilities

Fair Value of Financial Liabilities Carried at Amortised Cost-New Borrowing (Certainty) Rate

	2021/22		**2022/23**	
	Carrying value £'000	**Fair value £'000**	**Carrying value £'000**	**Fair value £'000**
PWLB	(105,400)	(117,435)	(97,400)	(98,616)
Market loans	(20,000)	(28,429)	(20,000)	(19,989)
Doncaster Interchange PFI	(10,505)	(10,505)	(10,215)	(10,215)
Short-term borrowing/accrued interest	(1,216)	(1,216)	(1,296)	(1,296)
Market Loans interest adjustment	(880)	(880)	(866)	(866)
Total Financial Liabilities	**(138,001)**	**(158,465)**	**(129,777)**	**(130,982)**

Fair Value of Financial Liabilities Carried at Amortised Cost- Premature Repayment Rate

	2021/22 Carrying value £'000	Fair value £'000	2022/23 Carrying value £'000	Fair value £'000
PWLB	(105,400)	(121,804)	(97,400)	(101,257)
Market loans	(20,000)	(34,148)	(20,000)	(23,535)
Doncaster Interchange PFI	(10,505)	(10,505)	(10,215)	(10,215)
Short-term borrowing/accrued interest	(1,216)	(1,216)	(1,296)	(1,296)
Market Loans interest adjustment	(880)	(880)	(866)	(866)
Total Financial Liabilities	**(138,001)**	**(168,553)**	**(129,777)**	**(137,169)**

The fair value of the liabilities is higher than the carrying amount because the Group's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the prevailing rates at the Balance Sheet date.

The difference between the carrying value of debt of £117.400m and Fair Value of £124.792m is a measure of the premium the Group might have to pay to terminate loans early as at the balance sheet date.

The PWLB loans are at fixed interest rates ranging between 4.45% and 8.5%.
The market loans are on a Lender Option Borrower Option (LOBOs) which are at fixed interest rates ranging between 4.5% and 4.95%. These LOBOs are now in their call period which means that the lender could exercise their option to call in the loans. In the past, the differential between the rates payable on the loans and premature rates applicable on early repayment were so significant that the cost of early repayment far outweighed any potential gain. However, the recent increase in interest rates means the cost of early repayment is much reduced and gives rise to a more realistic prospect that early debt repayment may be financially beneficial. As such, it is intended to review our position during the course of 2023/24.

The maturity analysis of financial liabilities excluding PFI liabilities is as follows:

	31 March 2022 £'000	31 March 2023 £'000
Less than one year	(8,000)	(50,400)
Between one and two years	(46,400)	(4,000)
Between two and five years	(16,000)	(30,000)
More than five years	(57,096)	(33,866)
	(127,496)	**(118,266)**

57. Group Short-Term Debtors

The following is an analysis of Debtors:

31 March 2022 £000		31 March 2023 £000
6,777	Trade Customers	3,155
427	Receivables from Related Parties	3,221
181	Prepayments	0
1,554	Other Entities and Individuals	652
8,939	**Total**	**7,028**

58. Group Cash & Cash Equivalents

31 March 2022 £'000		31 March 2023 £'000
	Cash:	
156	Mayoral Combined Authority	8,805
1,433	SYPTE	523
1,589		**9,328**
	Cash Equivalents:	
221,766	Mayoral Combined Authority	154,766
2,123	SYPTE	0
223,889		**154,766**
0		
	Cash & Cash Equivalents:	
221,922	Mayoral Combined Authority	163,571
3,556	SYPTE	523
225,478	**Total**	**164,094**

59. Group Short-Term Creditors

The following table shows an analysis of Short-Term Creditors:

31 March 2022 £000		31 March 2023 £000
(7,589)	Trade Creditors	(6,140)
(21,748)	Related Parties Creditors	(31,248)
(17,465)	Revenue Grant Received in Advance	(33,002)
(8,612)	Other Creditors	(7,631)
(55,414)	**Total**	**(78,021)**

60. Group Provisions

The following table shows an analysis of Provisions:

31 March 2022 £000		31 March 2023 £000
(1,490)	Opening Balance	(2,721)
318	Charge to Income and Expenditure Account during the year	2,084

(1,549)	Created in the year	0
(2,721)	**Total**	**(637)**
	Split by:	
(668)	Mayoral Combined Authority	0
(2,053)	SYPTE	(637)
(2,721)	**Short-Term**	**(637)**
0	Mayoral Combined Authority	0
0	SYPTE	0
0	**Long-Term**	**0**

Information on the Authority’s provisions is contained in Note 28.

