

SOUTH YORKSHIRE MAYORAL
COMBINED AUTHORITY

UNAUDITED STATEMENT OF
ACCOUNTS
2025/26

For the period
1 April 2025 to 31 March 2026

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Narrative Report by the Executive Director Resources and Investment

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 2025/26 financial year in meeting its strategic aims as a Group.

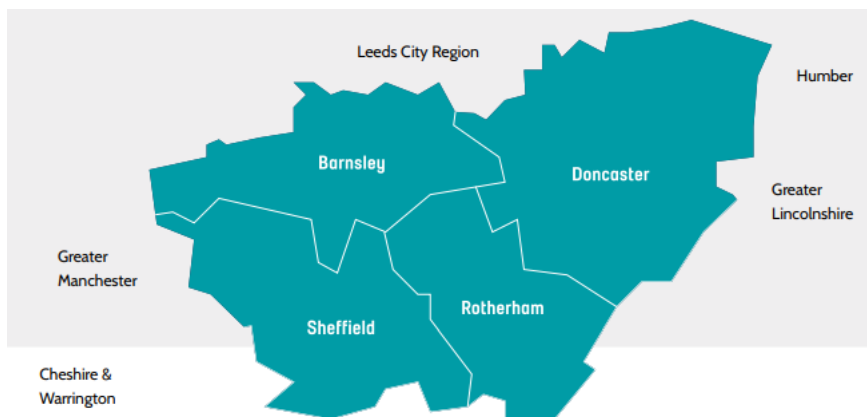
The MCA's group structure and governance arrangements continue to evolve. This report sets out the main changes during 2025/26 as well as plans for future changes.

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.



Devolution / Integrated Settlement

The English Devolution & Community Empowerment Act 2026 (which received Royal Assent in April 2026) has confirmed the MCA's status as an Established Strategic Mayoral Authority and extended its existing powers and functions.

As such, the Act extends the MCA's existing powers and functions to give the MCA lead responsibility for economic development, transport, housing and public service reforms.

In planning, housing and economic growth, the Mayor will drive the development of local growth plans supporting investment and business development, and, will have greater responsibility for strategic planning and community infrastructure management.

In transport, the MCA continues to act as the Local Transport Authority for South Yorkshire and be responsible for its statutory Local Transport Plan. It will however acquire new powers to allow greater mayoral control over the Key Route Network to better co-ordinate planning, sustainable transport development aimed at economic growth and accessibility, and certain enforcement powers.

In health, the MCA will be under a new duty to work on improving health outcomes and tackling health inequalities.

The Act will also lead to even greater integration of emergency services across South Yorkshire to align fire governance with strategic public services. This will lead to the transfer of all South Yorkshire Fire and Rescue service functions to the MCA with the current Fire Authority being replaced. The Mayor will become responsible for the fire budget and for setting the precept for fire and for the appointment of the Chief Fire Officer.

In tandem with acquiring greater devolved powers and functions, the Government announced in the Spending Review 2025 that the MCA will benefit from an Integrated Settlement over the three year period 2026/27 to 2028/29 which will consolidate a significant number of individual funding streams into one overall package and introduce significant freedoms and flexibilities in how the MCA invests funds to support transport improvement, improve housing offer, grow industrial capabilities and support communities. The total amount awarded over the three year period is £1.35bn.

In exchange for this new settlement and associated flexibilities, the MCA is required to agree a set of outcomes with Government to be delivered with the funding provided. The MCA agreed an Integrated Settlement Outcomes Framework (ISOF) at its meeting on 24 March 2026. The ISOF provides a structured approach to defining, measuring and reporting on the MCA's performance on Integrated Settlement delivery from April 2026 to March 2029 across the following six pillars:

- Skills & Employment Support
- Economic Development & Regeneration
- Housing & Strategic Planning
- Health, Wellbeing & Public Service Reform
- Transport and local infrastructure
- Environment and Climate change

The ISOF was developed alongside the South Yorkshire Strategy and Local Growth Plan to ensure that the outcomes align with the MCA's wider ambitions. Progress on delivery will be monitored through six-monthly reviews with Government.

To access this settlement on an ongoing basis the MCA was required to undergo an independent readiness assessment of its ability to meet certain standards in organisational capacity. Whilst meeting these standards is not a pre-requisite to receiving funding in 2026/27, the assessment is designed to support authorities to identify the investment required to ensure they can best make use of the flexibilities afforded by the new funding arrangements. Progress against the resultant improvement plan will also be monitored by Government.

The MCA approved a new Corporate Plan in March 2025 covering the three-year period 2025 to 2028. The Corporate Plan sets out the vision, mission, objectives and ways of working of the Mayor and MCA Executive. It also sets out the practical steps that have or are being undertaken to meet its broader objectives. The Corporate Plan was refreshed in March 2026 to reflect the changes arising from devolution and the integrated settlement and the decisions taken to re-open Doncaster Sheffield Airport, to bring South Yorkshire's buses back into public control under bus franchising and the publication of the South Yorkshire Growth Plan. The Outcomes Framework in the Corporate plan which measures success against the MCA's objectives will be fully refreshed during 2026/27 to ensure alignment with the Integrated Settlement Outcomes Framework and the South Yorkshire Strategy. The Corporate Plan is available on the MCA's website [SYMCA Corporate Plan 2025 - South Yorkshire MCA](#)

Economic Development

In September 2025, the South Yorkshire Growth Plan was published on the MCA's website [South Yorkshire's Growth Plan - South Yorkshire MCA](#). The Growth Plan replaces the previous Strategic Economic Plan as being the economic strategy for South Yorkshire.

The Growth Plan was published subject to further work being done to operationalise it by:

- Clarifying the Plan's outcomes and metrics
- Clarifying actions we will take to deliver the Plan
- Developing an investment pipeline in line with the Plan

Once this work is complete, a full and final version of South Yorkshire's Growth Plan will be published.

The purpose of the Growth Plan is to build a bigger and better South Yorkshire economy

by 2035 that is larger and more productive but also one that has made real progress on decarbonisation and in reducing inequality.

The Growth Plan sets out how South Yorkshire will grow a stronger and more diverse business base by 2035. To achieve this, efforts will be focussed on partnering with investors to deliver the right mix of investment in those sectors in which South Yorkshire performs strongly, including, for example, advanced manufacturing, clean energy, defence, creative and cultural industries and digital and tech, and life sciences. The MCA will work with investors to assemble a clear pipeline of opportunities, align commercial development with Local Authority Place Plans, and create mechanisms that bring in private finance at scale.

The MCA has worked in partnership with the four South Yorkshire Local Authorities to identify four Growth Areas where investment will be prioritised to create secure, high-paid jobs, which bring income and further investment into the region, and, lift wages and provide knock-on employment opportunities in the local economy. The four Growth Areas are: Sheffield City Centre and Innovation Spine; Don Valley; Barnsley Town Centre; and, South Yorkshire Airport City. The MCA in partnership with the Local Authorities will support growth in these Areas by bringing in enabling infrastructure and services.

The MCA published its local Get Britain Working plan (Pathways to Work South Yorkshire) in September 2025 setting out how the MCA will meet the Government's ambition in its November 2024 Getting Britain Working White Paper for a thriving labour market where everyone has the opportunity for good work and to get on in work and to achieve an 80% employment rate nationally.

Pathways to Work will build on the experience and expertise gained from existing preventative programmes, such as Work Well and Working Win – an early intervention pilot being run in partnership with the Department of Work and Pensions and South Yorkshire Housing Association to support the long-term sick and disabled people to find and succeed in work- to prevent individuals from becoming unemployed or economically inactive by addressing health and economic risks early. Pathways to Work aims to better integrate health and employment support services more widely, simplify access pathways, and deliver support in the communities where people live and work through strengthened collaboration between health, education, and employment partners.

Pathways to Work will provide support to those furthest from the labour market by enabling individuals facing complex and multiple barriers to move closer to employment through intensive, tailored support, particularly those with long-term ill health, disabilities, and sustained economic inactivity.

This includes the Economic Inactivity Trailblazer the MCA is participating in which aims to get ten thousand South Yorkshire residents back into work over the next four years and will help Government to shape how best to spend extra Government investment for Pathways to Work employment support.

It also includes Connect to Work which is a Government funded employment support programme to deliver intensive, personalised support for the economically inactive

and those that have a disability or health condition, who are outside the labour market, and who wish to be in employment to find a suitable job and sustain work.

Pathways to Work will help individuals progress in work, improve their skills, and access better-quality employment through a combination of:

- Adult Skills Fund (ASF) and Free Courses for Jobs (FCFJ) which provides fully funded or subsidised training for adults, including basic skills and digital literacy, Level 1, Level 2 and Level 3 qualifications.
- Skills Bootcamps to deliver short, intensive accredited or bespoke training courses at Levels 2-5 for adults, co-designed with employers to meet sector-specific skills needs across a variety of industries in areas such as but not limited to digital, construction, health and social care, and engineering.
- Skills Bank funding for staff training in businesses across the region, where a clear link between the training offer and growth potential can be evidenced.

Transport

The Mayor's Manifesto Commitments on his re-election in May 2024 in relation to transport have been reaffirmed and enhanced in the Mayor's Vision for Transport (South Yorkshire People's Network) approved by MCA Board in March 2026.

1. The commitment to bring buses back under public control has become a reality with the MCA taking the decision in March 2025 to proceed with bus franchising with phased implementation scheduled to take place between September 2027 and Autumn 2029. Once under public control, the MCA will have the opportunity to redesign and restore bus routes and to control fares, including initiatives such as free travel for Under 18s currently being piloted in Barnsley.
2. Work is underway to renew the MCA's publicly controlled tram network (Supertram) and to acquire a new trams fleet, to create a fast, reliable, high-capacity network, with the potential for further extension to connect communities across South Yorkshire.
3. Plans are progressing to reopen Doncaster Sheffield Airport, creating a thriving regional airport at the heart of South Yorkshire Airport City; a world leading centre for sustainable aviation, with new, improved transport connections. This is being led by the City of Doncaster Council with the MCA being fully supportive of the Council's aims.
4. Investment is taking place in safer neighbourhoods that make walking, wheeling and cycling a real option, giving everyone freedom and choice about how they travel and move, with a particular focus on children and young people.
5. Working with West Yorkshire and York & North Yorkshire the MCA has set out plans to improve rail services in our region in the White Rose Yorkshire Plan for Rail. This will deliver more frequent, more reliable rail connections across the North and to London, upgraded stations and new trains. Locally, this involves transforming Sheffield Midland station, providing a new Rotherham Gateway station and upgrading Doncaster station.

Police and Crime

In May 2024 the Police & Crime Commissioner (PCC) powers were transferred to the Mayor. The MCA is the legal entity responsible for administering the Police Fund and executing the Mayor's decisions in his role as Police and Crime Commissioner. The Mayor appointed Kilvinder Vigurs in May 2025 as the Deputy Mayor.

The Police and Crime Plan agreed in March 2025 following extensive public and partner consultation sets out policing priorities for the medium term over a five-year period. The Plan honours the Mayor's commitments to put victims at the heart of policing and to make sure that South Yorkshire is a safe place to live, learn and work. The five overarching strategic policing and crime priorities to achieve this aim are:

1. Improving trust and confidence in the police and criminal justice system;
2. Preventing and reducing crime and anti-social behaviour;
3. Improving safety on all our transport networks;
4. Breaking the cycle of offending and harm; and
5. Tackling the most serious offences and building resilient communities

Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable.

All associated income and expenditure relating to Police and Crime activity, including the Chief Constable's operational budget are consolidated within the MCA accounts but within a separate ring-fenced Police Fund.

Mayor's Manifesto commitments

The Mayor's priorities on re-election in May 2024 as set out in his Manifesto are structured around six specific themes:

- Safer Communities;
- South Yorkshire's Transport Network;
- A Healthier South Yorkshire;
- Supporting and Strengthening our Communities;
- Plan for Good Growth; and
- A Cleaner, Greener South Yorkshire

The Mayor's manifesto on re-election identifies a number of key commitments which build on existing work and programmes that the MCA delivers, such as delivering the Plan for Growth, moving towards a bus franchising model, building on the pioneering Beds for Babies scheme and adult education programmes, continuing progress towards the Mayor's Million Trees target, securing funding for the next stage of the

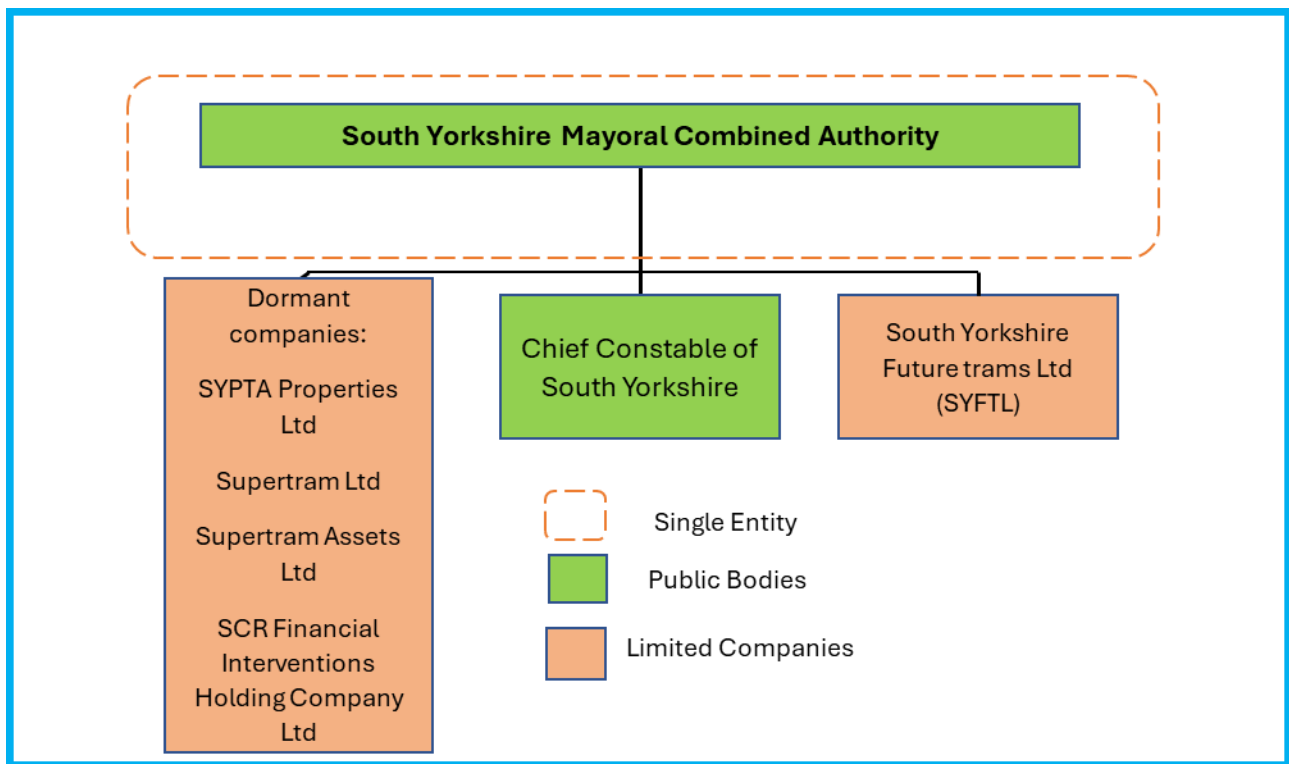
‘Connected by Water’ flood programme and delivering investment and jobs through the region’s designation as the UK’s first Investment Zone.

To support the delivery of these commitments, the MCA has approved the creation of a three year investment fund (the Mayoral Development Fund) of £14.7m revenue and £10.8m capital over the period 2025/26 to 2027/28.

As in previous years, no Mayoral precept has been set for 2026/27 with the costs of the Mayoral office continuing to be met from the Mayoral Capacity Fund (MCF) grant received from Government.

MCA Group Structure

The MCA Group comprised the following organisations during 2025/26:



In May 2024, the Combined Authority became the legal entity responsible for administering the Police Fund and executing the Mayor’s decisions in his role as Police and Crime Commissioner. As a consequence, the MCA single entity controls the finances of the Police Fund and controls all its assets, liabilities and reserves (except for liabilities relating to pensions for police officers and civilian staff involved in operational activity and their accrued employee benefits which sit in the Chief Constable’s accounts).

The Chief Constable is a separate legal entity known as a "corporation sole". This means the Chief Constable is distinct from the MCA and has specific operational independence in exercising police powers and managing the force. However, because the Mayor (i) sets the strategic direction of Policing and Crime through the

Police and Crime Plan, (ii) is responsible for funding and assets, liabilities and reserves within the Police Fund, and (iii) holds the Chief Constable accountable, for accounts purposes the Chief Constable is under the control of the MCA and the Chief Constable’s accounts are therefore consolidated within the MCA’s Group accounts.

South Yorkshire Future Trams Limited (SYFTL) was incorporated in October 2023 and started trading in March 2024 when all staff employed by South Yorkshire Supertram Limited (SYSL) TUPE-transferred at the end of the 27-year long tram concession agreement. It is a wholly owned subsidiary of the MCA.

3. KEY DEVELOPMENTS IN THE YEAR

This section highlights the key achievements and developments delivered by the MCA in 2025/26. During the year the MCA has:

Date	Key Achievements and Developments
May 2025	Appointment of Deputy Mayor for Policing and Crime. Working alongside the Mayor, the Deputy Mayor is responsible for overseeing policing and criminal justice services across South Yorkshire, on behalf of the public.
June 2025	Approved proposals for the funding and use of the Mayoral Development Fund over the period 2025/26 – 2027/28 to support the delivery of the Mayor’s manifesto commitments .
September 2025	<p>Published the MCA’s Growth Plan. This replaced the previous Strategic Economic Plan as being the economic strategy for the region. The Growth Plan was published subject to further work being done to operationalise the Growth Plan by:</p> <ul style="list-style-type: none"> • Clarifying the Plan’s outcomes and metrics • Clarifying actions to be taken to deliver the Plan • Developing an investment pipeline in line with the Plan which identifies priority projects that have specific significance for enabling growth to comply with a statutory requirement to do so <p>Once this work is complete, a full and final version of South Yorkshire’s Growth Plan will be published.</p> <p>Published the MCA’s local Get Britain Working plan (Pathways to Work South Yorkshire) setting out how the MCA will meet the Government’s ambition in its November 2024 Getting Britain Working White Paper for a thriving labour market where everyone has the opportunity for good work and to get on in work and to achieve an 80% employment rate nationally.</p>
February 2026	<p>Determined the Base assumptions in the emerging £1.455m Transforming City Regions (TCR) programme covering the period 2026/27 to 2031/32. These being that:</p> <p>£350m capital will be allocated to bus franchising to support the transition to a franchised bus network through depot acquisition, electrification and bus fleet upgrades from older diesel vehicles to new electric buses to support</p>

	<p>decarbonisation;</p> <p>£530m capital will be allocated for Tram Renewal to renew track, the trams fleet, information systems and facilities;</p> <p>£113m will be allocated for Highway Maintenance, representing the baseline level of investment required to sustain current maintenance activity;</p> <p>£95m will be allocated for Local Transport Projects supporting essential local transport schemes and interventions including pedestrian crossings, traffic management, safety schemes and accessibility enhancements.</p>
<p>March 2026</p>	<p>Refreshed the MCA Corporate Plan covering the period 2025-2028 to reflect changes arising from devolution and the integrated settlement and the decisions taken to re-open Doncaster Sheffield Airport, to bring South Yorkshire's buses back into public control under bus franchising and the publication of the South Yorkshire Growth Plan.</p> <p>Approved the Integrated Settlement Outcomes Framework (ISOF) which provides a structured approach to defining, measuring and reporting on the MCA's performance on Integrated Settlement delivery from April 2026 to March 2029. The ISOF was developed alongside the South Yorkshire Strategy and Local Growth Plan to ensure that the outcomes align with the MCA's wider ambitions.</p> <p>Approved the initial draft South Yorkshire strategy. The strategy has been jointly developed by South Yorkshire's Local Authorities to set out a shared regional vision, and the commitments partners have made to deliver it. The strategy is built around three long-term ambition statements and eight outcome areas to provide a clear structure for aligning priorities and tracking impact in the short, medium and long term. The South Yorkshire strategy will provide overarching direction to the MCA's core strategies: economic strategy (South Yorkshire Growth Plan), transport strategy (Mayor's Vision for Transport), police and crime strategy, skills and employment strategy, health strategy, spatial development strategy, and environment strategy. The next step is to convene wider engagement with partners from health, education, emergency services, business and the voluntary and community sector, to refine regional priorities and develop ways of working.</p> <p>Approved the Mayor's Vision for Transport (the South Yorkshire People's Network). The Vision for Transport sets out what is required to create an integrated transport network across South Yorkshire and where the MCA will need external support to deliver it. It forms the strategic context for the next planned regional transport strategy - Local Transport Plan (LTP4) – which is due to be finalised later in 2026.</p> <p>Growth Plan update – reported progress made on the outstanding actions to be able to publish a full and final version of the Growth Plan, i.e.:</p> <ul style="list-style-type: none"> Identifying a list of outcomes and associated metrics to monitor delivery of the Growth Plan Developing a growth investment framework as a tool to identify priority projects for engagement with government, investors, public finance institutions etc.

4. FINANCIAL PERFORMANCE

Overall Position

The overall outturn position in 2025/26 for MCA revenue and capital is summarised in the tables below. These include the financial performance of Police and Crime activity accounted for through the Police Fund.

	Budget 2025/26 £000	Revised Budget Q3 2025/26 £000	Outturn 2025/26 £000	Variance Outturn against revised budget Q3 £000	Variance Outturn against original Budget £000
Revenue Expenditure by Area:					
Travel & Transport	£90,056	£88,270	£85,233	£3,038	£4,823
Growth & Skills	£109,529	£95,464	£95,486	-£23	£14,042
Housing & Infrastructure	£162	£730	£461	£270	-£299
Net Zero & Environment	£880	£823	£485	£338	£395
Creative, Culture & Digital	£1,125	£1,105	£2,295	-£1,190	-£1,170
Best Start in Life	£695	£1,015	£898	£117	-£203
Health Inequalities	£257	£257	£261	-£5	-£5
	£202,703	£187,663	£185,119	£2,544	£17,583
Corporate Items	£12,565	£13,339	£12,882	£456	-£317
Mayoral Office	£603	£563	£520	£43	£83
Policing and Reform	£394,993	£398,048	£396,895	£1,152	-£1,902
Other MCA Executive	£7,815	£8,356	£7,760	£596	£55
Revenue Gainshare	£12,000	£14,671	£14,338	£333	-£2,338
Expenditure before Appropriations	£630,679	£622,639	£617,514	£5,125	£13,164
Appropriations to MCA Reserves	£1,500	£11,760	£14,281	-£2,521	-£12,781
Appropriations to Police Fund Res.	£0	£4,853	£931	£3,921	-£931
Total Revenue Expenditure	£632,179	£639,252	£632,727	£6,525	-£549
Funded by:					
Grant	£423,791	£405,415	£403,321	£2,094	£20,470
Transport Levy	£57,691	£57,691	£57,691	£0	£0
Police Precept	£100,125	£100,125	£100,125	£0	£0
Commercial & Corporate Income	£34,207	£53,248	£55,317	-£2,069	-£21,110
Revenue Reserves	£16,364	£22,772	£16,272	£6,500	£92

Capital Programme	Budget 2025/26 £000	Revised budget Q3 2025/26 £000	Outturn 2025/26 £000	Variance Outturn against revised budget Q3 £000	Variance Outturn against original Budget £000
Transport Programme:					
Transforming Cities Fund	£33,198	£22,204	£26,653	-£4,449	£6,545
City Region Sustainable Transport	£104,670	£73,580	£73,560	£20	£31,110
Active Travel	£3,920	£2,181	£2,485	-£304	£1,435
Mayor's Sustainable Transport Fund	£1,543	£319	£1,105	-£786	£437
Network North funding	£1,349	£543	£543	-£0	£807
Local Highway Maintenance	£4,713	£4,461	£5,751	-£1,290	-£1,038
	£149,394	£103,287	£110,097	-£6,809	£39,297
Gainshare Programme	£24,816	£15,325	£14,670	£655	£10,146
Brownfield Housing	£16,095	£18,797	£21,381	-£2,584	-£5,286
Investment Zone	£4,563	£2,144	£3,314	-£1,170	£1,249
Local Electric Vehicle Infrastructure	£6,043	£0	£0	£0	£6,043
Shared Prosperity Fund	£4,480	£2,642	£2,591	£52	£1,889
Made Smarter	£0	£400	£387	£13	-£387
Recycled Local Growth Fund	£0	£143	£950	-£808	-£950
Music Hub	£0	£0	£586	-£586	-£586
Digital Programme	£657	£355	£356	-£1	£301
Mayoral Renewables Fund	£0	£555	£411	£144	-£411
Policing and Reform	£13,254	£12,990	£15,107	-£2,117	-£1,853
Internal Asset Investment	£3,491	£2,946	£1,034	£1,912	£2,457
Total Capital Expenditure	£222,792	£159,584	£170,884	-£11,300	£51,908
Funded by:					
Capital Receipts	£10,836	£647	£792	-£144	£10,044
Borrowing (Police Fund)	£13,254	£12,990	£8,243	£4,747	£5,011
Direct Revenue Funding (Police Fund)	£0	£0	£5,669	-£5,669	-£5,669
Capital Grant	£198,703	£145,947	£156,181	-£10,234	£42,522

Key messages from this year's revenue and capital performance are as follows:

- At c.£633m, the MCA has recorded its highest ever levels of revenue expenditure, coming within 0.1% of base budget forecasts;
- At c.£171m, the MCA has achieved record levels of capital investment;

- The Police Fund outturn was a modest underspend against budget, and was further complemented by increased income from Treasury Management, avoiding the need to significantly draw on reserves during the year, and,
- Despite challenges in revenue performance, the tram operating company was broadly able to work to the budgeted public subsidy levels through robust cost control.

Revenue financial performance

The revenue variance on Growth and Skills is largely attributed to the Investment Zone programme, where assumed activity was reduced earlier in the year by £8.9m in line with revised activity profiles. Lower than forecast activity was also recorded on the UK Shared Prosperity Fund programme (£1.7m), Connect to Work programme (£1.7m) and Bootcamps (£1.2m). Conversely, the Skills Bank programme exceeded base budget estimates by (£1.9m).

The revenue variance on Transport activity is driven by lower than forecast investment of the CRSTS Revenue allocation (c.£8.3m) and lower route protection costs (£2.2m) offset by a range of activity that has either exceeded base budget estimates or commenced since the start of the new year. This includes increased costs of child concessions (£0.5m); statutory ENCTS concessions (£0.67m); franchise transition activity (£0.80m), tendered services (£0.51m); safer roads activity (£0.39m) and grant funded active travel activity (£1.8m). At outturn, the draw on the Levy Reduction Reserve - required to balance transport activity - was £1.5m lower than assumed at base budget. The lower draw on this reserve will support future year sustainability.

The favourable variance on commercial and corporate income performance was largely driven by Treasury Management activity (c.£15m), but also saw better than expected returns from the Enterprise Zone and from trading performance at the Advanced Manufacturing Park Technology centre. The exceptional performance on Treasury management was due to interest rates and cash balances staying higher for longer than forecast generating significantly better treasury management returns. This has allowed for the MCA to deliver on its approved reserve strategy, with funding set aside to manage identified risks and future investment needs.

Capital financial performance

Slippage on the delivery of a number of projects was the reason for the capital programme missing its base budget forecasts by c. £52m. The main reasons for this was: release of funding for the South Yorkshire Airport City (SYAC) project slipped into the new year as the renegotiation of the lease continued, contributing £16m of the overall underspend; Delivery of the Local Electric Vehicle Infrastructure (LEVI) programme was delayed, contributing £6m to the underspend; progress on tram renewals continued with significant amounts of track replaced, but works on vehicles did not commence as expected with the project contributing £17.5m to the overall underspend.

A notable success was the conclusion of commitments into the Brownfield Housing Fund programme – a significant milestone following earlier challenges.

Good progress was also made in the development of business cases for the residual elements of the Transforming Cities Fund (TCF) and City Region Sustainable Transport Settlement (CRSTS) capital programmes. All TCF schemes are now approved and into delivery whilst the significant majority of the CRSTS programme is now in delivery or in final stages of business case processes.

Funding associated with capital programme slippage is not, at this stage, at risk. Grant is held on the balance sheet to be drawn down at a future point. CRSTS activity, including the first stage of the tram renewal project, must now be concluded by March 2028.

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

The Revenue Outturn 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).

Reconciliation of MCA surplus to CIES

The following table shows how the surplus on the provision of services shown in the CIES of £38.261m reconciles to the revenue underspend reported to the MCA Board on 14 July 2026.

	MCA	Police & Reform	Total
	000's	000's	000's
(Surplus)/deficit on provision of services	(46,087)	7,826	(38,261)
2025/26			
Reversal of items not chargeable against revenue budget			
Depreciation of Non-Current Assets	(8,752)	(11,730)	(20,482)
Revaluation gains credited to the CIES	-	590	590
Amortisation of Intangible Assets	-	(3,403)	(3,403)
Capital grants & contributions credited to the CIES	156,110	1,026	157,136
Other Operating income	3,114	-	3,114
Revenue Expenditure Funded by Capital Under Statute	(116,931)	(4,890)	(121,821)
Profit / loss on disposal of Non-Current assets	(753)	(516)	(1,269)

Expected credit losses on capital loans	(500)	-	(500)
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	93	-	93
IAS 19 Pension costs	600	-	600
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	-	(549)	(549)
Items Chargeable Against Revenue Budget, not included in CIES			
Statutory provision for the repayment of debt (Minimum Revenue Provision)	4,032	5,590	9,622
Direct Revenue Financing	398	5,669	6,067
Contributions to / from reserves charged to Outturn	8,676	(2,913)	5,763
(Surplus) / Deficit Reported in Outturn Report to MCA	-	(3,300)	(3,300)
Contributions to / (from) Reserves Post Outturn Report	-	(5,490)	(5,490)
Net Change in General Fund / Police Fund Balance	-	(8,790)	(8,790)

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 reserves strategy.

The reserves are differentiated between general balances and earmarked reserves. General balances are available to address unforeseen costs, financial shocks and contingencies and to provide the MCA with the ability to exploit opportunities that may arise. Earmarked reserves are held to manage known issues, including the mitigation of identified risk or meeting the demands of forecast future resource requirements.

In addition, following the transfer of PCC powers to the MCA on 7 May 2024, the MCA is responsible for administering the Police Fund. The Police Fund is a separate ring-fenced fund and therefore general Police Fund balances and earmarked reserves are kept separate to those of the MCA.

The position at the end of 2025/26 is summarised below:

	MCA General Fund £000	Police Fund £000
REVENUE		
General balances (uncommitted)	5,000	37,507
Earmarked Reserves	138,645	46,260

Total Revenue Reserves	143,645	83,767
CAPITAL		
Earmarked capital receipts/capital grant unapplied	59,142	0
Total Capital Reserves	59,142	0

The key revenue reserves held by the MCA comprise:

- Bus franchising - £17.3m set aside to meet the estimated cost to fund the move to bus franchising. Increase to the Bus Resilience reserve to £20.8m to provide a buffer against the immediate exposure to the financial performance of the bus network when the new Bus franchising model is implemented.
- Levy reduction reserve – £10.6m to provide continuing support to funding the local Transport Authority Medium Term Financial Strategy and ensure transport levy increases are sustainable.
- Tram resilience - £2.8m against income losses below that budgeted for
- Organisational Capacity & Capability - £7m set aside to provide funding over a five-year period to allow for sustained investment, particularly in the context of the challenges of funding new devolved activity.
- Mayoral Development Fund - £9.4m set aside to support Mayoral manifesto commitments up to the next election in May 2028.
- Mayoral Election Reserve – £3.2m funding towards the cost of the next mayoral election.
- PFI reserve - £13.9m 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
- Business planning reserve - £13.5m to support new investment in priority areas and the continuation of existing priority activities for which there is no alternative funding

The overall level of Police Fund balances and earmarked reserves increased by £0.4m to £83.8m at the end of 2025/26. This maintains the Police Fund’s financial resilience in 2025/26, but the Fund’s Medium Term Financial Plan continues to show that general reserves are expected to fall below prudent levels by the end of the five-year period.

