Appendix B

SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY

STATEMENT OF ACCOUNTS 2021/22

Audited-V1

For the period
1 April 2021 to 31 March 2022

Contents

Narrative Report by the Chief Financial Officer

1. INTRODUCTION

Purpose of the Narrative Report

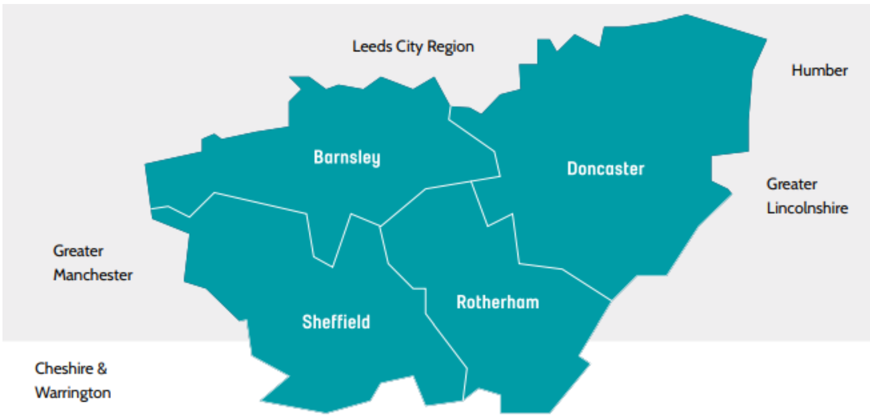
The Narrative Report provides key messages on the organisational structure of the Mayoral Combined Authority (MCA), its overall strategies and objectives and how it has performed over the year in terms of achieving those objectives.

The Narrative Report also provides a summary of the MCA's financial performance and how it has secured economy, efficiency, and effectiveness (value for money) in the use of its resources over the course of the 2021/22 financial year in meeting its strategic aims as a Group. Inevitably the Covid-19 pandemic has continued to have an impact.

2. ORGANISATION & CORPORATE OBJECTIVES

The South Yorkshire Mayoral Combined Authority and MCA Group

The Mayoral Combined Authority (MCA) is a formal partnership of Councils 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. To better reflect the geography that the MCA represents the formal name of the Authority was changed from the 'Sheffield City Region' to the South Yorkshire Mayoral Combined Authority.



The overall purpose of the Mayoral Combined Authority is to fulfil two distinct functions:

- To drive economic growth in the City Region through a public private partnership between the MCA and the private sector led Local Enterprise Partnership (LEP) through the implementation of the Strategic Economic Plan (SEP); and
- To act as the Local Transport Body for South Yorkshire and be responsible for its statutory Local Transport Plan.

The Mayoral Combined Authority is the legal and accountable body for all funding awarded to the LEP; primarily the Local Growth Deal and Getting Building Fund resource. From 1 April 2019, the MCA became the employing body for the South Yorkshire Executive Team, a dedicated resource providing impartial advice and support to the MCA, Mayor and LEP.

The MCA Mayor is a member, and Chair, of the MCA and a member of the LEP. The Devolution Deal was signed by Minister Simon Clarke on 27 July 2020 which, in addition to providing £30m per annum over the next 30 years, gives the MCA control of the Adult Education Budget as well as powers over transport, skills, housing and regeneration.

Whilst the MCA recently elected its second Mayor (Oliver Coppard) in May 2022, the activities and performance included in these 2021/22 Accounts reflect the vision and objectives of the MCA's first Mayor, Dan Jarvis.

During 2021/22 a national review of LEPs was undertaken by Government with proposals formed to move to new arrangements. This review did not affect the undertaking of the MCA's activity in 2021/22, though changes to its governance may be required in financial year 2022/23.

Economic Development

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

The first SEP was focused on creating jobs and generating GVA. This made sense at that time. However, the world has moved on and experienced significant disruption. The MCA still wants to grow the regional economy, but also make it better, not just bigger. Growth is important, but as a means to the end of creating better lives for people, healthier communities, and a stronger, greener, and fairer future.

The Vision

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

Overarching Policy Objectives

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

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

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

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

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

Furthermore, the MCA Board agreed to the development of five delivery plans. These are to be the plans that deliver the SEP. There will be four Place Based Investment Plans, to be produced by the four SY Districts and a Transformational Impact Investment Plan. The latter is to focus on the transformational interventions needed across South Yorkshire to deliver the SEP and transform the economy at pace and at scale. The MCA will work with partners to develop this plan.

Transport

We have continued to deal with the impact of Covid and its effects on both the viability of the commercial public transport network in the short to medium-term, but also the implications on medium to longer-term passenger demands and travel habits. SYPTE and transport operators in the region continued to receive funding from DfT to support levels of service which would otherwise not be commercially viable to allow for demand to recover and as best as possible, services to return to a commercially sustainable level.

The 2021/22 Mayor’s Transport Vision was underpinned by ten commitments to:

1. Invest in tram, tram-train, bus rapid transit, bus networks, active travel, and tackle congestion hotspots.
2. Invest in services to ensure that residents with disabilities, young people, the elderly, and those who are isolated economically and geographically are able to travel easily, confidently, and affordably.
3. Develop a plan for road investment that takes a co-ordinated long-term perspective.
4. Ensure that local, regional, and national road and rail investment delivers for the region.
5. Put pedestrians and cyclists at the centre of transport plans.

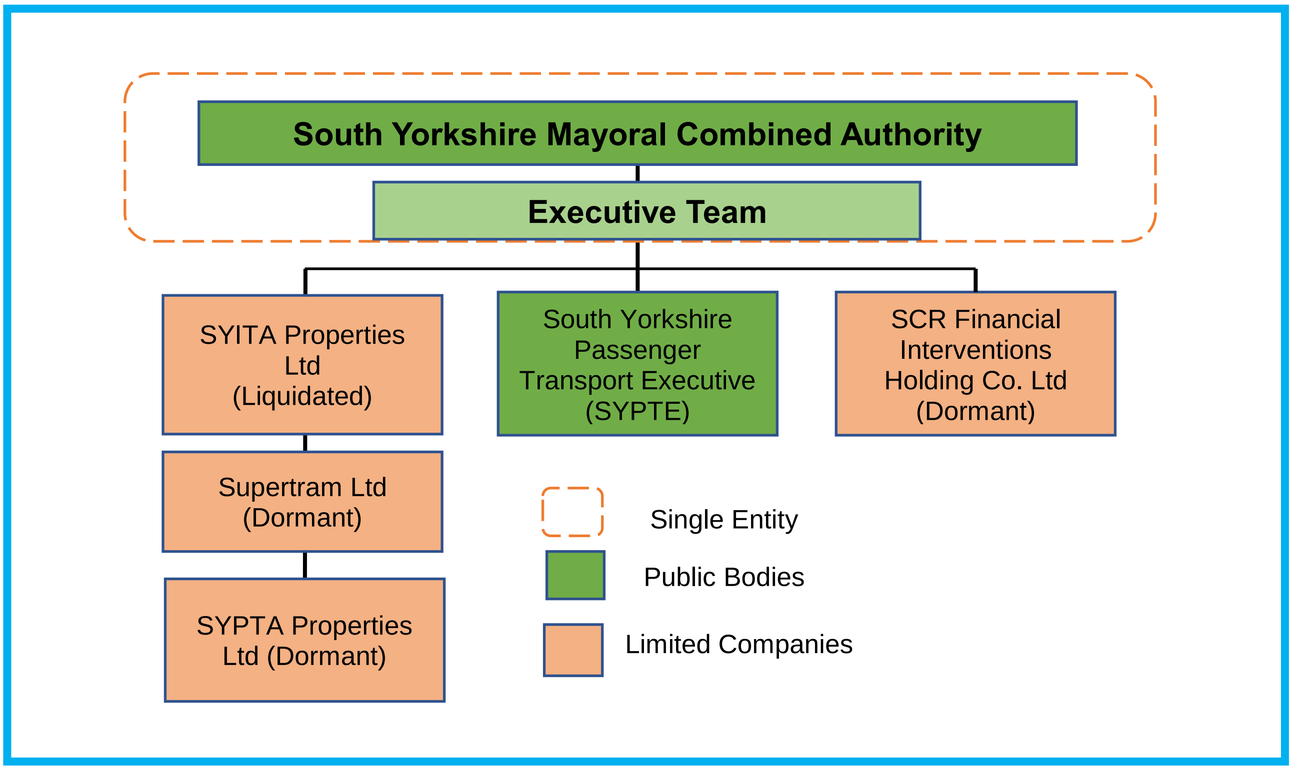
6. Work with partners to deliver a zero-emissions public transport network and eliminate the need for Air Quality Management Areas (AQMAs).
7. Ensure that safety is planned into all future transport investment and that road safety education initiatives are prioritised.
8. Ensure that new technology improves the customer experience of travelling in and around the region.
9. Actively support improved public transport connections to Doncaster Sheffield Airport and ensure that regional rail investment delivers fast and efficient rail links to major airports.
10. Undertake a review of the bus network in South Yorkshire in order to look at all options for improving local bus services.

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

The decision taken by the MCA to integrate SYPTE into the MCA also represents a significant change to the MCA group's governance model. Over the course of the year, the MCA began taking the necessary preparatory steps to begin this process. It should be noted that as SYPTE exists as a statutory entity under law, new legislation passed by Parliament will be required to enable the change. This legislation has not, at the time of compiling the Accounts, been passed and it is possible that this will not happen during the financial year 2022/23.

MCA Group Structure

The MCA Group comprises the following organisations:



South Yorkshire Passenger Transport Executive (SYPTE) is responsible for the delivery of public transport services. The MCA is responsible for approving the income and expenditure estimates of SYPTE and its capital programme. The structure also has four dormant companies as set out in the diagram.

3. KEY DEVELOPMENTS IN THE YEAR

This section highlights the key achievements and developments delivered by the MCA Group in 2021/22:

- Led the way nationally with one of the fastest roll outs of pandemic related business support schemes, supporting South Yorkshire businesses with over £51m of emergency support in just 18-months.
- Designed, procured, contracted, and begun the administration of the region’s first ever locally controlled Adult Education Budget programme.
- Navigated supplier and inflationary headwinds to invest c. £96m into capital investment schemes.
- Met challenging delivery timelines to ensure time-limited government funding was deployed without incurring clawback.
- Negotiated and received new powers to borrow for non-transport capital investment.
- Secured new investment for the region with the highest per-capita share of Community Renewal Fund across the MCAs nationally and receiving commitment of £570m for transformational transport investment from the City Region Sustainable Transport (CRSTS) fund.
- Continued to support young people through its 18-21 “Zoom Beyond” concession which at the end of the financial year saw over 1m trips made and around 23,000 active concession pass holders in circulation in the region.
- Designed the core foundations for the South Yorkshire Renewal Fund, reaching agreement to invest material amounts of revenue resource into the development of place-changing aspirational investment plans.
- Delivered practical integration of the Group on time and under budget, ahead of the formal dissolution of SYPTE.
- Earmarked resource following a reserve strategy review to a franchise assessment exercise; and,
- Critically, played its part in the stabilisation and continuation of the public transport network.

4. IMPACT OF COVID-19

This section has been included in the Narrative Report as it has been, and will continue to be, an important factor across all aspects of service delivery and funding of MCA activity in 2022/23 and beyond. It is broken down into three sections to aid understanding of the impact of the pandemic on the Group and its response.

Provision of Services & Funding

For public transport operators, the primary concern throughout the pandemic, resultant restrictions, and the near-term aftermath as the nation returned to some degree of normality has been their commercial sustainability. With fare-box income initially collapsing as movement was restricted, and then not recovering beyond 75% of pre-pandemic levels, operators became reliant on public subsidy from SYPTE and national Government.