61. Group Usable Reserves

The following table summarises the Usable Reserves balances. Movements in the Group’s usable reserves are shown in the Movement in Reserves Statement:

31 March 2023	**Combined Authority**	**SYPTE**	**Total**
	£000	**£000**	**£000**
General Fund	(2,862)	(5,434)	(8.296)
Earmarked Reserves	(78,306)	(13,001)	(91,307)
Capital Receipts Reserve	(17,914)	(671)	(18,585)
Capital Grants Unapplied	(46,313)	(5,840)	(52,153)
Total	**(145,395)**	**(24,946)**	**(170,341)**

31 March 2022	**Combined Authority**	**SYPTE**	**Total**
	£000	**£000**	**£000**
General Fund	(2,277)	(4,955)	(7,232)
Earmarked Reserves	(71,481)	(11,251)	(82,732)
Capital Receipts Reserve	(13,660)	(751)	(14,411)
Capital Grants Unapplied	(44,502)	(7,036)	(51,538)
Total	**(131,920)**	**(23,993)**	**(155,913)**

The table below provides a breakdown of Group earmarked reserves:

31 March 2022 £000		31 March 2023 £'000
	South Yorkshire Renewals Fund	
(834)	Gainshare – Contingency	0
(6,205)	Gainshare – Business Renewal Action Plan	(5,318)
(7,210)	Gainshare – Skills Renewal Action Plan	(7,113)
0	Gainshare – Prospectus for Growth	(1,600)
0	Gainshare – Project Feasibility Fund (MCA)	(200)
0	Gainshare – Project Feasibility Fund (CDC)	(725)
(3,220)	Gainshare – 18 to 21 Concessions	(520)
(474)	Gainshare – Programme Management	(474)
0	Gainshare – Debt Financing	(650)
0	Gainshare – Destination Management	(250)
0	Gainshare – Protection of Priority Services	(2,734)
	Programmes and Projects – MCA/LEP	
(3,600)	Project Feasibility Fund	(3,600)
(951)	Mayoral Capacity Fund	(905)
(1,007)	Mayoral Election Reserve	(715)
(2,121)	Business Sinking Fund	(2,378)
(10,477)	Skills Bank	(10,003)
0	Food Security Project	(150)
(107)	Apprenticeship Grant for Employers	(107)
(28)	Strategic Asset Management	(29)
	Programmes and Projects – Local Transport Authority	
(13,411)	Levy Reduction Reserve	(11,854)
(3,000)	Bus Franchising Assessment	(2,832)
(10,686)	PFI Reserve	(11,744)
(6,998)	Protection of Priority Services	(8,998)
0	£2 Fare Cap Continuation	(500)
(3,000)	Mass Transit Project Readiness	(2,556)
(2,352)	Bus Recovery Project	(2,229)
	Identified Risks	
(3,582)	Income Resilience Fund	(3,582)
(574)	Redundancy and Pay Inflation Reserve	(574)
(1,812)	Asset Management	(1,812)
(834)	Pensions smoothing	(1,266)
(249)	IT	(249)
0	Woodburn Rd Tunnel	(1,884)
	Other	
0	Capacity and Development Fund	(3,752)
(82,732)	**Total**	**(91,303)**

Information on the purpose of the Authority's earmarked reserves is provided in Note 30.

The purpose of the other principal earmarked reserves not disclosed in Note 30 are as follows:

- The Mass Transit Project Readiness reserve is to ensure that there is sufficient earmarked resource to undertake the required change-management processes associated with the end of the current tram concessionary arrangement.
- The Bus Recovery Project Reserve is to support implementation of the Bus Review recommendations and manage the orderly transition to likely changes in the regulatory environment around the management of bus services in South Yorkshire

62. Group Unusable Reserves

The following table summarises the Unusable Reserves balances. Movements in the Group's unusable reserves are shown in the Movement in Reserves Statement:

31 March 2023			
	Combined Authority	**SYPTE**	**Total**
	£000	**£000**	**£000**
Capital Adjustment Account	85,989	0	85,989
Financial Instruments Account	49	0	49
Deferred Capital Grants and Contributions	0	(88,860)	(88,860)
Pension Reserve	(886)	(9,633)	(10,519)
Revaluation Reserve	(11,083)	(32,342)	(43,425)
Accumulated Absence Reserve	0	99	99
Total	**74,069**	**(130,736)**	**(56,667)**

31 March 2022 – Comparative Information			
	Combined Authority	**SYPTE**	**Total**
	£000	**£000**	**£000**
Capital Adjustment Account	81,596	0	81,596
Financial Instruments Account	72	0	72
Deferred Capital Grants and Contributions		(91,755)	(91,755)
Pension Reserve	4,721	23,184	27,905
Revaluation Reserve	(9,513)	(31,770)	(41,283)
Accumulated Absence Reserve	0	99	99
Total	**76,876**	**(100,242)**	**(23,366)**

63. Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2021/22		**2022/23**
£000		**£000**
1,974	Interest Received	6,916
(8,207)	Interest Paid	(8,034)
(6,233)	**Total**	**(1,118)**

The surplus or (deficit) on the provision of services has been adjusted for the following non-cash movements:

2021/22 £000		2022/23 £000
8,317	Depreciation	7,951
0	Revaluation gains and losses credited / charged to CIES	(848)
3,703	Amortisation	6,863
57,067	Increase/(decrease) in capital grant received in advance	43,086
(6,133)	Increase/(decrease) in creditors	22,090
13,467	(Increase)/decrease in debtors	10,586
3,015	Movement in pension liability	2,849
0	Increase/(decrease) in provisions	(2,084)
0	Other non-cash items charged to the net surplus or deficit on the provision of services	79
79,432	**Total**	**90,572**

The surplus or (deficit) on the provision of services has been adjusted for the following items that are investing and financing activities:

2021/22 £000		2022/23 £000
649	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures, and subsidiaries)	0
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
(4,628)	Any other items for which the cash effects are investing or financing cash flows	0
(3,979)	**Total**	**0**

64. Group Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2021/22 £000		2022/23 £000
(4,277)	Purchase of property, plant and equipment, investments property and intangible assets	(3,044)
0	Other payments for investing activities	(6,480)
0	Purchase of short-term and long-term investments	(137,612)
45,000	Proceeds from short-term and long-term investments	0
4,445	Other receipts from investment activities	0
45,168	**Total**	**(147,136)**

65. Group Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2021/22 £000		2022/23 £000
(268)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(291)
(7,975)	Repayments of short and long-term borrowing	(8,000)
(8,243)	**Total**	**(8,291)**

66. Group Officers' Remuneration

Under the Accounts and Audit Regulations 2015, Local Authorities are required to disclose information on their employees' remuneration in two sections.

The first part of the disclosure provides details of those officers defined in the Regulations as senior employees whose salary is above £50,000 per annum and / or are Statutory or Non-Statutory Chief Officers, or, who solely or collectively have responsibility for directing or controlling the activities of the Group. This typically includes those officers who report directly to the Chief Executive (excluding those whose duties are solely secretarial). In addition, those senior officers whose salary is above £150,000 are required to be named in this section.

The second part of the disclosure discloses the numbers of other staff whose total remuneration (ie salary plus overtime and allowances, etc. but excluding employers' pension contributions) is above £50,000.

2022/23	**Salary**	**Expenses**	**Exit Payments**	**Pension Contribution**	**Total**
	£	**£**	**£**	**£**	**£**
Current					
Martin Swales – Interim Chief Executive (Head of Paid Service) – Note 1	200,700	0	**0**	0	200,700
Interim Executive Director Infrastructure & Place – Note 2	144,400	0	0	0	144,400
Executive Director Resources and Investment (S.73 officer)	109,863	20	0	15,491	125,374
Director of Law and Governance (Monitoring Officer)	96,019	0	0	15,747	111,766
Executive Director Policy and Strategic Development – Note 3	76,968	0	0	11,514	88,482
Corporate Director Growth Business and Skills – Note 4	7,500	0	0	1,125	8,625
Director of Public Transport Development	96,019	0	0	15,747	111,766
Director of Public Transport Operations	96,019	0	0	14,200	110,219
Non current					