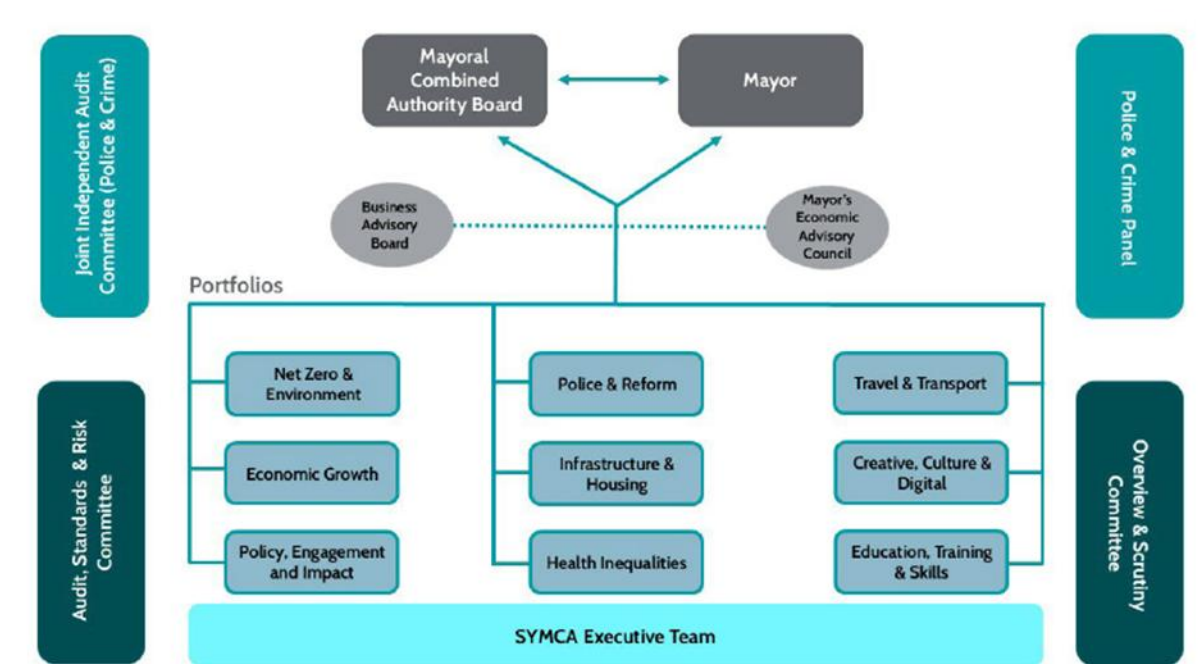
As part of the 2026/27 budget setting process the Reserve Strategy has been refreshed. The surplus on treasury management income in 2025/26 is to be taken to the Bus Resilience Reserve, whilst the residual balance on the Capacity & Capability reserve is committed to the Integrated Settlement Improvement Plan. The residual balance on reserve set aside for the integration of the Office of the Police and Crime

Commissioner is set aside for the likely requirement to integrate with South Yorkshire Fire and Rescue. A pensions smoothing reserve has been released following the latest triennial revaluation, and used, in part, to create a new cyber recovery reserve reflecting the MCA’s experience of cyber disruption over the last year.

5. GOVERNANCE

Summary

The governance model that has operated since the integration of the MCA and PCC is summarised below:



Whilst there have been no significant governance issues during this year, the MCA has successfully managed major programmes of work that have challenged and tested its governance arrangements. This has included: Development of the Integrated Settlement Outcomes Framework, and corporate readiness work towards the Integrated Settlement, continuing activity towards delivery of bus franchising, and launching the Mayor’s long term Transport Vision for the region.

The ‘Cabinet’ style leadership arrangements and robust assurance practice put in place in 2023/24 has enabled us to progress decisions related to these programmes at pace, driving forward the Mayor’s and MCA’s ambitions for the region whilst balancing risk and considering the impact on future generations.

Our evaluation of the effectiveness of our governance arrangements in the context of these challenges has concluded that arrangements were fit for purpose and robust yet flexible enough to respond, and that 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.

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 Corporate Plan and Plan for Good Growth, and it is the accountable body for all funding devolved by Government to South Yorkshire at sub-regional level. 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.

On integration with the PCC, the Police and Crime Commissioner for South Yorkshire's functions were transferred to the elected Mayor of South Yorkshire. The MCA became the legal entity responsible for administering the Police Fund and executing the Mayor's decisions in his role as Police and Crime Commissioner. Kilvinder Vigurs was appointed South Yorkshire's Deputy Mayor for Policing and Crime in May 2025, and works alongside the Mayor to oversee policing and criminal justice services across South Yorkshire, on behalf of the public.

Mayor's Economic Advisory Council (MEAC)

The former Local Enterprise Partnership has been superseded by two new advisory boards, the first of which is MEAC. The purpose of MEAC is to meet two separate but related needs:

- to ensure the Mayor and Local Authority Leaders have access to the best economic growth advice, and,
- to ensure the South Yorkshire narrative reaches the highest and most appropriate levels of decision making in central government and private investor platforms.

MEAC comprises eleven industry leaders with a wealth of experience, whose primary objective is to fortify South Yorkshire's position as a thriving business hub.

Business Advisory Board (BAB)

BAB has in part arisen as a result of the Government's LEP review and also the need to meet key elements of the Devolution Accountability Framework.

BAB replaced the Local Enterprise Partnership. This Board has sectoral, thematic, and geographical representation, with due consideration given to South Yorkshire's economic strengths and businesses of different sizes and levels of maturity, such as start-ups, SMEs, those of significant scale and corporates operating in international markets.

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 2025/26 consisted of 4 elected Councillors (or their nominated substitute) from the four South Yorkshire Local Authorities and up to three independent members.

In addition, the MCA has an established process for internal and external audit. Internal Audit is a contracted service (RSM Robson Rhodes with effect from 1 April 2023). The MCA's external auditors are with effect from 2023/24, KPMG.

Overview and Scrutiny Committee

The Overview and Scrutiny Committee holds the MCA and the Mayor to account and ensures that all aspects of decision-making are transparent, inclusive, and fair. The Committee is responsible for checking that the MCA is delivering its 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 ten elected Councillors (or their nominated substitute) from the four Local Authorities in the region. The Overview and Scrutiny Committee have the authority to review and scrutinise a decision made, or action taken by the MCA and any of its Sub-Boards. The Committee can, at their discretion, make recommendations for change or improvements.

Police and Crime Panel

The Police and Crime Panel scrutinise the actions, decisions, and performance of the South Yorkshire Mayor in relation to the discharge of police and crime functions. The Panel also provide both support and constructive challenge to ensure the Mayor meets the needs of all the communities they have been elected to serve.

Joint Independent Audit Committee

The Joint Independent Audit Committee provides an independent review of the effectiveness of governance, risk management and control frameworks, financial

reporting, and internal and external audit/inspection reports and recommendations on discrete Police and Crime matters for the Mayor and Chief Constable.

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.

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

6. OUTLOOK

Devolution / Integrated Settlement

The Integrated Settlement represents the biggest change in the MCA's funding environment since the MCA's inception in 2014. It will allow medium term financial planning to be undertaken with a much greater degree of certainty to support the delivery of corporate objectives, plans and strategies and to meet agreed outcomes.

The confirmation of the MCA's designation as an Established Mayoral Strategic Authority under the English Devolution & Community Empowerment Act April 2026 extends the MCA's existing powers and functions to give the MCA lead responsibility for economic development, transport, housing and public service reforms.

This will lead to even greater integration of emergency services across South Yorkshire with the transfer of all South Yorkshire Fire and Rescue service functions to the MCA from the Fire Authority. The current timetable being proposed by Government is for integration to take place with effect from 1 April 2027 but discussions over the timing and nature of the transfer model are still ongoing.

Transport

Budgeting for transport revenue expenditure is set within the context of a Local transport authority (LTA) medium term financial strategy (MTFS). Forecasts into the medium-term remain difficult as the MCA transitions towards a franchised bus model. This transition will see the MCA move to a fully franchised network in three tranches, with the first tranche commencing in September 2027. This transition will see fundamental changes to the transport element of the revenue budget as the MCA assumes responsibility for farebox income and its associated risk, and the costs of concessionary payments and subsidised bus service contracts are exchanged for franchise contract costs the market price for which is as yet uncertain.

The budget for 2026/27 and future year forecasts have been set on an 'as-is' basis predicated on the desire to protect as much of the transport network as possible for

as long as possible through subsidised bus services and fare incentives. There is the potential for greater calls on public subsidy to support bus routes and frequencies as operators begin to take commercial decisions ahead of the move to a franchised bus model. The confirmation in the three year Integrated Settlement that the MCA will receive £17.4m p.a to support the network in each of the three years 2026/27 to 2028/29 provides certainty in this respect albeit at a marginal decrease on the current level of funding.

Forward forecasting shows that the transport budget can be balanced through to 2028/29, before marginal deficits accrue. By this stage, the Levy Reduction Reserve that has supported expenditure levels in previous years will be exhausted.

Resolution of this issue will need to be considered in the round alongside the availability or otherwise of Government grant for bus support in the next Integrated Settlement funding period and the updated modelling and forecasting as the MCA transitions into a franchised world.

In addition, £350m capital has been set aside within the TCR programme to support the transition to a franchised bus network through depot acquisition, electrification and bus fleet upgrades; and £530m capital set aside for Tram Renewal to renew track, the trams fleet, information systems and facilities.

Police Fund

Financial planning is being shaped by two principal issues:

- Local issues associated with accounting and budgetary errors identified upon the transfer of functions from the former OPCC and costs associated with legacy compensation schemes, and
- General pressures within policing nationally as demand, new burdens, and inflationary pressures outstrips available funding; and,

Significant progress has been made during the year in alleviating near-term issues associated with the accounting and budgeting errors connected with the legal duty to charge prudent revenue provision for the repayment of debt (known as the Minimum Revenue Provision or MRP). Agreement has been reached with the MCA's auditors on how to profile corrections and address budgetary errors in a balanced manner, whilst Government have given the MCA a capitalisation direction which will allow the MCA to use earmarked reserves to support near-term pressures. Government have also been supportive through additional funding for legacy financial obligations and other technical interventions. The MCA is continuing to engage with Home Office officials on the need for additional support.

In late 2025, the Home Office provided high-level settlement values, with South Yorkshire set to receive £289.8m in national support. The allowable increase on the local precept has been set at £15 on a Band D property. The settlement appears to be favourable to the forecast from budget setting in 2025/26 (£14.65m positive) but

less favourable (£3.65m adverse) than the planning assumptions the MCA and South Yorkshire Police were advised to use since the summer 2025.

Accordingly, the settlement does improve the financial position of the Police Fund when set against forecasts from this time last year. Increased funding and the interventions agreed to address local issues materially improve the inherited position in the near-term, but significant challenges remain in the medium to long-term.

Over the medium-term, the budget remains highly reliant on unsustainable draws on reserves. Delivery of savings through South Yorkshire Police's recovery plan and receipt of additional support from national Government remain priorities.

Annual Governance Statement

Executive Summary

Scope of Responsibility

The South Yorkshire Mayoral Combined Authority (“the Authority” “the MCA”) 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 ending 31st March 2026, 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 2025/26

During the year, the organisation operated within a highly challenging and complex environment, characterised by delivery of major strategic programmes, inherited risks, heightened public and political scrutiny, financial pressures, capacity constraints. This

position is evidenced by the Local Government Association (LGA) capacity review commissioned and undertaken during the year, which identified that the organisation is operating with limited headroom across key functions, creating risks to delivery resilience as responsibilities and expectations continue to grow.

This environment was further intensified by the authority's participation in the Integrated Settlement Readiness process, which required the organisation to evidence the maturity, resilience and integration of its governance, financial management, assurance and delivery arrangements. This process acted as both a test and a catalyst for strengthening governance at a system-wide level.

Against this backdrop, the organisation's governance arrangements have played a critical role in protecting public value, enabling delivery of strategic objectives, and ensuring decisions were taken lawfully, transparently and on the basis of appropriate assurance.

Overall, governance arrangements were robust and resilient, and while they were significantly stress-tested at times—including through the Integrated Settlement Readiness assessment—they enabled the organisation to continue to deliver priorities, manage risk effectively and learn from experience. The Integrated Settlement Readiness process provided independent confirmation that core governance arrangements were sufficiently mature, while also identifying targeted areas for further development.

Governance arrangements successfully supported some of the most complex and high-risk strategic decisions the organisation has taken to date. In particular, major investment and reform decisions were subject to extensive scrutiny, due diligence and independent assurance. Statutory officers fulfilled their roles effectively, ensuring that decisions were not progressed until risks, affordability, value for money and deliverability had been properly understood.

This approach protected the organisation from premature or unsound decisions, even where there was political urgency or external pressure, and ensured that outcomes aligned with long-term economic, social and environmental objectives.

Despite financial uncertainty, inflationary pressures and inherited financial issues, financial governance has remained effective. Clear advice on affordability, sustainability and risk was provided throughout the year, supported by regular monitoring and transparent use of reserves. Preparation for the Integrated Settlement also sharpened the organisation's focus on medium-term financial sustainability, transparency and the alignment of resources to outcomes. This included clearer articulation of funding assumptions, risk exposure and mitigation strategies—capabilities that will be critical in operating effectively within a more flexible, devolved funding environment.

Escalation of significant issues—such as suspected fraud and inherited financial risks—through internal audit, the Audit, Standards and Risk Committee and external engagement, demonstrated that internal control and probity arrangements are

functioning as intended. This has supported continued delivery of services and programmes while maintaining compliance with statutory duties.

The organisation made proportionate and targeted use of independent assurance, internal audit and specialist expertise, particularly for complex investments and higher-risk programmes. Audit and scrutiny arrangements were active and constructive, helping to identify issues early, strengthen controls and drive improvement rather than simply provide retrospective assurance.

Taken together, these events and factors have marked a significant milestone in the organisation’s governance maturity. The Integrated Settlement Readiness process has particularly helped shape plans for a more integrated, outcome-focused approach to financial management, assurance and decision-making, strengthening the authority’s ability to manage risk and complexity at scale. In the context of the English Devolution and Community Empowerment Act 2026, this provides a strong platform for operating with increased autonomy and responsibility as a Mayoral Strategic Authority, while maintaining robust accountability, transparency and stewardship of public funds.

Statement by the Chair of the MCA Board and the Chief Executive, on behalf of South Yorkshire Mayoral Combined Authority

Based on the sources of assurance set out in this statement, we are satisfied that, throughout the year 2025/26, 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.

..... Oliver Coppard, South Yorkshire’s Mayor

..... Katharine Hammond, Chief Executive

Approval Date:

1. Identification of key governance arrangements

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

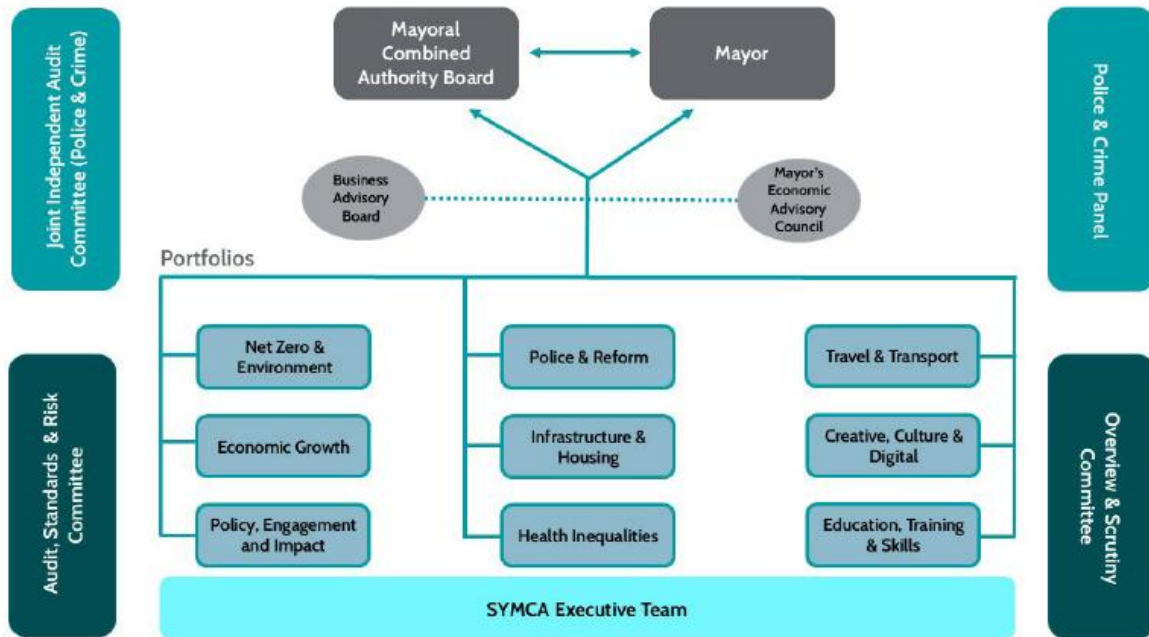


Fig 1: 2025/26 Governance Structure

The Authority’s Constitution sets out the governance arrangements of the organisation, the structure is diagrammatically 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, including the Terms of Reference for the Business Advisory Board and the Mayors Economic Advisory Board.

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 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 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. In addition, the Joint Independent Audit Committee provides an independent review of the effectiveness of governance, risk management and control frameworks, financial reporting, and internal and external audit/inspection reports and recommendations on discrete Police and Crime matters for the Mayor and Chief Constable.

The Overview and Scrutiny Committee hold 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, communities and businesses in the region.

The Police and Crime Panel scrutinise the actions, decisions, and performance of the South Yorkshire Mayor in relation to the discharge of police and crime functions. The Panel also provide support and constructive challenge to ensure the Mayor meets the needs of all the communities they have been elected to serve.

The Mayoral Economic Advisory Council provides access to the robust economic growth advice nationally and internationally and Business Advisory Board helps to shape thinking on issues of importance to businesses and on the region's economic future, ensuring the business voice is heard and considered in the Authority's decision making.

The MCA group also includes the wholly owned subsidiary company South Yorkshire Future Trams Ltd (Supertram), who are responsible for operating South Yorkshire's Supertram following its return to public ownership in March 2024.

Strengthening our Governance Framework

During the year, the organisation undertook a comprehensive programme of work to strengthen, embed and refresh its governance arrangements, ensuring they remain fit for purpose as responsibilities, scale and ambition have expanded. This work focused on reinforcing strategic clarity, strengthening leadership and accountability, improving alignment between plans, budgets and delivery, enhancing assurance and performance management, and embedding inclusive and transparent decision-making. This work has been informed by the findings of the LGA-led capacity review, commissioned by SYMCA which has provided an evidence-based assessment of organisational capacity, delivery risks and areas requiring targeted investment to support effective governance and delivery at scale.

Strengthening Strategic Frameworks and Alignment

The Corporate Plan was refreshed, clearly setting out the organisation's vision, mission and objectives, underpinned by principles established by the Mayor that place people

and a shared sense of responsibility for communities across South Yorkshire at the centre of decision-making.

The Outcomes Framework for the Integrated Settlement was agreed, providing a clear basis for measuring progress against tangible economic, social and environmental outcomes. Business planning and budget-setting processes were strengthened to ensure clearer alignment with both the Corporate Plan and the Outcomes Framework, improving prioritisation, transparency and accountability for delivery.

Together, these actions will reinforce a more coherent, strategy-led approach to governance and decision-making.

Embedding Leadership, Accountability and Organisational Culture

Work commenced on the development of a Leadership Framework, setting clear expectations for leadership behaviours, roles and responsibilities across the organisation. This framework is intended to define essential leadership capabilities that align to organisational values, strategic goals and commitment to accountability.

Initial work also began on an Accountability Framework, providing greater clarity over decision-making authority, ownership, escalation routes and responsibilities at different organisational levels. These initiatives together are strengthening the behavioural foundations of effective governance alongside formal structures.

Equality, Diversity, Inclusion and Belonging

An Equality, Diversity, Inclusion and Belonging (EDIB) Board was established to provide strategic oversight, challenge and assurance on equality and inclusion. The Board supports the systematic embedding of equality and inclusion considerations into policy development and decision-making, moving beyond compliance towards embedded organisational practice, ensuring fair access to services, strengthening communities and prioritising those too often let out or left behind.

Enhancing Performance Management, Insight and Assurance

Corporate performance reporting continued to evolve to provide **more accurate, timely and meaningful insight** into organisational operations, enabling earlier identification and mitigation of risks. Work continued to identify gaps in the organisation's evidence base and define the analytical capabilities required to support stronger, insight-led decision-making and maximise benefits for residents. A formal quality assurance (QA) process has been introduced for analytical work to reduce the risk of inaccurate data being used in decision making. This process provides a structured safeguard where work is requested under time pressure, protecting both organisational reputation and the integrity of decisions.

These improvements will strengthen both the quality of information available to decision-makers and overall assurance over delivery.

Strengthening Engagement, Consultation and Openness

The organisation continued to develop its approach to **consultation and engagement** to foster stronger stakeholder relationships, gather diverse perspectives and support inclusive decision-making. During the year, statutory and non-statutory consultations were undertaken, including on the **Mayoral Precept** and **Dogs on Trams**, enhancing transparency and ensuring governance is informed by lived experience. In addition, public meetings were convened and delivered, linked to key strategic decisions, providing clear information, enabling direct public dialogue and supporting informed and transparent decision-making.

Reviewing and Evolving Governance Structures

A **review of MCA governance arrangements** was undertaken, examining the effectiveness of formal decision-making structures, roles and processes in light of organisational growth and increasing complexity. Findings from this review are informing targeted refinement of governance arrangements to ensure they remain proportionate, clear and effective, demonstrating active stewardship of governance design rather than reliance on static arrangements.

Review and Strengthening of Joint and Subsidiary Governance Arrangements

The Authority and South Yorkshire Police commenced a joint governance review to assess whether the existing Joint Corporate Governance Framework remains fit for purpose. This work, informed by officer engagement and survey feedback, confirmed strong professional relationships but identified that current joint arrangements are overly complex, unclear and inefficient, particularly in relation to decision-making, delegations and accountability. In response, both organisations have begun work on a fundamental reset of joint governance, including the development of shared design principles and a more streamlined framework. This programme of work is ongoing and is intended to clarify roles and responsibilities, strengthen accountability, and ensure joint governance more effectively supports decision-making and delivery of the Police and Crime Plan.

In addition, the organisation continued work to review and strengthen the governance of South Yorkshire Future Trams Limited (SYFTL), SYMCA's wholly owned subsidiary responsible for operating the Supertram system. This work is focused on strengthening the effectiveness and composition of the SYFTL Board, clarifying roles and responsibilities between SYMCA and SYFTL to drive clearer accountability for tram operations, and ensuring that risk is managed at the appropriate level.

Digital, Insight and Assurance-Enabled Governance

A Digital Strategy was developed to harness technology, drive innovation and improve services, with digital transformation explicitly framed as an enabler of better outcomes rather than a purely technical change programme. Investment focused on faster, more accessible services and improved organisational agility, including solutions to support public transport delivery.

A programme of digital improvement was initiated to replace the organisation's CRM and introduce AI-enabled services over the longer term, supporting:

- Faster and more consistent service delivery
- Reduced transactional burden on staff
- Improved identification and support for vulnerable service users

The Strategy recognises that digital reporting and data improvements are required to support Integrated Settlement requirements and future devolution assurance, in order to strengthening transparency, accountability and readiness for expanded responsibilities.

People, Capability and Organisational Resilience

The organisation continued to evolve its approach to talent acquisition, through the development of tools and guidance to support hiring managers, enabling more efficient recruitment, attracting the right skills and supporting a diverse and inclusive workforce. Further work has been undertaken to develop the onboarding and induction process for new starters. This work complements the Leadership and Accountability Frameworks, reinforcing clear expectations regarding ownership, behaviours and decision-making responsibility from day one. The LGA capacity review highlighted that while the organisation has delivered significant outcomes with a relatively small workforce, it is operating below a sustainable baseline compared to peer authorities, with particular pressures in corporate services, programme assurance and delivery capacity. These findings are informing workforce planning, organisational design and the Corporate Services Transformation Programme.

Partnership, Delivery and External Challenge

Governance arrangements increasingly supported a “one team” approach to programme delivery, particularly across transport and place-based programmes. This was underpinned by extensive collaborative working with local authority partners through:

- Regular place-based liaison meetings
- Joint development of programme and project business cases
- Ongoing dialogue to manage risks, costs and delivery challenges collectively

Specialist panels, including the Design Review Panel for walking, cycling and wheeling schemes, brought structured external challenge, design quality and transparency into decision-making, strengthening assurance while supporting delivery at pace.

Engagement, Insight and Evidence-Informed Decision Making

The organisation strengthened its approach to engagement through the development of a formal Engagement Strategy and Toolkit, supported internally by the Insight function. Investment through the Mayoral Delivery Fund enabled the commissioning of social research capacity, improving understanding of communities that are less often heard or engaged.

Work is underway to define an integrated approach to quantitative and qualitative insight, including spatial and demographic data, to support inclusive engagement. Clear

governance arrangements are being established to ensure that insight gathered through engagement is systematically fed back into policy design and decision-making.

The Insight Team also developed practical tools and guidance to support staff in producing high-quality analysis, strengthening consistency, assurance and decision quality.

Strategic Direction and Outcomes

The organisation advanced the development of the South Yorkshire Strategy, which defines three long-term regional ambitions to 2035, supported by eight outcome areas that articulate clear economic, social and environmental outcomes. The Strategy explicitly seeks to ensure:

- Inclusive economic opportunity
- Improved population health and reduced inequality
- Enhanced connectivity, sustainability and pride in place

Its outcomes-led structure, with short-, medium- and long-term change horizons, provides a clear line of sight from ambition to delivery and from present actions to future benefit, strengthening the strategic underpinning of governance and investment decisions.

Innovation, Learning and External Engagement

The organisation strengthened its use of external evidence and insight through the establishment of a central “front door” for engagement with academics and strategic thinkers, improving transparency, coordination and strategic alignment. Relationships with academics, policy experts and external thought leaders were actively developed during the year to inform strategy development, funding bids and policy design. Independent academic and strategic input is increasingly used to ensure decision-makers have access to robust, objective and forward-looking evidence, particularly where initiatives span multiple policy themes or require long-term, system-wide perspectives.

Strengthening and Modernising Corporate Governance Arrangements

During the year, the organisation commenced targeted work to strengthen and modernise core corporate governance processes, recognising the need for arrangements to remain robust, proportionate and fit for an organisation of increasing scale and complexity. This includes strengthening the processes for the management of interests, and gifts and hospitality. Alongside this, the organisation strengthened its governance learning and development offer through the delivery of political awareness training and the initial development of a formal governance induction and e-learning modules. In parallel, elements of the Constitution were strengthened, including the Members’ Code of Conduct complaint procedure, Employment Panel arrangements and Contract Procedure Rules. A dedicated working group was established to support a wider review of the Constitution, with amendments in preparation for consideration by

the MCA AGM as well as a dedicated working group to focus on fraud prevention in response to new legislation.

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
- The work of the Joint Independent Audit Committee which provides an independent review of the effectiveness of governance arrangements and the control environment for discrete Police and Crime matters
- Internal management processes
- The report of the MCA's External Auditor
- Recommendations from external bodies/government departments
- Completion of Officer Assurance Statements by officers in the Policing and Reform Directorate
- A series of interviews with officers where we have evaluated our compliance with our Code of Corporate Governance and the effectiveness of our governance framework and an Executive Leadership Board PESTLE analysis risk workshop where we have reviewed and refreshed our risk profile

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 MCA's Internal Audit service is provided by RSMUK and the Head of Internal Audit's Annual Report for 2025/26 has included the following opinion:

"TBC"

Further information on internal audit activity can be found at section 5.1.

In addition, Azets provides internal audit services for South Yorkshire Police, as well as for areas related to Policing and Reform responsibilities arising from the Mayor's role as the Police and Crime Commissioner. The Azets Head of Internal Audit's Annual Report for 2025/26 has included the following opinion:

“TBC.”

4. CIPFA Code of Financial Management

The MCA’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 guide our financial management.

5. Accountability and Action Plans

5.1 Audit Recommendations

- **External Audit**

The 2024/25 accounts represented the first set of accounts following integration of the MCA and the former Office of the Police and Crime Commissioner for South Yorkshire (PCC) on 7 May 2024 and the first to consolidate the tram operating company, South Yorkshire Future Trams Limited (SYFTL), in the Group Accounts. The 2024/25 accounts were formally approved by the MCA Board on 19 February 2026 and published on the MCA’s website thereby meeting the statutory deadline of 27 February 2026. The format of the opinion given was a disclaimer, which means that the auditors were unable to express an opinion due to a lack of sufficient appropriate audit evidence. The disclaimer issued on the 2024/25 accounts is a consequence of the 2022/23 accounts being disclaimed by the previous auditors due to them having insufficient capacity to conduct an audit of the accounts by the 2022/23 statutory deadline (almost 50% of the 437 local government audits were similarly disclaimed). The Government has set out a strategy for building back assurance with the aim of returning the local Government sector to timely financial reporting and giving auditors the ability to give unqualified opinions where previous year’s accounts have been disclaimed. The auditors have advised that they will assess when this might be possible in planning their 2025/26 audit. The MCA is fully supportive of his aim and will support the auditors in reaching a position where they are able to obtain full assurance as soon as practicable.

The most significant item in the 2024/25 accounts concerned the failure of the Office of the Police and Crime Commissioner (OPCC), pre-integration with the MCA, to properly budget and account for charges to revenue for the repayment of debt known as the Minimum Revenue Provision or MRP. This resulted in no charges being made to revenue for £65m of capital investment financed by borrowing over the period 2019/20 to 2023/24, nor any budget provision being made into the future through the medium-term financial strategy. Following discovery of this omission through due diligence performed post-integration, a wide-ranging engagement has taken place with the Home

Office, external audit, MHCLG and other stakeholders which enables the police budget to transition to compliance with statutory guidance on charging MRP without having an undue impact on front-line policing. An independent review has also been commissioned from CIPFA to learn the lessons of how the failure arose. The result is that an MRP charging profile has been agreed with the auditors for the £65m of capital investment financed by borrowing over the period 2019/20 to 2023/24, and, transition to full compliance with statutory MRP guidance for capital investment financed by borrowing from 2024/25 onwards. As a consequence of the action taken to address this issue, the auditors were able to conclude in their Annual Audit Report that they have not identified any significant weakness in the Authority's arrangements to secure value for money and have no recommendations to report.

Overall, the result of the audit of the 2024/25 accounts was positive in that only one nonmaterial adjustment was required to the reporting of financial performance. In particular, the auditors were satisfied that the high-risk areas that they had identified in their 2024/25 audit plan had been properly addressed. These included, for example, accounting for the integration of the MCA and OPCC; migration of South Yorkshire Police (SYP) to a new financial system in Autumn 2024; and the completeness and accuracy of legal provision made in SYP's accounts relating to Hillsborough and other historic legacy events.

Audit amendments were made to improve disclosure in a few areas to better comply with the Code of Practice on Local Authority in the UK. The auditors also made recommendations on where accounting practices might be improved in preparing the 2025/26 accounts the most significant enough of which concerned:

- Ensuring that there is a proper basis for manual accruals made in the accounts for the tram operating company (SYFTL Ltd)
- Reviewing the actuarial assumptions underpinning the pensions liability disclosed in both the MCA and SYP's accounts and presentation of the movements between the opening and closing pensions liability relating to both the South Yorkshire Local Government Pension scheme and Police Pension scheme

The improvements to disclosure and accounting practices will be addressed in preparing the 2025/26 accounts.

- **Internal Audit**

Internal Audit Plan work for 2025/26 has resulted in three audits receiving a 'substantial assurance' opinion, three receiving a 'reasonable assurance' opinion, two audits receiving 'partial assurance' opinion and four advisory audits. The Procurement audit remains ongoing, and the audit opinion is pending. Areas receiving a 'partial assurance' opinion were the Digital Strategy and the SYFTL Health and Safety audit.

Digital Strategy

Key recommendations on the Digital Strategy internal audit related to ensuring the Strategy mapped to corporate objectives, stakeholder engagement was maintained,

formal governance arrangements were established for delivery, a capital plan developed and a benefits framework developed.

SYFTL Health and Safety

Whilst the review of SYFTL Health and Safety arrangements recognised that suite of controls and processes in place in relation to health and safety, from the provision of training of staff to the reporting of health and safety performance throughout the governance structure were in place but made recommendations around ensuring procedural documentation is in place and updated in line with any learning from incidents and ensuring clear audit trails.

In addition, four areas were been subject to ‘advisory reviews. Areas covered by the Internal Audit Plan, which includes key areas of governance and internal control for South Yorkshire Future Trams Ltd, and the assurance opinion given, are listed below:

Substantial Assurance Opinion

External Programme Management
Police and Reform
Data Quality Adult Skills Fund

Reasonable Assurance Opinion

SYFTL Payroll
Financial Management
SYFTL Business Continuity & Disaster Recovery

Advisory work

Internal Communications
Risk of Fraud in Concessions
SYFTL Fraud Risk Assessment
GDPR

Partial Assurance

Digital Strategy
SYFTL Health and Safety

6. Risk Management

During 2025/26 the Authority completed a comprehensive review of its Risk Management Framework to ensure it remains effective and proportionate as the organisation continues to mature and take on additional responsibilities. The revised framework strengthens clarity, ownership and escalation through a clearer distinction between strategic risks, operational and functional risks. Risk categories and appetite statements were refreshed to better reflect organisational priorities, including the explicit recognition of cyber security and health, safety and wellbeing risks. Improved linking of related risks was embedded to support a more dynamic understanding of the overall risk profile. A new risk management dashboard was introduced to enhance oversight of risk movement, emerging themes and risks operating above appetite. Regular reporting to the Executive Leadership Board, the Audit, Standards and Risk Committee and the Transport Risk Working Group (which reports to the Audit, Standards and Risk Committee) has been maintained to ensured effective oversight of risks presenting the highest level of threat to the achievement of the Authority’s objectives. In addition, risk management practice aligned to the MCA’s approach are embedded in the wholly-owned subsidiary operating company – South Yorkshire Future Trams Limited (SYFTL).