During 2021/22 the MCA continued to commit to operators a subsidy equal to the concessionary fare reimbursements paid prior to the pandemic. Payment of this subsidy was contingent on operators running pre-pandemic levels of service. Where actual service levels fell below that level, the MCA adjusted its subsidies to avoid paying for services that were not run.

Complemented by national support paid directly to operators, this level of support largely secured the continuation of the network in its pre-pandemic form. Where services were not run this was principally due to shortages in bus-drivers and strike action, rather than insufficient funding.

Towards the end of the year, however, it became apparent that some operators were beginning to prepare their businesses for the assumed loss of government support in the new financial year.

The MCA has prepared itself for this eventuality through network reviews and a mitigating Financial Strategy. This activity reflects that supporting all potentially withdrawn services will not be sustainable within existing resource envelopes, with a need for either rationalisation of the network or new funding to be found.

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

Whilst concerns around the transport work remained a focus, resources also continued to be allocated to planning for the ongoing recovery phase in terms of business, economy, and the necessary transport support.

The Renewal Action Plan adopted in the previous financial year was operationalised with funding enabling investment into local authority recovery plans, place investment schemes, and business and skills support.

This locally led plan was also complemented by the release of further national funding to the MCA through the Additional Restrictions Grant regime. In total, over £52m of funding was deployed through the South Yorkshire Business Support Scheme. This scheme was a locally designed fund aimed at supporting those businesses and traders who were either under-supported or unsupported by the national schemes focussed on businesses with a rateable value.

The delivery of the South Yorkshire Business Scheme at pace and in spite of other critical capacity constraints represented a significant success for the region, supporting businesses through difficult times.

Reserves, Financial Performance and Financial Position

The impact of Covid-19 was regularly reviewed throughout the year, in order to understand the implications for the MCA's 2021/22 revenue budget.

The most significant risk for the SYPTE is the impact on the bus tendered services budget in the event that operators cut or withdraw vital public transport services in response to the cessation of central Government support. The MCA Board agreed in March 2021 to set aside £7 million in reserves for the protection of priority services. Up until this point, there has been no requirement to draw down from this reserve, however the Board did agree in June 2022 that SYPTE could call on up to £2 million from the reserve in October 2022 depending on certain scenarios.

SYPTE's income budget derives from various sources including park and ride charges, commercial income, property rent, departure charges and service charges. A risk of £1.6 million was identified and a new earmarked reserve was created in the 2019/20 Accounts to cover the impact in 2020/21. £1.5 million continues to be held in this reserve and £3.6m in total at MCA group level.

Consequently, the MCA agreed to set aside £7 million in reserves for the protection of priority services. Around £1.1 million of this reserve is currently held by SYPTE, with the remainder held at group level.

Finally, reserves have also been set aside for the Bus Recovery project (£3 million, of which £0.6 million has been drawn down in 2021/22), Mass Transit project readiness (£3 million), Asset Management (£1.8 million), and the remaining £1.5 million to cover pensions smoothing, redundancy, pay inflation risk and IT projects. A Project Feasibility Fund (£3.6m) has also been retained to provide sustainable revenue funding for the early-stage development of investment propositions. Following a reserve strategy review during the year, the Board also agreed to un-earmark £3m from the PFI reserve and re-earmark that to a Franchise Assessment Reserve.

Cash Flow Management

Cashflow management is governed by the MCA group's Annual Treasury Management Strategy, the 2022/23 update of which was approved by the MCA Board in March 2022. In common with most other public sector bodies, the MCA's approach to its Investment Strategy is governed by a hierarchy of considerations centred on protecting public funding. This hierarchy places a greater emphasis on the security and the liquidity of the MCA's investments than it does on the yield generated from them. This relatively conservative approach limits the MCA's exposure to losses arising from counterparty default, but also limits the returns that can be generated from investing cash resource until it is required.

5. FINANCIAL PERFORMANCE

Overall Position

At outturn the financial results show that the MCA incurred expenditure of £223m, falling short of the base budget estimates by £136m. Analysis highlights that underperformance in the capital programme accounted for £129m, or 95%, of this underspend:

Budget Variances	Base £k	Outturn £k	Variance £k	Variance £k
Revenue	£133,356	£126,667	-£6,689	-5%
Capital	£224,838	£95,846	-£128,992	-57%
Total	**£358,194**	**£222,514**	**-£135,680**	**-38%**

Revenue

Whilst revenue activity came within 5% of the base budget this does mask a number of movements, as expenditure related to new funding streams not reflected in the initial budget offset underspends on previously forecast activity.

Revenue fluctuations largely reflect the adoption of new grant streams that have become available throughout the year resulting in unplanned underspends. Additional funding includes further tranches of Additional Restrictions Grant that were released as the nation moved through the Delta and Omicron restrictions and then the adoption of CRSTS Revenue funding (£5.2m) and the movement of Project Feasibility Funding (£3.6m) from reserves to the budget ahead of release.

Whilst the MCA and partners successfully deployed all ARG funding via the South Yorkshire Business Support Scheme by March 2022, there were notable underspends against gainshare revenue resource and the Adult Education Budget, whilst CRSTS revenue and Project Feasibility Fund resource was reprofiled into the new financial year. These movements lead to a net underspend of c£7m.

Capital

The slow pace of capital activity has been a cause for concern reported throughout the year. Across all of the funded programmes, progress has been impacted by supply chain and labour market pressures that are impacting on design, development, and delivery capacity. Inflationary pressures are also now impacting on price, in many instances requiring further development activity to pare back designs to an affordable level.

Progress has been a particular issue in the Brownfield Housing programme where just £1.2m of expenditure was recorded against a government target of £20m. Progress against the Transforming Cities Fund programme was also slower than forecast, with significant amounts of funding now rolled into the new year.

Capacity constraints have led to the prioritisation of programmes where funding was made available on condition of it being defrayed by a certain point, as with the Getting Building Fund. The efforts of local partners and a degree of flexibility afforded by Government have allowed for the MCA to meet all expenditure targets where funding was at risk.

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

Consolidated	Base £k	Outturn £k	Variance £k
Transport and Environment	£213,951	£121,031	-£92,920
Housing, Infrastructure, Planning	£68,067	£26,429	-£41,638
Skills and Employment	£36,941	£24,135	-£12,806
Business Growth and Recovery	£21,619	£34,941	£13,322
	£340,578	£206,536	-£134,042
MCA Executive	£16,205	£15,638	-£567
Mayoral Office	£1,411	£340	-£1,071
Total	**£358,194**	**£222,514**	**-£135,680**

Underspends in the Transport and Environment area reflect slippage on transport capital programmes, principally the Transforming Cities Fund. Underspending in the Housing, Infrastructure and Planning areas reflects the previously mentioned issues on Brownfield Housing, but also slower than forecast progress on gainshare funded place-based schemes. Underspend on Skills and Employment activity reflects in-year underspend on the Adult Education Budget and gainshare Renewal Action Plan activity. Higher than forecast activity in the Business Growth area reflects the additional emergency support provided through the South Yorkshire Business Support scheme, offset in part by lower gainshare Renewal Action Plan activity.

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

<u>Reconciliation of the Revenue Budget Outturn to the Comprehensive Income & Expenditure Statement (CIES)</u>

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).

The following table shows how the MCA's surplus on the provision of services shown in the CIES of £16.5m reconciles to the Revenue Outturn against Revenue Budget reported to the MCA on 25 July 2022.

	2021/22
	£'000
Surplus on Provision of Services in the CIES	**-16,481**
less: technical accounting adjustments recognised in Period 13 not in the Outturn	
less: grant income recognised in Period 13 not in the Outturn	
Skills Bank 2 investment pot transferred to Skills Bank reserve	2,640
Mayoral Capacity Fund transferred to reserves	194
Unapplied Gainshare revenue transferred to reserves	7,848
Income resilience reserves	585
Redundancy reserves	180
Reversal of items not chargeable against revenue budget:	
IAS 19 pension costs - current service	-896
IAS 19 pension costs - net pension interest	-104
Capital grant income & contributions credited to Taxation & Non-Specific Grant Income in the CIES	17,234
Capital grant expenditure (REFCUS) charged to net cost of services within the CIES	-90,340
Capital grant income relating to REFCUS credited to net cost of services within the CIES	77,189
Impairment intangible asset and others charged to net cost of services within the CIES	-383
Depreciation charged to CIES	-523
Revaluation losses charged to the CIES	
Revaluation gain on investment properties credited to CIES	200
Write back of expected credit losses/impairment relating to capital loans awarded credited to CIES	-179
Soft loan adjustments	289
Items chargeable against revenue budget not included in CIES:	
Statutory provision for repayment of debt (MRP)	3,367
Transfers to/from reserves charged credited to Outturn	
Contribution to PFI reserve	1,239
Drawdown from Levy reduction reserves	-1,231
Savings on MRP-transferred to Levy reduction reserves	479
Drawdown Mayoral election reserves	-1,179
Drawdown MCF reserves	-517
Drawdown from Gainshare reserves	-145
Reported Deficit/ Surplus on LEP activities (carry forward to pay roll forward commitments)	**-534**

Reserves

Regulation requires that the MCA adopts an annual reserve strategy. Reserves are held to mitigate risk, guard against financial shock, and provide available resource to meet opportunities. The MCA holds reserves across the Group structure. These reserves are generally differentiated between capital and revenue amounts, and those that are earmarked to specific activity or otherwise.

The MCA undertook a significant reserve review across the financial Group in 2021/22. That review was prompted by both the integration of SYPTE and the MCA, and thus the requirement to better consolidate financial resource into a coherent strategy, and the need to consider how the Group's financial resource could be brought to bear to support the mitigation of risk arising from the pandemic and in particular the viability concerns on the public transport network.

This review led to a major restructuring exercise, with reserves re-set to mitigate against known risks. New earmarked reserves were created to support the management of the Bus Review activity and the Tram Project, ensuring the Group properly prepares for the end of the current tram concession in 2024. A 'Protection of Priority Services' reserve was also created to ensure the MCA had available resource to support the transport network in the event of government subsidies being withdrawn before fare-paying patronage had returned to sustainable levels. Income resilience reserves were also created across the Group to ensure that the MCA had a financial buffer against commercial revenue fluctuations, whilst resource was also earmarked for gainshare commitments.

The MCA group held revenue reserves of £90.0m and capital reserves of £65.9m at the end of 2021/22.

Whilst this position appears very healthy, it is of note that £82.7m of revenue reserves are held for specific purposes as are £51.5m of capital reserves. The level of these earmarked reserves is planned to fall in future years as the activity they are intended to fund takes place. This is in line with the Reserves Strategy adopted by the MCA when the 2022/23 budget was set.

6. GOVERNANCE

Mayoral Combined Authority

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

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

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

Local Enterprise Partnership

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

It comprises fourteen representatives from the private sector and academia, the nine Local Authority Leaders, the Mayor, a Trades Union representative and two co-opted specialist advisers.

The LEP is responsible for setting strategy and acts as the custodian of the Strategic Economic Plan (SEP). It bids for funding and programmes from Government and is responsible for their delivery and contribution towards realising the outcomes identified in the SEP.

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

During 2021/22 Government undertook a review of LEPs nationally. This review has now concluded with Government requiring a move to a new model. The proposed new model is largely comparable to the MCA’s existing model. The national review and the proposals that have come from this do though present the MCA an opportunity to consider how best to incorporate private sector involvement into its governance.