Dr Dave Smith – Chief Executive (Head of Paid Service) – Note 5	44,956	0	0	0	44,956
Deputy Chief Executive – Note 6	78,510	15	59,037	11,070	148,632
Interim Director of Transport, Housing & Infrastructure – Note 7	56,032	0	0	0	56,032
Interim Corporate Director of Business & Skills – Note 8	145,113	0	0	0	145,113
SYPTE Executive Director – Note 9	84,663	0	55,480	13,885	154,028
Sub Total	***1,236,762***	***35***	***114,517***	***98,779***	***1,450,093***
Elected Mayor – Oliver Coppard (Note 10)	70,718	0	0	0	70,718
Elected Mayor – Dan Jarvis	8,282	0	0	0	8,282
Sub Total	***79,000***	***0***	***0***	***0***	***79,000***
Total	**1,315,762**	**35**	**114,517**	**98,779**	**1,529, 093**

Notes

1. Interim Chief Executive and Head of Paid Service from 1.7.2022 to 31.3.2023. The MCA's Head of Paid Service is currently contracted through an agency, with the MCA not incurring costs related to holiday and pension entitlements, nor employers' national insurance. The costs of this engagement are broadly comparable to the gross costs of similar employed individuals in peer authorities.
2. Interim Executive Director Infrastructure and Place from 15.8.2022 to 31.3.2023. Following the departure of SYPTE's Executive Director, the postholder also took on the statutory role of Director General of SYPTE from 1.1.2023 until SYPTE's dissolution on 1.4.2023
3. The Executive Director Policy and Strategic Development was on secondment from Greater Manchester Combined Authority from June 2022 to 28.2.2023. From 1.3.2023 they have been employed directly by the Authority.
4. The Corporate Director Growth, Business and Skills is on secondment from HM Treasury with effect from 1.3.2023
5. Chief Executive and Head of Paid Service from 1.4.2022 to 30.6.2022
6. Deputy Chief Executive from 1.4.2022 until 30.11.2022
7. Interim Director of Transport, Infrastructure & Housing (including additional integration responsibility) from 1.4.2022 to 30.6.2022.
8. Interim Corporate Director of Business & Skills from 1.4.2022 to 30.12.2022.
9. SYPTE Executive Director from 1.4.2022 until 31.12.2022
10. Oliver Coppard took up his role of Elected Mayor of the Authority following the mayoral election on 6 May 2022

2021/22	**Salary**	**Expenses**	**Pension Contribution**	**Total**
	£	**£**	**£**	**£**
Dr Dave Smith – Chief Executive (Head of Paid Service)	179,823	0	0	179,823
Deputy Chief Executive	115,596	0	16,299	131,895
Director of Transport, Infrastructure & Housing	5,323	0	751	6,074
Interim Director of Transport, Infrastructure & Housing	44,550	0	0	44,550
Martin Swales - Interim Director of Transport, Infrastructure & Housing (including additional integration responsibility)	155,939	0	0	155,939
Director of Business & Skills	81,667	0	11,515	93,182
Interim Corporate Director of Business & Skills	53,200	0	0	53,200
Group Finance Director	99,321	0	14,004	113,325

Executive Director - PTE	110,959	0	18,197	129,156
Principal Solicitor & Secretary	94,094	0	15,431	109,525
Director of Customer Services	94,094	0	15,431	109,525
Director of Transport	94,094	0	13,884	107,978
Sub Total	**1,128,660**	**0**	**105,512**	**1,234,172**
Elected Mayor	79,000	281	0	79,281
Director of Mayor's Office	95,096	0	13,409	108,505
Sub Total	**174,096**	**281**	**13,409**	**187,786**
Total	**1,302,756**	**281**	**118,921**	**1,421,958**

Notes
1. Director of Transport, Infrastructure & Housing to 18 April 2021.
2. Interim Director of Transport, Infrastructure & Housing to 25 July
3. Interim Director of Transport, Infrastructure & Housing (including additional integration responsibility) July 26 onwards
4. Director of Business & Skills to 31 January 2022.
5. Interim Corporate Director of Business Skills from 11 January 2022.