At year end SYMCA’s strategic risks were:

Table 1: Strategic risks and their year-end position.

Residual Score	Risk Description	Year End Position
Insufficient Capacity to Deliver		
20	Due to insufficient capacity to deliver the scale of the current programme of business-as-usual activity, change activity and future potential responsibilities, there is a risk that critical projects and operational activities may be delayed, deprioritized, or executed with reduced quality and oversight, resulting in missed strategic objectives, reduced stakeholder confidence, increased operational inefficiencies, and potential reputational damage	At year-end, this risk remains ‘High’ and above risk appetite. The Local Government Association-led capacity review, commissioned by the Chief Executive, has improved understanding of capacity pressures, and actions arising from it are in development. The MCA Board has recognised the need to invest in the organisation, and this is being progressed through a strategic programme to strengthen the organisation and ensure it is fit for future demands. The impact of this investment is expected over the medium term, and the risk will remain above appetite until changes are embedded and demonstrably effective.
Reduction in Supertram Reliability and Negative Reputation		
16	Due to service disruption on the Supertram network — caused by factors such as staff shortages, ageing or failing infrastructure and failure to provide timely, accurate information about delays or service changes, there is a risk that customers will experience increased inconvenience, reduced reliability and uncertainty when planning their journeys, resulting in declining customer satisfaction and trust in the network, reputational damage to the organisation and the Mayor, and reduced public confidence in the value and effectiveness of public investment.	This risk remains a ‘High’ risk at year-end. Whilst governance, oversight and disruption management arrangements have been strengthened, including enhanced board structures and dedicated disruption management resource, service reliability and public confidence remain sensitive to disruption. The risk therefore remains above appetite, with ongoing monitoring required to ensure sustained improvement.
Cyber Security Threat and Attack		
15	Due to the persistent escalation of hostile cyber activity from both state-aligned and organised criminal actors, the increasing systemic dependency on digital infrastructure, and the	Cyber Security Threat and Attack remains a ‘Medium/High’ risk at year-end. While strong governance, technical controls and assurance arrangements are in place, the risk remains above appetite due to the

	<p>strategic significance of SYMCA’s information assets, there is a risk that a significant cyber incident could compromise SYMCA’s ability to safeguard its information assets, maintain the integrity of its digital operations, and sustain public confidence in its governance and resilience arrangements, resulting in major disruption to statutory and operational service delivery, exposure of personal and confidential data, financial loss through incident response and recovery, regulatory investigation or sanction, and long-term reputational damage to SYMCA and its partners.</p>	<p>evolving threat landscape and ongoing reliance on digital systems, with further maturity activity underway.</p>
Health and Safety- Major Accident or Injury		
12	<p>Due to a major accident or injury occurs involving SYMCA assets and / or people, there is a risk that leads to regulator intervention, resulting in liability and adverse impact on the workforce, budgets and reputation of the MCA.</p>	<p>Health and Safety remains a ‘Medium’ risk at year-end. A strong framework of policies, assurance, training and independent audit is in place, and governance arrangements continue to provide oversight. While no significant incidents have occurred, the risk remains above appetite given the potential impact of a major accident, with further improvements to monitoring, reporting and emergency preparedness underway.</p>
Policy and Devolution Uncertainty Impacting Organisational Ability to Deliver		
12	<p>Due to changes in political and policy environment, uncertainty around future devolved powers, responsibilities, funding, and Integrated Settlement requirements, national and regional priorities shift, there is a risk that SYMCA’s strategies and plans are misaligned, and the organisational design is not fit for purpose, resulting in failure to maximise benefits of funding flexibilities, disruption to delivery and increased capacity constraints.</p>	<p>Policy and Devolution Uncertainty Impacting Organisational Ability to Deliver remains a ‘Medium/High’ risk at year-end. While horizon scanning, stakeholder engagement and confirmation of Integrated Settlement funding provide mitigation, ongoing policy and devolution uncertainty continues to place pressure on organisational capacity and design. The risk therefore remains above appetite, with workforce and operating-model responses being progressed through business planning.</p>
Regulatory Compliance Breach		
9	<p>Due to the complexity and changing nature of organisational operations,</p>	<p>Regulatory Compliance Breach remains a ‘Medium’ risk at year-end.</p>

	nature of activities, limited capacity, and varying levels of regulatory knowledge, there is a risk that human error or gaps in understanding lead to non-compliance with statutory and regulatory requirements, resulting in regulatory breaches, enforcement actions, reputational damage, and potential financial penalties.	While a comprehensive governance framework, system controls and mandatory training arrangements provide mitigation, the breadth and complexity of regulatory requirements continue to present a risk of non-compliance. The risk therefore remains above appetite, with further assurance mapping, policy management and governance enhancements progressing to strengthen oversight and assurance.
Mass Transit Renewal Programme Delays		
9	Due to complex dependencies, supply chain constraints, funding uncertainties, or resource limitations, there is a risk that the Mass Transit Renewal Programme is not completed on schedule, resulting in increased costs, reputational damage, reduced public confidence, and delayed benefits for passengers and the region.	Mass Transit Renewal Programme Delays remains a 'Medium' risk at year-end. While robust programme management, resource planning and supplier oversight arrangements are in place, the programme continues to face complex dependencies and delivery challenges. The risk therefore remains within appetite, but activity monitored, with recruitment and resourcing activity underway to support progression into full delivery and mitigate schedule pressures.
Financial Health		
8	Due to a lack of quantum, breadth, and flexibility of funding to deliver on all activities, there is a risk that there is an unsustainable call on reserves, resulting in structural funding issues being exacerbated by the inflationary environment and disruption to commercial income streams.	Financial Health remains a 'Medium' risk at year-end. While inflationary pressures and long-term funding constraints continue to present challenges, robust financial planning, monitoring and reserve management arrangements remain in place. The award of the Integrated Settlement, following an independent review of readiness, provides greater funding flexibility and assurance over the medium term. The risk therefore remains within appetite, with work ongoing to embed the settlement and strengthen long-term financial sustainability.
Failure to deliver Tranche 1 franchised bus services on time and within agreed budget		
8	Due to the scale, complexity, and interdependencies of delivering bus franchising requirements within a fixed timeframe and budget; the	Failure to Deliver Tranche 1 Franchised Bus Services on Time and Within Agreed Budget remains a 'Medium/High' risk at year-end. While

	<p>requirement to significantly build team capacity and capability; pressures on programme governance requirements; key procurements including, power, franchise contracts, fleet and IT/systems; organisational readiness and operational transformation; external factors such as inflation, a competitive bidding environment and bus manufacturing lead times; depot acquisition challenges, there is a risk that the programme will be unable to deliver Tranche 1 of the franchised bus service by the planned go-live date of September 2027, and/or within the allocated budget and approach to franchising agreed by the MCA board in November 2025, resulting in delay to the implementation of franchised services; increased programme costs and potential budget overruns; reputational damage to the organisation and political leadership; disruption to passengers, operators, and the bus workforce; risk of non-compliance with legal, regulatory, and statutory obligations; economic and social impact of a non-functioning bus network; inability to generate passenger revenue leading to organisational financial challenges.</p>	<p>programme governance, planning, and resourcing arrangements continue to be strengthened, the scale, complexity and interdependencies of the programme mean delivery remains sensitive to timetable and cost pressures. The risk therefore remains within appetite, with recruitment, procurement and mobilisation activity underway to maintain momentum toward the planned go-live.</p>
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7. Progress against our Governance Improvement Plan for 2025/26

Progress across the Governance Improvement Plan remains steady at the 2025/26 year-end, with most actions delivered or substantially advanced and increasingly embedded into business-as-usual cycles. Key governance, performance, digital transformation and organisational development programmes have continued to progress well, and work is now closely aligned with Integrated Settlement requirements.

Overall, the organisation has made steady progress during the year, strengthening its governance, systems and culture while preparing effectively for the opportunities and expectations of the Integrated Settlement.

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 it, has been monitored by the Audit, Standards and Risk

Committee during the year. The following actions have not been completed by year end and will therefore be rolled over into the 2026/27 plan:

- Codify our approach to Equality, Diversity and Inclusion
- Complete Harmonisation
- Develop Accountability Arrangements

The table below provides a summary of the status of each action at year end.

Table 2: Progress against our Governance Improvement Plan for 2025/26

	Improvement Action	Deliverable	Status at year end
1	Implement a consolidated customer complaints and feedback process	A Customer Complaints and Feedback Policy that outlines the principles, scope, and standards for managing complaints and feedback across the organisation.	Policy development experienced delays due to resourcing and governance changes. Responsibility for corporate complaints was reassigned, workshops were held to revise policies, and preparations were put in place for publication. Year-end position: On track (end-year) – revised policies due for publication in April 2026.
2	Agree our Digital Strategy	Digital Strategy Document that provides a comprehensive roadmap outlining: -Vision and objectives -Strategic priorities -Key initiatives and technologies -Implementation timeline -Governance and accountability -Success metrics	Digital Strategy, strengthened by an Internal Audit review and endorsed by the Executive Leadership Board (ELB) in January, with further refresh work undertaken to align with Integrated Settlement requirements and resourcing considerations. Year-end position: Complete (with ongoing refresh activity and development of an implementation roadmap).
3	Improve performance reporting to decision makers	Regular reporting that includes metrics, performance trends, variance analysis, insights and status updates.	Quarterly performance reporting embedded through ELB and the Performance Board. Reporting continuing to develop in response to feedback, alongside preparations for Integrated Settlement outcomes and spending reporting. Year-end position: On track (business-as-usual and continuing into 2026/27).
4	Refresh the Corporate Plan	A refreshed Corporate Plan that realigns our vision, mission, and objectives with current strategic priorities and external developments, ensuring	A refreshed Corporate Plan aligned to devolution and Integrated Settlement priorities developed, incorporating local authority partner input and an updated outcomes framework. Year-end position: On track /

		continued relevance, clarity, and impact.	Complete – Corporate Plan received sign off at the March MCA Board.
5	Develop our evidence plan, publishing pilot areas of research interest	A clear set of research and evidence priorities, combined with the publication of some areas of research interest (ARIs).	Evidence priorities were defined through workshops, behavioural insights capacity was strengthened, and draft ARIs were prepared for ELB discussion prior to publication. Year-end position: On track – publication planned for April 2026.
6	Codify our approach to Equality, Diversity and Inclusion	Policies and procedures to guide our practice and embed our commitment to addressing equality, diversity and inclusion issues.	Equality, Diversity, Inclusion and Belonging Board established led by the Deputy Mayor for Policing and Crime, EqIA training delivered, and work progressed on EqIA libraries and compliance with the Employment Rights Bill. Some slippage occurred due to the scale of work and resourcing considerations. Year-end position: Delayed – continuing into 2026/27.
7	Define our South Yorkshire strategies and policies in the context of an Integrated Settlement ensuring cohesion and alignment	A comprehensive set of strategies and policies designed to drive the effective delivery of our priorities.	Significant progress on the overarching South Yorkshire Strategy, including agreed regional ambitions, phased outcomes framework, and population measures. Engagement with local authority partners and preparation for MCA Board consideration completed. Year-end position: On track – strategy presented as work in progress with next-phase engagement agreed.
8	Complete Harmonisation	A set of aligned practices and frameworks that promote fairness and consistency across teams, strengthen a unified and inclusive culture, and enhance employee morale and operational efficiency.	Harmonisation programme progressed through multiple phases, including role profiles, job evaluation, and terms and conditions review, supported by strong governance and engagement. Year-end position: On track – programme continuing as planned.
9	Progress Integrated Readiness requirements including the development of an Outcomes Framework	A set of implemented readiness measures that enable effective response to new responsibilities, streamline access to funding, and align organisational structures and strategies with government expectations to maximise impact. A	Readiness self-assessment completed and validated, action plan received, and Outcomes Framework developed and agreed for MCA Board approval. Year-end position: On track – framework ready for final sign-off.

		documented, updated Outcomes Framework that provides a structured way to define, measure and evaluate the impact of our activities and investments.	
10	Develop Accountability Arrangements	A defined accountability framework that clearly outlines roles and responsibilities, performance monitoring mechanisms, demonstrating strong controls and effective oversight.	Early work aligned with Harmonisation and Leadership Framework development. Stakeholder workshops held and scoping completed, with agreement that activity will continue beyond March 2026. Year-end position: On track (continuing into 2026/27).
11	Leadership Development Programme	A tailored Leadership Development Programme that equips leaders with the skills, mindset, and capacity to navigate complexity, align with strategic goals, drive performance, foster innovation, and cultivate a high-performing, positive organisational culture.	Leadership Framework developed, designed, and approved by ELB. Programme content scoped and prepared for launch, with first cohorts planned for Q1 2026/27. Year-end position: On track.
12	Review governance model and establish clearer internal decision making structures	A revised governance model and internal decision-making structure that ensures effective, transparent decision-making aligned with strategic priorities and evolving responsibilities, strengthens accountability, improves operational efficiency, and reinforces trust in leadership.	Governance review completed, new arrangements implemented and embedding, and Constitution amendments agreed. Year-end position: Complete.
13	Develop our approach to delivering Social Value through our procurement activity	Social value criteria embedded in procurement policies and tenders. Monitoring and reporting on contracts to track social value delivery and alignment of outcomes to SYMCA's Corporate Plan. Training for SYMCA staff on social value principles and evaluation. Case studies and success stories to showcase impact and share learning.	Social Value Portal implemented, staff training completed, social value measures embedded in procurement, and alignment achieved with the Corporate Plan. Year-end position: Complete.
14	Review governance arrangements between SYP and the Policing and	A revised Joint Governance Framework that clarifies roles and responsibilities, decision-making processes, performance monitoring mechanisms,	Joint governance framework revised, new scrutiny arrangements implemented, and Internal Audit confirmed no management actions. Year-end position: Complete (with

	Reform Directorate	financial oversight procedures, and risk and ethics management protocols.	future improvement work noted separately).
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8. Governance Improvement Plan for 2026/27

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. The 2026/27 governance improvement plan is currently being finalised and will be published in due course.

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 Executive Director Resources and Investment.
- 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 Executive Director Resources and Investment

The Executive Director Resources and Investment 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 Executive Director Resources and Investment 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 Executive Director Resources and Investment 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 48 -186 gives a true and fair view of the financial position of South Yorkshire Mayoral Combined Authority at 31 March 2026 and of its income and expenditure for the year ended 31 March 2026.

Gareth Sutton
Executive Director Resources and Investment
Section 73 Officer
30 June 2026

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 (i.e. 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.

The usable and unusable reserves include those relating to the former Police and Crime Commissioner for South Yorkshire which were transferred in to the Combined Authority at their carrying value on 7 May 2024 as a consequence of the abolition of the Police and Crime Commissioner for South Yorkshire and transfer of their functions, assets and liabilities to the Mayor of South Yorkshire on that date – see Note 1 for further detail.

Sheffield City Region Mayoral Combined Authority – Statement of Accounts 2024/25

2025/26							
		General Fund Balance £000	Police Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Notes	28	28	28/15	28	28	28
Balances at 1 April 2025		(5,000)	(28,717)	(184,635)	(10,802)	(44,537)	(273,691)
Movement in Reserves During 2025/26:							
(Surplus) / Deficit on Provision of Services	CIES	(46,087)	7,826	-	-	-	(38,261)
Other Comprehensive (Income) and Expenditure	CIES	-	-	-	-	-	-
Total Comprehensive (Income) and Expenditure		(46,087)	7,826	-	-	-	(38,261)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	14	37,411	(8,213)	-	(2,497)	(1,307)	25,394
Net (Increase) / Decrease Before Transfers to Earmarked Reserves		(8,676)	(387)	-	(2,497)	(1,307)	(12,867)
Transfers (To) / From Earmarked Reserves	15	8,676	(8,403)	(273)	-	-	-
(Increase) / Decrease in Year		-	(8,790)	(273)	(2,497)	(1,307)	(12,867)
Balance at 31 March 2026		(5,000)	(37,507)	(184,908)	(13,299)	(45,844)	(286,558)

2024/25							
		General Fund Balance £000	Police Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Note	28	28	28/15	28	28	28
Balances at 1 April 2024		(5,000)	-	(108,515)	(15,306)	(52,992)	(181,813)
Transfer in of Reserves as at 7 May 2024	1	-	(19,001)	(45,095)	-	-	(64,096)
Movement in Reserves During 2024/25:							
(Surplus) / Deficit on Provision of Services	CIES	(24,431)	8,972	-	-	-	(15,459)
Other Comprehensive (Income) and Expenditure	CIES	-	-	-	-	-	-
Total Comprehensive (Income) and Expenditure		(24,431)	8,972				(15,459)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	14	2,974	(28,255)	-	4,504	8,455	(12,323)
Net (Increase) / Decrease Before Transfers to Earmarked Reserves		(21,457)	(19,284)	-	4,504	8,455	(27,782)
Transfers (To) / From Earmarked Reserves	15	21,457	9,568	(31,025)	-	-	-
(Increase) / Decrease in Year		-	(9,716)	(31,025)	4,504	8,455	(27,782)
Balance at 31 March 2025		(5,000)	(28,717)	(184,635)	(10,802)	(44,537)	(273,691)

South Yorkshire Mayoral Combined Authority – Draft Statement of Accounts 2025/26

2025/26									
		Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Revaluation Reserve £000	Collection Fund Adjustment Account £000	Pension Reserve £000	Accumulated Absences Reserve £000	Total Unusable Reserves £000	Total Reserves £000
	Note	29	29	29	29	29	29	29	
Opening Balances as at 1 April 2025		(18,344)	2,597	(71,714)	(1,677)	2,736	-	(86,402)	(360,093)
Movement in Reserves During 2025/26:									
(Surplus) / Deficit on Provision of Services	CIES	-	-	-	-	-	-	-	(38,261)
Other Comprehensive (Income) and Expenditure	CIES	-	-	(3,161)	-	373	-	(2,788)	(2,788)
Total Comprehensive (Income) and Expenditure		-	-	(3,161)	-	373	-	(2,788)	(41,049)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	14	(28,414)	(93)	3,164	549	(600)	-	(25,394)	-
Net (Increase) / Decrease Before Transfers to Earmarked Reserves		(28,414)	(93)	3	549	(227)	-	(28,182)	(41,049)
Transfers (To) / From Earmarked Reserves		-	-	-	-	-	-	-	-
(Increase) / Decrease in Year		(28,414)	(93)	3	549	(227)	-	(28,182)	(41,049)
Balance at 31 March 2026		(46,758)	2,504	(71,711)	(1,128)	2,509	-	(114,584)	(401,142)

South Yorkshire Mayoral Combined Authority – Draft Statement of Accounts 2025/26

2024/25		Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Revaluation Reserve £000	Collection Fund Adjustment Account £000	Pension Reserve £000	Accumulated Absences Reserve £000	Total Unusable Reserves £000	Total Reserves £000
	Note	29	29	29	29	29	29	29	
Opening Balances as at 1 April 2024		(25,668)	2,715	(10,973)	-	3,688	-	(30,238)	(212,051)
Transfer in of Reserves as at 7 May 2024	1	(1,686)	-	(56,965)	(1,904)	-	3	(60,552)	(124,648)
Movement in Reserves During 2024/25:									
(Surplus) / Deficit on Provision of Services	CIES	-	-	-	-	-	-	-	(15,459)
Other Comprehensive (Income) and Expenditure	CIES	-	-	(6,743)	-	(1,192)	-	(7,935)	(7,935)
Total Comprehensive (Income) and Expenditure		-	-	(6,743)	-	(1,192)	-	(7,935)	(23,394)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	14	9,010	(118)	2,967	227	240	(3)	12,323	-
Net (Increase) / Decrease Before Transfers to Earmarked Reserves		9,010	(118)	(3,776)	227	(952)	(3)	4,388	(23,394)
Transfers (To) / From Earmarked Reserves		-	-	-	-	-	-	-	-
(Increase) / Decrease in Year		9,010	(118)	(3,776)	227	(952)	(3)	4,388	(23,394)
Balance at 31 March 2025		(18,344)	2,597	(71,714)	(1,677)	2,736	-	(86,402)	(360,093)

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.

2024/25				2025/26		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
159,558	(152,738)	6,820	Transport Authority	159,533	(151,330)	8,203
152,570	(143,573)	8,997	Economic Development	172,483	(150,479)	22,004
312,128	(296,311)	15,817	(Surplus)/Deficit on MCA Continuing Operations	332,016	(301,809)	30,207
24,580	(89,286)	(64,706)	Police & Reform	21,806	(65,686)	(43,880)
422,004	-	422,004	Funding Provided by the MCA to the Chief Constable to Fund Police & Crime Services	468,446	-	468,446
446,584	(89,286)	357,298	Total Cost of Policing Services	490,252	(65,686)	424,566
758,712	(385,597)	373,115	Total Cost of Services	822,268	(367,495)	454,773
		1,212	<i>Other Operating Income & Expenditure</i>			(2,092)
		(20,774)	Financing and Investment Income and Expenditure	16		(27,872)
		(369,012)	Taxation and Non-Specific Grant Income	17		(463,070)
		(15,459)	(Surplus)/Deficit on Provision of Services			(38,261)
		(6,743)	(Surplus)/Deficit on Revaluation of Non-Current Assets			(3,161)
		-	Surplus/Deficit on Revaluation of Available for Sale Financial Assets			-
		(1,192)	Actuarial (Gains)/Losses on Pension Assets/ Liabilities	41		373
		(7,935)	Other Comprehensive Income and Expenditure			(2,788)
		(23,394)	Total Comprehensive (Income) and Expenditure			(41,049)

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 comprise: usable reserves, (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); and unusable reserves, (those that the Authority is not able to use to provide services). Unusable reserves include 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'.

The assets, liabilities and reserves include those relating to the former Police and Crime Commissioner for South Yorkshire which were transferred in to the Combined Authority at their carrying value on 7 May 2024 as a consequence of the abolition of the Police and Crime Commissioner for South Yorkshire and transfer of their functions, assets and liabilities to the Mayor of South Yorkshire on that date – see Note 1 for further detail.

As at 31 March 2025		Notes	As at 31 March 2026
£000			£000
14,404	Intangible Assets	19	18,488
345,835	Property, Plant and Equipment	18	373,472
220,525	Long-Term Investments	20	280,750
33,335	Long-Term Debtors	22	34,076
614,099	Total Long-Term Assets		706,786
186,949	Short-Term Investments	20	222,583
2,392	Inventories	24	2,365
46,542	Short-Term Debtors	23	65,825
120,060	Cash and Cash Equivalents	25	62,900
264	Assets Held for Sale		261
356,207	Current Assets		353,934
970,306	Total Assets		1,060,720
(5,239)	Short-Term Borrowing	20	(5,776)
(191,915)	Short- Term Creditors	26	(177,818)
(883)	PFI/ Finance Lease Liability	20 / 40 / 43	(953)
(20,139)	Short-Term Provisions	27	(26,428)
(248,014)	Capital Grants Receipts In Advance	37	(312,871)
(466,190)	Current Liabilities		(523,846)
504,116	Total Assets less Current Liabilities		536,874
(64,703)	Long-Term Borrowing	20	(59,456)
(62,020)	Long-Term Provisions	27	(59,414)
(14,564)	PFI/ Finance Lease Liability	20 / 40 / 43	(14,353)
(2,736)	Net Pension (Liability)/Asset	41	(2,509)
(144,023)	Long Term Liabilities		(135,732)
360,093	Net Assets/(Liabilities)		401,142
(273,691)	Usable Reserves	28	(286,558)
(86,402)	Unusable Reserves	29	(114,584)
(360,093)	Total Reserves		(401,142)

The unaudited Statement of Accounts for the South Yorkshire Mayoral Combined Authority was approved and authorised for issue by the Executive Director Resources and Investment, in accordance with the Accounts and Audit (England) Regulations 2015 on 30 June 2026.

Gareth Sutton
Executive Director Resources and Investment
Section 73 Officer

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 (i.e. borrowing) to the Mayoral Combined Authority.

2024/25		Notes	2025/26
£000			£000
15,459	Net surplus or (deficit) on the provision of services		38,261
110,388	- Adjustment to surplus or (deficit) on the provision of services for non-cash movements	30	65,080
(19,844)	- Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	30	(47,303)
106,003	Net cash flow from operating activities		56,038
(124,233)	Investing activities	31	(107,870)
(6,250)	Financing activities	32	(5,328)
(24,480)	Net increase/(decrease) in cash and cash equivalents		(57,160)
144,540	Cash and cash equivalents at beginning of the period		120,060
120,060	Cash and cash equivalents at the end of the reporting period	25	62,900

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. Business Combination

Integration of South Yorkshire Mayoral Combined Authority and Office of the Police and Crime Commissioner for South Yorkshire on 7 May 2024

Statutory Order 2024/414 provided for the transfer of the Police and Crime Commissioner for South Yorkshire's functions to the elected Mayor of South Yorkshire with effect from 7 May 2024. The Statutory Order also provided for the transfer of all the property, rights and liabilities of the Police and Crime Commissioner for South Yorkshire to the Combined Authority as at 7 May 2024 together with all monies held in the Police Fund for which the Mayor became responsible. With effect from 7 May 2024, the MCA became the legal entity responsible for administering the Police Fund and executing the Mayor's decisions in his role as Police and Crime Commissioner.

The Chief Constable of South Yorkshire is a separate legal entity to the Police and Crime Commissioner/MCA and is required to produce their own statutory accounts. This remains the case post integration. The MCA as holder of the Police Fund, makes all payments in relation to operational policing and Police and Crime Commissioner activity and receives all funding including government grant, precepts and other income. It also holds all assets, liabilities and reserves relating to the Police Fund on its balance sheet. The Chief Constable's accounts present how the funding made available to the Chief Constable for operational policing has been spent in the year. It also includes in its balance sheet the pensions relating to police officers and civilian staff involved in operational activity and their accrued employee benefits. Accordingly, to arrive at the consolidated position for Police and Crime Commissioner activity and operational policing, the Chief Constable's accounts are consolidated into the Group accounts of the MCA for the period from 7 May 2024 onwards.

The continuity provisions of the Order make for a seamless transfer of functions such that anything that was in the process of being done by or in relation to the Police and Crime Commissioner immediately before the 7 May is treated as if was done by or in relation to the MCA. Similarly, the Authority has been substituted for the Police and Crime Commissioner for South Yorkshire, in any instruments, contracts or legal proceedings which relate to any of the functions, property, rights or liabilities made or commenced before the 7 May.

Accordingly, a business combination has taken place, resulting in the MCA as legal entity responsible for executing the Mayor's decisions becoming the responsible body for the Police Fund with effect from 7 May.

CIPFA's Code of Practice on Local Authority Accounting (the Code) requires disclosure of the nature, financial effect and adjustments arising from the business combination.

The Code offers two options to account for business combinations – absorption accounting and merger accounting.

Under absorption accounting, the functions acquired by or transferred to an authority are only accounted for from the date of acquisition/transfer and their financial performance is shown separately in the Comprehensive Income and Expenditure Statement to distinguish them from continuing operations from the previous year. No comparative information is provided in respect of the transferred functions.

Under merger accounting, the combined entity is treated as if it had always existed with the financial performance, position and cash flows of the entities involved being presented as if the combined entity or function performed had always taken place in that form.

Merger accounting is only a consideration where the management structure, governance and operations remain substantially unchanged before and after the business combination. This is not applicable in this case, as the Police and Crime Commissioner functions were previously subject to their own independent governance regime over which the MCA had no jurisdiction. The transfer of PCC functions therefore represents a new transferred in service.

Accordingly, the view reached by management is that absorption accounting is the method that best presents the substance of the business combination.

Under absorption accounting, the Code requires:

- Separate disclosure of the income and expenditure of transferred in functions from that relating to continuing services within the Comprehensive Income and Expenditure Statement (CIES) from the date that the transfer took place,
- assets and liabilities in the Balance Sheet under normal circumstances to be transferred at their carrying amount as at the date the transfer took place without the need for restatement to fair value,
- no comparative information is required in the CIES for the previous year in relation to the transferred in service or in the Balance Sheet for the assets and liabilities transferred,
- separate identification where appropriate in the notes to the accounts of the value of assets and liabilities transferred in.

The value of PCC and Chief Constable assets, liabilities and reserves transferred into the MCA on integration on 7 May 2024 is summarised below. The "Group" figures include the pensions relating to police officers and civilian staff involved in operational activity and their accrued employee benefits held on the Chief Constable's balance sheet. These amounted to £2,491.6m of pensions liabilities shown under Other Long-Term Liabilities and £3.4m of accrued employee benefits

shown under Short Term Creditors. As these do not represent “real charges” to revenue under local authority accounting the liabilities are matched by a debit balance on unusable reserves on the Chief Constable’s balance sheet of £2,494m.

	07-May-24	
	Group	PCC
	£'000	£'000
Property, Plant and Equipment	166,366	166,366
Intangible Assets	10,522	10,522
Asset related to LGPS Pension Scheme	-	-
Long-Term Assets	176,888	176,888
Assets Held for Sale	25	25
Inventories	2,136	2,136
Short-Term Debtors	74,020	74,020
Cash and Cash Equivalents	8,578	8,578
Current Assets	84,759	84,759
Short-Term Borrowing	(1,786)	(1,786)
Short-Term Creditors	(51,480)	(48,064)
Provisions	(19,083)	(19,083)
Revenue Grants Receipt in Advance	(3,910)	(3,910)
Capital Grants Receipt in Advance	(152)	(152)
Current Liabilities	(76,411)	(72,995)
Long-Term Provisions	(35,212)	(35,212)
Long-Term Borrowing	(26,365)	(26,365)
Finance Lease	(2,427)	(2,427)
Other Long-Term Liabilities	(2,490,593)	-
Long-Term Liabilities	(2,554,597)	(64,004)
Net Assets/(Liabilities)	(2,369,361)	124,648
Usable Reserves	64,096	64,096
Unusable Reserves	(2,433,457)	60,552
Total Reserves	(2,369,361)	124,648

2. 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).

The comparatives include Police and Crime income and expenditure from 7 May 2024, the date on which the functions of the former Police and Crime Commissioner for South Yorkshire were transferred to the Mayor of South Yorkshire – see Note 1 for further detail.

2024/25 (as restated)				2025/26		
Net Expenditure Chargeable to the General Fund and Police Fund £000	Adjustments between the Funding and Accounting Basis (see Note 3) £000	Net Expenditure in the CIES £000	Notes	Net Expenditure Chargeable to the General Fund and Police Fund £000	Adjustments between the Funding and Accounting Basis (See Note 3) £000	Net Expenditure in the CIES £000
4,177	2,643	6,820	Transport Authority	(6,414)	14,617	8,203
(6,149)	15,146	8,997	Economic Development	20,766	1,238	22,004
(76,691)	11,985	(64,706)	Police & Reform	(52,054)	8,174	(43,880)
422,004	-	422,004	Funding provided by the MCA to the Chief Constable to Fund Police & Crime Services	468,446	-	468,446
343,341	29,774	373,115	Net Cost of Services	430,774	24,029	454,773
(384,081)	(4,493)	(388,574)	Other Income & Expenditure	(439,807)	(53,227)	(493,034)
(40,740)	25,281	(15,459)	(Surplus)/Deficit	(9,063)	(29,198)	(38,261)
General Fund £000	Police Fund £000	Total £000		General Fund £000	Police Fund £000	Total £000
(113,516)	-	(113,516)	Opening Balances Including Earmarked Reserves as at 1 April	(134,972)	(83,380)	(218,352)
-	(64,096)	(64,096)	Police & Reform Transferred in 7 May 2024	-	-	-
(21,456)	(19,284)	(40,740)	(Surplus)/Deficit in the Year	(8,676)	(387)	(9,063)
(134,972)	(83,380)	(218,352)	Closing Balances Including Earmarked Reserves as at 31 March	143,648	83,767	227,415

Comparatives have been restated so that they are on a like for like basis with 2025/26. In addition, £45.558m of Home Office Pension Grant paid over to the Chief Constable in 2024/25 is no longer presented as an Adjustment between Accounting and Funding basis in the table above but has instead been eliminated on consolidation in the Group Accounts.

3. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

2025/26				
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	14,617	-	-	14,617
Economic Development	1,974	(736)	-	1,238
Police & Reform	8,174	-	-	8,174
Net Cost of Services	24,765	(736)	-	24,029
Other Income & Expenditure from the Expenditure & Funding Analysis	(53,819)	136	456	(53,227)
Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	(29,054)	(600)	456	(29,198)

2024/25				
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)	-	6,010	2,643
Economic Development	10,131	195	4,820	15,146
Police & Reform	11,985	-	-	11,985
Net Cost of Services	18,749	195	10,830	29,774
Other Income & Expenditure from the Expenditure & Funding Analysis	(5,166)	45	628	(4,493)
Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	13,583	240	11,458	25,281

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.