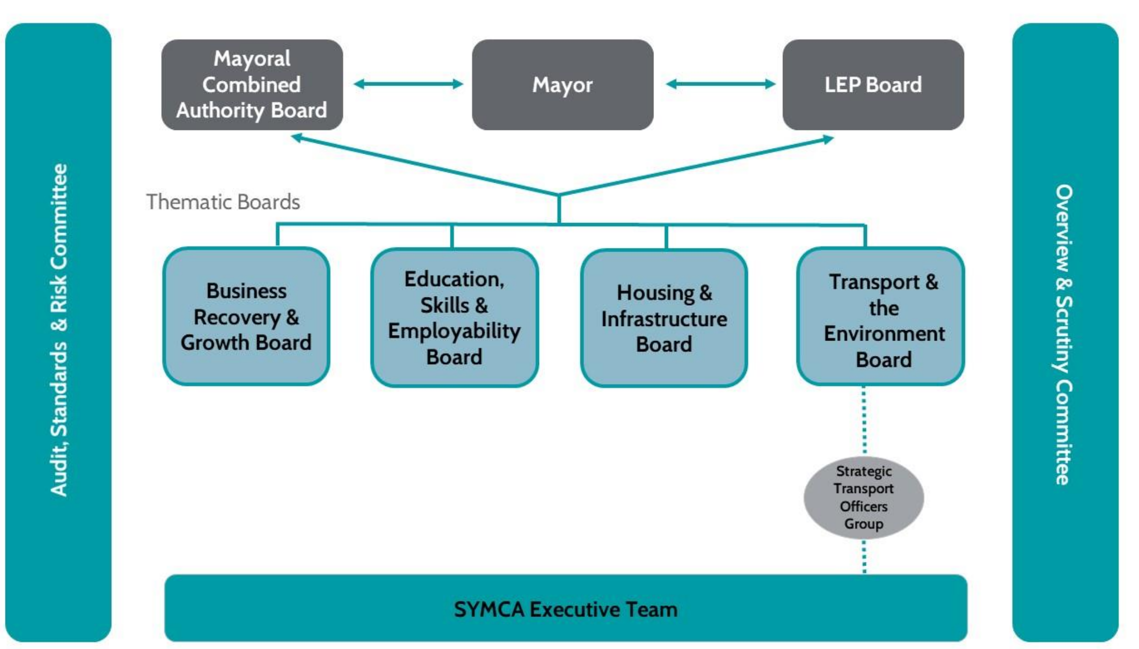
At the time of preparing the Accounts the MCA was working through a number of options that would be considered in consultation with the LEP.

Thematic Boards

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

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

The governance arrangements are depicted in the diagram below:



Audit Standards & Risk Committee

The MCA's Audit Standards & Risk Committee (ASRC) provides a high-level focus on assurance and the MCAs 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 and in 2021/22 consisted of 8 elected Councillors (or their nominated substitute) from the four Local Authorities in the City Region and two independent members.

In addition, the MCA has an established process for internal and external audit. Internal Audit is a contracted service (Grant Thornton effective from 1 April 2020), and Ernst and Young (EY) are the appointed External Auditors (from 2018/19).

Overview and Scrutiny Committee

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

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

Independent Assessment of Governance Arrangements

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

The most significant weaknesses identified through internal audit reviews are related to Asset Management and Supplier Resilience. Since the conclusion of these reviews, good progress has been made in determining and implementing the target operating models in each area. In addition, Supplier Resilience is monitored via the Corporate Risk Register referred to as 'supply chain failure'. The Register captures the controls in place and further actions to be taken to mitigate or reduce the risk and is monitored regularly through the agreed risk management approach.

7. OUTLOOK

The commencement of the new financial year has not only seen a new MCA Mayor elected in Oliver Coppard but the MCA's budget of £472m means that there will be record levels of investment for the region in 2022/23.

The framework for investment has been set out in the MCA's Corporate Plan. This is a transformational plan which outlines its key priorities namely creating a new economy that is:

- Stronger – an economic transformation to create not just a bigger economy but a more productive one that enables our businesses to thrive and grow.
- Greener – a green transformation to decarbonise our economy, improve our environment, and revolutionise our transport; and
- Fairer – a transformation of wellbeing and inclusion, raising our quality of life, equipping people to acquire skills and progress.

Despite the optimism that has been generated by the additional funding and new political leadership, the financial outlook for the MCA group, nevertheless, remains characterised by challenge and change.

There is little certainty on either quantum or longevity around future funding levels and this lack of longer-term planning at a national level will inevitably inhibit planning at the local level.

This uncertainty around the funding outlook is being exacerbated by the challenges in the supply-chain and labour-markets, as both the recovery from the pandemic and other global forces continue to drive double digit inflationary increases. These matters are likely to affect both the pace and cost of delivery in the region as inflation and rising interest rates severely restrict the spending powers of both businesses and consumers.

As in the previous financial year, the key immediate planning concern is the commercial sustainability of the public transport network. With fare-paying patronage still well below sustainable levels and with committed Government funding due to end October 2022, the risk that services begin to be withdrawn is acute.

The challenge of sustaining the MCA's core transport activity will likely become more acute as the realities of the end of the current tram concession in March 2024 become clear. New external forecasting suggests that left unmitigated the costs of sustaining the tram network will materially exceed previous forecasts.

Whilst work is underway to shape an appropriate operating modelling for the tram operations that mitigates the operating and financial risk that the MCA will otherwise become exposed to, there is no doubt that the MCA is entering a very challenging medium-term environment.

The current strategy of releasing the Levy Reduction Reserve to offset against a falling cost-base is likely to become unsustainable by 2025/26 as inflationary cost pressures offset the savings made from retiring legacy debt and consideration will need to be given to levy increases in the next budget cycle to avoid a cliff-edge once the reserve is exhausted.

Despite this uncertain outlook, revenue resource has been made available in the 2022/23 budget to support transport priorities including the ongoing costs of Bus Review activity and the expected costs of the Franchise Assessment. Significant amounts of capital investment are also being made available via the Transport Maintenance grants and the Transforming Cities Fund that has now been rolled into the CRSTS programme. In addition, resource is available through the Active Travel grants programme complemented by gainshare contributions, whilst gainshare investment into bus infrastructure priorities and the costs of the 18-21 travel concession is also included.

In addition to supporting transport activity, the region will continue to have an important role to play in supporting the economic health of the wider economy. Significant amounts of the UK Government's fiscal stimulus package will continue to flow through the MCA, including capital funding that will prime economic activity. For example, the Housing, Infrastructure, and Planning portfolio receives funding from the Brownfield Housing, residual Getting Building grant and gainshare funding. It also includes Net Zero activity, some non-capital Brownfield activity, and the costs of the development team. There will be significant focus in this area during 2022/23 on meeting deadlines set by Government for the utilisation of funding.

The Skills and Employment agenda reflects the adoption of the AEB activity, and the extension of the Working Win programme for a further year, along with MCA investment in apprenticeships and training programmes funded from devolved monies. In the prior year, Getting Building Fund capital funding was used to support a number of the region's colleges, but this funding has now ended without a successor funding stream being announced.

The MCA will also continue to support businesses and economic growth in the region. However, one key area of concern is the quantum of funding available to support business growth aspirations. In the new year, c£17m of funding is expected to be applied, the majority of which relates to capital investment into businesses to support their growth. Following the end of the LGF programme and the delays to the launch of the Shared Prosperity Fund, there remains limited government funding in this area. The

MCA has infilled around this deficit where possible with gainshare resource making up 61% of the funding available to the area in the new year.

The MCA has a robust reserves strategy in place to mitigate the risks outlined above but this can only be a bridging strategy. Sustainable solutions need to be identified over the short to medium term to address these challenges and a crucial element of this approach requires greater certainty from the Government over future funding levels.

In summary, 2022/23 will see record levels of investment which will undoubtedly create new opportunities in the region but there remain many underlying challenges and difficulties for the MCA to address in order to meet its main priorities set out in the Corporate Plan.

Annual Governance Statement

Executive Summary

Scope of Responsibility

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

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

What do we mean by Governance?

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

What is ‘Good Governance’?

Fundamentally, good governance is about making sure we do the right things, in the right way, for the right people. Our commitment to good governance is set out in our Code of Corporate Governance. This Code, aligned the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016, has been in place for the year ended 31 March 2022, 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 2021/22

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

- Initially driven by a recommendation from the independent Bus Review, which concluded in 2020, 2021/22 has seen the Authority embark on a major change programme to integrate with South Yorkshire Passenger Transport Executive. This programme aimed to create a single entity responsible for bus strategy and delivery in South Yorkshire ensuring clear lines of accountability, alignment of strategic priorities and greater political oversight. It also provided the opportunity to assess and review how we are organised, and the way we need to work, to be able to deliver the sustainable economic change our region needs.
- The Covid-19 pandemic has continued to place significant demands on the Authority during the year with sustained pressure on the viability of the public transport network due to reduced or terminated recovery funding from central Government, and lower levels of patronage.
- With the addition of new funding streams, and borrowing powers conferred from Government, the investment programme of the Authority provides a generational opportunity to innovate and do things differently. Work to scope out our Investment Strategy and the future regional long-term way of working has required substantial and sustained development.

Throughout this, the majority of the workforce continued to work remotely, until the latter part of the year, which has seen a return to the office environment and the adoption of hybrid working arrangements.

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

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

On the basis of the sources of assurance set out in this statement, we are satisfied that, throughout the year 2021/22, and up to the date of the approval of the Accounts, a satisfactory system of internal control has facilitated good governance of the Authority's affairs and the effective exercise of its functions.

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

…………………………………………………...

On behalf of the South Yorkshire Region Mayoral Combined Authority

1. Identification of Key Governance Arrangements

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

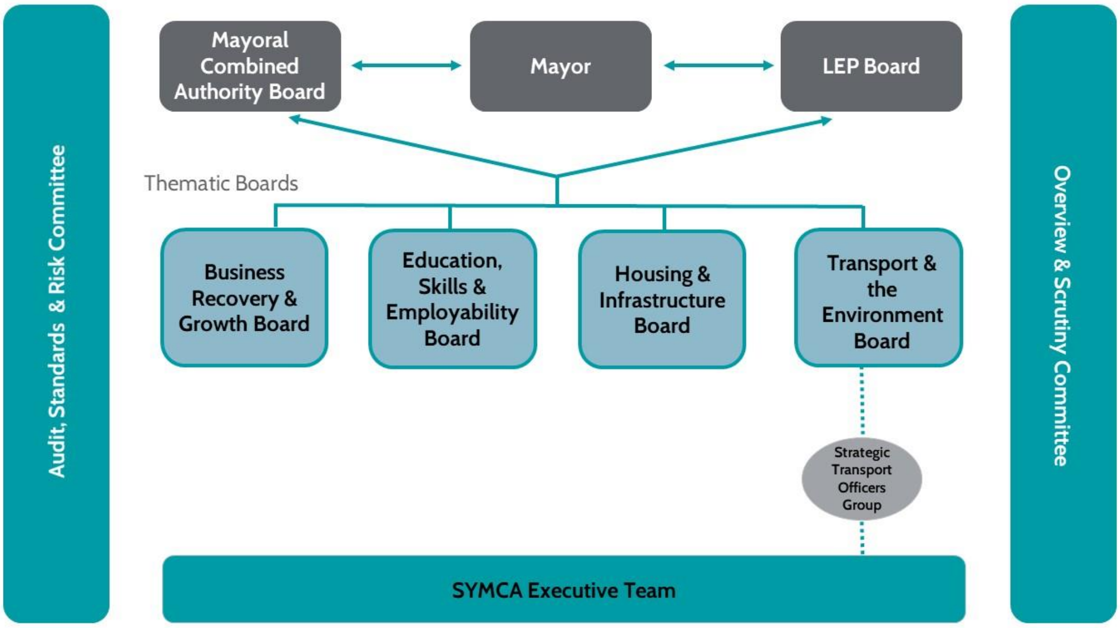


Fig 1: 2020/21 Governance Structure

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

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

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

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

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

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

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

Our Strategic Economic Plan 2020-40 sets out our vision and policy objectives to grow the economy at pace and at scale, ensuring that all people and places have a fair opportunity to contribute to, and benefit from prosperity. Our Corporate Plan is focussed on the immediate term and identifies what we are going to do, how we are going to do it and what we aim to achieve over the next three years to achieve our objectives of growth, inclusion, and sustainability.