Group employees receiving more than £50,000 remuneration for the year (excluding senior officers separately disclosed above) were paid the following amounts:

Remuneration Band	**2021/22 Total**	**2022/23 Total**
£50,000 - £54,999	6	14
£55,000 - £59,999	8	4
£60,000 - £64,999	7	3
£65,000 - £69,999	4	8
£75,000 - £79,999	1	0
£80,000 - £84,599	1	1
£90,000 - £94,999	3	0
£95,000 - £99,999	2	0
£100,000 - £104,999	-	1
£105,000 - £109,999	-	0
£110,000 - £114,999	1	0
£115,000 and above	3	0
	36	31

67. Group Termination Benefits

The number of exit packages and total cost per band are set out in the table below:

			2021/22					2022/23
Number of Compulsory Redundancies	**Number of Other Departures**	**Total number of exit packages by cost band**	**Total cost of exit packages in each band £000**	**Exit Package cost band (including special payments)**	**Number of Compulsory Redundancies**	**Number of Other Departures**	**Total number of exit packages by cost band**	**Total cost of exit packages in each band £000**
5	0	5	25	£0 - £20,000	0	0	0	0
1	0	1	25	£20,001 - £40,000	0	0	0	0

0	0	0	0	£40,001 - £60,000	0	3	3	159
0	0	0	0	£60,001 - £80,000	0	0	0	0
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £150,000	0	0	0	0
6	**0**	**6**	**50**	**Total**	**0**	**3**	**3**	**159**

68. Group External Audit Fees

The following fees were paid to the Auditors of the Group members:

2021/22 £000		2022/23 £000
29	Mayoral Combined Authority	29
28	South Yorkshire Passenger Transport Executive	28
0	Fee variation agreed	0
57	**Total**	**57**

The fees all relate to external audit services carried out by the appointed Auditor.

In addition to the above, the PSAA have agreed during the course of 2022/23 a fee variation of £39,430 in respect of the 2020/21 audit (£21,695 MCA and £17,735 SYPTE).

69. Group Grant Income

The Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2021/22 £000 Restated		2022/23 £000
	Credited to Services:	
(68,387)	Department of Levelling up, Communities and Housing	(61,895)
(55,666)	Department for Transport	(86,736)
(19,900)	Department for Education and Skills Funding Agency	(34,988)
(1,925)	Department for Business, Energy & Industrial Strategy	(1,349)
(302)	Careers Enterprise Company	(340)
(1,240)	Department for Health and Social Care	(2,795)
(60,202)	English Local Government	(58,004)
(84)	Cabinet Office	(8)
(122)	Other	(625)
(207,828)		**(246,740)**
	Credited to Taxation and Non- Specific Grant Income:	
	Non-ring- fenced Government Grants:	
(25,081)	Department of Levelling up, Communities and Housing	(3,240)
(243)	Department for Transport	163
0	European Regional Development Fund / Other	0
(25,324)		**(3,077)**
(233,152)	**Total**	**(249,817)**

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

31 March 2022 £000		31 March 2023 £000
	Revenue Grants Receipts in Advance:	
(78)	Department for Business, Energy & Industrial Strategy	(272)
(7,808)	Department for Transport	(13,298)
(2,066)	Department of Levelling up, Communities and Housing	(2,360)
(7,275)	Department for Education and Skills Funding Agency	(16,734)
0	Cabinet Office	(123)
0	English Local Government	(52)
(237)	Non-Departmental Government Bodies	(130)
0	Department for Environment, Food and Rural Affairs	(33)
(17,464)	**Total**	**(33,002)**
	Capital Grants Receipts in Advance	(190,967)
(150,581)	Department for Transport	(21,255)
(18,556)	Department of Levelling up, Communities and Housing	
(169,137)	**Total**	**(212,222)**

70. Group Related Party Transactions

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

SYPTE has no material related party transactions other than those with the Authority.

Accordingly, as far the Group is concerned, transactions with related parties outside of the Group are already fully disclosed in Note 39.

71. Group Leases

Group as Lessee

Finance Leases

The Group has not classified any leases as Finance Leases.

Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are:

2021/22 £000		2022/23 £000
17	Not later than one year	17
0	Later than one year and not later than five years	0
0	Later than five years	0
17	**Total**	**17**

Group as Lessor

Finance Leases

The Group has not classified any leases as Finance Leases.

Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are:

2021/22 £000		2022/23 £000
374	Not later than one year	297
979	Later than one year and not later than five years	850
958	Later than five years	786
2,311	**Total**	**1,933**

SYPTE has 30 property leases for the provision of transport infrastructure to support customer experience such as shops and bus depots.

Contingent Rents

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

There are no contingent rents payable where SYPTE is the lessee.

72. Group Private Finance Initiative (PFI)

The Group has one PFI scheme.

This is SYPTE's PFI contract for the construction of a new bus station at Doncaster Interchange signed on 3 December 2003 with Teesland Property Company (Northern) Limited. The new bus station became operational in June 2007. The contract runs until June 2039 and incorporates the future maintenance and upkeep of both the building and the fixtures and fittings. The net book value of the Interchange as at 31 March 2023 is £12.0m (£11.4m at 31 March 2022).

Under the PFI agreement, SYPTE is contracted to pay an annual sum to the operator, known as a unitary charge. In 2022/23 unitary charge payments of £2.8m (£2.6m in 2021/22) were paid to the PFI provider by SYPTE. The latest forecast Unitary charge payments over the whole life of the contract total £94.8m which will be recovered in the form of PFI credits. The actual level of payments will depend on inflation rates and the satisfactory contract performance by the operator.

The Authority receives fixed PFI grant of £3.9m pa to meet the cost of the unitary charge over the lifetime of the PFI scheme. Timing differences between the amount of PFI grant received and unitary charge payment is held in a PFI Earmarked Reserve in the Authority's balance sheet to meet future liabilities as explained in Note 30.

Further details of the scheme are shown in the table below:

2022/23	Repayment of Liability	Interest Charge	Contingent/ Rental	Service Charge	Lifecycle Costs	Total
	£000	£000	£000	£000	£000	£000
Within 1 year	317	892	265	1,281	140	2,895
Within 2-5 years	1,570	3,266	1,360	5,385	588	12,169
Within 6-10 years	2,864	3,178	2,422	7,359	804	16,627
Within 11-15 years	4,353	1,689	3,304	8,125	888	18,359
Within 16-20 years	1,111	97	774	1,724	188	3,894
Total	**10,215**	**9,122**	**8,125**	**23,874**	**2,608**	**53,944**

2021/22 – Comparative Information	Repayment of Liability	Interest Charge	Contingent/ Rental	Service Charge	Lifecycle Costs	Total
	£000	£000	£000	£000	£000	£000
Within 1 year	291	917	236	1,220	137	2,801
Within 2-5 years	1,442	3,392	1,238	5,128	577	11,777
Within 6-10 years	2,634	3,408	2,256	7,009	788	16,095
Within 11-15 years	4,004	2,039	3,120	7,738	870	17,771
Within 16-20 years	2,134	283	1,510	3,316	373	7,616
Total	**10,505**	**10,039**	**8,360**	**24,411**	**2,745**	**56,060**

2022 PFI Assets £'000		2023 PFI Assets £'000
	Net book value:	
11,200	As at 1 April	11,440
240	Revaluations	887
	Depreciation	(347)
11,440	**As at 31 March**	**11,980**

2022 PFI Liability £'000		2023 PFI Liability £'000
10,773	As at 1 April	10,505
(1,351)	Lease repayments	(1,444)
941	Interest Charge	918
142	Contingent rentals	236
10,505	**As at 31 March**	**10,215**

73. Group Post-Employment Benefits

Local Government Pension Scheme

As part of the Terms and Conditions of Employment of its employees, both the Authority and SYPTE offer post-employment benefits in the form of a Pension Scheme under the Local Government Pension Regulations 1995 and administered by the South Yorkshire Pensions Authority. This provides members with defined benefits related to pay and service. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

SYPTE also continues to be responsible for payments to the Fund in respect of service for all staff employed by SYPTE, including all employees transferred to South Yorkshire Transport Limited and those transferred to First South Yorkshire Limited (formerly Mainline Group Limited), under the provisions of the Transport Act 1985.

For service from 26 October 1986, SYPTE makes employer contributions to the Fund in respect only of its own employees who are also members of the Scheme.