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

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 Doncaster.
- 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.

4. Expenditure and Income Analysed by Nature

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

2024/25 £000		2025/26 £000
	Expenditure:	
23,524	Employee Benefits Expenditure	29,003
422,004	MCA funding to Chief Constable	468,446
305,869	Other Service Expenses	303,412
(4,304)	Support Service Recharges to capital	34
14,190	Depreciation, Amortisation, Impairment	23,885
4,821	Interest Payments	4,795
766,104	Total Expenditure	829,575
	Income:	
(31,373)	Fees, charges & other service income	(33,996)
(25,461)	Interest & Investment Income	(32,259)
(725,150)	Government Grants & Contributions	(798,805)
421	Other Income	(2,776)
(781,563)	Total Income	(867,836)
(15,459)	(Surplus)/Deficit on the Provision of Services	(38,261)

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

2025/26	£000
Income as analysed by nature	(867,836)
<u>Categorised as:</u>	
Interest & Investment Income	(32,259)
Trading Operation	(1,936)
Taxation and non-specific Grant Income and Other Operating Income	(465,846)
Income as part of (Surplus)/Deficit on Continuing Operations in the CIES	(367,795)

2024/25	£000
Income as analysed by nature	(781,563)
<u>Categorised as:</u>	
Interest & Investment Income	(25,461)
Trading Operation	(1,913)
Taxation and non-specific Grant Income and Other Operating Income	(368,592)
Income as part of (Surplus)/Deficit on Continuing Operations in the CIES	(385,597)

5. Segmental Income

Income received on a segmental basis is analysed below:

2025/26				
Services:	Fees, Charges & Service £000	Interest & Investment £000	Grants & Contributions £000	Total Income £000
Transport Authority	(5,626)	-	(139,931)	(145,557)
Economic Development	(7,494)	-	(149,058)	(156,552)
Police & Reform	(19,355)	-	(46,746)	(66,101)
Corporate	(4,297)	(32,259)	(463,070)	(499,626)
Total Income	(36,772)	(32,259)	(798,805)	(867,836)

2024/25				
Services:	Fees, Charges & Service £000	Interest & Investment £000	Grants & Contributions £000	Total Income £000
Transport Authority	(9,906)	-	(142,808)	(152,714)
Economic Development	(384)	-	(143,213)	(143,597)
Police & Reform	(19,170)	-	(70,116)	(89,286)
Corporate	(1,492)	(25,461)	(369,013)	(395,966)
Total Income	(30,952)	(25,461)	(725,150)	(781,563)

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.

6. Accounting Policies

I. General Policies

The Statements summarise the transactions of the Authority, for the 2024/25 financial year and its position at the year end of 31 March 2026. 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 2025/26 (the Code), supported by UK adopted 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.

In setting out the Authority's Accounting Policies regard has been had to the Amendments to IAS 1 which 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.

The accounts include with effect from 7 May 2024, financial transactions relating to Police and Crime activity following the transfer of Police and Crime Commissioner functions to the Mayor of South Yorkshire on that date. They also incorporate in the Group Accounts from the same date the accounts of the Chief Constable for South Yorkshire – further detail on the nature of the relationship between the MCA and the Chief Constable and income and expenditure and assets and liabilities recognised in the respective accounts is set out in the Critical Assumptions in Note 8.

Going Concern

In accordance with the requirements of 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 therefore prepare their Financial Statements on a going concern basis of accounting. This is further confirmed by the Financial Reporting Council's Statement of Recommended Practice Note 10 regarding the Audit of financial statements and regularity of public sector bodies in the United Kingdom. Practice Note 10 similarly provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future. If services will continue to be provided in the public sector the financial statements should be prepared on the going concern basis. The Authority complies with the continuation of the provision of a service in the future principle as there is a commitment to funding from central government with an approved medium term financial strategy.

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 2025/26 financial year having regard to forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

On the basis of this assessment, management are satisfied that the MCA 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.

With regard to the Chief Constable's accounts, the assumption is that the Chief Constable can continue to rely on the MCA to discharge the liabilities relating to police operational activity in the normal course of its business.

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

As described, in Note 1 Business Combination, with effect from 7 May 2024, the Combined Authority became the legal entity responsible for administering the Police Fund and executing the Mayor's decisions in his role as Police and Crime Commissioner. The view taken by management is that this business combination should be accounted for using absorption accounting. This means that the functions transferred to the authority are only accounted for from the date of transfer and their financial performance is shown separately in the Comprehensive Income and Expenditure Statement to distinguish them from continuing operations from the previous year. No comparative information is provided. Assets and liabilities have been transferred at their

carrying amount at the date the transfer took place without the need for restatement to fair value.

The Authority has not discontinued any operations or transferred services 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 where there is a legally enforceable right which allows a financial asset and a financial liability to be offset.

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, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the 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 (i.e. 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

With effect from 1 April 2024, as required by the Code, IFRS 16 has been adopted to account for leases.

The Authority as Lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. This includes arrangements with nil consideration, peppercorn or nominal payments.

Initial Measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a

similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate applied is the PWLB annuity rate less certainty rate discount applicable. The Police used a weighted average incremental borrowing rate of 7% when they adopted IFRS 16 early in 2023/24.

Where applicable, the authority takes advantage of the Code's provisions which allows its requirements to be applied to a portfolio of leases with similar characteristics where an authority reasonably expects that the effects on the financial statements of accounting for a portfolio would not differ materially from applying the provisions to the individual leases within that portfolio.

Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less

any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value

Subsequent Measurement

The right-of-use asset is subsequently measured using the fair value model.

The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount.

In these Financial Statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low Value and Short Lease Exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise)

Lease payments for such leases are recognised as an expense on a straight-line basis over the lease term.

Non-Commercial Leases

Right-of-use assets acquired under a lease that does not have commercial payment terms are accounted for as a donated asset. These circumstances will arise where rents are set at a peppercorn or nominal amount substantially below market rents or there is nil consideration. The arrangements for accounting for such non-commercial leases are as follows:

- lease liabilities (if any) are calculated in the standard way
- the cost of the right-of-use asset is measured in the standard way
- the right-of-use asset is uplifted to its fair value,
- the excess of the fair value over the cost of the right-of-use asset is credited as a gain in the surplus/deficit on the provision of services
- as a capital transaction, the impact of the gain on the General Fund balance is then neutralised by statutory reversals through Movement in Reserves.

Lease Expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than twelve months are expensed.

The Authority as Lessor

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

Finance Leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in 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. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Operating Leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in 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 or where this is initiated by a service to the individual service, 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. The MCA will apply a maximum life of fifty years to new assets unless a suitably qualified professional advisor advises that an

asset will deliver service functionality for more than fifty years or where an asset is a lease or PFI asset, and the length of the lease/PFI contract exceeds fifty years.

In the case of the Police Fund, there is a departure from this general principle with regard to capital expenditure incurred over the period 2018/19 to 6 May 2024 financed by borrowing. Due diligence following integration with the MCA identified a failure to account for MRP correctly over this period. As a consequence, following consultation with the Home Office, MHCLG, CIPFA and external audit, a pathway to full compliance with statutory MRP guidance has been agreed which strikes a balance between the requirement to set a prudent provision and the sustainability of the Police Fund. MRP on assets acquired over the period 2018/19 to 6 May 2024 having a useful life of less than twenty-five years will be charged on a straight-line basis over twenty-five years. MRP on assets with a life of more than twenty-five years will be based on the asset's life as normal as per statutory MRP guidance. In addition, asset lives used for short life assets of 5 years or less acquired in 2024/25, 2025/26, 2026/27, 2027/28 and 2028/29 will be extended by 5 years, 4 years, 3 years, 2 years and 1 year respectively for the purposes of determining MRP.

All expenditure incurred before 1 April 2008 is provided for as follows:

- In the case of the MCA (excluding the Police Fund), MRP will be charged on a straight-line basis over twenty-nine years with effect from 2016/17.
- In the case of the Police Fund, MRP will be charged used the “regulatory method” prescribed by statutory MRP guidance which provides for charges to be made on a 4% reducing balance basis as if the former regulations 28 and 29 of the 2003 Regulations had not been revoked

MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for asset under construction where the MRP will be deferred until the year after the asset becomes operational.

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:

- Surplus assets and Assets Held for Resale.

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, (i.e. 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.

The 2025/26 Code introduced changes to the way in which non Investment Property assets should be measured. The changes apply to Other Land & Buildings; Vehicles, plant, furniture and equipment; Surplus assets; and, Right of Use assets measured at current value. The new requirements are for quinquennial revaluations supplemented by annual indexation in intervening years, or, a rolling programme of revaluations over a 5 year cycle with annual indexation applied during the four intervening years. Authorities should use the best index available to them when indexing their assets in between full revaluations. Where indices cannot be obtained without undue cost or effort, a desktop revaluation will be carried out in year three for those assets using a quinquennial revaluation. These changes have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally require disclosure under IAS 8. However, the adaptations include a relief from the need to make this disclosure.

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 (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. 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 ten 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 (i.e. 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 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.

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.

MHCLG have decided the override will now be extended in England until 31 March 2029.

The Authority has adopted both of these overrides.

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 twelve 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 asset or 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 effect 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.

IFRIC 14 sets out the key judgements to apply when determining the extent to which an IAS19 surplus or deficit can be recognised where the existence of a minimum funding requirement may limit the ability to reduce future contributions. The extent to which any pension surplus can be recognised is determined by an “asset ceiling” calculation provided by the Actuary.

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

XIX. 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.

XX. Interests in Companies and Other Entities

With effect from 7 May 2024, the MCA became the legal entity responsible for administering the Police Fund and executing the Mayor’s decisions in his role as Police and Crime Commissioner. The Chief Constable for South Yorkshire is a

separate legal entity to the MCA known as a “corporation sole”. The Chief Constable’s accounts presents how the funding made available to the Chief Constable for operational policing has been spent in the year. It also includes in its balance sheet the pensions relating to police officers and civilian staff involved in operational activity and their accrued employee benefits. Accordingly, to arrive at the consolidated position for Police and Crime Commissioner activity and operational policing, the Chief Constable’s accounts are consolidated into the Group accounts of the MCA for the period from 7 May 2024 onwards.

On the 22 March 2024, tram operations were brought back under public control with its operations being conducted through a wholly owned subsidiary of the Authority called South Yorkshire Future Trams Limited (SYFTL). SYFTL’s first set of accounts are for the period from commencement of trading on 22 March 2024 to 31 March 2025. The financial performance for this full period have been consolidated into the 2024/25 Group Accounts on the basis that the financial performance for the initial period of trading from 22 March 2024 to 31 March 2024 is immaterial in the context of the Authority as a whole.

In addition, the Authority has interests in several dormant companies, on which there has been no activity over the course of the year.

The Authority also participates in a joint venture company with West Yorkshire Combined Authority called Yorcard. The Authority’s interest is immaterial in the context of the Authority as a whole and, as a consequence, the company is not consolidated in the Group Accounts.

XXI. Private Finance Initiative (PFI) Transactions

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

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

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

Following the implementation of IFRS 16, the PFI liability needs to be remeasured when there is a change in future lease payments as a consequence of indexation or other variable elements being applied. The remeasurement is on the same basis as that set out in Accounting Policy Note X “Accounting for Leases”. This means that whereas previously, increases in unitary payments resulting from indexation that applied to the debt element were treated as contingent rent and were an expense in

the Comprehensive Income and Expenditure Statement, from 2024/25, the contingent rent will cease to be recognised and the liability is instead recalculated.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the PFI asset, with any further adjustment required from remeasurement being recorded in the income statement.

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.
- 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.

An MRP charge is also made to revenue equal to the amount of the write down of the PFI liability – see Accounting Policy XIII for further detail on MRP.

XXII. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average costing formula.

XXIII. Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the MCA, such as computer software and licences, are capitalised when it is expected that future economic benefit or service potential will flow to the MCA over more than one year. Development expenditure on internally generated assets is capitalised where it is demonstrable that the project is technically feasible, is intended to be completed and the MCA will be able to generate future economic benefit or service potential by being able to sell or use the asset. All other research and development expenditure is expensed as incurred.

The option to measure intangible assets using the revaluation model has been withdrawn. As a consequence, all intangible assets are measured at cost. The depreciable amount is subsequently amortised over its useful life.

When an intangible asset is disposed of or decommissioned, the carrying amount of the asset on the Balance Sheet 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.

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.

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

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

- a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024.
- b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024. This includes the timing of the derecognition of financial liabilities where IFRS 9 permits an authority to deem the financial liability (or part of it) to be discharged before the settlement date when settling a financial liability (or part of a financial liability) in cash using an electronic payment system
- c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

None of the above are expected to have a significant impact on the Authority's financial statements.

In addition to the above, as part of ongoing reforms to local authority financial statements, CIPFA/LASAAC is seeking views on removing the Expenditure and Funding Analysis note within local authority financial altogether or to put in a suitable replacement if one is developed. The Expenditure and Funding Analysis note currently adapts the segmental reporting requirements of IFRS 8 to reconcile the expenditure and funding analysis that is chargeable to taxation to the segmental analysis provided in the Comprehensive Income and Expenditure statement.

8. Critical Judgements in Applying Accounting Policies

There are several areas where critical judgements have been applied in presenting the financial performance and financial position in 2025/26.

Acquisition of Bus Depots

Following the integration of South Yorkshire Passenger Transport Executive with the Authority on 1 April 2023, Management undertook a review of the presentation of public transport infrastructure network assets comprising at that time: principal transport interchanges, mini interchanges, park & ride sites, bus shelters, passenger information displays, and other public transport related assets which all serve to provide integrated public transport across the region. The conclusion of this review was that treating the transport interchanges, mini-interchanges, park & ride sites, bus shelters and passenger information displays as interconnected components of a single South Yorkshire – wide public transport infrastructure network was the most appropriate treatment.

In 2025/26, the Authority acquired 5 bus depots at a cost of £22.868m in readiness for the phased implementation of bus franchising with effect from September 2027. These depots are being leased back to the incumbent bus operators on a short-term basis until franchised bus services commence. The view taken by management, is that these are most appropriately presented as part of the public transport infrastructure network infrastructure asset on the grounds that they are currently being used and will in the future be used to support the provision of bus services across South Yorkshire. A sixth bus depot already in the Authority's ownership has similarly been reclassified from surplus assets to public transport infrastructure network infrastructure assets for the same reason.

Chief Constable Accounts

The Chief Constable of South Yorkshire is a separate legal entity to the MCA and is required to produce their own statutory accounts. A judgement has been made of the expenditure allocated between the MCA and the Chief Constable to reflect the financial resources and respective responsibilities of both bodies. Accordingly, liabilities relating to salaries and pensions of the police officers and staff involved in operational policing which are judged to be the responsibility of the Chief Constable together with the associated assets and liabilities are recognised in the Comprehensive income and Expenditure Statement and Balance Sheet of the Chief Constable accounts.

The Chief Constable's accounts are consolidated into the MCA's Group Accounts to show the overall impact on the MCA as a whole.

Capitalisation of Police Legacy and Pension Abatement Costs

The authority has been given exceptional funding support for the Police Fund, through a Capitalisation Direction which will enable legacy costs and pension abatement costs to be capitalised. An amount of £4.890m has been capitalised on this basis in 2025/26 (2024/25 £16.932m).

Police Fund Legal Claims

A management judgement has been made in relation to the treatment of claims in relation to the Hillsborough disaster and Child Sexual Exploitation to provide for costs in relation to each claim. However, there are many differing categories of damage to be considered. The scheme for the higher tier claims is complex and requires each claim to be reviewed and assessed taking into account of the evidence provided. Compounding this, many claims will span a 30 year period. It is almost impossible to provide the exact figure on each, as each has to be quantified

in relation to multiple factors including general damages, loss of earnings, non-personal injury losses and aggravated damages. There is a risk in terms of the reliable estimate of likely costs that has been provided for not being materially accurate. There are a number of claims where the claimant’s schedule of loss remains outstanding and although provisions have been made these could turn out to be materially different. Therefore, these have been disclosed as a contingent liability in Note 42.

Police Local Government Pension Scheme valuation

The valuation from the actuary for the LGPS pension scheme calculated an asset of £163m. It is the view of management that there is no asset benefit to the Group and an adjustment to the IAS 19 calculation has been made to a net asset of nil. Further background and disclosures in relation to this approach are included in the Pensions Note (Note 41).

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

The main sources of estimation uncertainty are considered and the Authority’s share of the assets and liabilities of the South Yorkshire Pension scheme and the value at which Property, Plant & Equipment is carried in the balance sheet.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Chief Constable Pensions – Police Pensions and LGPS	<p>Complex judgements are taken relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, and mortality rates and expected returns on pension fund assets. The amount of the pensions asset or liability at the end of each financial year is very sensitive to small changes in these factors.</p> <p>Actuaries are engaged to provide the Chief Constable with expert advice about the assumptions to be applied for each of its pension schemes.</p> <p>Hymans Robertson LLP is engaged to provide annual pensions estimate and “asset ceiling” calculation and the assumptions on which they are based in respect of the local Government Pension Scheme (LGPS). The Government Actuary Department provides the same exercise in respect of Police pensions.</p>	See sensitivity analysis shown in the Pensions Note (Note 41)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>The sensitivity analysis shown in the Pensions Note (Note 41) shows how small changes to key actuarial assumptions can have a significant impact on the net pensions’ asset. It should be noted that whilst the effects on the net pensions liability of changes in individual assumptions can be measured, the assumptions interact in complex ways which makes it difficult to assess the overall impact.</p> <p>The same considerations also apply to the net LGPS pensions asset relating to MCA employees. The MCA similarly engages Hymans Robertson LLP to provide an annual pensions estimate and “asset ceiling” calculation and the assumptions on which they are based.</p> <p>Ultimately, as explained in Accounting Policy XIX, the amount chargeable to the General Fund is determined by Local Government Pension Regulations not IAS 19 pension costs. These Regulations provide predictability on the amount chargeable to revenue between each triennial funding valuation.</p>	
<p>Chief Constable and MCA Pension Assets and Liabilities - LGPS</p>	<p>The valuation of the Authority’s pension assets and liabilities under the South Yorkshire LGPS for accounts purposes involves projecting forward the results of the most recent funding valuation (March 2025 in the case of the 2025/26 accounts valuation) using approximate roll forward methods to allow for changes in financial and demographic assumptions, benefit accrual, actual pension increases and estimated cashflows over the period. This is a less accurate calculation method than the full asset and liability allocation exercise performed at each triennial valuation which takes account of actual changes in the overall profile of the membership since the previous funding valuation date. As the actuary has not taken account of known</p>	

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	changes to the scheme the valuation is only an approximate estimate	
Chief Constable and MCA Asset Ceiling - LGPS	<p>Accounting Standards (IFRIC 14) places a potential limit on the ability to recognise a net pension surplus known as an 'asset ceiling'.</p> <p>The amount of the asset ceiling can vary according to what assumptions are used. The actuary advises on the methodology that should be adopted and this has been followed year on year on a consistent basis. The choice of assumption does however introduce a degree of uncertainty.</p> <p>In 2025/26, the impact of the asset ceiling has been to cap the Police LGPS surplus of £163.25m at £nil and the MCA's LGPS surplus of £??m at £nil (Both the Police and MCA LGPS surpluses were capped at £nil in 2024/25)</p>	
Plant Property and Equipment	<p>MCA and Police Fund operational land & buildings are valued at current value. Existing Use Value is used where property is non specialised and a ready market exists. Depreciated Replacement Cost (DRC) is used for specialised properties. This is determined as the cost of replacing an asset with its modern equivalent asset less an allowance for physical deterioration and relevant forms of obsolescence.</p> <p>Assets held for sale and surplus assets are valued at Fair Value.</p> <p>Valuations are therefore sensitive to market assumptions and, in the case of DRC, estimated materials and labour costs.</p> <p>Operational land & buildings and surplus assets/assets held for sale are valued by a professionally qualified valuer applying appropriate professional standards to mitigate the risk.</p>	A change in Market Value, or estimated rebuild costs may impact on asset carrying values in the Balance Sheet.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>Changes to the Code of Practice in 2025/26, now require annual indexation to be applied, where material, using the best index available in the years in between formal revaluations as set out in Accounting Policy XVII.</p> <p>With regard to MCA operational land and buildings last revalued at 31 March 2025 at £26.9m, the conclusion reached was that the annual indexation would not have a material impact on their carrying value and none has therefore been applied.</p> <p>The same conclusion was also reached with regard to Police operational land and buildings. Hence, no annual indexation has been applied.</p>	

As with all public sector bodies, the Authority has faced significant uncertainty about the future levels of Government and stakeholder funding. High inflation and increased interest rates have put pressure on costs with principal sources of funding being largely fixed. These challenges are being managed through robust financial planning and management processes and by building in sufficient financial resilience to ensure the Authority’s sustainability in the medium to longer term.

This is explained more fully in management’s Going Concern assessment set out in Accounting Policies Note(I).

In addition to the general uncertainty over future levels of funding, there are specific issues relating to the Police Fund regarding the considerable uncertainty over the reliability of the provision made for the estimated cost of legal claims in connection with the Hillsborough Disaster and Child Sexual Exploitation and how these are to be funded (see Note 8 above). If there were to be a significant change to the level of estimated costs or if funding levels from central government were to be reduced and/or withdrawn, this would impact the amount required to be self-funded and ultimately on the level of Police Fund reserves.

10. Prior Period Adjustments

None.

11. Events After the Reporting Date

The unaudited Statement of Accounts was authorised for issue by the Executive Director Resources and Investment (Section 73 Officer) on 30 June 2026.

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 2026, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

12. Material Items of Income and Expense

Capital Grants (Revenue Expenditure Funded by Capital Under Statute)

The Authority awarded capital grants of £116.9m in furtherance of its strategic objectives of which £71.2m were Transport and £45.7m Economic Development (£127m in 2024/25 of which £65.4m were Transport and £61.6m Economic Development).

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 Economic Development depending on its nature.

Government Capital Grant funding of £104.9m received in relation to the REFCUS expenditure has been credited to continuing services as income - £60.9m Transport and £44m Economic Development (2024/25 £115.7m of which £65.3m was Transport and £50.5m Economic Development).

Exceptional Funding Support – Capitalisation of legacy and pension abatement costs

The Authority has been given exceptional funding support for the Police Fund, through a Capitalisation Direction which will enable legacy costs and pension abatement costs to be capitalised. The amount capitalised in 2025/26 was £4.9m (2024/25 £16.9m).

Police Fund Legal Claims

Included within the CIES are costs of £4.7m incurred during 2025/26 relating to Child Sexual Exploitation for which Special Grant funding of £3.1m has been received (2024/25 £6.4m costs incurred for which Special Grant funding of £3.2m was received).

In addition, costs of £5.6m relating to Hillsborough were incurred during 2025/26 for which special grant funding of £3.7m has been received (2024/25 £35.8m costs incurred for which special grant funding of £30.9m was received).

13. Acquired and Discontinued Operations

There have been no acquired or discontinued operations in 2025/26.

In 2024/25, Statutory Order 2024/414 provided for the transfer of the Police and Crime Commissioner for South Yorkshire's functions to the elected Mayor of South Yorkshire with effect from 7 May 2024. The Statutory Order also provided for the transfer of all the property, rights and liabilities of the Police and Crime Commissioner for South Yorkshire to the Combined Authority as at 7 May 2024 together with all monies held in the Police Fund for which the Mayor became responsible. With effect from 7 May 2024, the Combined Authority became the legal entity responsible for administering the Police Fund and executing the Mayor's decisions in his role as Police and Crime Commissioner.

Note 1 explains how this business combination has been accounted for and presented in the financial statements.

14. 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.

2025/26	General Fund £000	Police Fund £000	Capital Receipts Reserve £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:							
Depreciation of Non Current Assets	(8,752)	(11,730)	-	-	(20,482)	20,482	-
Revaluation gains credited to the CIES	-	590	-	-	590	(590)	-
Revaluation / impairment losses charged to the CIES	-	-	-	-	-	-	-
Amortisation of Intangible Assets	-	(3,403)	-	-	(3,403)	3,403	-
Capital grants & contributions credited to the CIES	156,110	1,026	-	(4,970)	152,166	(152,166)	-
Other Operating income	3,114	-	(3,114)	-	-	-	-
Revenue Expenditure Funded by Capital Under Statute	(116,931)	(4,890)	-	-	(121,821)	121,821	-
Profit / loss on disposal of Non Current assets	(753)	(516)	(173)	-	(1,442)	1,442	-
Expected credit losses on capital loans	(500)	-	-	-	(500)	500	-
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	93	-	-	-	93	(93)	-
IAS 19 Pension costs	600	-	-	-	600	(600)	-
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	-	(549)	-	-	(549)	549	-
Insertion of items not debited or credited to the CIES:							
Statutory provision for the repayment of debt (Minimum Revenue Provision)	4,032	5,590	-	-	9,622	(9,622)	-
Direct Revenue Financing	398	5,669	-	(11)	6,056	(6,056)	-
Capital Financing:							
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	790	-	790	(790)	-
Use of Capital Grants Unapplied to finance new capital expenditure	-	-	-	3,674	3,674	(3,674)	-
Total	37,411	(8,213)	(2,498)	(1,307)	25,394	(25,394)	-

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2024/25	General Fund £000	Police Fund £000	Capital Receipts Reserve £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:							
Depreciation of Non Current Assets	(6,456)	(8,980)	-	-	(15,436)	15,436	-
Revaluation gains credited to the CIES	1,083	-	-	-	1,083	(1,083)	-
Revaluation / impairment losses charged to the CIES	(4,743)	(2,199)	-	-	(6,942)	6,942	-
Amortisation of Intangible Assets	-	(1,644)	-	-	(1,644)	1,644	-
Capital grants & contributions credited to the CIES	135,218	140	-	-	135,358	(135,358)	-
Other Operating income	-	-	-	-	-	-	-
Revenue Expenditure Funded by Capital Under Statute	(127,038)	(16,932)	-	-	(143,970)	143,970	-
Profit / loss on disposal of Non Current assets	(1,092)	(791)	-	-	(1,883)	1,883	-
Expected credit losses on capital loans	-	-	-	-	0	0	-
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	118	-	-	-	118	(118)	-
IAS 19 Pension costs	(240)	-	-	-	(240)	240	-
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	-	(227)	-	-	(227)	227	-
Short term accumulated absences	-	3	-	-	3	(3)	-
Donated assets	1,880	-	-	-	1,880	(1,880)	-
Insertion of items not debited or credited to the CIES:							
Statutory provision for the repayment of debt (Minimum Revenue Provision)	3,965	1,051	-	-	5,016	(5,016)	-
Direct Revenue Financing	279	827	-	-	1,106	(1,106)	-
Capital Financing:							
Use of Capital Receipts Reserve to finance new capital expenditure	-	496	4,504	-	5,000	(5,000)	-
Use of Capital Grants Unapplied to finance new capital expenditure	-	-	-	8,455	8,455	(8,455)	-
Total	2,974	(28,256)	4,504	8,455	(12,323)	12,323	-

15. Transfers (To)/From Earmarked Reserves

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

2025/26	31 March 2025 £000	Transfers Between Reserves £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Total Movements £000	31 March 2026 £000
Capacity and Development Reserves						
Capacity and Capability	(10,910)	4,288	1,369	(1,744)	3,913	(6,997)
Project Feasibility	(3,354)	(39)	1,269	-	1,230	(2,124)
Mayoral Capacity Fund	(563)	-	9	-	9	(554)
Business Planning Reserve	-	(5,381)	-	(8,100)	(13,481)	(13,481)
Transport Reserves						
Levy Reduction Reserve	(11,399)	-	1,079	(249)	830	(10,569)
PFI Reserve	(13,324)	-	-	(553)	(553)	(13,877)
Bus Resilience	(16,200)	-	-	(4,628)	(4,628)	(20,828)
Bus Franchise Transition	(19,658)	-	2,355	-	2,355	(17,303)
Bus Franchise Assessment	(104)	104	-	-	104	-
Mass Transit Concession End	(961)	-	-	-	-	(961)
Tram Resilience	(2,878)	-	187	(73)	114	(2,764)
Transport Innovation Fund	(1,834)	-	318	-	318	(1,516)
Tram Vision	(139)	139	-	-	139	-
Projects and Programmes						
Skills Bank	(7,751)	-	2,271	-	2,271	(5,480)
Business Sinking Fund	(2,307)	-	302	-	302	(2,005)
Safe Place to Sleep	(2,415)	-	898	(300)	598	(1,817)
Apprenticeship Grant for Employers	(389)	389	-	-	389	-
Pathways to Work	(250)	-	-	-	-	(250)
Mayoral Election Reserve	(2,706)	500	-	(1,000)	(500)	(3,206)
Integration Reserve	(1,429)	-	357	-	357	(1,072)
Mayoral Development Fund	(7,122)	-	461	(2,778)	(2,317)	(9,439)
Safer Roads Partnership	-	-	-	(135)	(135)	(135)
Gainshare Projects						
Business Renewal Action Plan	(10,790)	-	2,288	-	2,288	(8,502)
Plan for Growth	(300)	-	-	-	-	(300)
Project Feasibility (SY LAs)	(1,710)	-	27	-	27	(1,683)

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2025/26	31 March 2025 £000	Transfers Between Reserves £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Total Movements £000	31 March 2026 £000
Monitoring and Evaluation	(366)	-	-	-	-	(366)
Destination Management	(207)	-	207	-	207	-
Crossed Wires	(208)	-	-	-	-	(208)
Place Plan - BMBC	(1,683)	-	1,683	-	1,683	-
Place Plan - RMBC	(1,574)	-	655	(1,798)	(1,143)	(2,717)
Place Plan - SCC	(3,997)	-	-	(2,675)	(2,675)	(6,672)
Identified Risks						
Asset Management	(1,291)	-	-	(378)	(378)	(1,669)
Redundancy	(600)	(266)	-	-	(266)	(866)
Pensions Smoothing	(1,266)	1,266	-	-	1,266	-
IT Renewals	(249)	-	-	-	-	(249)
Woodburn Road Tunnel	(38)	-	-	-	-	(38)
Cyber Recovery	-	(1,000)	-	-	(1,000)	(1,000)
Sub-Total – MCA Reserves Excluding Police & Reform	(129,972)	-	15,735	(24,410)	(8,676)	(138,648)
Police & Reform						
Insurance Reserves	(7,600)	-	-	-	-	(7,600)
Devolved Budget	(5,522)	-	4,468	-	4,468	(1,054)
Commissioning Reserve	(2,472)	-	-	(301)	(301)	(2,773)
Revenue Grants Reserve	(2)	-	2	-	2	-
Legacy Reserve	(35,676)	-	35,676	-	35,676	-
Transformation Reserve	(1,252)	-	-	(1,560)	(1,560)	(2,812)
Operational Direct Activity Reserve	(1,139)	-	187	(649)	(462)	(1,601)
Feasibility and Invest to Save Reserve	-	-	-	(5,000)	(5,000)	(5,000)
Capital Financing Reserve	(1,000)	-	-	-	-	(1,000)
Deficit Reduction Reserve	-	-	-	(16,220)	(16,220)	(16,220)
National Pressures Reserve	-	-	-	(8,200)	(8,200)	(8,200)
Sub-Total – Police & Reform	(54,663)	-	40,333	(31,930)	8,403	(46,260)
Total	(184,635)	-	56,068	(56,341)	(273)	(184,908)

South Yorkshire Mayoral Combined Authority – Draft Statement of Accounts 2025/26

2024/25	31 March 2024 £000	Transfers Between Reserves £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Total Movements £000	31 March 2025 £000
Capacity and Development Reserves						
Capacity and Capability	(11,484)	-	574	-	574	(10,910)
Project Feasibility	(3,785)	-	431	-	431	(3,354)
Mayoral Capacity Fund	(753)	-	190	-	190	(563)
Transport Reserves						
Levy Reduction Reserve	(13,109)	-	2,979	(1,269)	1,710	(11,399)
PFI Reserve	(12,621)	-	-	(703)	(703)	(13,324)
Bus Resilience	(10,000)	-	-	(6,200)	(6,200)	(16,200)
Bus Franchise Transition	(11,200)	(1,070)	-	(7,388)	(8,458)	(19,658)
Bus Franchise Assessment	(1,174)	1,070	-	-	1,070	(104)
Mass Transit Concession End	(708)	-	-	(253)	(253)	(961)
Tram Resilience	(1,350)	-	-	(1,528)	(1,528)	(2,878)
Transport Innovation Fund	(2,500)	122	544	-	666	(1,834)
Tram Vision	(259)	(122)	242	-	120	(139)
Projects and Programmes						
Skills Bank	(9,269)	-	1,518	-	1,518	(7,751)
Business Sinking Fund	(2,307)	-	-	-	-	(2,307)
Safe Place to Sleep	(3,000)	-	585	-	585	(2,415)
Apprenticeship Grant for Employers	(389)	-	-	-	-	(389)
Pathways to Work	(250)	-	-	-	-	(250)
Mayoral Election Reserve	(4,885)	-	2,179	-	2,179	(2,706)
Integration Reserves	(1,921)	-	742	(250)	492	(1,429)
Mayoral Development Fund	-	-	-	(7,122)	(7,122)	(7,122)
Gainshare Projects						
Business Renewal Action Plan	(4,715)	(6,984)	909	-	(6,075)	(10,790)
Skills Renewal Action Plan	(6,984)	6,984	-	-	6,984	0
Plan for Growth	-	-	-	(300)	(300)	(300)
Project Feasibility (SY LAs)	(1,632)	-	40	(118)	(78)	(1,710)
Monitoring and Evaluation	(474)	108	-	-	108	(366)
Destination Management	(323)	-	116	-	116	(207)
Crossed Wires	-	(108)	-	(100)	(208)	(208)
Place Plan - BMBC	-	-	-	(1,683)	(1,683)	(1,683)
Place Plan - RMBC	-	-	-	(1,574)	(1,574)	(1,574)
Place Plan - SCC	-	-	-	(3,997)	(3,997)	(3,997)

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2024/25	31 March 2024 £000	Transfers Between Reserves £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Total Movements £000	31 March 2025 £000
Identified Risks						
Asset Management	(1,308)	-	17	-	17	(1,291)
Redundancy	(600)	-	-	-	-	(600)
Pensions Smoothing	(1,266)	-	-	-	-	(1,266)
IT Renewals	(249)	-	-	-	-	(249)
Woodburn Road Tunnel	-	-	-	(38)	(38)	(38)
Sub-Total – MCA Reserves Excluding Police & Reform	(108,515)	-	11,066	(32,523)	(21,457)	(129,972)
Police & Reform						
Insurance Reserves	-	(7,600)	-	-	(7,600)	(7,600)
Devolved Budget	-	(1,054)	-	(4,468)	(5,522)	(5,522)
Redundancy Reserve	-	(24)	24	-	-	-
Commissioning Reserve	-	(2,448)	-	(24)	(2,472)	(2,472)
Revenue Grants Reserve	-	(506)	504	-	(2)	(2)
Legacy Reserve	-	(29,943)	-	(5,733)	(35,676)	(35,676)
Invest to Save Reserve	-	(1,252)	-	-	(1,252)	(1,252)
Operational Direct Activity Reserve	-	(1,268)	381	(252)	(1,139)	(1,139)
Capital Financing Reserve	-	(1,000)	-	-	(1,000)	(1,000)
Sub-Total – Police & Reform		(45,095)	909	(10,477)	(54,663)	(54,663)
Total	(108,515)	(45,095)	11,975	(43,000)	(76,120)	(184,635)

PCC earmarked reserves of £45.095m were transferred to the MCA on integration on 7 May 2024.