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 Strategic Risk Register which sets the culture and tone for the management of threats, concerns, and assurances across the organisation.
- The work of the Audit, Standards and Risk Committee which includes responsibility for monitoring the effectiveness of the Authority's governance arrangements and control environment.
- Internal management processes.
- The report of the MCA's External Auditor.
- Recommendations from externals bodies/Government departments.
- A series of interviews with Officers and a Management Board workshop where we have assessed and evaluated our compliance with our Code of Corporate Governance and the effectiveness of our governance framework.

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

2.1 Head of Internal Audit Opinion

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

Internal Audit works closely with External Audit and complies with the Public Sector Internal Audit Standards (PSIAS).

The Head of Internal Audit's Annual Report for 2021/22 has included the following **draft** opinion:

> "My overall opinion for the period 1 April 2021 to 31 March 2022 is that based on the scope of the reviews undertaken and the sample tests completed during the period, 'significant' assurance with some improvement required', can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
>
> In issuing my opinion, I have taken into consideration where reviews have concluded a 'partial assurance opinion with improvement required'. We identified weaknesses in some areas which put objectives at risk. These included Asset Management, Supplier Resilience and Assessing the Risk of Fraud. We acknowledge that these are areas of known risk to the Authority and were included in our audit plan on this basis, however, the weaknesses identified lead us to conclude that only a 'partial assurance with improvement required' opinion can be given to the Framework of Internal Control. This does not prevent us from providing a 'Significant Assurance Opinion with Some Improvement' required opinion overall as action is in progress to address issues raised."

The most significant weaknesses identified through internal audit reviews are related to Asset Management and Supplier Resilience. Since the conclusion of these reviews, good progress has been made in determining and implementing the target operating models in each area. In addition, Supplier Resilience is monitored via the Corporate Risk Register referred to as 'supply chain failure'. The Register captures the controls in place and further actions to be taken to mitigate or reduce the risk and is monitored regularly through the agreed risk management approach.

2.2 CIPFA Code of Financial Management

During the year we have also continued to monitor our compliance with the new 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 is re-assessed on an annual basis.

3. Accountability and Action Plans

3.1 Progress Against our Governance Improvement Plan for 2021/22

Although no significant issues were identified in the previous financial year, we identified areas for improvement and put in place a Governance Improvement Plan. The plan, and our progress against, has been monitored by the Audit, Standards and Risk Committee at each of their meetings during the year. The Committee agreed to the conclusion of the plan at their meeting in March 2022, recognising that some actions, whilst 'completed' would continue to be implemented or embedded into the new financial year and become part of business as usual.

Table 1: Progress against our Governance Improvement Plan for 2021/22

Focus for 2021/22	Progress to date
Strategic	
Continued implementation of operational improvements to public transport as a consequence of the Bus Review and subsequent national policy statements	**COMPLETED** The actions agreed in year have been completed although many of the actions to deliver the Enhanced Partnership and to commence the work on franchising options, as agreed by the MCA in March 2022 will continue as part of business objectives in 22/23.
Implementation of the assured plan for full integration of the PTE into the MCA	**COMPLETED** The organisational structure and operating model were implemented by the end of the financial year. 2022/23 will see the next phase of organisational development work to transition to a single set of systems and processes and to fully embed a new single corporate culture.
	DELAYED The formal dissolution of SYPTE has not taken place. There is a commitment by Government to ensure this takes place by the end of the financial year 2022/23. Having two legal entities in place requires a number of process work around arrangements, delaying the full realisation of many of the benefits of integration.
Implementation of new decision-making arrangements e.g., broadening the scope of the Transport Thematic Board	**COMPLETED** New Terms of Reference have been introduced and implemented. A supporting Officer Group, chaired by the lead Chief Executive has been established to inform and support decision makers.
Development, agreement to and implementation of the Strategic Investment Framework	**COMPLETED** Development of the framework for the Strategic Investment Framework has been undertaken

	through a phased approach, based on a set of agreed principles, taken forward by a collaborative officer working group with regular oversight by the MCA Board.
Operational	
Development of new corporate structure and clearly defined responsibilities for the single integrated organisation	**COMPLETED** The detailed structure and operating model were implemented 1 April 2022.
Implementation phase	**COMPLETED** All ringfenced recruitment was completed in a timely manner which ensured Officers of the MCA and PTE were able to commence 22/23 working in the new organisational structure.
Development of a target operating model for governance to be developed and implemented within the year	**COMPLETED** The detailed structure and operating model were implemented 1 April 2022.
Development of a target operating model for risk management to be developed and implemented within the year	**COMPLETED** A new Risk Management Framework, Risk Register, Risk Appetite Statement and reporting and escalation framework has been agreed by Management Board and endorsed by the Audit, Standards and Risk Committee. The Framework is being tested and socialised with Officers and is supporting the identification of risks in each Business Plan area. The Framework will go to the MCA Board for approval in July.
Development of a target operating model for financial management to be developed and implemented within the year	**COMPLETED** A target operating model for the integrated Group Finance Team has been adopted and is being implemented.
Development of a target operating model for procurement to be developed and implemented within the year	**COMPLETED** Work has progressed to revise the Contract Procedure Rules and to agree the workflows from business planning, through to a procurement pipeline and then, in practical terms, the interface between finance, procurement and decision makers. This is partially implemented due to the failure to formally dissolve SYPTE, consequently there are workarounds to bridge the gap and transition SYPTE into the single approach. Work will continue into 22/23.

Development of a target operating model for programme management to be developed and implemented within the year	**COMPLETED** Work has progressed to stand-up a new corporate PMO function, with clarity of purpose and function. Work will continue in 22/23 to establish the team and embed the way of working.
Review, agree and implement a new Officer Scheme of Delegation	**COMPLETED** Approved by the MCA in September.
Embedding of new Contract Procedure Rules and a Social Value Policy and Officer briefing and training	**COMPLETED** Contract Procedure Rules have been refreshed in year and the MCA board approved the progressive procurement and social value eligibility criteria in March 2022.
Roll out of new corporate induction	**COMPLETED** Roll-out of all resources on the eLearning portal, supplemented by face-to-face office induction, Chief Executive meet and greet and organisational induction. Resources have been updated to reflect the single organisation.
Roll out and evaluation of single process for performance development reviews across the integrated organisation	**COMPLETED** Roll out of process commenced May 2021. Process is subject to review and re-design to fully reflect vision, values and ways of working changes that arise from the integration into a single organisation.
Implementation of new job evaluation system for the integrated organisation, including renewal of all MCA Executive job profiles to reflect new values etc	**COMPLETED** Work has concluded on the job evaluation and read across between MCA and PTE.
Implement arrangements for the monitoring of the Corporate and business plans. Including the introduction of new reporting arrangements	**COMPLETED** A new Corporate Plan, budget and business plan have been agreed.
Introduce a new Corporate Assurance Management Board to review all aspects of corporate assurance oversight	**DELAYED** This remains part of the planning, but implementation has been delayed. This has not impacted on any decision making or governance improvement actions as all matters continue to be considered by the full Management Board, through governance focused workshops and Boards
Monitor and manage the impact of the integration on BAU strategic and operational risks	**COMPLETED** The review was completed and has influenced the new corporate risk management framework.

Refresh core policy documents inc Assurance Framework, Monitoring and Evaluation Framework etc	**COMPLETED** Considered by the Audit, Standards and Risk Committee and approved by the MCA in March 22.
Review learning from 2018 and implement a plan to run the 2022 Mayoral Election	**COMPLETED** Planning commenced in November 2021, to consider lessons from 2018 and from running elections in the pandemic. Update meetings were held with the Electoral Commission and a compliant election delivered in May 2022.
Develop an action plan to implement improvements to compliance with the Financial Management Code	**COMPLETE** The MCA is compliant with this activity and has embedded the core principles. Compliance will be re-assessed annually.
Delivery	
Embed cross organisational Collaboration Teams to improve the effectiveness of major programme delivery	**COMPLETE** The Organisational Operating Model is built around cross organisational collaboration/ matrix teams, which will continue to be embedded in 22/23 and developed through lessons learned activity.
Full review of the lifecycle of programme development concluded and improvements made to inform continual development	**COMPLETE** The independent review phase of the Business Process Re-engineering work reported in July 21 to the regions Local Authority Chief Executives. A new phase was then led by the Director of Resources for Sheffield City Council and the MCA Deputy Chief Executive, to plan and implement actions arising from the review. There is no fixed end date on this work, the ambition is to have an initial implementation plan developed in 2022.

3.2 Audit Recommendations

There were two recommendations made as a result of the 2020/21 external audit. These were in respect of the control environment and are as follows:

1. Undertake a periodic and final review of the Fixed Asset Register at year end to ensure that the Register is being correctly updated and maintained as a supporting schedule to the final figures in the statements.
   Status – the Fixed Asset Register has been reviewed as part of closing-down the 2021/22 Accounts.
2. Management to undertake a full review of the Accounts and related Disclosure Notes to ensure that the Disclosure Notes agree to the main statements within the Accounts and that they comply with the requirements of the code.

Status – this recommendation has been included as an added process check in drafting out the Authority's 2021/22 Statement of Accounts.

There are no outstanding recommendations from any years prior. Whilst there was slippage on the implementation of some internal audit recommendations during the year all have been completed prior to the conclusion of the external audit.

4. Governance Improvement Plan for 2022/23

Although no significant issues have been identified as a result of this year's evaluation, we are committed to continually strengthening and improving our governance arrangements and, during 2022/23, will particularly focus on the following key activities:

The Governance Improvement Plan consists of actions identified from the Annual Governance Review 21/22 which will support the organisation's strategic priorities.

CIPFA/SOLACE Framework – Principle B - Ensuring openness and comprehensive stakeholder engagement

- Improve the way we engage with and listen to our customers by actively pursuing their views through an agreed and published plan of consultations based on the priorities of the Corporate Plan, including the Bus Service Improvement Plan and franchising.
- Improve our responsiveness to customer enquiries and complaints by tracking and monitoring issues and making necessary process changes to improve customer experience at an operational level.

CIPFA/SOLACE Framework - Principle C - Ensuring our outcomes are defined in terms of sustainable economic, social, and environmental benefits

- Improve our plans and strategies by ensuring they illustrate the contribution they will make to changing the regions' economic outlook.
- Improve how we design and develop our programmes of activity, by including a suite of economic indicators and outcomes that clarify the impact the activity needs to achieve to realise the economic growth required.
- Improve the understanding our internal teams and partners have of the impact we are seeking from our programmes and investments.

CIPFA/SOLACE Framework - Principle D - Planning interventions that optimise the achievement of intended outcomes.

- Improve how we shape and challenge the options and strategies open to South Yorkshire decision makers by developing relationships with national academics, research and development leaders and policy makers across all our agendas.
- Improve our approach to stakeholder engagement seeking to broaden our stakeholder base and develop significant new relationships with the financial sector to lever far greater investment in South Yorkshire.