Comprehensive Income and Expenditure Statement		
	2021/22	**2022/23**
	£'000	**£'000**
Current Service Cost	3,380	3,593
Financing Investment Income and Expenditure	832	781
Remeasurement in other Comprehensive Income and Expenditure	(12,880)	(41,273)
Total Post-Employment Benefits Charged to the Comprehensive		
Income and Expenditure Statement	**(8,668)**	**(36,899)**

Movement in Reserves Statement		
	2021/22	**2022/23**
	£'000	**£'000**
Reversal of Net Charges Made to the (Surplus)/Deficit for the		
Provision of Services for Post-Employment Benefits in Accordance		
with the Code	(4,212)	(4,364)
Actual Amount Charged Against the Operational Revenue Reserve		
Balance for Pensions in the Year:		
Employer's Contributions Payable to Scheme	1,658	1,525
Transfer of Year Pension Deficit Contribution	0	0

Assets & Liabilities in Relation to Post-Employment Benefits		
Reconciliation of Present Value of the Scheme Liabilities:		
	2021/22	**2022/23**
	£'000	**£'000**
Opening Balance at 1 April	(168,953)	(167,096)
Current Service Cost	(3,386)	(3,593)
Interest Cost	(3,535)	(4,487)
Contributions by Scheme Participants	(626)	(664)
Re-measurements	3,301	49,214
Past Service cost (gain)	0	0
Benefits Paid	6,103	5,877
Closing Balance at 31 March	**(167,096)**	**(120,749)**

Reconciliation of Fair Value of the Scheme (Plan) Assets:		
	2021/22	**2022/23**
	£'000	**£'000**
Opening Balance at 1 April	130,722	139,191
Interest on Plan Assets	2,709	3,706
Re-measurements	9,579	(7,941)
Administration Expenses	0	0
Contributions by Employer	947	1,011
Contributions by Scheme (plan) Participants	626	664
Benefits Paid	(5,392)	(5,363)
Closing Balance at 31 March		

	139,191	**131,268**

Pension Scheme Assets Comprised:	**2021/22**	**2022/23**
	£'000	**£'000**
Equities	77,831	73,244
Bonds		
Government Bonds	830	489
Other Bonds	25,351	22,562
Property	11,919	11,115
Other	23,260	23,858

Scheme History		
	2021/22	**2022/23**
	£'000	**£'000**
Present Values of Liabilities	(167,096)	(120,749)
Fair Value of Scheme Assets	139,191	131,268
Surplus/(Deficit) in the Scheme	**(27,905)**	**10,519**

Basis for Estimating Assets and Liabilities		
The pension fund liabilities have been assessed by the actuaries, Hyman Robertson LLP. The main assumptions used in their calculations are as follows:		
Mortality Assumptions	**2021/22**	**2022/23**
Longevity at Age 65 for Current Pensioners:		
Men	22.6 years	20.5 years
Women	25.4 years	23.7 years
Longevity at Age 65 for Future Pensioners:		
Men	24.1 years	21.5 years
Women	27.3 years	25.2 years

Financial Assumptions		
Rate of increase in Salaries	4.0%	3.55%
Rate of increase in Pensions (CPI)	2.8%	2.95%
Discount Rate	2.2%	4.755

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. A sensitivity analysis from Hyman's Robertson's is shown in the table below:

	% Approximate Increase in Defined Benefit Obligation	Approximate Value
	%	£'000
Disclosure item		
0.1% decrease in real discount rate	1% (SYPTE), 3%(MCA)	1,758
1 year increase in member life expectancy	4%	4,830
0.1% increase in salary increase rate	0%	161
0.1% increase in pensions increase rate (CPI)	1% (SYPTE), 3%(MCA)	1,623

74. Prior Period Adjustments-Group

There are no prior year adjustments to disclose.

Glossary

Term	Definition
Abbreviations	The symbol 'k' following a figure represents £thousand. The symbol 'm' following a figure represents £million. The symbol 'bn' following a figure represents £billion.
Accounting Period	The period of time covered by the Mayoral Combined Authority's accounts. Normally 12 months, beginning on 1 April. Also known as the Financial Year.
Accounting Policies	These are the specific principles, bases, conventions, rules, and practices applied by an entity in preparing and presenting financial statements.
Accruals Concept	Income and Expenditure are recognised as they are earned or incurred, not as money is received or paid.
Added Years	A discretionary award increasing the value of pensions for retiring employees aged 50 or over subject to specific conditions. Employers must exercise this discretion in accordance with the national regulations and organisation's own policies.
Amortisation	An accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement over a period of years rather than when the initial payment is made. Its purpose is to charge / credit the cost / income over the accounting periods that gain benefit for the respective item.
Capital Expenditure	Expenditure that is incurred to acquire, create, or add value to a non-current asset.
Capital Financing Requirement	It measures the Mayoral Combined Authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend or over the longer term. Alternatively, it means capital expenditure incurred but not yet paid for.