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

Capacity and Development Reserves

- These reserves have been generated in recent years to allow the MCA to invest for a sustained period into core capabilities and pilot activity, seeking to redress inequities in the MCA's funding environment. This money will be released over a sustained five-year period, but after this the MCA will need to rebalance its cost base back to an affordable envelope
- Business Planning Reserve – this reserve has been created to support new investment in priority areas and the continuation of existing priority activities for which there is no alternative funding.
- Project Feasibility Fund - the reserve has been created to provide sustainable revenue funding for the early-stage development of capital projects.
- Mayoral Development 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.

Transport Reserves

- Levy Reduction Reserve - The reserve is being used to bridge the funding shortfall between the baseline transport revenue budget and transport levy to sustain levy reductions until the cost base falls as legacy debt is repaid.
- 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.
- Bus Franchising – Following the decision of the MCA Board in March 2025 to proceed with Bus franchising, the focus is now on transitioning to the new Bus Franchising Model. Bus franchising will lead to a fundamental change in the way in which bus services operate resulting in new responsibilities being taken on by the MCA, and the need to build organisational capacity. It is therefore expected to be a number of years before bus franchising is fully implemented across South Yorkshire. The indicative programme is for the first franchised bus services to be operating within three years and rolled out thereafter over the subsequent two years with complete roll out by 2030. Funding has been set aside within the Bus Franchising Transition reserve to fund this phase.
- Bus Resilience reserve – this has been created to provide a buffer against the immediate exposure to the financial performance of the bus network the MCA will face when the new Bus franchising model is implemented.
- Mass Transit Concession end - is held for the residual costs of closing out the project to transfer tram operations from Stagecoach to SYFTL.
- Tram Resilience - provides a buffer against the MCA's exposure to the commercial performance of SYFTL.
- Transport Innovation Fund – monies set aside in order to fund a number of innovative transport projects.
- Tram Vision – held to covers the remaining costs of undertaking a range of studies into potential tram extensions.

Projects and Programmes Reserves

- Skills Bank Reserve - The reserve is ring-fenced to support future Skills Bank delivery and sustainability.
- Business Sinking Fund – This reserve is being used to support Business Growth related revenue activity.
- Safe Place to Sleep – monies set aside to run a pilot Safe Space to Sleep Programme for children aged 0 to 5.
- Mayoral Election Reserve - The reserve is being built up to provide funding towards the cost of staging the next Mayoral election which is due to take place in 2029.
- Integration reserve – The reserve, initially created to manage the integration of the former Office for Police & Crime Commissioner into the MCA, is being re-purposed to support the work that will be required to integrate South Yorkshire Fire and Rescue into the MCA.
- Pathways to Work – monies set aside to support a programme being run in partnership with Barnsley MBC into helping those furthest from the labour market in Barnsley to achieve pathways to employment.

Gainshare Reserves

- South Yorkshire Renewals Fund - Resource is held in reserve to undertake a number of projects in support of the MCA's skills and business growth aspirations. Moving funding to reserves reflects timing differences between the receipt of grants and its application.
- Place Plans – these reserves represent monies set aside to support each constituent authority (Barnsley, Doncaster, Rotherham and Sheffield) to develop Local Authority Place Investment Plans which will set out the long-term local ambitions for growth and development

Identified risks reserves

- Asset Management - the MCA retains a reserve to support planned and reactive interventions associated with the management of its estate. This reserve allows the MCA to invest-to-save and manage shock without impact on the annual budget.
- Cyber Recovery - the reserve has been created to support the effective management of a potential future cyber incident, reflecting learning from cyber disruption in the recent past

Police and Reform

- The Insurance Reserve represents sums set aside to fund future potential liabilities under current insurance arrangements.
- The Devolved Budget Reserve is allocated to the Chief Constable to carry forward underspend up to the approved limits to fund expenditure in the following year.
- The Commissioning Reserve is set aside for underspends on commissioning to be carried forward to be spent in future financial years.
- The Revenue Grants Reserve relates to the treatment of revenue grants in accordance with the Code. There may be a mismatch between spending and income. In order to address this, any grant which has not been used to fund related expenditure is contributed to this reserve and used to fund expenditure when it is incurred in future years.
- The Legacy Reserve, which had been created to from underspends set aside to fund future potential liabilities in relation to Hillsborough and Child Sexual Exploitation, has been released to the Police Fund.
- The Transformation Reserve (formerly known as the Invest to Save Reserve) was created to fund non-recurrent costs such as Priority Based Budgeting (PBB) work to enable future recurrent savings.

- The Operational Direct Activity Reserve was created for underspends to be reinvested in future costs. This relates to activity in relation to Proceeds of Crime Act (POCA) and Safety Camera & Ticketing Processing (SCTP).
- The Capital Financing Reserve was created in 2023/24 to cover unexpected volatility in capital financing costs.
- The Deficit Reduction Reserve has been created in 2025/26 to fund the expected budget deficits over the next three financial years.
- The National Pressures Reserve has been created in 2025/26 to fund the financial pressures driven by nationwide policing matters that are not expected to be fully funded.
- The Invest to Save reserve has been created in 2025/26 to invest into potential opportunities that can reduce the financial deficits faced by the Police Fund in the medium term.

16. Financing and Investment Income and Expenditure

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

2024/25 £000		2025/26 £000
4,776	Interest payable and similar charges	4,659
(25,461)	Interest receivable and similar income	(32,259)
(134)	(Surplus) or deficit of trading undertakings	(408)
-	Revaluation gains	-
(20,819)		(28,008)
45	Pensions – Interest cost	136
(20,774)	Total	(27,872)

17. Taxation and Non- Specific Grant Income

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

2024/25 £000		2025/26 £000
	Police Fund	
(86,590)	Revenue Support Grant	(100,302)
(84,854)	Police Precept	(100,848)
(8,562)	Council Tax Support Funding	(9,591)
(121,873)	Home Office Police Grant	(145,553)
(45,558)	Home Office Police Pensions Grant	(54,503)
(140)	Capital Grants and Contributions	(1,026)
	MCA	
-	Capital Grants and Contributions - Ministry of Housing, Communities and Local Government	(5,195)
(19,555)	Capital Grants and Contributions - Department for Transport	(46,052)
(1,880)	Donated Asset	-
(369,012)	Total	(463,070)

MCA Capital Grant income comprises funding of £46.3m in relation to the purchase of property, plant and equipment and other non-current assets and £5m of capital grant income that has been recognised and transferred to Capital Grant Unapplied (2024/25 £19.6m and £nil respectively).

18. Property, Plant and Equipment (PPE)

Movements on Balances:

(a) PPE excluding Infrastructure Assets

2025/26	Other Land and Buildings £000	Vehicles, Plant, Furniture, and Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total PPE, Excluding Infrastructure Assets £000
Cost or Valuation:					
At 1 April 2025	169,173	144,160	6,372	16,937	336,642
Additions	1,259	9,268	-	12,255	22,782
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	2,054	-	-	-	2,054
Revaluation increases/ (decreases) to Surplus/Deficit on the Provision of Services	329	-	-	-	329
De-recognition – Disposals	-	(4,682)	-	-	(4,682)
De-recognition – Other	(85)	(54)	-	-	(139)
Reclassification and Transfers	(61)	902	(2,087)	(13,728)	(14,974)
At 31 March 2026	172,669	149,594	4,285	15,464	342,012
Accumulated Depreciation and Impairment:					
At 1 April 2025	(2,626)	(85,839)	(81)	-	(88,546)
Depreciation Charge	(5,932)	(10,144)	(65)	-	(16,141)
Impairment (losses)/Reversals Recognised in the Revaluation Reserve	1,108	-	-	-	1,108
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	261	-	-	-	261
De-recognition – Disposals	-	3,786	-	-	3,786
At 31 March 2026	(7,189)	(92,197)	(146)	-	(99,532)
Net Book Value					
At 31 March 2026	165,480	57,397	4,139	15,464	242,480
At 31 March 2025	166,547	58,321	6,291	16,937	248,096

(b) PPE including Infrastructure Assets

2025/26	Infrastructure Assets £000	Other Property, Plant, and Equipment £000	Total Property, Plant and Equipment £000	PFI Assets included in Infrastructure Assets £000
Net Book Value - 1 April 2025	97,739	248,096	345,835	11,972
Additions	33,459	22,782	56,241	611
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	3,162	3,162	-
Revaluation increases/(decreases) to Surplus/ Deficit on the Provision of Services	-	590	590	-
De-recognition – Disposals	(526)	(896)	(1,422)	-
De-recognition – Other	-	(139)	(139)	-
Reclassification and Transfers	4,661	(14,974)	(10,313)	-
Depreciation Charge	(4,341)	(16,141)	(20,482)	(399)
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-
At 31 March 2026	130,992	242,480	373,472	12,184

(a) PPE excluding Infrastructure Assets

2024/25	Other Land and Buildings £000	Vehicles, Plant, Furniture, and Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total PPE, Excluding Infrastructure Assets £000
Cost or Valuation:					
At 1 April 2024	22,925	95,186	3,745	11,822	133,678
Transferred in at 7 May 2024	142,135	45,023	3,426	390	190,974
Additions	4,834	6,975	-	5,815	17,624
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	3,137	-	198	-	3,335
Revaluation increases/ (decreases) to Surplus/Deficit on the Provision of Services	(1,951)	-	(252)	-	(2,203)
De-recognition – Disposals	-	(3,871)	(350)	-	(4,221)
De-recognition – Other	(1,797)	-	-	-	(1,797)
Reclassification and Transfers – To Assets Held for Sale	0	-	(395)	-	(395)
Other Movements	(110)	847	-	(1,090)	(353)
At 31 March 2025	169,173	144,160	6,372	16,937	336,642
Accumulated Depreciation and Impairment:					
At 1 April 2024	-	(58,794)	-	-	(58,794)
Transferred in at 7 May 2024	(1,713)	(22,871)	(24)	-	(24,608)
Depreciation Charge	(5,509)	(7,412)	(63)	-	(12,985)
Impairment (losses)/Reversals Recognised in the Revaluation Reserve	3,408	-	-	-	3,408
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	835	-	-	-	835
De-recognition – Disposals	-	3,238	-	-	3,238
Reclassification and Transfers	-	-	6	-	6
Other Movements	353	-	-	-	353
At 31 March 2025	(2,626)	(85,839)	(81)	-	(88,546)
Net Book Value:					
At 31 March 2025	166,547	58,321	6,291	16,937	248,096
At 31 March 2024	22,925	36,392	3,745	11,822	74,884

(b) PPE including Infrastructure Assets

2024/25	Infrastructure Assets £000	Other Property, Plant, and Equipment £000	Total Property, Plant and Equipment £000	PFI Assets included in Infrastructure Assets £000
Net Book Value - 1 April 2024	81,488	74,884	156,372	8,816
Transferred in at 7 May 2024	-	166,366	166,366	-
Additions	20,056	17,624	37,680	3,432
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	6,743	6,743	-
Revaluation increases/(decreases) to Surplus/ Deficit on the Provision of Services	-	(1,368)	(1,368)	-
De-recognition – Disposals	(1,353)	(983)	(2,336)	-
De-recognition – Other	-	(1,797)	(1,797)	-
Reclassification and Transfers	-	(389)	(389)	-
Depreciation Charge	(2,452)	(12,984)	(15,436)	(276)
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-
At 31 March 2025	97,739	248,096	345,835	11,972

Capital Commitments

MCA

The Authority had the following significant capital commitments as at 31 March 2026 in respect of direct delivery public transport schemes on assets forming part of the Authority's estate.

No commitments are shown in relation to capital schemes where the Authority provides capital funding to partners to deliver capital investment on assets forming part of a partner's estate.

The capital commitments represent the approved budgeted spend for the forthcoming financial year in order to give an indication of the scale of capital investment that the Authority is planning to undertake in maintaining and enhancing its estate. This goes beyond the requirements of the Code of Practice which only requires disclosure of the amount of contractual commitments for the acquisition of property, plant and equipment at the balance sheet date.

Capital Commitments 2026/27 (MCA direct delivery schemes)	£000
Bus Franchising	60,000
Mass Transit Asset Renewal (Tram)	38,769
A61 Highway Works	5,000
BSIP Bus Improvements	3,041
Penistone Park and Ride	2,851
Bus Lane Review Implementation	2,568
Transport Model	2,400
Thorne Railway Station	1,922
Realtime Detection Priority	1,505
Integrated Strategic Public Transport	1,005
Meadowhall Interchange Mobility Hub	1,000
Zero Emission Buses	364
Community Transport EV	45
Total	120,470

Police Fund

At 31 March 2026, contracts for the construction, enhancement or purchase of Property, Plant and Equipment were an estimated cost of £3.964m. These contracts included £1.56m for Vehicle purchases, £1.56m for Intangibles and £0.84m for Equipment.

Revaluations

Revaluations of Land and Buildings and surplus assets have been carried out by a professionally qualified Valuer in 2025/26.

The following statement shows the value of assets being carried in the balance sheet at current value, and the year in which they were last revalued, and those carried in the balance sheet at historical cost.

Police Fund assets are revalued on a rolling programme that ensures that assets measured at current value are revalued at least every five years.

In between formal revaluations with effect from 2025/26, assets carried at current value are subject to annual indexation and the carrying value adjusted where the cumulative impact is material.

	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at Historical Cost	1,302	149,594	-	15,464	166,360
Valued at Current Value as at					
31 March 2026	29,944	-	61	-	30,005
31 March 2025	122,957	-	-	-	122,957
31 March 2024	5,072	-	2,433	-	7,505
31 March 2023	13,394	-	1,767	-	15,161
31 March 2022	-	-	-	-	-
31 March 2021	-	-	-	-	-
31 March 2020	-	-	-	-	-
31 March 2019	-	-	-	-	-
31 March 2018	-	-	24	-	24
Indexation applied	-	-	-	-	-
Total Cost or Valuation	172,669	149,594	4,285	15,464	342,012

19. Intangible Assets

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

2025/26	Internally Generated £000	Other £000	Assets Under Construction £000	Total £000
Gross Carrying Amount	1,939	25,437	725	28,101
Accumulated Amortisation	(1,288)	(12,409)	-	(13,697)
Carrying Amount – 1 April 2025	651	13,028	725	14,404
Additions – Internal Development	848	-	-	848
Additions - Purchases	-	4,115	2,599	6,714
De-recognition – Disposals	(293)	(1,179)	-	(1,472)
De-recognition – Other	-	(58)	-	(58)
Reclassifications / Other Changes	-	99	(99)	-
Amortisation – Write off on Disposal	275	1,179	-	1,454
Amortisation Charge for the Year	(212)	(3,191)	-	(3,403)
Carrying Amount - 31 March 2026	1,269	13,994	3,225	18,488
Gross Carrying Amount – 31 March 2026	2,494	26,884	3,225	32,603
Accumulated Amortisation – 31 March 2026	(1,225)	(12,890)	-	(14,115)

2024/25	Internally Generated £000	Other £000	Assets Under Construction £000	Total £000
Gross Carrying Amount	-	1,531	111	111
Accumulated Amortisation	-	(1,531)	-	-
Carrying Amount – 1 April 2024	-	-	111	111
Gross Carrying Amount - Transferred in at 7 May 2024	1,952	12,835	7,576	22,363
Additions – Internal Development	87	-	3,664	3,751
Additions - Purchases	-	1,185	515	1,700
De-recognition – Disposals	(100)	(1,231)	-	(1,331)
De-recognition – Other	-	-	(24)	(24)
Reclassifications / Other Changes	-	11,117	(11,117)	-
Accumulated Amortisation - Transferred in at 7 May 2024	(1,412)	(10,429)	-	(11,841)
Amortisation – Write off on Disposal	100	1,219	-	1,319
Amortisation Charge for the Year	24	(1,668)	-	(1,644)
Carrying Amount - 31 March 2025	651	13,028	725	14,404
Gross Carrying Amount – 31 March 2025	1,939	25,437	725	28,101
Accumulated Amortisation – 31 March 2025	(1,288)	(12,409)	-	(13,697)

20. Financial Instruments

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

	Long Term		Current	
	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000
Investments at Amortised Cost	220,000	280,000	178,000	210,500
Equity Instrument - Fair Value Through Other Comprehensive Income	525	750	-	-
Investments - Accrued interest	-	-	8,949	12,083
Cash and Cash Equivalents	-	-	120,060	62,900
Borrowings at Amortised Cost	(64,703)	(59,456)	(4,800)	(5,335)
Borrowings - Accrued Interest	-	-	(439)	(441)
Other Liabilities - PFI/Leases	(14,564)	(14,353)	(883)	(953)

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

2025/26	Financial Liabilities At Amortised Cost £000	Financial Assets At Amortised Cost £000	Total £000
Income Expense, Gains and Losses			
Interest Expense - Debt	3,482	-	3,482
Interest Expense - PFI	1,177	-	1,177
Premium on Early Repayment of Debt	-	-	-
Changes in Fair Value	-	-	-
Impairment Losses/(Gains)	-	-	-
Total Expense in Surplus or Deficit on the Provision of Services	4,659	-	4,659

Interest Income	-	(32,259)	(32,259)
Total Income in Surplus or Deficit on the Provision of Services	-	-	(32,259)
Net Charge/(Credit) for the Year			(27,600)

2024/25	Financial Liabilities At Amortised Cost	Financial Assets At Amortised Cost	Total
Income Expense, Gains and Losses	£000	£000	£000
Interest Expense - Debt	3,612	-	3,612
Interest Expense - PFI	1,164	-	1,164
Premium on Early Repayment of Debt	-	-	-
Changes in Fair Value	-	-	-
Impairment Losses/(Gains)	-	-	-
Total Expense in Surplus or Deficit on the Provision of Services	4,776	-	4,776
Interest Income	-	(25,461)	(25,461)
Total Income in Surplus or Deficit on the Provision of Services	-	-	(25,461)
Net Charge/(Credit) for the Year			(20,685)

Expected Credit Losses

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 twelve-month expected losses.

Expected credit losses are 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 assesses losses on a collective basis.

The impairment loss allowances made in 2025/26 are summarised in Note 22.

Fair Value of Assets and Liabilities

The financial liabilities and financial assets reported in the Balance Sheet are all shown at amortised cost with the exception of an equity investment which is carried at Fair Value through Other Comprehensive Income and Expenditure.

The fair value of assets and liabilities carried at amortised cost has been 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 carrying amount is deemed a reasonable approximation of fair value.

Fair Value of Financial Liabilities

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

	2024/25		2025/26	
	Carrying Value £000	Fair Value £000	Carrying Value £000	Fair Value £000
PWLB	(69,503)	(66,854)	(64,792)	(61,521)
Market Loans	-	-	-	-
Doncaster Interchange PFI	(12,865)	(12,865)	(12,948)	(12,948)
Finance Leases	(2,582)	(2,582)	(2,358)	(2,358)
Short Term Borrowing Accrued Interest	(439)	(439)	(441)	(441)
Total Financial Liabilities	(85,389)	(82,740)	(80,539)	(77,268)

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

	2024/25		2025/26	
	Carrying Value £000	Fair Value £000	Carrying Value £000	Fair Value £000
PWLB	(69,503)	(69,832)	(64,792)	(64,098)
Market Loans	-	-	-	-
Doncaster Interchange PFI	(12,865)	(12,865)	(12,948)	(12,948)
Finance Leases	(2,582)	(2,582)	(2,358)	(2,358)
Short Term Borrowing Accrued Interest	(439)	(439)	(441)	(441)
Total Financial Liabilities	(85,389)	(85,718)	(80,540)	(79,845)

The fair value of liabilities using the premature repayment rate is lower than the carrying amount because the portfolio of loans includes a number of fixed rate loans where the interest payable is lower than the prevailing rates at the Balance Sheet date.

The difference between the carrying value of debt of £64.8m and Fair Value of £64.1m is a measure of the discount that would be applied if loans were terminated early as at the balance sheet date.

Fair Value of Financial Assets Carried at Amortised Cost

	2024/25		2025/26	
	Carrying Value £000	Fair Value £000	Carrying Value £000	Fair Value £000
Long Term Investments	220,000	220,836	280,000	278,672
Short Term Investments	186,950	186,950	222,579	222,579
Total Financial Assets	406,950	407,786	502,579	501,251

The analysis above relates to fixed term deposits held with Local Authorities and other third parties. Deposit accounts with UK banks and Money Market Funds are disclosed within Cash and Cash Equivalents – see Note 25.

Soft Loans

The Authority had one soft loan during the course of the year:

- £1.39m to City of Doncaster Council to support the DN7 scheme

The movements in the Soft Loan Balance arising from these transactions is summarised in the table below. The discount was fully unwound in 2024/25 so the loan is now held at its nominal value.

	31-Mar-25 £000	31-Mar-26 £000
Opening Balance	1,366	1,390
New Loans Granted	-	-
Less Fair Value Adjustment on Initial Recognition	-	-
Less Discounted Amount	-	-
Less Other Adjustments	-	-
Less Dividend Payment	-	-
Unwinding of Discount	24	-
Balance Carried Forward	1,390	1,390
Nominal Value	1,390	1,390

21. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

- **Credit Risk** The possibility that other parties might fail to pay amounts due to the Authority.
- **Liquidity Risk** The possibility that the Authority might not have funds available to meet its commitments to make payments.
- **Re-financing 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 before the start of the financial year as part of the Treasury Management Strategy, monitored and reported on to Members quarterly during the year, and in an 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 2026, the Authority held short- and long-term investments carried at amortised cost of £490.5m representing fixed term deposits and £62.9m classified as cash and cash equivalents (see Note 25) comprising £20.8m bank deposits, and £42.1m Money Market Funds. The default risk associated with these investments at the balance sheet date ranged between 0% and 0.012%.

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 immaterial impairment loss allowance of c.£3k.

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 2026:

31 March 2026				
	Financial Institution	Rating of Counterparty	Country	Amount £000
	Money Market Funds	AAA	UK	42,100
	Barclays Bank plc	AA-	UK	20,000
	Santander UK plc	AA-	UK	3,000

31 March 2025				
	Financial Institution	Rating of Counterparty	Country	Amount £000
	Money Market Funds	AAA	UK	72,206
	Barclays Bank plc	A+	UK	20,000

Other financial assets held at the year-end comprised:

- £1.890m of capital loans advanced to third parties in furtherance of the Authority's economic development objectives - see Note 23.
- An Equity Investment of £0.750m representing a minor interest in a joint venture company working in partnership with the universities of Leeds, Manchester, and

Sheffield with the aim of matching long-term capital to the commercial opportunities being generated from intellectual property from the universities and regions. As the Authority only holds a minority interest it is being carried in the balance sheet at cost

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 borrowing as it falls due.

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

	31 March 2025 £000	31 March 2026 £000
Less than one year	(5,239)	(5,776)
Between one and two years	(5,335)	(22,819)
Between two and five years	(34,819)	(15,000)
More than five years	(25,830)	(22,830)
Total	(71,223)	(66,425)

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

2024/25				2025/26		
Principal £000	Accrued Interest £000	Principal Plus Interest £000		Principal £000	Accrued Interest £000	Principal Plus Interest £000
178,000	8,949	186,949	Under 1 Year	210,500	12,079	222,579
90,000	-	90,000	Between 1 and 2 Years	150,000	-	150,000
130,000	-	130,000	Between 2 and 5 Years	130,000	-	130,000
-	-	-	Between 5 and 10 Years	-	-	-
-	-	-	More than 10 Years	-	-	-
398,000	8,949	406,949	Total	490,500	12,079	502,579

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, bank deposits and Money Market Funds whose principal amount and interest rate are fixed.

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	-
Increase in interest receivable on variable rate investments	-
Increase in government grant receivable for financing costs	-
Impact on Surplus or Deficit on the Provision of Services	-
Decrease in fair value of fixed rate investment assets (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	5,450
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)	2,713
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 2025 £000		31 March 2026 £000
30,475	Other Local Authorities & Central Government	31,159
2,860	Receivables from Related Parties	2,917
-	Others	-
33,335	Total	34,076

The Long-Term Debtor of £31.159m represents amounts due to the Police Fund from Central Government.

The Related Party long-term debtor represents an intercompany loan with the MCA's wholly owned subsidiary, SYFTL, which is repayable after more than one year.

23. Short-Term Debtors

The following is an analysis of Short-Term Debtors:

31 March 2025 £000		31 March 2026 £000
8,243	Trade Customers	8,652
58	Receivables from Related Parties	541
3,112	Prepayments	4,162
33,739	Other Entities and Individuals	50,580
1,390	Capital Loans	1,890
46,542	Total	65,825

The Trade Customers balance is shown net of an allowance for impairment losses of £1.163m. (2024/25: £1.280m)

The 2024/25 Other Entities and Individuals balance is shown net of a provision for Enterprise Zone business rates losses and appeals of £1.077m. In 2025/26, this has been reclassified from short term debtors to provisions in the balance sheet as disclosed in Note 27.

The carrying value of capital loans comprises the nominal value of loans plus rolled up interest amounting to £14.281m less £12.391m expected credit losses (2024/25 £12.759m less £11.369m expected credit losses).

24. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average costing formula.

2024/25					2025/26			
Consumable Stores	Vehicles Maintenance Spares	Uniform	Total		Consumable Stores	Vehicles Maintenance Spares	Uniform	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
-	-	-	-	Opening Balance 1 April	81	113	2,198	2,392
150	120	1,866	2,136	Transferred in on 7 May 2024	-	-	-	-
536	23	4,215	4,774	Purchases	494	8	2,889	3,391
(605)	(28)	(3,866)	(4,499)	Recognised as an Expense in the Year	(420)	(4)	(2,986)	(3,410)
-	(2)	(17)	(19)	Written off Balances / Revaluation	-	(7)	(1)	(8)
81	113	2,198	2,392	Closing Balance 31 March	155	110	2,100	2,365

25. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents comprises the following elements:

31 March 2025 £000		31 March 2026 £000
6,828	Cash:	3,525
-	Cash at Bank	-
6,828	Bank Overdraft	3,525
72,206	Cash Equivalents:	35,861
41,026	Money Market Funds	23,514
113,232	Bank Deposits	59,375
120,060	Total Cash and Cash Equivalents	62,900

Cash that is seized by the Force because it is suspected of either having been used, or intended for use, for the purpose of crime, is held pending a court decision as to whether it should be returned or awarded under a forfeiture order to the Force or the Treasury. This seized cash is held in trust for third parties by the MCA and is therefore excluded from the Balance Sheet. The sum held at 31 March 2026 is £4.002m.

In addition, the Force holds funds in relation to found property and prisoner property and is therefore excluded from the Balance sheet. The sum held at 31 March 2026 is £2.237m.

26. Short-Term Creditors

The following is an analysis of Short-Term Creditors:

31 March 2025 (as restated) £000		31 March 2026 £000
(45,543)	Trade Creditors	(51,867)
(82,370)	Related Parties Creditors	(52,266)
(45,217)	Revenue Grant Received in Advance	(60,704)
(18,785)	Other Creditors	(12,981)
(191,915)	Total	(177,818)

The analysis of creditors at 31 March 2026 has led to payroll payovers for tax, national insurance, pensions and similar items deducted from pay being classified as Other Creditors. The comparative has been restated so that it is on a like for like basis.

27. Provisions

The Authority has the following Provisions:

	Balance at 31 March 2025 £'000	Transferred from Debtors 1 April 2025 £'000	Additional Provisions Made in the Year £'000	Amounts Used in the Year £'000	Unused Amounts Reversed in the Year £'000	Balance at 31 March 2026 £'000
EZ Business Rates Losses and Appeals	-	1,116	1,803	-	-	2,919
Self Insurance	3,253	-	4,281	(942)	-	6,592
Statutory Redundancy	24	-	-	-	-	24
Legal Claims	77,616	-	6,099	(6,366)	(2,308)	75,041
Finance Lease	1,266	-	-	-	-	1,266
Total	82,159	1,116	12,183	(7,308)	(2,308)	85,842

	Balance at 31 March 2024 £'000	Balance Transferred at 6 May 2024 £'000	Additional Provisions Made in the Year £'000	Amounts Used in the Year £'000	Unused Amounts Reversed in the Year £'000	Balance at 31 March 2025 £'000
Inspection Works SYFTL	468	-	-	-	(468)	-
Death in Service Liability SYFTL	250	-	-	-	(250)	-
Self Insurance	-	4,489	246	(1,200)	(282)	3,253
Statutory Redundancy	-	24	-	-	-	24
Legal Claims	-	47,333	35,546	(3,485)	(1,778)	77,616
Finance Lease	-	2,449	-	-	(1,183)	1,266
Total	718	54,295	35,792	(4,685)	(3,961)	82,159

Short-Term Provisions amount to £26.428m and Long-Term Provisions £59.414m. (2024/25 Short-Term £20.139m and Long-Term £62.020m).

The provision for Enterprise Zone business rates and appeals is made by the MCA to cover the estimated losses in collection and refunds due to successful appeal, to the extent that these haven't already been taken into account by the relevant billing authorities. Up to and including 2024/25 it has been included in debtors as part of the bad debt provision. With effect from 1 April 2025, it has been transferred out of the Debtors bad debt provision and shown separately within provisions.

The Police provide a degree of self-insurance through an insurance provision. Under insurance policies, the Police Fund has to meet a proportion of each claim up an individual claim maximum and total maximum level each year. A contribution to the provision is made from revenue to fund this uninsured liability, in accordance with advice from the Force's insurance brokers. Payments are then made directly from the provision when claims are settled over the next few years. The provision can fluctuate year on year due to number of cases and materiality of the value.

A provision has been made for new legal claims and an adjustment to reduce the provision made in previous years. Further information on the Provision for Police legal claims is provided in Note 8.

The finance lease provision has been made for dilapidation costs at the end of the term of the lease which are required to bring the property back to its pre-lease state. These are dependent on the circumstances and what the terms of the lease require.