CIPFA/SOLACE Framework – Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it

- Improve the support given to our workforce by implementing the agreed Management Code, that sets out the management commitment to teams to ensure colleagues are supported and accountable and receive feedback. To ensure a consistent and good experience of work and clear pathways to raise any issues.
- Improve our business operations by developing and agreeing a corporate development plan to embed, through a number of clearly defined business improvement projects, the vision of the integrated organisation and the core values into our ways of working and behaviour.
- Improve the physical environment of the workforce to enhance the employee experience and support a culture of collaboration and innovation.

CIPFA/SOLACE Framework – Principle F - Risks and performance are managed through robust internal control and strong public financial management

- Improve how we use management information to provide assurance on organisational performance.
- Improve the management of risks by embedding the new risk management framework.
- Improve the management of our corporate policies and procedures that provide a framework for our operating environment.

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Statement of Accounts

Statement of Responsibilities

The Mayoral Combined Authority's Responsibilities

The Mayoral Combined Authority is required to:

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

The Responsibilities of the Group Chief Financial Officer

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

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

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

The Group Chief Financial Officer has also:

- kept proper accounting records, which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Mayoral Combined Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Mayoral Combined Authority will continue in operational existence for the foreseeable future, and

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

I hereby certify that the Statement of Accounts on pages 35 -155 gives a true and fair view of the financial position of South Yorkshire Mayoral Combined Authority at 31 March 2022 and of its income and expenditure for the year ended 31 March 2022.

Gareth Sutton
Group Chief Financial Officer
Section 73 Officer
30 June 2022

The Core Financial Statements

Movement in Reserves Statement

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

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

Movement in Reserves Statement 2021/2022	**Note**	**General Fund Balance £000**	**Earmarked Revenue Reserves £000**	**Capital Grants Unapplied £000**	**Capital Receipts Reserve £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**
		30	30	30	30		31	
Balances at 1 April 2021		**(1,742)**	**(61,388)**	**(22,939)**	**(18,689)**	**(104,758)**	**67,408**	**(37,350)**
Adjustment to opening balance	14	0	0	0	0	0	0	0
Movement in reserves during 2021/22:								
(Surplus)/deficit on provision of services	CIES	(16,481)	0	0	0	(16,481)	0	(16,481)
Revaluation Gains		0	0	0	0	0	(673)	(673)
Movement in Pensions Reserve		0	0	0	0	0	1,259	1,259
Total Comprehensive (Income) and Expenditure		**(16,481)**	**0**	**0**	**0**	**(16,481)**	**586**	**(15,895)**
Adjustments between accounting basis and funding basis under regulations	13	5,854	0	(21,563)	5,028	(10,681)	10,681	0
Net (increase)/decrease before transfers to earmarked reserves		**(10,627)**	**0**	**(21,563)**	**5,028**	**(27,162)**	**11,267**	**(15,895)**
Transfers (to)/from earmarked reserves	14	10,093	(10,093)	0	0	0	0	0
(Increase)/decrease in year		**(534)**	**(10,093)**	**(21,563)**	**5,028**	**(27,162)**	**11,267**	**(15,895)**
Balance at 31 March 2022		**(2,276)**	**(71,481)**	**(44,502)**	**(13,661)**	**(131,920)**	**78,675**	**(53,245)**

Movement in Reserves Statement 2020/2021		**General Fund Balance £000**	**Earmarked Revenue Reserves £000**	**Capital Grants Unapplied £000**	**Capital Receipts Reserve £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**
	Note	30	30	30	30		31	
Balances at 1 April 2020		**(7,657)**	**(41,955)**	**0**	**(19,181)**	**(68,793)**	**73,939**	**5,146**
Adjustment to opening balance	14	6,774	(6,774)	0	0	0	0	0
Movement in reserves during 2020/21:								
(Surplus)/deficit on provision of services	CIES	(39,726)				(39,726)		(39,726)
Revaluation Gains		0	0	0	0	0	(3,591)	(3,591)
Movement in Pensions Reserve		0	0	0	0	0	821	821
Total Comprehensive (Income) and Expenditure		**(39,726)**	**0**	**0**	**0**	**(39,726)**	**(2,770)**	**(42,496)**
Adjustments between accounting basis and funding basis under regulations	13	26,208	0	(22,939)	492	3,761	(3,761)	0
Net (increase)/decrease before transfers to earmarked reserves		**(13,518)**	**0**	**(22,939)**	**492**	**(35,965)**	**(6,531)**	**(42,496)**
Transfers (to)/from earmarked reserves	14	12,659	(12,659)	0	0	0	0	0
(Increase)/decrease in year		**(859)**	**(12,659)**	**(22,939)**	**492**	**(35,965)**	**(6,531)**	**(42,496)**
Balance at 31 March 2021		**(1,742)**	**(61,388)**	**(22,939)**	**(18,689)**	**(104,758)**	**67,408**	**(37,350)**

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Comprehensive Income and Expenditure Statement

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

2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000		Notes	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
			Continuing Operations:				
91,670	(94,635)	(2,965)	Transport Authority		99,108	(103,244)	(4,136)
90,545	(91,424)	(879)	Local Enterprise Partnership		108,541	(94,974)	13,567
182,215	**(186,059)**	**(3,844)**	**(Surplus) / Deficit on Continuing Operations**		**207,649**	**(198,218)**	**9,431**
			Other Operating Income and Expenditure				
		(704)	Financing and Investment Income and Expenditure	15			(831)
		(35,178)	Taxation and Non-Specific Grant Income	16			(25,081)
		(39,726)	**(Surplus)/Deficit on Provision of Services**	3			**(16,481)**
		(3,591)	(Surplus)/deficit on revaluation of non-current assets				(673)
		821	Actuarial (gains)/losses on pension assets/ liabilities				1,259
		(2,770)	**Other Comprehensive Income & Expenditure**				**586**
		(42,496)	**Total Comprehensive (Income) and Expenditure**				**(15,895)**

Balance Sheet

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

Reserves are reported in two categories. The first category of reserves is usable reserves, ie those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use. The second category of reserves is unusable reserves, ie those that the Authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

As at 31 March 2021 £000		**Notes**	**As at 31 March 2022 £000**
1,531	Intangible Assets	19	1,148
23,089	Property, Plant and Equipment	17	23,347
1,779	Other Fixed Assets – Investment Properties	18	1,979
19,332	Long-Term Debtors	22	18,477
78,000	Long-Term Investments	23	40,000
123,731	**Long-Term Assets**		**84,951**
117,408	Short-Term Investments	20	110,462
9,522	Short-Term Debtors	24	2,941
92,963	Cash and Cash Equivalents	25	221,922
219,893	**Current Assets**		**335,325**
(54,747)	Short-Term Creditors	27	(55,865)
(589)	Short-Term Provisions	28	(668)
(103,661)	Capital Grants Receipts in Advance	38	(168,523)
(158,997)	**Current Liabilities**		**(225,056)**
(25,000)	Long-Term Borrowing	20	(25,000)
(4,260)	Pension Liability		(6,519)
(118,017)	Other Long-Term Liabilities	29	(110,456)
(147,277)	**Long-Term Liabilities**		**(141,975)**
37,350	**Net Assets/(Liabilities)**		**53,245**
(104,758)	Usable Reserves	30	(131,920)
67,408	Unusable Reserves	31	78,675
(37,350)	**Total Reserves**		**(53,245)**

The unaudited Statement of Accounts for the South Yorkshire Mayoral Combined Authority was approved and authorised for issue by the Group Chief Financial Officer, in accordance with the Accounts and Audit (England) Regulations 2015 on 30 June 2022.

Gareth Sutton
Chief Financial Officer
Section 73 Officer
30 June 2022

Cash Flow Statement

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

2020/21 £000		Notes	2021/22 £000
39,726	Net surplus or (deficit) on the provision of services		16,481
41,547	Adjustment to surplus or (deficit) on the provision of services for non-cash movements	32	67,761
0	Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	32	0
81,273	**Net cash outflow from operating activities**		**84,243**
(59,320)	Investing activities	33	44,716
(660)	Financing activities	34	0
21,293	**Net increase/(decrease) in cash and cash equivalents**		**128,959**
71,670	Cash and cash equivalents at 1 April		92,963
92,963	**Cash and cash equivalents at 31 March**	25	**221,922**

Notes to the Core Financial Statements

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

1. Expenditure and Funding Analysis Note (EFA)

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

2020/21					2021/22		
Net Expenditure Chargeable to the General Fund Balance £000	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure in the CIES £000**		**Notes**	**Net Expenditure Chargeable to the General Fund Balance £000**	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure in the CIES £000**
472	(3,437)	(2,965)	Transport Authority		752	(4,888)	(4,136)
(3,751)	2,872	(879)	Local Enterprise Partnership		(2,292)	15,859	13,567
(3,279)	**(565)**	**(3,844)**	**Net Cost of Services**		**(1,540)**	**10,971**	**9,431**
(10,240)	(25,642)	(35,882)	Other Income & Expenditure		(9,087)	(16,825)	(25,912)
(13,519)	**(26,207)**	**(39,726)**	**(Surplus)/Deficit**	3	**(10,627)**	**(5,854)**	**(16,481)**
(49,611)			Opening General Fund Balance		(63,130)		
(13,519)			(Surplus)/Deficit on General Fund Balance in year		(10,627)		
0			Other Movement		0		
(63,130)			**Closing General Fund Balance at 31 March**		**(73,757)**		

2. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

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

2020/21 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	(3,569)	0	133	(3,436)
Local Enterprise Partnership	685	584	1,202	2,471
Net Cost of Services	**(2,884)**	**584**	**1,335**	**(965)**
Other Income & Expenditure from the Expenditure & Funding Analysis	0	0	(25,242)	(25,242)
Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	**(2,884)**	**584**	**(23,907)**	**(26,207)**

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 - The Mayoral Combined Authority has become employable body since 1 April 2019, so the pension adjustment is shown first time relating to IAS 19 Employee Benefits pension related expenditure and income.

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

- For services - adjusted for interest payable/receivable which is added to the Financing and Investment income and expenditure line under other income and expenditure.

- For Financing and investment income and expenditure the other differences column included soft loans.
- Taxation and non-specific grant income and expenditure – Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year.

3. Expenditure and Income Analysed by Nature

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

2020/21		2021/22
£000		£000
	Expenditure:	
5,363	Employee Benefits Expenditure	6,762
180,488	Other Service Expenses	203,643
(1,959)	Support Service Recharges	(1,240)
1,461	Interest Payments	1,377
185,353	**Total Expenditure**	**210,542**
	Income:	
(336)	Fees, charges & other service income	(289)
(3,842)	Interest & Investment Income	(3,723)
(220,901)	Government Grants & Contributions	(223,011)
(225,079)	**Total Income**	**(227,023)**
(39,726)	**(Surplus)/Deficit on the Provision of Services**	**(16,481)**

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

	£000
Income as analysed by nature	**(227,023)**
Interest and Investment Income	3,723
Income as part of (Surplus)/Deficit on Continuing Operations in the CIES	**(223,300)**

4. Segmental Income

Income received on a segmental basis is analysed below:

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

2020/21				
Services:	**£000 Fees, Charges & Service**	**£000 Interest & Investment**	**£000 Grants & Contributions**	**£000 Total Income**
Transport Authority	0	0	(94,635)	(94,635)
Local Enterprise Partnership	(336)	0	(91,088)	(91,424)
Corporate	0	(3,842)	(35,178)	(39,020)
Total Income	**(336)**	**(3,842)**	**(220,901)**	**(225,079)**

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

5. Accounting Policies

I. General Policies

The Statements summarise the transactions of the Authority, for the 2021/22 financial year and its position at the year end of 31 March 2022. 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 2020/21 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 7 of the 2015 Regulations.