Capital Receipts	The proceeds from the sale of capital assets which, subject to various limitations, can be used to finance capital expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing.
Cash	Comprises cash on hand and demand deposits.
Cash Equivalents	These are short -term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Consistency Concept	The consistency concept requires that there should be a consistent method of accounting treatment of like items within each accounting period and from one period to the next.
Contingency	A condition which exists at the Balance Sheet date, where the outcome will be confirmed only on the occurrence of one or more uncertain future events not wholly within the Mayoral Combined Authority's control.
Credit Risk	The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
Creditors	Amounts owed by the Mayoral Combined Authority for work done, goods received, or services rendered, for which no payment has been made at the date of the Balance Sheet.
Debtors	Amounts owed to the Mayoral Combined Authority for work done, goods received, or services rendered, for which no payment has been received at the date of the Balance Sheet.
Defined Benefit Scheme	A pension or other retirement benefit scheme, other than a Defined Contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme	A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
Depreciation	The measure of the wearing out, consumption or other reduction in a non-current asset either as a result of its use, ageing or obsolescence.
Fair Value	Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Finance Lease	A lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.
Financial Instrument	A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term “financial instrument” covers both financial assets and financial liabilities and includes both straightforward financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors) and complex ones such as derivatives.
General Fund	The total services of the Mayoral Combined Authority.
Goodwill	The difference between the aggregate fair value of the net assets of a business and the value of the business as a whole. Goodwill can be internally developed or purchased.
Impairment	A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset’s market value and evidence of obsolescence or physical damage to the asset.
Intangible Assets	Non-financial assets that do not have physical substance but are identified and are controlled by the entity through custody

	or legal rights. The two broad types of intangible non-current assets applicable to local authorities are goodwill and other intangible assets. Examples of other intangible assets might be patents or software licences.
International Financial Reporting Standards (IFRS)	Accounting standards developed by the International Accounting Standards Board which determine the standards to be adopted in the preparation and presentation of the Mayoral Combined Authority's accounting records.
Inventories	Inventories are assets: • in the form of materials or supplies to be consumed in the production process or consumed or distributed in the rendering of services • held for sale or distribution in the ordinary course of operations • in the process of production for sale or distribution
Investment Property	Property held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations.
Materiality	Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.
Net Book Value	The amount at which non-current assets are included on the Balance Sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.
Net Current Replacement Cost	The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current position of the existing asset.

Net Realisable Value	The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses incurred in realising the asset.
Operating Lease	A lease other than a Finance Lease. An agreement in which the Mayoral Combined Authority derives the use of an asset in exchange for rental payments, though the risks and rewards of ownership of the asset are not substantially transferred to the Mayoral Combined Authority.
Private Finance Initiative (PFI)	A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset. Payments are made for the provision of service, which is linked to availability, performance and levels of usage.
Property, Plant and Equipment	Tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.
Provisions	Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.
Prudence Concept	Requires that revenue is not anticipated until realisation can be assessed. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.
Public Works Loan Board (PWLB)	A government agency, which provides loans to authorities at favourable rates.
Related Party	The definition of a related party is dependent upon the situation, though key indicators of related parties are if: • One party has direct or indirect control of the other party • One party has influence over the financial and operating policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests.

Remuneration	All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.
Reserves	Result from events that have allowed monies to be set aside, surpluses, decisions causing anticipated expenditure to have been postponed or cancelled, or by capital accounting arrangements.
Revenue Expenditure	Expenditure incurred on the day-to-day running of the Mayoral Combined Authority, for example, staffing costs, supplies and transport.
Specific Government Grants	These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.
Termination Benefits	These are benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.
Unsupported (Prudential) Borrowing	Borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Independent Auditor's Report

To be included in the final audited Statement of Accounts once the audit has been concluded and the auditors have given their opinion