28. Usable Reserves

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

These are summarised in the table below:

31 March 2025 Total £000		31 March 2026 Total £000
	MCA	
(5,000)	General Fund	(5,000)
(129,972)	Earmarked Reserves	(138,648)
(10,802)	Capital Receipts Reserve	(13,299)
(44,537)	Capital Grants Unapplied	(45,844)
(190,311)	Sub-Total – MCA reserves excluding Police & Reform	(202,791)
	Police & Reform	
(28,717)	Police Fund	(37,507)
(54,663)	Police Fund Earmarked Reserves	(46,260)
-	Police Capital Receipts Reserve	-
-	Police Capital Grant Unapplied	-

(83,380)	Sub-Total – Police & Reform Reserves	(83,767)
(273,691)	Total	(286,558)

General Fund

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

Police Fund

The Police Fund is an unearmarked reserve to cover unexpected fluctuations in income and expenditure and unforeseen contingencies relating to Police and Reform activity.

Earmarked Reserves

Earmarked reserves are split between General Fund earmarked reserves and Police and Reform earmarked reserves in order to preserve ring-fencing. Details on the movements in year and purpose of each earmarked reserve are contained in Note 15.

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 movements on the Capital Receipts Reserve:

2024/25 £000		2025/26 £000
(15,306)	Balance at 1 April	(10,802)
(616)	Capital Loan Repayments and Other Capital Receipts	(3,287)
5,120	Capital Receipt Applied During the Year	790
(10,802)	Balance at 31 March	(13,299)

£1.290m of the capital receipts reserve balance has been placed in a Corporate Asset Management Fund the purpose of which is to maintain the Authority's assets through ongoing capital investment.

The remainder is available to support capital investment in Business Investment schemes, the Digital Infrastructure strategy, and, potentially, the use of capital flexibilities.

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.

2024/25 £000		2025/26 £000
(52,992)	Balance at 1 April	(44,538)
147	Capital Grant Credited in Year	(4,970)
8,308	Capital Grant Applied for Financing in Year	3,674
-	Other	(10)
(44,537)	Balance at 31 March	(45,844)

£32.473m of the balance at 31 March 2026 represents unapplied Gainshare capital. Gainshare funded activity is expected to increase as schemes approved in prior years move into delivery and partners begin to access the annual allocations that can be released to support the Place Investment Plans.

A further £7.466m represents recycled/unapplied capital grant that is being held for re-investment purposes.

29. Unusable Reserves

Movements in the Authority's unusable reserves are set out in the Movement in Reserves Statement.

These are summarised in the table below:

31 March 2025 Total £000		31 March 2026 Total £000
(41,858)	MCA	(74,947)
2,597	Capital Adjustment Account	2,504
2,736	Financial Instruments Account	2,509
(12,216)	Pensions Reserve	(12,041)
(48,741)	Revaluation Reserve	(81,975)
	Sub-Total – MCA Reserves Excluding Police & Reform	
23,514	Police & Reform:	28,189
-	Capital Adjustment Account	-
(59,498)	Financial Instruments Account	(59,670)
(1,677)	Revaluation Reserve	(1,128)
	Collection Fund Adjustment account	
(37,661)	Sub-Total – Police & Reform Reserves	(32,609)
(86,402)	Total	(114,584)

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 14 provides further detail in this regard.

2024/25 £000		2025/26 £000
(25,668)	Balance at 1 April	(18,344)
(1,687)	Transferred in at 7 May 2024	-
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
15,439	Depreciation of Non Current Assets	20,482
-	Revaluation gains credited to the CIES	(590)
1,368	Revaluation / impairment losses charged to the CIES	-
1,644	Amortisation of Intangible Assets	3,403
143,970	Revenue Expenditure Funded by Capital Under Statute	121,821
2,499	Profit / loss on disposal of Non Current assets	1,442
4,491	Expected credit losses on capital loans	500
(1,880)	Movements in fair value of Donated Asset Account & ROU Asset	0
	Adjusting amounts written out of the Revaluation Reserve:	
(2,967)	Difference between fair value depreciation and historical cost depreciation	(3,164)
-	Accumulated gains on assets sold or scrapped	0
164,564	Net written out amount of the cost of non-current assets consumed in the year	143,894
	Capital financing applied in the year:	
(5,616)	Use of the Capital Receipts Reserve to finance new capital expenditure	(790)
(135,358)	Capital grants and contributions credited to the CIES including REFCUS Income	(152,166)
(8,455)	Application of grants and contributions from the Capital Grants Unapplied Account	(3,674)
(5,019)	Statutory provision for the repayment of debt	(9,622)
0	Voluntary provision for the repayment of debt	0
(1,105)	Direct Revenue Financing	(6,056)
(155,553)		(172,308)
(18,344)	Balance at 31 March	(46,758)

Financial Instruments Adjustment Account

2024/25 £000		2025/26 £000
2,715	Balance at 1 April	2,597

-	Premium / (discounts) in the year	-
(94)	Amortisation of premia / (discounts) incurred in previous years	(93)
(24)	Soft Loan Amortisation	-
(118)	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(93)
2,597	Balance at 31 March	2,504

Pensions Reserve

2024/25 £000		2025/26 £000
3,688	Balance at 1 April	2,736
2,711	Reversal of Retirement benefits chargeable to the CIES on an Accounting basis	2,415
(2,471)	Employer contributions and direct payments to pensioners	(3,015)
240	Adjustment to Pension Costs	(600)
(1,192)	Remeasurements	373
2,736	Balance at 31 March	2,509

Revaluation Reserve

2024/25 £000		2025/26 £000
(10,973)	Balance at 1 April	(71,714)
(56,965)	Transferred in as at 7 May 2024	-
(10,387)	Upward revaluation of assets	(3,161)
3,644	Downward revaluation of assets	-
(6,743)	(Surplus)/deficit on revaluation of assets credited to CIES under Other Comprehensive Income & Expenditure	(3,161)
2,885	Difference between fair value depreciation and historical cost depreciation	3,164
82	Accumulated gains on assets sold or scrapped	-
(71,714)	Balance at 31 March	(71,711)

Collection Fund Adjustment Account

2024/25 £000		2025/26 £000
-	Balance at 1 April	(1,677)
(1,904)	Transferred in at 7 May 2024	-
227	Amount by which council tax income in CIES is different from that calculated for the year in accordance with statutory requirements	549
(1,677)	Balance at 31 March	(1,128)

Accumulated Absences Account

2024/25 £000		2025/26 £000
-	Balance at 1 April	-
3	Transferred in at 7 May 2024	-
(3)	Cancellation of accrual	-
-	Balance at 31 March	-

30. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2024/25 £000		2025/26 £000
22,671	Interest Received	32,259
(5,285)	Interest Paid	(4,706)
17,386	Total	27,553

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

2024/25 £000		2025/26 £000
15,437	Depreciation	20,482
1,367	Revaluation gains and losses credited / charged to CIES	(590)
(1,880)	Donated asset credited to CIES	-
1,387	Loss on disposal of fixed assets	1,269
1,644	Amortisation	3,403
0	Capital spend from prior years capitalised as REFCUS	10,314
23,272	Increase/(decrease) in capital grant received in advance	64,857
(23)	Impairment of capital assets / unwinding of soft loan adjustment on capital loans	-
(94)	Rewind premium on early repayment of loans	(93)
138	Write down of PWLB Premium Loans	89
(33,336)	(Increase)/ decrease in long term debtors	(684)
34,889	Increase/(decrease) in creditors	(14,731)
46,697	(Increase)/decrease in debtors (excluding capital loans)	(16,422)
(257)	(increase)/decrease in inventories	27
240	Movement in pension liability – IAS 19	(600)
27,147	Increase/(decrease) in provisions	764
(3,195)	Increase/ (decrease) in revenue grants in advance	33
(374)	Finance leases	(224)

(2,790)	Short term investments / short term borrowing – accrued interest	(3,131)
119	Other non-cash items charged to the net surplus or deficit on the provision of services	317
110,388	Total	65,080

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

2024/25 £000		2025/26 £000
(19,844)	Other receipts from investing activities – capital grants	(47,303)
-	Premium on early repayment of debt	-
-	Any other items for which the cash effects are investing or financing cash flows	-
(19,844)	Total	(47,303)

31. Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2024/25 £000		2025/26 £000
(35,126)	Purchase of property, plant and equipment, investments property and intangible assets	(62,396)
(110,076)	Purchase of short-term and long-term investments	(92,951)
-	Proceeds from short-term and long-term investments	-
1,112	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	173
19,857	Other receipts from investment activities	47,304
(124,233)	Total	(107,870)

32. Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2024/25 £000		2025/26 £000
(464)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(528)
(5,786)	Repayments of short and long-term borrowing	(4,800)
-	Premium on early repayment of debt	-
(6,250)	Total	(5,328)

33. Trading Operations

Advanced Manufacturing Park Technology Centre (AMP)

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

2025/26	Income	Expenditure	Operating (Surplus)/ Deficit	Accounting Adjustments	Accounting (Surplus)/ Deficit

	£000	£000	£000	£000	£000
AMP Technology Centre Operation	(1,936)	1,528	(408)	-	(408)

2024/25					
	Income	Expenditure	Operating (Surplus)/ Deficit	Accounting Adjustments	Accounting (Surplus)/ Deficit
	£000	£000	£000	£000	£000
AMP Technology Centre Operation	(1,914)	1,780	(134)	-	(134)

Excluding depreciation, the AMP made a trading surplus of £706k in 2025/26 (2024/25 £392k). The trading surplus was in part transferred to the Asset Management Reserve for reinvestment in the future.

34. Officers' Remuneration and Members Allowances

The remuneration paid to the Mayoral Combined Authority's senior employees is shown in the table below. These figures exclude members of the Police Senior Command Team and statutory postholders chargeable against the Chief Constable's accounts which are disclosed within the Group Accounts:

2025/26	Salary	Expenses	Exit Payments	Pension Contribution	Total
	£	£	£	£	£
Current					
Katharine Hammond – Chief Executive (Note 1)	197,134	-	-	39,033	236,167
Executive Director Resources and Investment (S.73 Officer)	142,803	-	-	28,275	171,078
Strategic Director of Legal, Governance and Commercial (Monitoring Officer)	108,269	-	-	21,437	129,706
Executive Director Strategic Development and Reform	142,803	-	-	28,275	171,078
Executive Director Growth Business and Skills	126,936	-	-	25,133	152,069
Melanie Corcoran - Executive Director of Transport	155,713	-	-	30,831	186,544
Human Resources Director	107,672	-	-	21,319	128,991
Non-Current					
Martin Swales – Interim Chief Executive (Head of Paid Service) (Note 3)	20,400	-	-	-	20,400
Kate Josephs – Interim Chief Executive (Note 4)	-	-	-	-	-
Director of Corporate Delivery (Note 5)	46,076	-	-	9,123	55,199
Sub Total	1,047,806	-	-	203,426	1,251,232
Elected Mayor – Oliver Coppard (Note 6)	114,360	-	-	-	114,360
Deputy Mayor for Policing & Crime (Note 2)	89,432	-	-	-	89,432
Total	1,251,598	-	-	203,426	1,455,024

Notes, 2025/26:

1. Katharine Hammond commenced her role as Chief Executive from 19/05/2025.
2. The Deputy Mayor for Policing & Crime commenced their role on 02/06/2025.
3. Martin Swales was in post as the Interim Chief Executive until 01/05/2025.

4. Kate Josephs served as Interim Chief Executive from 02/05/2025 to 19/05/2025 and did not receive any compensation for her time in post.
5. The Director of Corporate Delivery ceased to be a member of the senior team on 31/08/2025 due to a change in responsibilities.
6. The mayoral allowance payable to the Mayor is index linked. His pay this year, includes a back-dated cost of living increase to the date of his re-election in May 2024 plus a cost of leaving increase for 2025/26.

2024/25	Salary	Expenses	Exit Payments	Pension Contribution - As Restated	Total - As Restated
	£	£	£	£	£
Current					
Martin Swales – Interim Chief Executive (Head of Paid Service) (Note 2)	257,400	-	-	-	257,400
Executive Director Resources and Investment (S.73 officer)	137,321	-	-	27,189	164,510
Director of Law and Governance (Monitoring Officer) (Note 1)	59,975	-	-	11,875	71,850
Executive Director Strategic Development and Reform	137,321	-	-	27,189	164,510
Executive Director Growth Business and Skills	122,661	-	-	24,287	146,948
Melanie Corcoran - Executive Director of Transport	153,750	-	-	30,443	184,193
Director of Corporate Delivery	102,975	-	-	20,389	123,364
Non-Current					
Director of Law and Governance (Monitoring Officer) (Note 1)	42,600	-	-	8,435	51,035
Sub Total	1,014,003	-	-	149,807	1,163,810
Elected Mayor – Oliver Coppard (Note 3)	106,491	-	-	-	106,491
Total	1,120,494	-	-	149,807	1,270,301

Notes, 2024/25:

1. The current Director of Law and Governance was appointed on 2.9.2024. The previous Director of Law and Governance was in post from 1.4.2024 to 1.9.2024
2. The Interim Chief Executive and Head of Paid Service was appointed on 1.7.2022 and throughout their period of service up to and including 2024/25 has been 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 payroll costs of similar employed individuals in peer authorities in both 2024/25 and 2023/24.
3. Oliver Coppard was re-elected as Mayor of South Yorkshire and took on Police and Crime Commissioner duties with effect from 7 May 2024 on integration with the PCC. The annual mayoral allowance payable to the Mayor determined by an Independent Remuneration Panel is £107,000 p.a in 2024/25 which does not include pay award @2.5%.

Employees receiving more than £50,000 remuneration for the year (excluding MCA senior officers separately disclosed above and police officers and staff chargeable against the Chief Constable's accounts disclosed within the Group Accounts) were paid the following amounts:

Remuneration Band	2024/25	2025/26
£50,000 - £54,999	29	34
£55,000 - £59,999	23	21
£60,000 - £64,999	11	19
£65,000 - £69,999	4	11

£70,000 - £74,999	6	12
£75,000 - £79,999	2	5
£80,000 - £84,999	5	6
£85,000 - £89,999	2	4
£90,000 - £94,999	2	5
£95,000 - £99,999	1	2
£100,000 - £104,999	1	1
£105,000 - £109,999	-	3
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	1
Total	86	124

The increase in reportable employees is due to several factors:

- The cost-of-living salary uplift in financial year 25/26 resulted in a number of employees earning slightly more than 50k where they previously were under the threshold.
- MCA FTE has increased to 406 as of March 2026, where previously it had been 309 in April 2024 and 325 in March 2025.
- For the MCA specifically, there were 51 employees reportable in the above bands in 25/26 that were not reportable in 24/25. This was offset by 11 employees who were reportable in 24/25 who left the organisation and did not earn above the £50k threshold in 25/26. 8 of these newly reportable employees are attributable to the cost-of-living increase, while majority of the remaining newly reportable employees are new hires/new posts added in the last 24 months as the MCA's scope and scale of activity has increased.

Members Allowances

The MCA does not operate a members allowances scheme. Members are instead recompensed in respect of duties and responsibilities undertaken as a Member or co-opted member of the Authority by way of special responsibility allowance through their own Council's Members Allowance scheme.

There is however a scheme of allowances for independent members of the Audit, Standards and Risk Committee which provides for an annual attendance allowance and travel expenses. The amount paid in 2025/26 under this scheme was £4k (2024/25 £3k).

In 2025/26 Joint Independent Audit Committee (JIAC) members were paid allowances of £6k (2024/25 £8k); Independent Ethics Panel members £6k (2024/25 £6k); Independent Advisory Panel on Policing Protests members £nil (2024/25 £nil); and, Independent Members on misconduct hearings £15k (2024/25 £13k).

35. Termination Benefits

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

2024/25				2025/26				
Number of Compulsory Redundancies	Number of Other Departures	Total Number of Exit Packages by Cost Band	Total cost of Exit Packages in Each Band (as restated) £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
1	-	1	9	£0 - £20,000	-	-	-	-
1	-	1	24	£20,001 - £40,000	-	-	-	-
-	-	-	-	£40,001 - £60,000	-	-	-	-
-	-	-	-	£60,001 - £80,000	-	-	-	-
-	-	-	-	£80,001 - £100,000	-	-	-	-
-	-	-	-	£100,001 - £150,000	-	-	-	-
2	-	2	33	Total	-	-	-	-

36. External Audit Fees

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

2024/25 £000		2025/26 £000
128	Core Audit Fee – PSAA Scale Fee	136
184	Core Audit Fee – Former SYPTTE and Former PCC Activity	189
-	Fee Variation – Build Back Assurance	56
30	Fee Variations	-
342	Total	381

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

The 2024/25 fee variations were approved by Public Sector Audit Appointments (PSAA) in April 2026.

The 2025/26 scale fee set by the PSAA does not cover the additional audit work that will need to be undertaken in relation to arrangements for the reset and recovery of local government to build back assurance where previous years' audits have been subject to a disclaimer. The indicative fee for this work is £56k.

The fee of £189k for audit work relating to activities integrated from the former PCC and former South Yorkshire Passenger Transport Executive has yet to be agreed by the PSAA.

The Government has provided funding towards the increased fees associated with the extra fees associated with work on building back assurance of £91k to date.

37. Grant Income

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

2024/25 £000 (Restated)		2025/26 £000
	MCA: Credited to Cost of Services:	
	Local Authority Contributions:	
(56,560)	Transport Levy	(57,691)
(2,795)	EZ Business Rates	(2,784)
(1,184)	Local Authority Subscriptions	(1,184)
	Revenue Grant Income and Capital Grants Credited Against REFUS within the CIES:	
(76,604)	Ministry of Housing, Communities and Local Government	(74,632)
(93,706)	Department for Transport	(86,330)
(47,822)	Department for Education and Skills Funding Agency	(43,827)
(2,246)	Department for Business and Trade	(2,337)
(451)	Careers Enterprise Company	(493)
(1,145)	Department for Culture, Media & Sport	(2,554)
(116)	Department for Science, Innovation & Technology	-
(611)	NHS South Yorkshire ICB	-
(2,493)	Department for Work & Pensions	(15,709)
(152)	Department for Environment, Food and Rural Affairs	(75)
(137)	Other	(1,284)
(286,022)	Total: MCA	(288,900)
	Police & Reform: Credited to Cost of Services	
(30,951)	Hillsborough Civil Costs	(3,677)
(9,662)	Operation Uplift	(8,586)
(7,927)	Police Pension	(8,191)
(5,579)	Police Pension Pay Award	(4,215)
-	Force Neighbourhood Police Grant	(4,373)
(3,266)	Victims Support Services (MOJ)	(3,362)
(2,838)	Stovewood Special Grant	(2,512)
(1,882)	ASB Hotspot Response	(1,953)
(1,597)	Violent Reduction Unit	(2,295)
(1,027)	Apprenticeship Levy	(1,151)
-	McCloud Remedy Compensation Grant	(1,024)
(858)	Disclosure & Barring Service	(976)
(685)	National ARV Uplift	(867)
(363)	Meadowhall	(431)
(386)	CSE Inquiry	(554)
(339)	Safer Streets 5	-
(336)	Project Perpetrator Programmes	-
(298)	AI in Policing	-
(293)	Local Resilience Forum (LRF)	(284)
(221)	POCA Community Scheme	-
(218)	Barnsley Town Centre Team	(258)
(176)	NLEDS	(354)
(129)	Sheffield University Grant	(147)
(127)	Netic Cyber Crime	(155)
-	Operation Mustang Oscar	(133)
(112)	Home Office Loan Charge Grant	(119)

(93)	Serious Violence Duty 2022/23 to 2024/25	(115)
-	Operation Tazz	(100)
(753)	Other Miscellaneous Grants (Individual Grants less than £100k)	(914)
(70,116)	Total: Police & Reform	(46,746)
(356,138)	Total Credited to Cost of Services	(335,646)
(369,012)	Credited to Taxation and Non- Specific Grant Income: (Note 17)	(463,070)
(725,150)	Total: Credited to CIES	(798,716)

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:

Revenue Grants Receipts in Advance:

31 March 2025 £000		31 March 2026 £000
	MCA Revenue Grants Received in Advance:	
-	Department for Business and Trade	(204)
(17,862)	Department for Transport	(17,199)
(6,515)	Ministry of Housing, Communities and Local Government	(16,496)
(17,306)	Department for Education and Skills Funding Agency	(23,135)
(34)	Cabinet Office	(34)
-	Careers Enterprise Company	(100)
(141)	Department for Environment, Food and Rural Affairs	(288)
-	Department for Work and Pensions	(93)
-	Department for Energy Security and Net Zero	(208)
(2,642)	Other	(2,199)
(44,502)	Total	(59,956)
	Police & Reform Revenue Grants Received in Advance:	
(223)	Local Resilience Forum	(250)
(125)	Drug Test on Arrest	(71)
(367)	Other Miscellaneous Grants (individual grants less than £100k)	(427)
(715)	Total	(748)
(45,217)	Total Revenue Grants Received in Advance	(60,704)

Capital Grants Receipts in Advance:

31 March 2025 £000		31 March 2026 £000
	MCA Capital Grants Received in Advance:	
(229,330)	Department for Transport	(267,357)
(18,478)	Ministry of Housing, Communities and Local Government	(33,911)
-	Department for Education and Skills Funding Agency	(11,570)
(193)	Department for Culture, Media & Sport	-
-	Other	(20)
(248,001)	Total	(312,858)
	Police & Reform Capital Grants Received in Advance:	
(13)	Other Miscellaneous Grants (individual grants less than £100k)	(13)
(13)	Total	(13)
(248,014)	Total Capital Grants Received in Advance	(312,871)

38. 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 Board members, and senior officers on the MCA Executive Leadership team.

Members

During 2025/26 no material related party transactions were identified requiring disclosure in respect of works or services commissioned from companies in which members had an interest or with the members themselves (£nil 2024/25).

Senior Officers

During 2025/26, no material related party transactions were identified requiring disclosure (£nil 2024/25).

Senior Command Team (Police)

No material related party transactions identified.

Material Transactions with Related Parties

Income

2025/26				
	Transport Levy £000	EZ Business Rates £000	Local Authority Subscriptions £000	Total £000
Sheffield City Council	(24,023)	(1,504)	(488)	(26,015)
Barnsley Metropolitan Borough Council	(10,113)	(442)	(206)	(10,761)
City of Doncaster Council	(12,750)	-	(264)	(13,014)
Rotherham Metropolitan Borough Council	(10,806)	(838)	(226)	(11,870)

2024/25				
	Transport Levy £000	EZ Business Rates £000	Local Authority Subscriptions £000	Total £000
Sheffield City Council	(23,552)	(1,204)	(488)	(25,244)
Barnsley Metropolitan Borough Council	(9,914)	(585)	(206)	(10,705)
City of Doncaster Council	(12,500)	0	(264)	(12,764)
Rotherham Metropolitan Borough Council	(10,594)	(1,006)	(226)	(11,826)

Expenditure

2025/26			
	Capital £000	Revenue £000	Total £000
Sheffield City Council	20,847	13,544	34,391
Barnsley Metropolitan Borough Council	17,235	13,299	30,534
City of Doncaster Council	15,902	17,020	32,922
Rotherham Metropolitan Borough Council	27,951	5,828	33,779

2024/25			
	Capital £000	Revenue £000	Total £000
Sheffield City Council	44,564	11,593	56,157
Barnsley Metropolitan Borough Council	23,318	6,209	29,527
City of Doncaster Council	39,707	4,265	43,972
Rotherham Metropolitan Borough Council	21,326	2,514	23,840

Group Subsidiaries

Chief Constable of South Yorkshire

The Chief Constable for South Yorkshire is a separate legal entity to the MCA known as a “corporation sole” and is required to produce their own statutory accounts. The MCA as holder of the Police Fund, makes all payments in relation to operational policing and Police and Crime Commissioner activity and receives all funding including government grant, precepts and other income. It also holds all assets, liabilities and reserves relating to the Police Fund on its balance sheet. The Chief Constable’s accounts present how the funding made available to the Chief Constable for operational policing has been spent in the year. It also includes in its balance sheet the pensions relating to police officers and civilian staff involved in operational activity and their accrued employee benefits. Accordingly, to arrive at the consolidated position for Police and Crime Commissioner activity and operational policing, the Chief Constable’s accounts are consolidated into the Group accounts of the MCA for the period from 7 May 2024 onwards (see Note 1 Business Combination for further detail).

As the MCA holds all the assets, liabilities and reserves relating to the Police Fund the only intra-group item between the MCA and Chief Constable is the funding made available to the Chief Constable for operational policing. For the period to 31 March 2026, this amounted to £468.446m (period ended 31 March 2025 £422.004m) which is shown as expenditure in the MCA’s CIES and funding in the Chief Constable’s accounts. This is eliminated on consolidation from the Group accounts.

South Yorkshire Future Trams Limited (SYFTL)

South Yorkshire Future Trams Limited (SYFTL) was incorporated in October 2023 as a wholly owned subsidiary of the Authority.

The purpose of SYFTL is to undertake the operation and maintenance of the tram network following the end of the twenty-seven-year long tram concession agreement. The company commenced trading on 22 March 2024.

Transactions between the Authority and SYFTL comprise:

- £6m of Revenue subsidy granted by MCA to SYFTL to support tram operations (£5.6m 2024/25)
- £2.882 of concessionary fares paid by MCA to SYFTL (£2.9m 2024/25)
- Capital and revenue recharges in respect of capital works undertaken by SYFTL on behalf of the MCA and from MCA to SYFTL for operating costs borne by MCA relating to supertram operations are £nil in the CIES in 2025/26 (£0.8m capital recharges and £0.8m revenue charges 2024/25). This is due to a change in treatment whereby recharges are now managed through the balance sheet rather than through income and expenditure

Intercompany balances at the year-end comprise:

- A £2.917m intercompany revenue loan from MCA to SYFTL repayable after more than one year (2024/25 £2.9m)
- £0.06m payable by SYFTL to MCA (£0.3m 2024/25)
- £0.741m payable by MCA to SYFTL (£1.2m 2024/25)

Other Public Bodies Subject to Common Control

There are direct relationships between the MCA/Chief Constable and other PCCs/Chief Constables within the Yorkshire and Humber region in respect of Regional Collaboration arrangements. Details are disclosed in Note 60 to the Group Accounts.

39. 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. The information below is given in respect of the Loans CFR and excludes Other Long-term Liabilities (PFI and Finance leases)

MCA 2024/25	Police Fund 2024/25		MCA 2025/26	Police Fund 2025/26
£000	£000		£000	£000
		Capital Investment		
21,443	10,337	Property, Plant and Equipment	45,337	10,155
75	-	Equity Investment	225	-
515	4,912	Intangible Assets	2,599	4,905
1,880	-	Right of Use Assets	-	-
3,432	-	PFI (IFRS 16 adjustment)	611	-

127,039	16,932	Revenue Expenditure Funded from Capital Under Statute	107,617	4,890
154,384	32,181	Total	156,389	19,950
		Sources of Finance		
135,366	140	Government Grants and Other Contributions	151,095	1,026
8,307	-	Capital Grant Unapplied	3,674	-
5,121	496	Capital Receipts	622	168
278	827	Direct Revenue Financing/Earmarked Reserves	387	5,669
1,880	-	Donated assets – Right of Use	-	-
3,432	-	PFI Liability (IFRS 16 Adjustment)	611	-
-	30,718	Borrowing Requirement	-	13,087
154,384	32,181		156,389	19,950
		Capital Financing Requirement		
109,827	-	Opening Balance	106,323	144,156
-	113,080	Transferred in 7 May 2024 Police & Reform	-	-
-	30,718	Borrowing Requirement for the year	-	13,087
(3,504)	(819)	Statutory/Voluntary Provision for Repayment of Debt (MRP)	(3,504)	(5,366)
106,323	142,979	Closing Balance	102,819	151,877
(43,000)	(27,784)	PWLB Borrowing	(39,000)	(26,984)
-	-	Other Borrowing	-	-
(43,000)	(27,784)		(39,000)	(26,984)
63,323	115,195	Loans CFR (Less than) / in Excess of Debt	63,819	124,983

40. Leases

Change in Accounting Policy and Transition to IFRS 16 Lease Accounting

In 2024/25 the MCA applied IFRS 16 Leases as permitted by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e., without recognising the leased property as an asset and future rents as a liability), a right-of-use asset and a lease liability are brought into the balance sheet. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements. The notes below also include the leases of the former PCC South Yorkshire who voluntarily applied IFRS 16 in the 2023/24 accounts.

IFRS 16 was applied retrospectively, but with the cumulative effect recognised on 1 April 2024. This means that right-of-use assets and lease liabilities were calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

However, some practical expedients have been applied as required or permitted by the Code:

- Lease liabilities are measured at the present value of the remaining lease payments, discounted by an appropriate incremental borrowing rate at that date.
- The weighted average of the incremental borrowing rates used to discount liabilities was 7%.

- Right-of-use assets are measured at the amount for the lease liability, adjusted for any prepaid or accrued lease payments – any initial direct costs have been excluded

The total Right of Use asset calculated for the MCA leased assets under implementation of IFRS16 on 1 April 2024 was £155k. Therefore, due to the non-material value these leases have not been capitalised as Right of Use assets and have been treated as operating leases and expensed to revenue. The position has been reviewed in 2025/26 and the value is still non material and this treatment has continued.

The leases on the balance sheet are as follows:

	Right of Use £000	Peppercorn £000
Land and Buildings	4,106	2,299
Land and Building – Depreciation	(1,242)	(210)
Total NBV	2,864	2,089
Finance by:		
Lease Liability	(2,030)	-
Provision – Dilapidation Costs	(1,266)	-
Short Term Creditors	(328)	-
CAA Reserve	760	(209)
Donations	-	(1,880)
Total Financing	(2,864)	(2,089)

As a Lessee

Right Of Use Assets

Property, Plant and Equipment held as a Right of Use Asset is recognised in the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the period in which they are incurred.

Lease payments for Right of Use Assets are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant and Equipment – applied to write down the lease liability.
- a finance charge, which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment recognised as a Right of Use Asset's accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. The MCA is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The MCA has two properties, which are classified as Right of Use Assets which are carried as Property, Plant and Equipment in the Balance Sheet with the following net amounts:

The MCA acquired the lease of one property for 999 years and paid £1.8m in 2008 with an ongoing charge of £200 per annum. In 2011, the MCA acquired the lease of land for 999 years, paying £0.125m with no annual charge.

	31 March 2025 £000	31 March 2026 £000
Land and Buildings	2,873	2,819
Total	2,873	2,819

Movement of Right-of-use Assets

The table shows the change in the value of the right-of-use assets held under lease:

	31 March 2025 £000	31 March 2026 £000
Opening Balance	4,776	3,258
Additions	-	-
Depreciation and Amortisation	(308)	(344)
Lease Remeasurement	(27)	(50)
Derecognition (Provision)	(1,183)	-
Closing Balance	3,258	2,864

Movement of Peppercorn Assets

The table shows the change in the value of the peppercorn assets held under lease:

	31 March 2025 £000	31 March 2026 £000
Opening Balance	342	2,159
Additions	1,880	-
Revaluations	-	-
Depreciation and Amortisation	(63)	(70)
Disposals	-	-
Closing Balance	2,159	2,089

Transactions Under Leases

The Authority incurred the following expenses and cash flows in relation to leases:

	31 March 2025 £000	31 March 2026 £000
Interest Expense on Lease Liabilities	150	154
Expense Relating to Short-Term Leases	-	3
Expense Relating to Exempt Lease of Low-Value Items	190	186
Total	340	343

Maturity Analysis of Lease Liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

Non-IFRS 16 (Exemptions / Low Value)		
	31 March 2025	31 March 2026
	£000	£000
Less than One Year	188	130
More than One Year and Less than Five Years	207	77
More than Five Years	-	-
Total	395	207

IFRS 16		
	31 March 2025	31 March 2026
	£000	£000
Less than One Year	379	379
More than One Year and Less than Five Years	1,605	1,651
More than Five Years	1,272	848
Total Leases Due	3,256	2,878
Less Interest at 7%	(674)	(520)
Total Liability as per Balance Sheet (Short / Long)	2,582	2,358

As Lessor

There are no leases that require recognition as a finance lease receivable on the balance sheet.

Operating Leases

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

2024/25			2025/26	
£000			£000	
1,394	Not Later than One Year		836	
2,165	Later than One Year and Not Later than Five Years		1,637	
237	Later than Five Years		184	
3,796	Total		2,657	

Contingent Rents

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

41. Post-Employment Benefits

Local Government Pension Scheme

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 through its participation in the Local Government Pension Scheme administered by the South Yorkshire Pensions Authority, the South Yorkshire Pension Fund. 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.

The Pension Fund is subject to regular triennial actuarial valuations, which are used to determine contribution rates for the three years covered by the triennial valuation. The last of these was in March 2025 which the South Yorkshire Pensions Authority, on behalf of its member Authorities, commissioned from the actuary, Hymans Robertson LLP.

In addition to the triennial revaluation of the Pension Fund, when preparing annual accounts, the Pension Fund and actuaries are required to undertake a separate annual valuation of the Pension Fund in accordance with International Accounting Standard (IAS) 19 – Employee Benefits. This provides an indication of the liabilities and assets within the pension fund for the past financial year. For 2025/26 the IAS 19 actuarial exercise identified a surplus on the funded element of the Fund of £44.382m and a liability on the unfunded element of £2.509m.