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

Going Concern

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), the Accounts have been prepared on the going concern basis.

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

Notwithstanding this, management have carried out an assessment that the going concern basis is appropriate by reference to the period to the end of the 2022/23 financial year having regard to forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

The reserves strategy agreed at the time that the 2022/23 budget was set was to hold a minimum of £1.4m as unearmarked General balances for MCA/LEP activity and £4.8m for transport activity. As at 31 March 2022, the balances held were £2.3m and £5.0m respectively.

In addition, the MCA Group has set aside a number of specific earmarked reserves and other amounts in the Balance Sheet to provide financial resilience against income loss and to protect priority services.

The assessment is that the amounts set aside are sufficient to mitigate the potential risks to income and expenditure over the period 2022/23 and 2023/24 without impacting on the level of unearmarked General balances.

In making an assessment of the potential risks to income and expenditure, a prudent approach has been adopted, taking account of the latest projections for 2022/23 and worst-case assumptions for 2023/24.

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

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

II. Accruals of Income and Expenditure

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

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

III. Acquisitions and Discontinued Operations

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

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

IV. Cash and Cash Equivalents

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

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

Cash and cash equivalents are shown net of bank overdrafts.

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

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

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

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

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

VI. Events After the Reporting Period

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

There are two types of event:

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

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

VII. Financial Instruments

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

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

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

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

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

Financial Assets

Financial assets are classified into the following categories:

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

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

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

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

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

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

Financial Liabilities

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

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

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

However, where a re-purchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

VIII. Government Grants and Other Contributions

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

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

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

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

Capital Grants Unapplied Account are transferred to the Capital Adjustment Account through the Movement in Reserves once they have been applied to fund capital expenditure.

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

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

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

IX. Leases

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

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

Operating Leases

The Authority as Lessee

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

The Authority as Lessor

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

X. Overheads and Support Services

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

XI. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

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

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

Contingent Liabilities

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

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

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

Contingent Assets

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

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

XII. Charges to Revenue for the Repayment of Debt

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

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

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

XIII. Reserves

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

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

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

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

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

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

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

XV. Value Added Tax (VAT)

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

Irrecoverable input VAT is charged as an expense.

XVI. Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

XVII. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

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

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

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

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

Disposals and Non-Current Assets Held for Sale

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

Depreciation is not charged on Assets Held for Sale.

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

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

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

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

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

XVIII. Employee Benefits

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

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an Officer’s employment before the normal retirement date or an Officer’s decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accrual basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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

Post-Employment Benefits

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

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

As a defined benefit scheme:

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

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

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

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

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

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

XIX. Investment Property

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

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

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

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

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

XX. Business (Non-domestic) Rates

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

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

XXI. Interests in Companies and Other Entities

The Authority has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In 2021/22 the MCA group comprised the following active entities:

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

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

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

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

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

Lease Accounting IFRS 16

IFRS 16 introduces major changes for Lessees. Hitherto, Lessees have only recognised a leased asset on the balance sheet where substantially all the risks and rewards of ownership are transferred to the Lessee. However, the new lease accounting rules under IFRS 16, will require a Lessee to recognise a right of use of an underlying asset for the period of the lease term for all leases other than those which are short- term or of low value. The original timetable for introducing this change was from 1 April 2020. However, CIPFA have confirmed that the implementation date has now been deferred to 1 April 2024 although early adoption from 2022/23 is permissible.

Other Accounting Standards

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

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new Standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2021/22 Code). This adaptation has been in place since the inception of the IFRS based Code in 2010/11. Additional clarification confirming this adaptation has been included in the 2021/22 Code which at the time of drafting has been approved by CIPFA and LASAAC (though the Code has not yet fulfilled its final due process steps). However, this clarification has not changed the Code’s requirements in this area.

7. Critical Judgements in Applying Accounting Policies

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

Over the course of the year, Central Government has provided support to public transport operations during the Covid 19 pandemic, in the form of:

- Light Rail Restart Revenue Grant.
- Covid 19 Bus Service Support Grant.
- Additional Dedicated Home to School and College Transport Grant.

Grants totalling £10m have been awarded to the Authority in respect of the above. However, as responsibility for administering these grants and paying them over to operators rests with another Group entity, South Yorkshire PTE, the view reached is that, under these circumstances, the Authority is merely acting as an intermediary.

Accordingly, the receipt of grant from DfT and payment of the grant to South Yorkshire PTE is not included within income and expenditure in the Authority's Accounts but is instead disclosed as income and expenditure within the accounts of South Yorkshire PTE.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future that are otherwise uncertain. This is particularly pertinent in the current COVID 19 emergency.

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Plant Property and Equipment Investment Property	Assets at Market Value are valued by a professionally qualified valuer at the prevailing market rate at the date of valuation. Property, Plant and Equipment is depreciated over useful economic lives that are dependent on assumptions made by the Authority and its Valuers. The Valuer has stated that the valuations provided at the end of 2021/22 are subject to a higher degree of uncertainty than would normally be the case due to the ongoing impact of the COVID 19 emergency on the real estate market. However, at this stage there is no evidence to justify a change in the values as reported in the Balance Sheet.	A change in either the Market Value or assumed asset lives will impact on their carrying value in the Balance Sheet. It will not, however, have an impact on the Authority's finances due to the way in which Local Government is financed.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the	The sensitivity analysis shown in the Pensions Note (Note 41) shows that small changes to key actuarial assumptions can have a

	discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of Actuaries (Hymans Robertson LLP) is engaged to provide the Authority with expert advice about the assumptions applied. There continued to be substantial volatility in equity markets around the world in 2021/22, in relation to the COVID-19 pandemic and the war in Ukraine which has consequences for pension asset values. This volatility has also applied to corporate bond yields from which the discount rate used to calculate the current value of pension liabilities is determined.	significant impact on the net pensions' liability. However, as explained in Accounting Policy XVIII, the amount chargeable to the General Fund is determined by Local Government Pension Regulations not IAS 19 pension costs which provides certainty on the amount chargeable following each triennial valuation.

As with all public sector bodies, the Authority faces significant uncertainty about the future levels of Government and stakeholder funding in respect of both its transport and economic development functions. However, these challenges are being managed through robust financial planning and management processes and by building in sufficient financial resilience to ensure the Group's sustainability in the medium to longer term.

9. Prior Period Adjustments

None.

10. Events After the Reporting Date

The unaudited Statement of Accounts was authorised for issue by the Group Chief Financial Officer (Section 73 Officer) on 30 June 2022. 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 2022, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

11. Material Items of Income and Expense

Devolution Funding (Gainshare)

As a consequence of the MCA implementing the South Yorkshire Devolution Deal, the Authority received its first annual allocation of £30m of Devolution Funding (Gainshare) in 2020/21. This is split £12m revenue and £18m capital. The same amounts have been received in 2021/22.

In 2021/22, £2.6m of revenue funding has been spent on emergency recovery funding to support the four South Yorkshire Authorities in their local recovery efforts and to address financial pressures faced by the MCA from the loss of income as a result of the pandemic. The balance of £7.8m has transferred to earmarked reserves to support the delivery of immediate priorities for economic recovery and renewal as set out in the MCA's Renewal Action Plan.

A further £1.4m of Emergency Recovery Funding has been provided in the form of capital in 2021/22. The balance of capital grant of £16.6m is included within Capital Grants Unapplied. This will be deployed to fund capital investment in schemes that will support recovery and renewal through the South Yorkshire Renewal Fund.

Covid 19 Related Business Support

During the course of the past two years (2020-2022), the Authority received £51.6m of funding from Central Government in the form of Additional Restrictions Grant to help support business in South Yorkshire whose trade had been affected by the restrictions imposed in response to the Covid 19 pandemic but who were not entitled to received funding under the national assistance scheme.

As at the end of 2021/22, barring a very small underspend, all this funding had been incurred representing grants distributed to the MCA's delivery partners (the four South Yorkshire Authorities) funded from Additional Restrictions Grant in support of the South Yorkshire Business Support Scheme.

Income and expenditure of £51.6m is included within net cost of services in the CIES.

Financial Stimulus

In addition to Additional Restrictions Grant, the MCA has also received two other material funding streams during the course of the year, as part of the Government's Strategy to rebuild Britain following Covid 19 and support the economic recovery across the UK.

£40.3m of capital funding and £841k revenue funding has been allocated to the MCA for supporting the development of housing schemes on brownfield land over the next 5 years. In 2020/21, the MCA received a first allocation of £6m capital together with the £841k of revenue funding. A further tranche of £14m capital funding has been received in 2021/22.

A further £33.6m has been awarded for a prioritised programme of Major Capital Infrastructure Schemes from the Government's 'Getting Building Fund'. These represent 'shovel ready" schemes to be delivered by the end of 2021/22. In 2020/21, the MCA received a first tranche of £16.8m and the final tranche of £16.8m was received in 2021/22. All this funding was utilised by the end of 2021/22.

Capital Grants (Revenue Expenditure Funded by Capital Under Statute)

The Authority awarded capital grants of £81.6m during the course of the year (£44.7m transport and £36.9m LEP) in furtherance of its strategic objectives.

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

Government Grant funding relating to the capital grant expenditure incurred of £93.6m has been credited to continuing services in the CIES according to which line the expenditure has been charged to ie transport or LEP. The capital grant expenditure has been funded by Government Grant in 2021/22 of £81.6m plus capital receipts of £12.0m.

In addition, a further £25.1m of Government Grant Income and other capital income has been recognised within Taxation & Non-Specific Grant Income in the CIES. £24.4m is the capital grant plus £0.7m contribution from the First Bus Group for a dilapidation charge.

Revenue Grants

The Authority received £54.364m of Transport Levy in 2021/22 from its constituent Local Authority members. This has been used to provide Revenue Grant of £50,964m to SYPTE to fund its operational budget for the year and to meet the Authority's costs incurred in delivering its transport functions.

The Authority also received £2.2m of Enterprise Zone business rates income (net of provisions for refunds) and LEP Subscriptions of £1.2m from partner Local Authorities in order to fund the Authority's core operations.

Further detail on the amount of income provided by each Partner Authority is disclosed in the Related Party disclosure (Note 39).

12. Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2021/22.

13. Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

2020/21	General Fund Balance £000	Capital Receipt Reserves £000	Capital grants unapplied Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CIES:						
Capital grants and contributions credited to the CIES – taxation and non-specific grants	23,439	0	(22,939)	500	(500)	0
Capital grants & contributions credited to CIES -REFCUS	80,631	0	0	80,631	(80,631)	0
Use of Capital Receipt Reserves to fund Capital expenditure		492	0	492	(492)	0
Revenue expenditure funded from capital under statute	(79,894)	0	0	(79,894)	79,894	0
Depreciation	(515)	0		(515)	515	0
Impairment/Expected Credit Losses	(853)	0		(853)	853	0
Employers' contribution to Pension Schemes	(584)	0	0	(584)	584	0
Direct Revenue Financing						
Amount by which finance costs calculated in accordance with the code are different from the amount of finance costs calculated in accordance with statutory requirements						
Insertion of items not debited or credited to the CIES:	336	0	0	336	(336)	0
Statutory provision for repayment of debt (MRP)	3,648	0	0	3,648	(3,648)	0
Total	**26,208**	**492**	**(22,939)**	**3,761**	**(3,761)**	**0**

14. Transfers (To)/From Earmarked Reserves

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

	Note	31 March 2020 £000	Transfers Out 2020/21 £000	Transfer in 2020/21 £000	Total Movements £000	31 March 2021 £000	Transfers Out 2021/22 £000	Transfer in 2021/22 £000	Total Movements £000	31 March 2022 £000
General Fund:										
Revenue Grants and Contributions:										
- Apprenticeship Grant for Employers		**(107)**	0	0	**0**	**(107)**	0	0	**0**	**(107)**
Other Earmarked Revenue Reserves:										
- PFI Revenue Reserve		**(11,158)**	0	(1,288)	**(1,288)**	**(12,446)**	3,000	(1,240)	**1,760**	**(10,686)**
- Local Growth Fund		**(1,642)**	0	(479)	**(479)**	**(2,121)**	0	0	**0**	**(2,121)**
-Mayoral Election		**(909)**	0	(1,278)	**(1,278)**	**(2,187)**	1,180	0	**1,180**	**(1,007)**
Other Reserves		**(28)**	0	0	**0**	**(28)**	0	0	**0**	**(28)**
Covid19 Reserves		**(500)**	500	0	**500**	**0**	0	0	**0**	**0**
Mayoral Capacity Fund Reserves		**(908)**	0	(366)	**(366)**	**(1,274)**	518	(195)	**323**	**(951)**
Income Resilience Reserves		**(997)**	0	(500)	**(500)**	**(1,497)**	0	(585)	**(585)**	**(2,082)**
Skills Bank (Skills Bank 1 & 2)		**(6,187)**	0	(1,650)	**(1,650)**	**(7,837)**	885	(3,525)	**(2,640)**	**(10,477)**
Redundancy reserves		**0**	0	0	**0**	**0**	0	(180)	**(180)**	**(180)**
Levy Reduction Reserve		**(19,520)**	5,357	0	**5,357**	**(14,163)**	1,231	(479)	**752**	**(13,411)**
Bus Franchising Assessment		**0**	0	0	**0**	**0**	0	(3,000)	**(3,000)**	**(3,000)**
Gainshare Emergency Recovery Fund		**0**	0	(1,172)	**(1,172)**	**(1,172)**	1,172	0	**1,172**	**0**
Gainshare Contingency		**0**	0	(710)	**(710)**	**(710)**	0	(124)	**(124)**	**(834)**
Gainshare Employer Priorities		**0**	0	(2,972)	**(2,972)**	**(2,972)**	705	(3,938)	**(3,233)**	**(6,205)**
Gainshare Employee Priorities		**0**	0	(3,101)	**(3,101)**	**(3,101)**	0	(4,109)	**(4,109)**	**(7,210)**
MCA Development		**0**	0	(474)	**(474)**	**(474)**	0	0	**0**	**(474)**
18-21 concessions		**0**	0	(1,811)	**(1,811)**	**(1,811)**	991	(2,400)	**(1,409)**	**(3,220)**
-Project Feasibility Reserve	30	**0**	0	(3,600)	**(3,600)**	**(3,600)**	0	0	**0**	**(3,600)**
-Priority Services Reserve	30	**0**	0	(5,888)	**(5,888)**	**(5,888)**	0	0	**0**	**(5,888)**
Total		**(41,956)**	**5,857**	**(25,289)**	**(19,432)**	**(61,388)**	**9,682**	**(19,775)**	**(10,093)**	**(71,481)**

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

15. Financing and Investment Income and Expenditure

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

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

31 March 2021 £000		Note	31 March 2022 £000
1,387	Interest Payable and similar charges		1,377
(2,298)	Interest receivable and similar income		(1,974)
74	Pension interest cost and expected return on pensions assets		104
53	(Surplus) or deficit of trading undertakings	35	(212)
80	Property Management – Investment income	18	(126)
(704)	**Total**		**(831)**

16. Taxation and Non- Specific Grant Income

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

31 March 2021 £000		31 March 2022 £000
	Non-ring-fenced government grants:	
(10,240)	Non-Specific Revenue grants	(7,847)
(24,938)	Capital Grants and Contributions	(17,234)
(35,178)	**Total**	**(25,081)**

17. Property, Plant and Equipment (PPE)

Movements on Balances:

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

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

Movements in 2020/21

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment (VPFE) £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000	Total PFI Assets included in PPE £000
Cost or Valuation:									
At 1 April 2020	**0**	**19,400**	**890**	**0**	**0**	**0**	**0**	**20,290**	**0**
Additions – transferred in from subsidiary	0	0	0	0	0	0	0	**0**	**0**
Additions - programmed investment	0	0	177	0	0	0	29	**206**	**0**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	2,690	0	0	0	900	0	**3,590**	**0**
Revaluation increases/ (decreases) to Surplus/Deficit on the Provision of Services	0	(1,100)	0	0	0	(320)	0	**(1,420)**	**0**
De-recognition – disposals	0	0	0	0	0	0	0	**0**	**0**
De-recognition – other	0	0	0	0	0	0	0	**0**	**0**
Reclassification and transfers	0	0	0	0	0	1,100	0	**1,100**	**0**
At 31 March 2021	**0**	**20,990**	**1,067**	**0**	**0**	**1,680**	**29**	**23,766**	**0**

Movements in 2020/21 (Continued)	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000	Total PFI Assets included in PPE £000
Accumulated Depreciation and Impairment:	0	0	(161)	0	0	0	0	**(161)**	**0**
At 1 April 2020	0	(300)	(135)	0	0	(80)	0	**(515)**	**0**
Depreciation charge	0	0	0	0	0	0	0	**0**	**0**
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	**0**	**0**
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**	**0**
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	**0**	**0**
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**	**0**
De-recognition - disposals	0	0	0	0	0	0	0	**0**	**0**
De-recognition - other	0	0	0	0	0	0	0	**0**	**0**
Reclassification and Transfers									
At 31 March 2021	0	(300)	(296)	0	0	(80)	0	**(676)**	**0**
At 31 March 2021	0	20,690	770	0	0	1,600	29	**23.089**	**0**
At 31 March 2020	0	19,401	729	0	0	0	0	**20,130**	**0**

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Depreciation

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

Capital Commitments

There are no significant capital commitments as at 31 March 2022.

Revaluations

Revaluations of Land and Buildings have been carried out by a professionally qualified Valuer in 2021/22.

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

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000
Carried at Historical Cost	0	636	0	138	774
Valued at Fair Value as at:					
31 March 2022	20,975	0	1,600	0	22,575
31 March 2021	20,690	0	1,600	0	22,290
31 March 2020	19,400	0	0	0	19,400
31 March 2019	0	0	0	0	0
31 March 2018	0	0	0	0	0
31 March 2017	0	0	0	0	0
31 March 2016	0	0	0	0	0
31 March 2015	0	0	0	0	0
Total Cost or Valuation	**20,975**	**636**	**1,600**	**138**	**23,349**

18. Investment Properties

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

2020/21 £000		2021/22 £000
(104)	Net Rental income from investment property	(126)
(104)	Net gain/(loss)	(126)

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

2020/21 £000	Cost or Valuation	2021/22 £000
2,854	Balance At 1 April	1,779
25	Revaluations	200
(1,100)	Reclassifications	0
1,779	**Balance at 31 March**	**1,979**

Fair Value Hierarchy

To conform to the requirements of IFRS 13, Fair Value measurement, details of the Authority's investment properties and information about the fair value hierarchy as at 31 March 2022 are as follows:

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

2020/21 Comparative				
Recurring fair value measurements using:	**Quoted prices in active markets for identical assets (Level 1)**	**Other significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Fair value as at 31 March 2020**
	£000	**£000**	**£000**	**£000**
Investment Properties	0	1,779	0	1,779
Total	**0**	**1,779**	**0**	**1,779**

Valuation Process for Investment Properties

Revaluations of the Authority's two most significant investment properties have been carried out by a professionally qualified Valuer in 2021/22.

19. Intangible Assets

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

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

			2020/21			**2021/22**
	Internally Generated Assets	Other Assets	**Total**	Internally Generated Assets	Other Assets	**Total**
	£000s	£000s	**£000s**	£000s	£000s	**£000s**
Balance at 1 April	0	1,482	**1,482**	0	1,531	**1,531**
Amortisation for the period	0	0	**0**	0	(383)	**(383)**
Additions	0	49	**49**	0	0	**0**
Net Carrying Amount at End of Year	0	1,531	**1,531**	0	1,148	**1,148**
Comprising:						
Gross carrying amounts	0	1,531	**1,531**	0	1,531	**1,531**
Accumulated amortisation	0	0	**0**	0	(383)	**(383)**
	0	1,531	**1,531**	0	1,148	**1,148**

20. Financial Instruments

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

Current 31 March 2021	**Long Term 31 March 2021**		**Current 31 March 2022**	**Long Term 31 March 2022**
£000	**£000**		**£000**	**£000**
0	(25,000)	Financial liabilities at amortised cost	0	(25,000)
0	0	Accrued interest	0	0
0	**(25,000)**	**Total financial liabilities**	**0**	**(25,000)**
117,000	78,000	Investments at amortised cost	110,000	40,000
408	0	Accrued interest	462	0
117,408	**78,000**	**Total Investments at amortised cost**	**110,462**	**40,000**
109,558	0	Cash and cash equivalents	221,922	0
0	0	Accrued Interest	0	0
109,558	**0**	**Total cash and cash equivalents**	**221,922**	**0**
226,966	**78,000**	**Total investments**	**332,384**	**40,000**

Soft Loans

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

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

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

	31 March 2021 £000	31 March 2022 £000
Opening Balance	6,992	5,828
New Loans Granted	0	0
Less Fair Value Adjustment on Initial Recognition	0	0
Less Discounted Amount	0	0
Less Other Adjustments	(1,500)	(4,799)
Less Dividend Payment	0	0
Unwinding of discount	336	289
Balance Carried Forward	**5,828**	**1,318**
Nominal Value	**6,190**	**1,390**

Expected Credit Loss Model

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

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

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

The impairment loss allowances made in 2021/22 are summarised in Note 21.

Financial Instrument Gain/Losses

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

2020/21				2021/22		
Financial Liabilities	**Financial Assets**	**Total**		**Financial Liabilities**	**Financial Assets**	**Total**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
(1,388)	0	(1,388)	Interest expense	(1,376)	0	(1,376)
(1,388)	**0**	**(1,388)**	**Interest payable and similar charges**	**0**	**0**	**0**
0	1,845	1,845	Interest income	0	1,975	1,975
0	**1,845**	**1,845**	**Interest and investment income**	**0**	**1,975**	**1,975**
(1,388)	**1,845**	**457**	**Net gain/(loss) for the year**	**(1,376)**	**1,975**	**599**

Fair Value of Assets and Liabilities Carried at Amortised Cost

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

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

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

31 March 2021 Carrying Amount £000	31 March 2021 Fair Value £000		31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000
(25,000)	(31,832)	PWLB debt	25,000	29,503
(25,000)	**(31,832)**	**Total Financial Liabilities**	**25,000**	**29,503**

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

31 March 2021 Carrying Amount £000	31 March 2021 Fair Value £000		31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000
(25,000)	(34,439)	PWLB debt	25,000	31,611
(25,000)	**(34,439)**	**Total Financial Liabilities**	**25,000**	**31,611**

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

If the Authority were to seek to repay its PWLB debt early as at the Balance Sheet, the PWLB apply the premature repayment rates. The difference between the carrying value of £25m and fair value of £31.6m is a measure of the premium the Authority might have to pay to terminate loans early as at the Balance Sheet date.

Fair Value of Financial Assets Carried at Amortised Cost

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

31 March 2021			31 March 2022	
Carrying Amount £000	**Fair Value £000**		**Carrying Amount £000**	**Fair Value £000**
78,000	80,088	Investments at Amortised Cost- Long Term	40,000	40,000
117,408	117,608	Investments at Amortised Cost- Short- Term	110,462	109,832
195,408	**197,696**	**Total**	**150,462**	**149,832**

21. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

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

Overall Procedures for Managing Risk

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

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

- By formally adopting the requirements of the CIPFA Code of Practice on Treasury Management.
- By approving annually in advance prudential indicators over.
- 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 in compliance with the statutory Guidance.