Total ongoing contributions of £2.814m are expected to be made to the Local Government Pension Scheme in the year to 31 March 2027 based on an ongoing service contribution rate of 11%. This represents the combined contribution rate following the integration of the Authority and Office for the Police and Crime Commissioner on 7 May 2024.

In assessing the potential level of liabilities, the fund's actuary has estimated the weighted average maturity profile of the defined benefit obligation to be 17 years.

The Authority also continues to be responsible for payments to the Fund in respect of service for all staff formerly 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. From 7 May 2024 the Authority is also responsible for payments to the fund for staff formerly employed by the Office for the Police and Crime Commissioner.

Virgin Media-Court Case

On 25 July 2024, the Court of Appeal dismissed the appeal in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others. The appeal was brought by Virgin Media Ltd against aspects of the High Court's ruling handed down in June 2023 relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. On 2 September 2025, the Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law. Following the publication of draft legislation, we do not now expect the ruling to give rise to any additional liabilities.

Comprehensive Income and Expenditure Statement	2024/25 £000	2025/26 £000
Current Service Cost	2,666	2,279
Financing Investment Income and Expenditure	45	136
Remeasurement in Other Comprehensive Income and Expenditure	(19,471)	(488)
Remeasurement in Other Comprehensive Income and Expenditure – Asset Ceiling	18,279	861
Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	1,519	2,788

Movement in Reserves Statement	2024/25 £000	2025/26 £000
Reversal of Net Charges Made to the (Surplus)/Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	(2,711)	(2,415)
Actual Amount Charged Against the General Fund Balance for Pensions in the Year:		
Employer's Contributions Payable to Scheme	2,471	3,015
Transfer of Year Pension Deficit Contribution	-	-
Total	(240)	600

Assets & Liabilities in Relation to Post-Employment Benefits	2024/25 £000	2025/26 £000
Reconciliation of Present Value of the Scheme Liabilities:		
Opening Balance at 1 April	(118,362)	(107,470)
Current Service Cost	(2,666)	(2,279)
Interest Cost	(5,861)	(6,143)
Contributions by Scheme Participants	(1,078)	(1,376)
Re-Measurements	21,029	(3,964)
Past Service Cost (Gain)	-	-
Benefits Paid	6,541	6,820
Business Combination – Impact of Integration	(7,073)	-
Closing Balance at 31 March	(107,470)	(114,412)
Reconciliation of Fair Value of the Scheme (Plan) Assets:		
Opening Balance at 1 April	137,532	145,871
Interest on Plan Assets	6,925	8,391
Re-Measurements	(3,206)	4,452

Contributions by Employer	2,067	2,634
Contributions by Scheme (Plan) Participants	1,078	1,376
Benefits Paid	(6,137)	(6,439)
Business Combination – Impact of Integration	7,612	-
Closing Balance at 31 March	145,871	156,285

Pension Scheme Assets Comprised:	2024/25 £000	2025/26 £000
Equities	62,727	62,205
Bonds		
Government Bonds	-	-
Other Bonds	22,031	23,604
Property	11,831	12,675
Other	49,282	57,801
Total	145,871	156,285

Reconciliation of Movement in Net Pension Asset/Liability	2024/25 £000	2025/26 £000
Funded Scheme		
Present Values of Liabilities	(104,734)	(111,903)
Fair Value of Scheme Assets	145,871	156,285
Surplus/(Deficit) in the Scheme Before Asset Ceiling	41,137	44,382
Asset Ceiling	(41,137)	(44,382)
Surplus/(Deficit) in the Scheme After Asset Ceiling	-	-
Un-Funded Obligation:		
Present Values of Liabilities - Un-Funded Element	(2,736)	(2,509)
Fair Value of Scheme Assets - Un-Funded Element	-	-
Net Pension Liability Obligation - Un-Funded Element	(2,736)	(2,509)

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	2024/25	2025/26
Longevity at Age 65 for Current Pensioners:		
Men	20.5 years	21.0 years
Women	23.6 years	24.0 years
Longevity at Age 65 for Future Pensioners:		
Men	21.3 years	21.9 years
Women	25.0 years	25.3 years
Financial Assumptions		
Rate of Increase in Salaries	3.40%	3.60%
Rate of Increase in Pensions (CPI)	2.80%	3.00%
Discount Rate	5.80%	6.30%

The future life expectancies at age sixty-five for current pensioners are those based on the latest Fund valuation dated 31/03/2025. The future life expectancies for

future pensioners are based on members aged forty-five at the latest Fund valuation.

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%	1,615
1 year Increase in Member Life Expectancy	4%	4,576
0.1% Increase in Salary Increase Rate	0%	59
0.1% Increase in Pensions Increase Rate (CPI)	1%	1,556

42. Contingent Liabilities/Contingent Assets

Contingent Assets

Superfast South Yorkshire Broadband

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 MCA 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.

Refunds of £6.35m have been received to date up to and including 2025/26. Further refunds are anticipated but there remains uncertainty at this time over the timing and amount which will be credited.

Contingent Liabilities

MMI

The former Police Authority insurance company, MMI Limited, ceased trading in September 1992 and a ‘Scheme of Arrangement’ was agreed in case of insolvency, involving a claw back of claims paid. Since this time, the Group has only been notified on two occasions by the Scheme Administrators of levies due. A payment of £1.5m (15%) was paid in 2012/13 and a payment of £1m (10%) was paid in 2015/16.

Both payments had been set aside in the Earmarked Insurance Reserve and there remains a further 15% for any potential future levies, of which none were payable in 2025/26. The adequacy of the reserve will continue to be reviewed annually, as will the position of the scheme by the Scheme Administrators. The maximum future liability remains at approximately £7.6m.

Hillsborough Civil Claims

A number of civil claims arising from the day of the disaster itself have been issued against SYP. In addition, a larger number of civil claims have been notified which cite misfeasance in a public office (allegations in relation to the preparation of police witness statements). A provision for all claims has been included in the 2025/26 accounts. However, there is a risk in terms of the reliable estimate of likely costs that are materially accurate. The reason for this is due to the complexity of the scheme, which is over a 30 year period along with an almost impossible scenario to quantify claims due to multiple factors. There are many differing categories of damage to be considered. The scheme is complex and requires each claim to be reviewed and assessed taking account of the evidence provided.

Due to the sensitivity of the issues relating to the South Yorkshire Police legal fees the authority has applied the seriously prejudicial exemption in IAS 37.92. This exempts the authority from presenting all the information required by IAS 37.84 to 89.

McCloud Pension Case

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons, and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. Pecuniary loss claims remain stayed under advice from Counsel, but it is expected that most of these claims will be settled under the current compensation mechanism that is provided for under the Public Service Pensions & Judicial Offices Act (PSPJOA) 2022. As at 31 March 2026, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no contingent liability in respect of compensation claims is recognised in these accounts.

Motorway Speed Enforcement

The Department for Transport (DfT) has confirmed that National Highways is responsible for funding financial redress arising from erroneous speed enforcement linked to certain managed motorway cameras enforced on their behalf by South Yorkshire Police. While police forces are involved in supporting the administration of the redress scheme, no liability resulting from this redress is expected to fall to the Police Force or the Police and Crime Commissioner. At the date of approval of these financial statements, the redress scheme has not yet been fully implemented, and the final scope remains subject to further approvals. Accordingly, no provision has been recognised in these accounts, but this matter is disclosed as a contingent liability.

43. Private Finance Initiative (PFI)

The MCA has one PFI scheme.

This is a 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 on 8 June 2006. Under the terms of the PFI agreement as laid out under the Project Agreement, the PFI concession period runs for thirty-two years from the commissioning date, i.e. to 7 June 2038. However, Clause 50 of the Services Agreement allows for the PFI agreement to be extended by ten years commencing on the date following thirty-two years after the Commissioning Date, then a further ten years commencing on the expiry of the extended Concession Period but not beyond this. The maximum Concession Period is therefore thirty-two years plus ten years plus ten years = fifty-two years.

Under the PFI agreement, the MCA is contracted to pay an annual sum to the operator, known as a unitary charge. In 2025/26 unitary charge payments of £3.306m (£3.157m in 2024/25) were paid to the PFI provider by MCA. The latest forecast Unitary charge payments over the whole life of the contract total £105.6m 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 15.

The accounting standard IFRS 16 finance leases came into force on 1 April 2024. Under IFRS 16 it is necessary to remeasure the finance lease liability when the value of payments changes in a way which is not predetermined in the lease contract; for example, where payments are increased in line with an inflation index such as RPI or CPI. The annual increase in the unitary payment for the Doncaster Interchange PFI scheme is linked to the RPI Index and therefore the lease liability has been remeasured to reflect this. The movement in the lease rental is no longer classified as contingent rent. Instead, the finance cost and redemption of principal figures have increased in order to write down the revised liability down to zero at the end of the contract.

The 2025/26 figures in the tables below reflect the revaluation of the lease liability from £12,865k to £13,476k on 01/04/2025. The re-measurement has been made on the assumption that the PFI contract will cease in 2038 and will not be extended.

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

2025/26					
	Repayment of Liability £000	Interest Charge £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 Year	574	1,131	1,497	168	3,370
Within 2-5 Years	2,844	3,975	6,613	743	14,175
Within 6-10 Years	5,194	3,330	9,867	1,109	19,500
Within 11-15 Years	4,336	778	4,970	558	10,642
Within 16-20 Years*	-	-	-	-	-
Total	12,948	9,214	22,947	2,578	47,687

*This line is zero as the remaining period is now less than 16 years

2024/25					
	Repayment of Liability £000	Interest Charge £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 Year	504	1,123	1,432	161	3,220
Within 2-5 Years	2,497	4,013	6,480	729	13,719
Within 6-10 Years	4,560	3,577	10,098	1,136	19,371
Within 11-15 Years	5,304	1,206	10,053	1,131	17,694
Within 16-20 Years*	-	-	-	-	-
Total	12,865	9,919	28,063	3,157	54,004

The additions to the PFI asset are due to remeasurement of the PFI liability that are mirrored as an increase in the PFI Asset. There will be no further revaluations of the asset as it is now held as Infrastructure at historic cost.

2024/25 PFI Assets £000		2025/26 PFI Assets £000
8,816	Net Book Value: As at 1 April	11,972
3,432	Additions	611
0	Revaluations	0
(276)	Depreciation	(399)
11,972	As at 31 March	12,184

2024/25 PFI Liability £000		2025/26 PFI Liability £000
(9,898)	As at 1 April	(12,865)
(3,432)	Revaluation of Liability Under IFRS16	(611)
1,627	Lease Repayments	1,705
(1,162)	Interest Charge	(1,177)
(12,865)	As at 31 March	(12,948)

Group Accounts

The Group Accounts for the year ended 31 March 2026 comprise:

- the accounts of the Authority,
- the accounts of the Chief Constable for South Yorkshire, and
- the accounts of the Authority's wholly owned subsidiary, South Yorkshire Future Trams Limited (SYFTL)

Further detail on the accounting treatment of the business combination that took place on integration of the MCA and Police and Crime Commissioner and Chief Constable's accounts on 7 May 2024 are contained in Note 1. In brief, the business combination has been accounted for using absorption accounting, which means that the Police and Crime Commissioner functions and those of the Chief Constable are only accounted for from the date of transfer.

The nature of the interests held by the Authority and their treatment for Group Accounts purposes is disclosed in Accounting Policy Note XXI.

The Code requires group accounts to incorporate all the financial statements required for the authority-only accounts. However, this general principle is tempered by the fact that the Code only requires local authority financial statements to disclose information that is material. In this context information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that users of general-purpose financial statements make on the basis of those financial statements.

Accordingly, disclosure is only provided in the Group accounts where it is considered materially different to that already provided in the Authority's single entity accounts.

As a consequence, the Group Accounts comprise the primary financial statements (Group MIRS, Group CIES, Group Balance Sheet and Group Cashflow statement) and a limited number of disclosures.

The Code has been complied with by combining like items of assets, liabilities, reserves, income, expenses and cash flows of the Authority with those of its subsidiaries and by eliminating all intra-group assets, liabilities and reserves; income and expenditure; cashflows; and unrealised gains and losses.

The Code requires that the financial statements of the reporting authority and its subsidiaries, associates and joint ventures used in the preparation of the group accounts shall be prepared as of the same reporting date. This is the case in that the Authority and its two subsidiaries all have an accounting reference date of 31 March.

The Code requires that Group accounts shall be prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies of the subsidiaries, associates and joint ventures shall be aligned with the policies of the reporting authority, for the purposes of group accounts. Where materially different, appropriate adjustments should be made to that group member's financial statements in preparing the group accounts to ensure conformity with the group's accounting policies. The Chief Constable's accounts and SYFTL's accounts have been prepared using the Authority's accounting policies set in Accounting Policy Note 6. Accordingly, no adjustments have been required.

The Group Accounts have been prepared on a going concern basis.

Accounting Policy Note 6(i) sets out the basis on which management consider it appropriate to adopt the going concern basis for the Authority and Chief Constable accounts. The going concern basis is considered appropriate for SYFTL as the MCA has confirmed that it intends to provide financial support to the Company, to assist the Company in meeting its liabilities as and when they fall due, to the extent that resources are not otherwise available to the Company to meet such liabilities, for a period of at least 12 months from the date of approval of the Company's 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 (i.e. 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

2025/26		General Fund Balance & SYFTL P&L £000	Police Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Note						
Balances at 1 April 2025		(5,000)	(28,717)	(184,635)	(10,802)	(44,537)	(273,691)
Movement in Reserves During 2025/26:							
(Surplus) / Deficit on Provision of Services	Group CIES	(46,001)	33,427	-	-	-	(12,574)
Other Comprehensive (Income) and Expenditure	Group CIES	-	-	-	-	-	-
Total Comprehensive (Income) and Expenditure		(46,001)	33,427	-	-	-	(12,574)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	49	37,411	(33,814)	-	(2,497)	(1,307)	(207)
Net (Increase) / Decrease Before Transfers to Earmarked Reserves		(8,590)	(387)	-	(2,497)	(1,307)	(12,781)
Transfers (To) / From Earmarked Reserves	15	8,676	(8,403)	(273)	-	-	-
(Increase) / Decrease in Year		86	(8,790)	(273)	(2,497)	(1,307)	(12,781)
Balance at 31 March 2026		(4,914)	(37,507)	(184,908)	(13,299)	(45,844)	(286,472)

2024/25							
	Note	General Fund Balance & SYFTL P&L £000	Police Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
		54	54	54	54	54	54
Balances at 1 April 2024		(5,000)	-	(108,515)	(15,306)	(52,992)	(181,813)
Transfer in of Reserves as at 7 May 2024	1	-	(19,001)	(45,095)	-	-	(64,096)
Movement in Reserves During 2024/25:							
(Surplus) / Deficit on Provision of Services	Group CIES	(24,431)	46,569	-	-	-	22,138
Other Comprehensive (Income) and Expenditure	Group CIES	-	-	-	-	-	-
Total Comprehensive (Income) and Expenditure		(24,431)	46,569				22,138
Adjustments Between Accounting Basis and Funding Basis Under Regulations	49	2,974	(65,853)	-	4,504	8,455	(49,920)
Net (Increase) / Decrease Before Transfers to Earmarked Reserves		(21,457)	(19,284)	-	4,504	8,455	(27,782)
Transfers (To) / From Earmarked Reserves	15	21,457	9,568	(31,025)	-	-	-
(Increase) / Decrease in Year		-	(9,716)	(31,025)	4,504	8,455	(27,782)
Balance at 31 March 2025		(5,000)	(28,717)	(184,635)	(10,802)	(44,537)	(273,691)

Group Movement in Reserves: Unusable Reserves and Total Group Reserves

2025/26									
		Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Revaluation Reserve £000	Collection Fund Adjustment Account	Pension Reserve £000	Accumulated Absences Reserve £000	Total Unusable Reserves £000	Total Reserves £000
	Note	54	54	54	54	54	54	54	
Opening Balances as at 1 April 2025		(18,344)	2,597	(71,714)	(1,677)	2,359,692	3,571	2,274,125	2,000,434
Movement in Reserves During 2025/26:									
(Surplus) / Deficit on Provision of Services	Group CIES	-	-	-	-	-	-	-	(12,574)
Other Comprehensive (Income) and Expenditure	Group CIES	-	-	(3,161)	-	(60,146)	-	(63,307)	(63,307)
Total Comprehensive (Income) and Expenditure		-	-	(3,161)	-	(60,146)	-	(63,307)	(75,881)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	49	(28,414)	(93)	3,164	549	25,282	(281)	207	-
Net (Increase) / Decrease Before Transfers to Earmarked Reserves		(28,414)	(93)	3	549	(34,864)	(281)	(63,100)	(75,881)
Transfers (To) / From Earmarked Reserves		-	-	-	-	-	-	-	-
(Increase) / Decrease in Year		(28,414)	(93)	3	549	(34,864)	(281)	(63,100)	(75,881)
Balance at 31 March 2026		(46,758)	2,504	(71,711)	(1,128)	2,324,828	3,290	2,211,025	1,924,553

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2024/25									
		Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Revaluation Reserve £000	Collection Fund Adjustment Account	Pension Reserve £000	Accumulated Absences Reserve £000	Total Unusable Reserves £000	Total Reserves £000
	Note	54	54	54	54	54	54	54	
Opening Balances as at 1 April 2024		(25,667)	2,715	(10,973)	-	3,688	-	(30,237)	(212,050)
Transfer in of Reserves as at 7 May 2024	1	(1,686)	-	(56,965)	(1,904)	2,490,593	3,419	2,433,457	2,369,361
Movement in reserves during 2024/25:									
(Surplus) / Deficit on Provision of Services	Group CIES	-	-	-	-	-	-	-	22,138
Other Comprehensive (Income) and Expenditure	Group CIES	-	-	(6,743)	-	(172,272)	-	(179,015)	(179,015)
Total Comprehensive (Income) and Expenditure		-	-	(6,743)	-	(172,272)	-	(179,015)	(156,877)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	49	9,009	(118)	2,967	227	37,683	152	49,920	-
Net (Increase) / Decrease Before Transfers to Earmarked Reserves		9,009	(118)	(3,776)	227	(134,589)	152	(129,095)	(156,877)
Transfers (To) / From Earmarked Reserves		-	-	-	-	-	-	-	-
(Increase) / Decrease in Year		9,009	(118)	(3,776)	227	(134,589)	152	(129,095)	(156,877)
Balance at 31 March 2025		(18,344)	2,597	(71,714)	(1,677)	2,359,692	3,571	2,274,125	2,000,434

Group Consolidated Comprehensive Income and Expenditure Statement

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

2024/25				2025/26		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
174,755	(167,873)	6,882	Transport Authority	173,980	(165,579)	8,401
152,570	(143,573)	8,997	Economic Development	172,483	(150,479)	22,004
373,674	(89,286)	284,388	Police & Crime Services	393,391	(65,686)	327,705
700,999	(400,732)	300,267	Total Cost of Services	739,854	(381,744)	358,110
		1,212	<i>Other Operating Income & Expenditure</i>			(2,092)
		89,671	Financing and Investment Income and Expenditure	48		94,471
		(369,012)	Taxation and Non-Specific Grant Income			(463,063)
		22,138	(Surplus)/Deficit on Provision of Services			(12,574)
		(6,743)	(Surplus)/Deficit on Revaluation of Non-Current Assets			(3,161)
		-	Surplus/Deficit on Revaluation of Available for Sale Financial Assets			-
		(172,272)	Actuarial (Gains)/Losses on Pension Assets/ Liabilities	56		(60,146)
		(179,015)	Other Comprehensive Income and Expenditure			(63,307)
		(156,877)	Total Comprehensive (Income) and Expenditure			(75,881)

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, i.e. 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, i.e. 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 2025 £000	Notes	As at 31 March 2026 £000
14,404	Intangible Assets	18,488
346,250	Property, Plant and Equipment	373,849
220,525	Long-Term Investments	280,750
30,475	Long-Term Debtors	31,159
611,654	Total Long-Term Assets	704,246
186,949	Short-Term Investments	222,583
4,966	Inventories	5,239
47,488	Short-Term Debtors	67,199
121,043	Cash and Cash Equivalents	63,490
264	Assets Held for Sale	261
360,710	Current Assets	358,772
972,364	Total Assets	1,063,018
(5,239)	Short-Term Borrowing	(5,776)
(197,129)	Short-Term Creditors	(183,114)
(921)	PFI/ Finance Lease Liability	(953)
(20,139)	Short-Term Provisions	(26,468)
(248,014)	Capital Grants Receipts In Advance	(312,871)
(471,442)	Current Liabilities	(529,182)
500,922	Total Assets less Current Liabilities	533,836
(64,703)	Long-Term Borrowing	(59,456)
(62,020)	Long-term Provisions	(59,414)
(14,941)	PFI/ Finance Lease Liability	(14,690)
(2,359,692)	Net Pension (Liability)/Asset	(2,324,829)
(2,501,356)	Long Term Liabilities	(2,458,389)
(2,000,434)	Net Assets/(Liabilities)	(1,924,553)
(273,691)	Usable Reserves	(286,472)
2,274,125	Unusable Reserves	2,211,025
2,000,434	Total Reserves	1,924,553

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 (i.e. borrowing) to the Group.

2024/25		Notes	2025/26
£000			£000
(22,138)	Net Surplus or (Deficit) on the Provision of Services		12,574
148,958	- Adjustment to Surplus or (Deficit) on the Provision of Services for Non-Cash Movements	55	90,375
(19,844)	- Adjustment for Items Included in the Net Surplus or (Deficit) on the Provision of Services that are Investing and Financing Activities		(47,303)
106,976	Net Cash flow from Operating Activities		55,645
(124,223)	Investing Activities		(107,871)
(6,250)	Financing Activities		(5,328)
(23,497)	Net Increase/(Decrease) in Cash and Cash Equivalents		(57,553)
144,540	Cash and Cash Equivalents at Beginning of the Period		121,043
121,043	Cash and Cash Equivalents at the End of the Period		63,490

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.

44. 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.

2024/ 25			2025/ 26			
Net Expenditure Chargeable to the General Fund and Police Fund £000	Adjustments between the Funding and Accounting Basis (see Note 3) £000	Net Expenditure in the CIES £000	Notes	Net Expenditure Chargeable to the General Fund and Police Fund £000	Adjustments between the Funding and Accounting Basis (See Note 45) £000	Net Expenditure in the CIES £000
4,239	2,643	6,882	Transport Authority	(6,328)	14,729	8,401
(6,149)	15,146	8,997	Economic Development	20,766	1,238	22,004
345,313	(60,925)	284,388	Police & Reform	416,208	(88,503)	327,705
343,403	(43,136)	300,267	Net Cost of Services	430,646	(72,536)	358,110
(384,174)	106,015	(278,129)	Other Income & Expenditure	(439,623)	68,939	(370,684)
(40,740)	62,879	22,138	(Surplus)/Deficit	(8,977)	(3,597)	(12,574)
General Fund £000	Police Fund £000	Total £000		General Fund £000	Police Fund £000	Total £000
(113,516)	-	(113,516)	Opening Balances Including Earmarked Reserves as at 1 April	(134,972)	(83,380)	(218,352)
-	(64,096)	(64,096)	Police & Reform Transferred in 7 May 2024	-	-	-
(21,456)	(19,284)	(40,740)	(Surplus)/Deficit in the Year	(8,590)	(387)	(8,977)
(134,972)	(83,380)	(218,352)	Closing Balances Including Earmarked Reserves as at 31 March	143,562	83,767	227,329

Comparatives have been restated so that they are on a like for like basis with 2025/26. In addition, £45.558m of Home Office Pension Grant paid over to the Chief Constable in 2024/25 is no longer presented as an Adjustment between Accounting and Funding basis in the table above but has instead been eliminated on consolidation in the Group Accounts.

45. Group Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

2025/26				
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	14,617	0	0	14,617
Economic Development	1,975	(736)	0	1,239
Police & Reform	8,174	(96,396)	(281)	(88,503)
Net Cost of Services	24,766	(97,132)	(281)	(72,647)
Other Income & Expenditure from the Expenditure & Funding Analysis	(53,819)	122,415	456	69,052
Difference Between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	(29,053)	25,283	175	(3,596)

2024/25				
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	6,010	2,643
Economic Development	10,131	195	4,820	15,146
Police & Reform	11,985	(72,910)	0	(60,925)
Net Cost of Services	18,749	(72,715)	10,830	(43,136)
Other Income & Expenditure from the Expenditure & Funding Analysis	(5,166)	110,553	628	106,015
Difference Between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	13,583	37,838	11,458	62,879

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.

Net Change for the Pensions Adjustments - IAS 19 Employee Benefits pension related expenditure and income for Policing & Crime Services.

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 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.

46. Group Expenditure and Income Analysed by Nature

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

2024/25 £000		2025/26 £000
	Expenditure:	
311,456	Employee Benefits Expenditure	357,801
382,228	Other Service Expenses	360,634
(4,304)	Support Service Recharges to Capital	(266)
14,190	Depreciation, Amortisation, Impairment	23,923
115,329	Interest Payments	127,258
818,899	Total Expenditure	869,350
	Income:	
(44,594)	Fees, Charges & Other Service Income	(47,945)
(27,438)	Interest & Investment Income	(32,398)
(725,150)	Government Grants & Contributions	(798,805)
421	Other Income	(2,776)
(796,761)	Total Income	(881,924)
22,138	(Surplus)/Deficit on the Provision of Services	(12,574)

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

2025/26	£000
Income as Analysed by Nature	(881,924)
Interest & Investment Income	(32,398)
Trading Operation	(1,936)
Taxation and Non-Specific Grant Income and Other Operating Income	(355,407)
Income as Part of (Surplus)/Deficit on Continuing Operations in the CIES	(492,183)

2024/25	£000
Income as Analysed by Nature Before Elimination	(796,761)
Interest & Investment Income	(25,524)
Trading Operation	(1,914)
Taxation and Non-Specific Grant Income and Other Operating Income	(368,592)
Income as part of (Surplus)/Deficit on Continuing Operations in the CIES	(400,731)

47. Group Segmental Income

Income received on a segmental basis is analysed below:

2025/26	Fees, Charges & Service £000	Interest & Investment £000	Grants & Contributions £000	Total Income £000
Services:				
Transport Authority	(25,649)	-	(139,931)	(165,580)
Economic Development	(1,421)	-	(149,058)	(150,479)
Policing & Crime Services	(19,355)	-	(46,746)	(66,101)
Corporate	(4,296)	(32,398)	(463,070)	(499,764)
Total Income	(50,721)	(32,398)	(798,805)	(881,924)

2024/25	Fees, Charges & Service £000	Interest & Investment £000	Grants & Contributions £000	Total Income £000
Services:				
Transport Authority	(25,040)	-	(142,808)	(167,848)
Economic Development	(384)	-	(143,213)	(143,597)
Policing & Crime Services	(19,170)	-	(70,116)	(89,286)
Corporate	421	(27,438)	(369,013)	(396,030)
Total Income	(44,173)	(27,438)	(725,150)	(796,761)

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.

48. Group Financing and Investment Income and Expenditure

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

2024/25 £000		2025/26 £000
4,776	Interest Payable and Similar Charges	4,862
(25,524)	Interest Receivable and Similar Income	(32,398)
(134)	(Surplus) or Deficit of Trading Undertakings	(408)
-	Revaluation Gains	-
(20,882)		(27,944)
110,553	Pensions – Interest Cost	122,415
89,671	Total	94,471

49. 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 Authority.

2025/26	General Fund £000	Police Fund £000	Capital Receipts Reserve £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:							
Depreciation of Non Current Assets	(8,752)	(11,730)	-	-	(20,482)	20,482	-
Revaluation Gains Credited to the CIES	-	590	-	-	590	(590)	-
Revaluation / Impairment Losses Charged to the CIES	-	-	-	-	-	-	-
Amortisation of Intangible Assets	-	(3,403)	-	-	(3,403)	3,403	-
Capital Grants & Contributions Credited to the CIES	156,110	1,026	-	(4,970)	152,166	(152,166)	-
Other Operating income	3,114	-	(3,114)	-	-	-	-
Revenue Expenditure Funded by Capital Under Statute	(116,931)	(4,890)	-	-	(121,821)	121,821	-
Profit / Loss on Disposal of Non Current assets	(753)	(516)	(173)	-	(1,442)	1,442	-
Expected Credit Losses on Capital Loans	(500)	-	-	-	(500)	500	-
Amount by which Finance Costs Charged to the CIES are Different From Finance Costs Chargeable in the Year in Accordance with Statutory Requirements	118	-	-	-	118	(118)	-
IAS 19 Pension Costs	600	(25,882)	-	-	(25,282)	25,282	-
Amount by which Council Tax Income Credited to the CIES is Different From Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	-	(549)	-	-	(549)	549	-
---Short Term Accumulated Absences	-	281	-	-	281	(281)	-
Insertion of Items not Debited or Credited to the CIES:							
Statutory Provision for the Repayment of Debt (Minimum Revenue Provision)	4,032	5,590	-	-	9,622	(9,622)	-
Direct Revenue Financing	398	5,689	-	(11)	6,056	(6,056)	-
Capital Financing:							
Use of Capital Receipts Reserve to Finance New Capital Expenditure	-	-	790	-	790	(790)	-
Use of Capital Grants Unapplied to Finance New Capital Expenditure	-	-	-	3,674	3,674	(3,674)	-
Total	37,411	(33,814)	(2,497)	(1,307)	(207)	207	-

2024/25	General Fund £000	Police Fund £000	Capital Receipts Reserve £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:							
Depreciation of Non Current Assets	(6,456)	(8,980)	-	-	(15,436)	15,436	-
Revaluation Gains Credited to the CIES	1,083	-	-	-	1,083	(1,083)	-
Revaluation / Impairment Losses Charged to the CIES	(4,743)	(2,199)	-	-	(6,942)	6,942	-
Amortisation of Intangible Assets	-	(1,644)	-	-	(1,644)	1,644	-
Capital Grants & Contributions Credited to the CIES	135,218	140	-	-	135,358	(135,358)	-
Other Operating income	-	-	-	-	-	-	-
Revenue Expenditure Funded by Capital Under Statute	(127,038)	(16,932)	-	-	(143,970)	143,970	-
Profit / Loss on Disposal of Non Current assets	(1,092)	(791)	-	-	(1,883)	1,883	-
Expected Credit Losses on Capital Loans	-	-	-	-	-	-	-
Amount by which Finance Costs Charged to the CIES are Different From Finance Costs Chargeable in the Year in Accordance with Statutory Requirements	118	-	-	-	118	(118)	-
IAS 19 Pension Costs	(240)	(37,443)	-	-	(37,683)	37,683	-
Amount by which Council Tax Income Credited to the CIES is Different From Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	-	(227)	-	-	(227)	227	-
Short Term Accumulated Absences	-	(152)	-	-	(152)	152	-
Donated Assets	1,880	-	-	-	1,880	(1,880)	-
Insertion of Items not Debited or Credited to the CIES:							
Statutory Provision for the Repayment of Debt (Minimum Revenue Provision)	3,965	1,052	-	-	5,017	(5,017)	-
Direct Revenue Financing	279	827	-	-	1,106	(1,106)	-
Capital Financing:							
Use of Capital Receipts Reserve to Finance New Capital Expenditure	-	496	4,504	-	5,000	(5,000)	-
Use of Capital Grants Unapplied to Finance New Capital Expenditure	-	-	-	8,455	8,455	(8,455)	-
Total	2,974	(65,853)	4,504	8,455	(49,920)	49,920	-

50. Group Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average costing formula.

2024/25 £000		2025/26 £000
-	Balance at 1 April	4,966
2,136	Transferred in as at 7 May 2024	-
8,405 (5,556) (19)	Purchases Recognised as an Expense in The Year Written Off Balances / Revaluation	4,874 (4,594) (8)
4,966	Balance at 31 March	5,238

In the opinion of SYFTL’s directors, the difference between the replacement cost of stocks of parts and consumables and their balance sheet value of £2.874m is not material.

51. Group Short-Term Debtors

The following is an analysis of Group Short-Term Debtors:

31 March 2025 £000		31 March 2026 £000
10,527	Trade Customers	8,628
-	Receivables from Related Parties	541
3,112	Prepayments	4,529
32,459	Other Entities and Individuals	51,614
1,390	Capital Loans	1,890
47,488	Total	67,202

52. Group Short-Term Creditors

The following is an analysis of Group Short-Term Creditors:

31 March 2025 (as Restated) £000		31 March 2026 £000
(48,972)	Trade Creditors	(52,346)
(80,584)	Related Parties Creditors	(52,266)
(45,217)	Revenue Grant Received in Advance	(60,704)
(22,356)	Other Creditors	(17,798)
(197,129)	Total	(183,114)

The analysis of creditors at 31 March 2026 has led to payroll payovers for tax, national insurance, pensions and similar items deducted from pay being classified as Other Creditors. The comparative has been restated so that it is on a like for like basis.

53. Group Usable Reserves

The following table summarises the Group Usable Reserves balances:

31 March 2025 Total		31 March 2026 Total
------------------------	--	------------------------

£000		£000
(5,000)	MCA General Fund	(5,000)
(129,972)	Earmarked Reserves	(138,648)
(10,801)	Capital Receipts Reserve	(13,299)
(44,537)	Capital Grants Unapplied	(45,844)
(190,310)	Sub-Total – MCA Reserves Excluding Police & Reform	(202,791)
	Police & Reform	
(28,717)	Police Fund	(37,507)
(54,664)	Police Fund Earmarked Reserves	(46,260)
-	Police Capital Receipts Reserve	-
-	Police Capital Grant Unapplied	-
(83,381)	Sub – Total – Police & Reform Reserves	(83,767)
	SYFTL	
-	Profit and Loss Account	86
(273,691)	Total	(286,472)

54. Group Unusable Reserves

The following table summarises the Group Unusable Reserves balances:

31 March 2025 Total £000		31 March 2026 Total £000
(41,859)	MCA Capital Adjustment Account	(74,946)
2,597	Financial Instruments Adjustment Account	2,504
2,736	Pensions Reserve	2,509
(12,215)	Revaluation Reserve	(12,041)
(48,741)	Sub-Total – MCA Reserves Excluding Police & Reform	(81,975)
	Police & Reform:	
23,514	Capital Adjustment Account	28,188
-	Financial Instruments Adjustment Account	-
(59,498)	Revaluation Reserve	(59,670)
(1,677)	Collection Fund Adjustment Account	(1,128)
2,356,956	Pensions Reserve	2,322,319
3,571	Short Term Accumulated Absences Account	3,290
2,322,866	Sub-Total – Police & Reform Reserves	2,293,999
2,274,125	Total	2,211,025

Group Pensions Reserve

2024/25	2025/26
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£000		£000
3,688	Balance at 1 April	2,359,692
2,490,593	Transferred in as at 7 May 2024	-
141,729	Reversal of Retirement Benefits Chargeable to the CIES on an Accounting Basis	149,835
(104,046)	Employer Contributions and Direct Payments to Pensioners	(124,553)
37,683	Adjustment to Pension Costs	25,282
(172,272)	Remeasurements	(60,146)
2,359,692	Balance at 31 March	2,324,828

Group Accumulated Absences Account

2024/25 £000		2025/26 £000
-	Balance at 1 April	3,571
3,419	Transferred in at 7 May 2024	-
(3)	Settlement or Cancellation of Accrual Made at the End of the Preceding Year	-
155	Amounts Accrued at the End of the Current Year	(281)
3,571	Balance at 31 March	3,290

55. Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2025/26 £000
Interest Received	32,398
Interest Paid	(4,879)
Total	27,519

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

2024/25 £000		2025/26 £000
15,473	Depreciation	20,520
1,367	Revaluation Gains and Losses Credited / Charged to CIES	(590)
(1,880)	Donated Asset Credited to CIES	0
1,387	Loss on Disposal of Fixed Assets	1,269
1,644	Amortisation	3,403
	Capital Spend from Prior Years Capitalised as REFCUS	10,314
23,272	Increase/(decrease) in Capital Grant Received in Advance	64,857

(24)	Impairment of Capital Assets / Unwinding of Soft Loan Adjustment on Capital Loans	0
(94)	Rewind Premium on Early Repayment of Loans	(93)
138	Write Down of PWLB Premium Loans	89
(30,477)	(Increase) / Decrease in Long Term Debtors	(684)
37,179	Increase / (Decrease) in Creditors	(14,629)
45,214	(Increase) / Decrease in Debtors (Excluding Capital Loans)	(16,850)
(2,831)	(increase) / Decrease in Inventories	(273)
240	Movement in Pension Liability – IAS 19	(600)
27,147	Increase / (Decrease) in Provisions	764
(3,195)	Increase/ (Decrease) in Revenue Grants in Advance	33
37,443	Reversal of IAS19 Adjustments Net of Cash Contributions	25,883
(374)	Finance Leases	(224)
(2,790)	Short Term Investments / Short Term Borrowing – Accrued Interest	(3,131)
119	Other non-cash items charged to the net surplus or deficit on the provision of services	317
148,958	Total	90,375

56. Group Pensions Note

The Group participates in two Pension schemes.

Employees of the MCA and staff working for the Chief Constable participate in the Local Government Pension Scheme administered by South Yorkshire Pensions Authority. The Local Government Pension Scheme (LGPS) is a funded scheme, which means that the employer and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with pension assets. Further information on the assets and liabilities and assumptions underpinning MCA members of the LGPS are disclosed in Note 42. This note provides additional information on police staff participating in the LGPS.

Police Officers employed by the Chief Constable participate in the 1987, 2006 and 2015 Police Pension Schemes (PPS). These are unfunded schemes, which means that there is no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual payments as they fall due. The MCA is required by legislation to operate a Pension Fund with the amounts that must be paid into or out of the Pension Fund being specified by regulation. The former Police Authority set up a Pension Fund on 1 April 2006 from which pensions payments are made and into which contributions, from the MCA and employees, are received. The MCA then receives a top-up grant from the Government equal to the sum by which the amount payable for pensions from the Pension Fund exceeds the amount receivable from the MCA into the Pension Fund. The Pension Fund Account is shown separately in the Accounts. The latest Career Average Revalued Earnings (CARE) pension scheme was introduced on 1 April 2015 moves away from the ‘final salary’ arrangement of the 1987 and 2006 schemes and is as a result of Lord Hutton’s independent review of public service pensions.

Post Employment Benefits

The schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work. They are accounted for in accordance with the requirements for defined benefits schemes, based on the principle that an organisation should account for retirement benefits as they are accrued, even though they may be paid many years into the future.

Injury awards are payable irrespective of whether a Police Officer is a member of the Pension Scheme and tax rules from 1 April 2006 prevent injury awards from being part of pension scheme regulations. Injury awards have been moved into a separate Police Compensation Scheme (PCS) and under the pensions financial arrangements they must be paid from the MCA's operating account and not the Pension Fund Account. The injury awards have been accounted for as part of the pensions adjustments and information relating to these injury awards are disclosed separately in the following notes.

McCloud Remedy

The McCloud remedy window ran from 1 April 2015 to 31 March 2022. Eligible members will be able to elect which scheme they wish to receive benefits from for this period. Due to the differing benefits structures, we expect the majority of eligible police members to elect to take legacy scheme (1987 Scheme or 2006 Scheme) benefits for the remedy period.

An allowance for McCloud remedy was first included in the 2018/19 disclosures as a past service cost for four years remedy service from 2015-2019. This past service cost was attributed proportionally to the 1987 and 2006 schemes. For subsequent years to 2021/22, an allowance was made in the 2015 service costs for the annual accrual of additional remedy service.

Now that the remedy window is closed, all McCloud related liabilities have moved for eligible members for the period 2019 to 2022 to the associated legacy schemes. This means all McCloud liabilities are held within the legacy scheme where benefits are expected to be paid from.

In the 2022/23 disclosures, this led to a past service cost in the 1987 Scheme and the 2006 Scheme and a past service gain in the 2015 Scheme.

Now that all the McCloud-related liabilities have moved into the legacy schemes, contribution adjustments are being carried out by administrators to ensure affected members have paid the correct contributions for this portion of service.

At the time of preparing 2023/24 accounting disclosures, only a small amount of time had passed from the McCloud implementation date on 1 October 2023, which meant that the contributions adjustments made by the administrators during that period were immaterial.

Since then, the accounting treatment of the contribution adjustments in the 2024/25 and subsequent disclosures has been refined and are shown as net cashflows.

Transactions relating to Post Employment Benefits

2025/26

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Pension Schemes Group (including MCA)	Chief Constable			MCA	
	PPS	PCS	LGPS	LGPS	Total
	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement					
Current service cost	13,990	620	10,419	2,279	27,308
Past Service Cost			112		112
Financing and Investment Income and Expenditure	128,110	1,990	(7,821)	136	122,415
Remeasurement in other Comprehensive Income and Expenditure	(64,540)	(1,730)	(15,980)	(488)	(82,738)
Remeasurement in other Comprehensive Income and Expenditure – Asset Ceiling	0		21,731	861	22,592
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	77,560	880	8,461	2,788	89,689
Movement in Reserves Statement					
Reversal of net charges to Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(142,100)	(2,610)	(2,710)	(2,415)	(149,835)
Actual amount charged against the General Fund Balance for pensions in the year					
Employer's contribution payable	47,187	-	17,137	3,015	67,339
Retirement benefits payable to pensioners	0	2,710	-	0	2,710
Additional contribution to Police Pension Fund Account to balance deficit	54,503	-	-	0	54,503

2024/25

Pension Schemes Group (including MCA)	Chief Constable			MCA	
	PPS	PCS	LGPS	LGPS	Total
	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement					
Current service cost	15,120	600	12,975	2,666	31,361
Financing and Investment Income and Expenditure	110,870	1,730	(2,277)	45	110,368
Remeasurement in other Comprehensive Income and Expenditure	(181,100)	(2,230)	(51,946)	(19,471)	(254,747)
Remeasurement in other Comprehensive Income and Expenditure – Asset Ceiling	0		64,196	18,279	82,475
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(55,110)	100	22,948	1,519	(30,543)
Movement in Reserves Statement					
Reversal of net charges to Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(125,990)	(2,330)	(10,698)	(2,711)	(141,729)
Actual amount charged against the General Fund Balance for pensions in the year					
Employer's contribution payable	39,442	-	14,105	2,471	56,018
Retirement benefits payable to pensioners	0	2,470	-	0	2,470
Additional contribution to Police Pension Fund Account to balance deficit	45,558	-	-	0	45,558

Pensions Assets and Liabilities Recognised in the Balance Sheet

2025/26

Pension Schemes	2025/26			MCA	
	PPS	PCS	LGPS	LGPS	Total
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(2,286,603)	(34,450)	(407,065)	(114,412)	(2,842,530)
Fair value of plan assets	0	0	569,049	156,285	725,334
Surplus/(Deficit) in the Scheme before Asset Ceiling	(2,286,603)	(34,450)	161,984	41,873	(2,117,196)
Asset Ceiling			(163,251)	(44,382)	(207,633)
Surplus/(Deficit) in the Scheme after Asset Ceiling	(2,286,603)	(34,450)	(1,267)	(2,509)	(2,324,829)

2024/25

Pension Schemes	2024/25 CC from 7 May			MCA	
	PPS	PCS	LGPS	LGPS	Total
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(2,310,733)	(36,280)	(386,930)	(107,470)	(2,733,943)
Fair value of plan assets	0	0	518,507	145,871	664,378
Surplus/(Deficit) in the Scheme before Asset Ceiling	(2,310,733)	(36,280)	131,577	38,401	(2,177,035)
Asset Ceiling			(141,520)	(41,137)	(182,657)
Surplus/(Deficit) in the Scheme after Asset Ceiling	(2,310,733)	(36,280)	(9,943)	(2,736)	(2,359,692)

Reconciliation of the Movements in Fair value of the Plan Assets

2025/26

Pension Schemes Group			
	LGPS Chief Constable £'000	LGPS MCA £'000	LGPS Total £'000
Opening fair value of scheme assets	518,507	145,871	664,378
Interest income	30,290	8,391	38,681
Remeasurement (gains) and losses – return on plan assets	24,174	4,452	28,626
Contributions from employer	(11,476)	2,634	(8,842)
Contributions from employees into the scheme	17,009	1,376	18,385

Benefits paid	5,287	(6,439)	(1,152)
Administration expenses	(14,742)	0	(14,742)
Closing fair value of scheme assets at 31 March	569,049	156,285	725,334

2024/25

Pension Schemes Group (CC from 7th May)			
	LGPS Chief Constable £'000	LGPS MCA £'000	LGPS Total £'000
Opening fair value of scheme assets	491,576	137,532	629,108
Interest income	21,912	6,925	28,837
Remeasurement (gains) and losses – return on plan assets	(3,329)	(3,206)	(6,535)
Contributions from employer	13,983	2,067	16,050
Contributions from employees into the scheme	4,684	1,078	5,762
Benefits paid	(10,319)	(6,137)	(16,456)
Administration expenses	-		0
Removal of assets as transfer to SYMCA employer		7,612	7,612
Closing fair value of scheme assets at 31 March	518,507	145,871	664,378

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2025/26

Pension Schemes Group					
	Chief Constable			MCA	Total
	PPS	PCS	LGPS	LGPS	
	£'000	£'000	£'000	£'000	£'000
Opening present value of scheme liabilities	(2,310,733)	(36,280)	(386,930)	(107,470)	(2,841,413)
Current service cost	(13,990)	(620)	(10,419)	(2,279)	(27,308)
Interest cost	(128,110)	(1,990)	(22,469)	(6,143)	(158,712)
Contributions from Scheme participants	(17,760)	0	(5,287)	(1,376)	(24,423)
Remeasurement (gains) and losses:	64,540	1,730	3,282	(3,964)	65,588
Past service cost	0	0	(112)	0	(112)
Benefits paid	119,450	2,710	14,870	6,820	143,850
Closing balance at 31 March	(2,286,603)	(34,450)	(407,065)	(114,412)	(2,842,530)

2024/25

Pension Schemes Group					
	Chief Constable From 7th May			MCA	Total
	PPS	PCS	LGPS	LGPS	
	£'000	£'000	£'000	£'000	£'000
Opening present value of scheme liabilities	(2,450,843)	(38,650)	(415,352)	(118,362)	(3,023,207)
Current service cost	(15,120)	(600)	(12,975)	(2,666)	(31,361)
Interest cost	(110,870)	(1,730)	(19,635)	(5,861)	(138,096)
Contributions from Scheme participants	(15,450)	0	(4,684)	(1,078)	(21,212)

Remeasurement (gains) and losses:	181,100	2,230	55,275	21,029	259,634
Past service cost	0	0	0	0	0
Benefits paid	100,450	2,470	10,441	6,541	119,902
Removal of assets as transfer to SYMCA employer	0	0		(7,073)	(7,073)
Closing balance at 31 March	(2,310,733)	(36,280)	(386,930)	(107,470)	(2,841,413)

Local Government Pension Scheme Assets

2025/26

Pension Scheme Assets Comprised:			
	Chief Constable	MCA	Total
	£000	£000	£000
Equities	32,558	62,205	94,763
Bonds			
Government Bonds	0	0	0
Other Bonds	85,942	23,604	109,546
Property	46,152	12,675	58,827
Other	404,397	57,801	462,198
Total	569,049	156,285	725,334

2024/25

Pension Scheme Assets Comprised:			
	Chief Constable	MCA	Total
	£000	£000	£000
Equities	222,966	62,727	285,693
Bonds			
Government Bonds	0	0	0
Other Bonds	78,309	22,031	100,340
Property	42,053	11,831	53,884
Other	175,179	49,282	224,461
Total	518,507	145,871	664,378

The mortality assumptions and financial assumptions for the LGPS are in line with those shown in note 41.

The mortality and financial assumptions for the PPS are shown in the table below.

PPS	2024/25	2025/26
Mortality Assumptions		
longevity at 65 for future pensioners (in years)		
Men	23.3	23.4
Women	25.2	25.3
longevity at 65 for current pensioners (in years)		
Men	21.9	22.0
Women	23.9	24.0
Financial Assumptions		
Rate for discounting scheme liabilities	5.65%	3.40%
Rate of inflation (CPI for GAD)	2.70%	2.95%
Rate of increase in pensions	2.70%	2.95%
Rate of CARE revaluation	3.95%	4.20%
Rate of increase in salaries (long term)	3.45%	3.70%

The future life expectancies at age sixty-five for current pensioners are those based on the latest Fund valuation dated 31/03/2025. The future life expectancies for future pensioners are based on members aged forty-five at the latest Fund valuation.

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

PPS Assumption	Increase / (Decrease)	
	PPS	PCS
	£'000	£'000
Longevity – increase by one year	57,000	0
Rate of increase in salaries – increase by 0.5%	16,000	1000
Rate of increase in pension – increase by 0.5%	157,000	2,000
Rate of discounting scheme liabilities – increase by 0.5%	(156,000)	(3,000)

LGPS Assumption	Increase / (Decrease)	
	Chief Constable	MCA
	£'000	£000
Longevity – increase by one year	16,283	4,576
Rate of increase in salaries – increase by 0.1%	368	59
Rate of increase in pension – increase by 0.1%	6,842	1,556
Rate of discounting scheme liabilities – decrease by 0.1%	7,210	1,615

Impact on Cash Flows

The objectives of the LGPS are to keep employers' contributions at as constant a rate as possible. The next triennial valuation is due on 31 March 2028 with an effective date of 1 April 2029. The contributions in respect of the police pension schemes are determined by the Government.

The liabilities show the underlying commitments that the Group has in the long run to pay employment benefits. The total liability of £2,322.3m for the Chief Constable has a substantial impact on the net worth of the Group as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Group remains manageable:

- the actual payment costs of normal retirement are met by the police pension schemes, based in part on the Force contributing a fixed percentage amount on officer salary costs to the Home Office.

The total contribution expected to be made to the LGPS by the MCA in the year to 31 March 2027 is £9.6m relating to the Chief Constable. Expected contributions for the Police Pensions in the year to 31 March 2027 are £46.7m.

The weighted average duration of the defined benefit obligation for scheme members is:

LGPS – 21 years

PPS 1987 – 14 years

PPS 2006 – 25 years

PPS 2015 - 28 years

57. Group Officers Remuneration

The remuneration paid to the Mayoral Combined Authority's senior employees and members of the Police Senior Command Team and Chief Constable's statutory postholders are shown in the table below.

The information provided in respect of South Yorkshire Police's Senior Command Team, Chief Constable's statutory postholders and SYP higher paid employees represents their remuneration for the whole of the 2024/25 financial year not the period from 7 May 2024 post integration.

2025/26 - MCA Senior Officers	Salary	Expenses	Exit Payments	Pension Contribution	Total
	£	£	£	£	£
Current					
Katharine Hammond – Chief Executive	197,134	-	-	39,033	236,167
Executive Director Resources and Investment (S.73 Officer)	142,803	-	-	28,275	171,078
Strategic Director of Legal, Governance and Commercial (Monitoring Officer)	108,269	-	-	21,437	129,706

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Executive Director Strategic Development and Reform	142,803	-	-	28,275	171,078
Executive Director Growth Business and Skills	126,936	-	-	25,133	152,069
Melanie Corcoran - Executive Director of Transport	155,713	-	-	30,831	186,544
Human Resources Director	107,672	-	-	21,319	128,991
Non-Current		-	-		
Martin Swales – Interim Chief Executive (Head of Paid Service)	20,400	-	-	-	20,400
Kate Josephs – Interim Chief Executive	-	-	-	-	-
Director of Corporate Delivery	46,076	-	-	9,123	55,199
Sub Total	1,047,806	-	-	203,426	1,251,232
Elected Mayor – Oliver Coppard	114,360	-	-	-	114,360
Deputy Mayor for Policing & Crime	89,432	-	-	-	89,432
Total – MCA Senior Officers	1,251,598	-	-	203,426	1,455,024

2025/26 – South Yorkshire Police Senior Officers	Salary	Expenses	Exit Payments	Pension Contribution	Total
	£	£	£	£	£
Current					
Chief Constable – L Poultney	204,263	-	-	64,591	268,854
Deputy Chief Constable – S Poolman	168,548	-	-	53,298	221,846
Assistant Chief Constable – Local Policing and Force Control Room	138,844	-	-	43,929	182,773
Assistant Chief Constable – Crime	129,423	-	-	40,888	170,311
Assistant Chief Constable – OSU, Custody and CJU (Note 1)	80,295	-	-	23,287	103,582
Assistant Chief Constable – OSU, DDAT, & IT (Note 2)	56,565	-	-	19,967	76,532
Assistant Chief Officer - Resources – J Bland	151,955	-	-	30,015	181,970
Chief Finance Officer (Note 3)	131,400	-	-	-	131,400
Total – SYP Senior Officers	1,061,293	-	-	275,975	1,337,268

Notes, 25/26:

1. Commenced role on 1 September 2025
2. Left the organisation on 31 August 2025
3. External consultant

See Note 34 for further information regarding MCA Senior Officers remuneration.

2024/25 - MCA Senior Officers	Salary	Expenses	Exit Payments	Pension Contribution	Total
	£	£	£	£	£
Current					
Martin Swales – Interim Chief Executive (Head of Paid Service)	257,400	-	-	-	257,400
Executive Director Resources and Investment (S.73 Officer)	137,321	-	-	27,189	164,510
Director of Law and Governance (Monitoring Officer)	59,975	-	-	11,875	71,850
Executive Director Strategic Development and Reform	137,321	-	-	27,189	164,510
Executive Director Growth Business and Skills	122,661	-	-	24,287	146,948
Melanie Corcoran - Executive Director of Transport	153,750	-	-	30,443	184,193
Director of Corporate Delivery	102,975	-	-	20,389	123,364

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Non-Current					
Director of Law and Governance (Monitoring Officer)	42,600	-	-	8,435	51,035
Sub Total	1,014,003	-	-	149,807	1,163,810
Elected Mayor – Oliver Coppard	106,491	-	-	-	106,491
Total – MCA Senior Officers	1,120,494	-	-	149,807	1,270,301

2024/25 - South Yorkshire Police Senior Officers	Salary	Expenses	Exit Payments	Pension Contribution	Total
	£	£	£	£	£
Current					
Chief Constable – L Poultney	190,338	-	-	55,721	246,059
Deputy Chief Constable – S Poolman	157,241	-	-	46,034	203,275
Assistant Chief Constable – Local Policing and Force Control Room (Note 1)	134,013	-	-	36,397	170,410
Assistant Chief Constable – Crime Services (Note 2)	93,929	-	-	26,068	119,997
Assistant Chief Constable – Ops Support (Note 3)	74,195	-	-	26,191	100,386
Assistant Chief Constable – OSU, DDAT, & IT (Note 3)	56,565	-	-	11,980	68,545
Assistant Chief Officer - Resources	145,783	-	-	26,651	172,434
Chief Finance Officer (Note 4)	16,200	-	-	-	16,200
Non Current					
Assistant Chief Constable – Local Policing and Force Control Room (Note 5)	42,503	-	-	15,004	57,507
Assistant Chief Constable – OSU (Note 6)	44,060	-	-	-	44,060
Chief Finance Officer (Note 7)	85,050	-	-	16,244	101,294
Total – SYP Senior Officers	1,039,877	-	-	260,290	1,300,167

Notes, 2024/25-

1. Commenced role on 12 May 2024
2. Commenced role on 17 June 2024
3. Transitioned roles on 1 November 2024
4. Commenced role on 14 February 2025 – External Consultant
5. Left the organisation on 29 July 2024
6. Left the organisation on 31 August 2024 (part time only – 23 hours / week)
7. Left the organisation on 10 February 2025

Employees receiving more than £50,000 remuneration for the year (excluding MCA senior employees and members of SYP's Police Senior Command Team and statutory postholders separately disclosed in the table above) were as follows:

Remuneration Band	24/25 Group	25/26 Group
£50,000 - £54,999	572	581
£55,000 - £59,999	351	449
£60,000 - £64,999	198	194
£65,000 - £69,999	136	160
£70,000 - £74,999	53	104
£75,000 - £79,999	20	29
£80,000 - £84,999	19	12

£85,000 - £89,999	15	14
£90,000 - £94,999	8	12
£95,000 - £99,999	8	12
£100,000 - £104,999	1	4
£105,000 - £109,999	2	7
£110,000 - £114,999	3	4
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0
£125,000 - £129,999	0	1
£130,000 - £134,999	2	0
£145,000 - £149,999	1	0
£155,000 - £159,999	1	0
£190,000 - £194,000	1	0
Total	1,391	1,583

A number of SYP employees, work in shared services with other regional forces. Disclosure of such employees is made in the accounts of the Force that holds the employment contract of those individuals.

58. Group Termination Payments

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

Number of Compulsory Redundancies	Number of Other Departures	2024/25			Exit Package cost band (including special payments)	Number of Compulsory Redundancies	Number of Other Departures	2025/26	
		Total number of exit packages by cost band	Total cost of exit packages in each band (as restated) £000	Total number of exit packages by cost band				Total cost of exit packages in each band £000	
2	3	5	35	£0 - £20,000	8	1	9	61	
1	-	1	24	£20,001 - £40,000	1	1	2	52	
1	-	1	66	£40,001 - £60,000	-	-	-	-	
-	-	-	-	£60,001 - £80,000	1	-	1	62	
-	-	-	-	£80,001 - £100,000	1	-	1	97	
-	-	-	-	£100,001 - £150,000	-	-	-	-	
4	3	7	125	Total	11	2	13	272	

The 2025/26 figures include 11 compulsory redundancies chargeable to the Police Fund at a cost of £232,000 and 2 staff whose contracts were terminated as other departures chargeable to the Police Fund (2024/25 2 compulsory redundancies chargeable to the Police Fund at a cost of £84,000 and 3 staff whose contracts were terminated as part of the voluntary early release scheme chargeable to the Police Fund at a cost of £26,000)

59. Group External Audit Fees

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

2024/25 £000		2025/26 £000
	MCA:	
128	Core Audit Fee – PSAA Scale Fee	136
184	Core Audit Fee – Former SYPTE and Former PCC Activity	189
0	Fee Variation – Build Back Assurance	56
30	Fee Variations	0
	Chief Constable of South Yorkshire:	
64	Core Audit Fee – PSAA Scale Fee	65
11	Fee Variations	0
	SYFTL:	
35	Core Audit Fee	36
33	Fee Variations	0
485	Total	482

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

60. Regional Working

The MCA and Chief Constable engage with other Yorkshire and Humber region PCCs/Combined Authorities and Chief Constables to deliver a number of services on a regional basis. The Regional Collaboration Programme was developed to bring opportunities across many policing activities whilst retaining local identity and accountability.

Since September 2013, a lead force model was adopted for each functional area of regional collaboration, with the Regional Collaboration Board retaining responsibility for the governance arrangements. South Yorkshire is lead force for Regional Procurement and during 2014/15 took lead force responsibility for Regional Stores. It provides all financial administration necessary to ensure that the costs are properly captured and fully recharged to the four participating PCCs/Combined Authorities and Chief Constables. Following an extensive review, a decision was made in March 2023 that Regional Procurement would be devolved to form local procurement teams from 1 July 2024. Regional Stores will continue to be a collaboration with Humberside Police and West Yorkshire Police.

The lead force arrangements have been reviewed against IFRS 11 on Joint Arrangements, and it has been determined that they fall outside the scope of a joint operation.

The summary position for these services is detailed in the memorandum below:

2024/25 from 7 May			2025/26
Stores £'000	Procurement £'000		Stores £'000
458	308	Staff costs	614
158	(1)	Premises related expenses	197
8	-	Transport related expenses	10
116	7	Supplies and services	45
740	314	Expenditure	866
-	-	Other reimbursed income	-
(740)	-	Contributions (see below)	(858)
-	(314)	Previous underspends utilised	-
(740)	(314)	Income	(858)
-	-	(Under)/overspends in year	8
-	-	Previous (under)/overspend not utilised	(131)
(131)	-	Balance c/f in current liabilities	(123)
<u>Contributions</u>			
(154)	-	Humberside Police	(185)
-	-	North Yorkshire Police	-
(220)	-	South Yorkshire Police	(259)
(366)	-	West Yorkshire Police	(414)
(740)	-	Total	(858)

The governance of the regional programme is undertaken by a Regional Collaboration Board headed by the four PCCs/Combined Authorities and attended by their Chief Executives and the Chief Constables.

The table shows the contributions made in 2025/26 by the South Yorkshire Mayor Combined Authority, to those services for which other regional forces are the lead force.

Regional Service	Lead Force Responsibility	2025/26 Contribution £'000
Underwater/Marine	Humberside Police	151
Scientific Support	West Yorkshire Police	6,608
Technical Support Unit including ROCU	West Yorkshire Police	4,749
External Forensics	West Yorkshire Police	2,386
Collision Investigation Unit	West Yorkshire Police	944
Prison Intelligence Unit	West Yorkshire Police	17
Secretarial Support	West Yorkshire Police	4

The SYMCA has collaborative working arrangements with Humberside PCC for the joint service of Information Technology (IT). The venture has a collaboration agreement under Section 22A of the Police Act 1996 covering the main responsibilities. The costs are shared based on the total size of the respective force budgets, assessed using a measure of “net revenue expenditure” (NRE).

The joint collaboration arrangement with Humberside PCC is treated as a joint operation under IFRS 11, with only South Yorkshire's share of income and expenditure being recognised in the Group Comprehensive Income and Expenditure Statement and only its share of jointly procured fixed assets in the Balance Sheet.

The summary position for these services is detailed in the memorandum below:

2024/25		2025/26	
From 7 May		Information	
Information		Technology	
£'000		£'000	
6,074	Staff costs	7,100	
-	Premises related expenses	-	
78	Transport related expenses	87	
6,335	Supplies and services	8,591	
-	Third party costs	-	
12,487	Expenditure	15,778	
(12,487)	Contributions (see below)	(15,778)	
-	Other income	-	
(12,487)	Income	(15,778)	
-	Deficit/(Surplus) in year	-	
<u>Contributions</u>			
(5,108)	Humberside Police	(6,547)	
(7,379)	South Yorkshire Police	(9,231)	
(12,487)	Total	(15,778)	
40.91%	Humberside Police % share of costs	41.49%	
59.09%	South Yorkshire Police % share of costs	58.51%	

61. Police Pension Fund Account and a Net Assets Statement

2024/25 from 7 May		2025/26	
£'000	£'000	£'000	£'000
Contributions Receivable			
<i>From the SYMCA</i>			
(39,175)	• Normal	(45,407)	
(188)	• Early Retirements	(1,324)	
(14,955)	<i>Officers' Contributions</i>	(17,722)	
(1,377)	<i>Abatement Contributions</i>	(831)	
(55,695)		(65,284)	
(575)	Transfers in from Other Schemes	(495)	
Benefits Payable			
88,335	• Pensions	100,895	
13,152	• Commutations and lump sum retirement benefits	18,829	
154	• Death benefits	184	
101,641		119,908	

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Payments to and on account of leavers		
113	• Refunds of contributions	139
74	• Transfers out to other Schemes	235
187		374
45,558	Net Amount Payable for the year	54,503
(45,558)	Additional Contribution from the SYMCA (via Home Office)	(54,503)
-	Additional Contribution from the SYMCA	-
-	Net Amount Payable / Receivable for Year	-

2024/25 From 7 May £'000	2025/26 £'000
Current Assets	
- • Amount owing from General Fund	-
- • Year-end creditors	-
- • Pensions paid in advance	-
- Total	-

The Police Pension Fund Account is operated in accordance with the Police Pension Fund Regulations 2007 (SI 2007 No 1932), which specifies the amounts that must be paid into and out of the Fund. The Chief Constable administers the Fund Account on behalf of the SYMCA although no cash is transacted by the Chief Constable, with all payments and receipts being made by the SYMCA.

An employer's contribution is paid into the fund, together with contributions from employees who are members of the Police Pensions Schemes. The contribution rates are based on percentages of pensionable pay, as determined nationally by the Government and subject to triennial revaluation by the Government Actuary's Department. The current contribution rates are:-

- 2015 Scheme = 47.74% to 49.08% (35.30% for the employer and 12.44% to 13.78% for employees).

The actuarial valuation has set the employer contribution rate for the police pension scheme from 1 April 2025 at 35.30% of pensionable pay.

On 31 March 2022, the 1987 & 2006 Scheme were closed which means that from 1 April 2022, there is only the 2015 pension scheme which is open.

Payments are also made into the Fund in respect of ill health retirements.

The schemes are unfunded which means that there are no investment assets built up to meet pensions payments.

The Pension Fund Account is therefore balanced to nil each year by a transfer from the SYMCA's General Fund, which then receives a top-up grant from the Government if contributions are insufficient to meet the defined pensions benefits payable. Any surpluses on the Fund are repayable to the Government.

The accounting policies adopted for the Pension Fund follow those set out in the Statement of Accounting Policies (Note 18). However, the Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date. These are dealt with within the Group Financial Statements in accordance with the applications of International Accounting Standard 19 – Retirement Benefits.

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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	<p>A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.</p> <p>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.</p>
Intangible Assets	Non-financial assets that do not have physical substance but are identified and are controlled by the entity through custody

	<p>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.</p>
<p>International Financial Reporting Standards (IFRS)</p>	<p>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.</p>
<p>Inventories</p>	<p>Inventories are assets:</p> <ul style="list-style-type: none"> • 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
<p>Investment Property</p>	<p>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.</p>
<p>Materiality</p>	<p>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.</p>
<p>Minimum Revenue Provision (MRP)</p>	<p>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.</p>
<p>Net Book Value</p>	<p>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.</p>
<p>Net Current Replacement Cost</p>	<p>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.</p>

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: <ul style="list-style-type: none"> • 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 THE MEMBERS OF SOUTH YORKSHIRE
MAYORAL COMBINED AUTHORITY**

REPORT ON THE AUDIT OF THE AUTHORITY’S FINANCIAL STATEMENTS

Audit opinion to be inserted when the audit is complete.