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

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

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

Credit Risk

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

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

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

As at 31 March 2022 the Authority held short- and long-term investments carried at amortised cost of £210m comprising £60m of call accounts with banks, £20m with the Standard Chartered Bank and £130m of fixed term investments with other Local Authorities. The default risk associated with these investments at the balance sheet date was 0.012% and 0% respectively.

No impairment loss allowances have been made during the year in respect of these investments as the very low or zero default risk would only require an impairment loss allowance of c.£9k.

The table below shows the credit rating of the counterparties making up the £210m held at 31 March 2022:

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

31 March 2021-Comparative				
	Financial Institution	**Rating of Counterparty**	**Country**	**Amount £000**
	Local Authorities		UK	135,000
	Barclays Bank plc	A	UK	20,000
	Lloyds Bank plc	A+	UK	20,000
	Santander UK plc	A	UK	20,000

Other financial assets held at the year-end comprised:

- £161.766m deposited with AAA Money Market Funds (MMFs) classified as Cash and Cash Equivalents – see Note 25.
- £18.477m of long- term capital loans advanced to third parties outside of the Group in furtherance of the Authority's economic development objectives - see Note 22.
- £2.941m of short- term debtors – see Note 24.

An impairment allowance of (£0.291m) (2020/21 £0.649m) has been credited back for expected credit losses on capital loans advanced to third parties due to reduced risk of default.

Liquidity Risk

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

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

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

Refinancing and Maturity Risk

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

There are currently no plans to refinance debt. Opportunities to reschedule debt are kept under review but are at present limited, due to the costs (premia on early redemption) that would likely be incurred.

The maturity analysis of financial liabilities is:

	2020/21				2021/22	
Principal	**Accrued Interest**	**Principal plus Interest**		**Principal**	**Accrued Interest**	**Principal plus Interest**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
0	0	0	Less than 1 year	0	0	0
(12,000)	0	(12,000)	Between 2 and 5 years	(16,000)	0	(16,000)
(8,000)	0	(8,000)	Between 5 and 10 years	(4,000)	0	(4,000)
(5,000)	0	(5,000)	More than 10 years	(5,000)	0	(5,000)
(25,000)	**0**	**(25,000)**	**Total**	**(25,000)**	**0**	**(25,000)**

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

2020/21 Principal	Accrued Interest	Principal plus Interest		2021/22 Principal	Accrued Interest	Principal plus Interest
£000	£000	£000		£000	£000	£000
117,000	408	117,408	Under 1 year	110,000	462	110,462
63,000	0	63,000	Between 1 and 2 years	25,000	0	25,000
15,000	0	15,000	Between 2 and 5 years	15,000	0	15,000
0	0	0	Between 5 and 10 years	0	0	0
0	0	0	More than 10 years	0	0	0
195,000	**408**	**195,408**	**Total**	**150,000**	**462**	**150,462**

Market Risk

Interest Rate Risk

Interest rate risk arises on borrowings and investments as follows:

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

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

Borrowing

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

Investments

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

Sensitivity analysis

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

	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	0
Decrease in fair value of fixed rate investment assets*	1,331
Impact on Other Comprehensive Income and Expenditure	0
Increase in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(1,928)

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 2021 £000		31 March 2022 £000
5,828	Other Local Authorities	1,318
13,504	Others	17,159
19,332	**Total**	**18,477**

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

The carrying value of £18.477m comprises the nominal value of loans £18,111m plus interest receivable of £0.777m less soft loan adjustment of £0.072m and expected credit losses of £0.339m.

23. Long-Term Investments

The following is an analysis of Long-Term Investments:

31 March 2021 £000		31 March 2022 £000
78,000	Investments with Local Authorities	40,000
78,000	**Total**	**40,000**

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

24. Short-Term Debtors

The following is an analysis of Short-Term Debtors:

31 March 2021 Restated £000		31 March 2022 £000
125	Trade Customers	882
6,363	Receivables from Related Parties	858
44	Prepayments	0
2,990	Other Amounts	1,201
9,522	**Total**	**2,941**

The debtors balance comprises gross debtors of £3.262m less an allowance for impairment losses of £0.321m.

25. Cash and Cash Equivalents

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

31 March 2021 £000		31 March 2022 £000
(16,595)	Cash at Bank-Bank overdrawn	0
0	Cash at Bank	156
109,558	Short -Term Investments	221,766
92,963	**Total**	**221,922**

26. Short-Term Borrowing

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

31 March 2021 £000		31 March 2022 £000
0	Accrued interest on borrowing	0
0	Other Local Authorities	0
0	**Total**	**0**

27. Short-Term Creditors

The following is an analysis of Short-Term Creditors:

31 March 2021 Restated £000		31 March 2022 £000
(11,681)	Trade Creditors	(5,893)
(28,743)	Related Parties Creditors	(32,508)
(14,323)	Deferred Incomes	(17,464)
0	Other Creditors	0
(54,747)	**Total**	**(55,865)**

28. Provisions

The Mayoral Combined Authority has the following Provisions:

31 March 2021 £000		31 March 2022 £000
(1,644)	Balance at 1 April	(589)
1,151	Released/utilised in year	318
(96)	Created in year	(397)
(589)	**Total**	**(668)**
	Split by:	
(589)	Short-term	(668)
0	Long-term	0
(589)	**Total**	**(668)**

The most significant provisions are:

A provision of £250,000 held in the year to assist Maclaren.

A provision of £397,000 for capitalised salaries.

29. Other Long -Term Liabilities

The full value of Other Long -Term Liabilities relates to the balance held for SYPTE, expected to be drawn down after more than one year and is primarily to repay SYPTE's borrowing as it falls due. The amount expected to be drawn down within one year of £8m is shown within Related Party Creditors in Note 27.

The balance has arisen because the Authority manages cash set aside by SYPTE in the past for the repayment of debt on behalf of the Group and invests it in line with the Annual Treasury Management Strategy.

31 March 2021 Fair Value £000		31 March 2022 Fair Value £000
(118,017)	South Yorkshire Passenger Transport Executive	(110,456)
(118,017)	**Total**	**(110,456)**

30. Usable Reserves

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

General Fund Balance

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

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

31 March 2021 £000		31 March 2022 £000
0	Transport Authority	**0**
(1,742)	Local Enterprise Partnership	(2,277)
(1,742)	**Total**	**(2,277)**

Earmarked General Fund Reserves

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

31 March 2021 £000		31 March 2022 £’000
(710)	Gainshare – Contingency	(834)
(2,972)	Gainshare - Employer Priorities	(6,205)
(3,101)	Gainshare - Employee Priorities	(7,210)
(1,172)	Gainshare - Emergency Recovery Fund	0
(1,811)	Gainshare - 18-21 concessions	(3,220)
(474)	Gainshare - MCA development	(474)
(3,600)	Project Feasibility Fund	(3,600)
(5,888)	Protection of Priority Services	(5,888)
(1,274)	Mayoral Capacity Fund	(951)
(2,187)	Mayoral Election Reserve	(1,007)
(12,446)	PFI	(10,686)
0	Franchising Assessment	(3,000)
(2,121)	Local Growth Fund Revenue Reserve	(2,121)
0	Redundancy Reserves	(180)
(1,497)	Income Resilience	(2,082)
(7,837)	Skills Bank (Skills Bank 1 & 2)	(10,477)
(14,163)	Levy Reduction Reserve	(13,411)
(107)	Apprenticeship Grant for Employers	(107)
(28)	Strategic Asset Management	(28)
(61,388)	**Total**	**(71,481)**

Earmarked reserves are set aside to meet future liabilities and provide financing for future revenue or capital spending plans. Information on the use of Reserves in the year is disclosed in Note 14.

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

- Gainshare Revenue - The MCA has identified a number of immediate priorities to support renewal post Covid 19 from Gainshare revenue funding. Priority interventions include supporting business recovery (Employer Priorities), and schemes that mitigate the adverse impacts of COVID-19 on young people, those employed in lower paid jobs or vulnerable sectors and SCR residents who have lost employment (Employee Priorities). The MCA has also approved further sums be set aside from Gainshare to support local Covid economic recovery efforts by the four South Yorkshire Authorities, to support the extension of concessionary fares for young people to those aged 18 to 21 over the course of the next year, and, to alleviate financial pressures faced by the MCA related to Covid. The reserves set aside will be used to support the delivery of these renewal priorities in the short-term.
- Project Feasibility Fund - the reserve has been created to provide sustainable revenue funding for the early-stage development of capital projects.
- Protection of Priority Services - the reserve has been created to enable an orderly transition from the current heavily subsidised public transport system model to a sustainable post-pandemic model.
- Mayoral Capacity Fund - the Fund’s primary purpose is to build capacity and expertise to support the Elected Mayor in discharging his responsibilities and developing specific policy areas aligned to the Mayors’ commitments set out in his manifesto.
- Mayoral Election Reserve - The reserve is being built up to provide funding towards the cost of staging the next Mayoral election which took place in May 2022.
- 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.
- LGF Revenue Reserve - The Local Growth Fund revenue reserve is being used to support Business Growth related revenue activity.
- Bus Franchising Review: A £3m reserve to review and assess bus franchising across South Yorkshire.
- Income Resilience Reserve - The reserve provides the MCA with financial resilience to cope with events outside of the control of the MCA resulting in a loss of major sources of income, for example, as a consequence of Covid 19 or the impact of appeals, business closures or revaluation on EZ business rates.

- Skills Bank Reserve: The reserve is ring-fenced to support future Skills Bank delivery and sustainability beyond the current Skills Bank 2 programme.
- Levy Reduction Reserve: The reserve was created as a result of a major restructure of capital financing across the Group in 2013/14 and 2014/15. It is being used to bridge the funding shortfall between the baseline transport revenue budget and transport levy to sustain levy reductions until convergence of the two can be achieved.

NB: The Redundancy Reserve recognised in 2021/22 is a reclassification of an amount that was previously held within provisions (2020/21 - £180,000).

Capital Receipts Reserve

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

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

31 March 2021 £000		31 March 2022 £000
(19,181)	Balance at 1 April	(18,689)
(625)	Capital loan repaid	(6,989)
(483)	Capital receipt applied during the year	12,017
0	Investment in subsidiary realised	0
1,600	Amount set aside for the repayment of debt	0
(18,689)	**Total**	**(13,661)**

£11,651m of the balance at 31 March 2022 is earmarked to support capital investment in Local Growth schemes beyond the end of the Growth Deal which finished at the end of 2020/21.

The remaining £2.009m has been placed in a Corporate Asset Management Fund the purpose of which is to maintain Group assets through ongoing capital investment.

Capital Grants Unapplied Account

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

As at 31 March 2021, the balance on the Capital Grants Unapplied Account is shown below.

31-Mar 2021 £000		31-Mar 2022 £000
0	Balance at 1 April	(22,939)
(22,939)	Capital Grant credited in year	(21,563)
0	Capital grant applied in year	0
(22,939)	**Total**	**(44,502)**

£39.4m of the balance at 31 March 2022 represents unapplied Gainshare capital. This has been earmarked to meet forthcoming commitments under the South Yorkshire Renewal Fund to support South Yorkshire's recovery post Covid 19. The South Yorkshire Renewal Fund will support immediate economic recovery through investment in key infrastructure and flood defences, and, further ahead, development of a much wider programme of investment in places including transport and infrastructure.

The remainder of the balance on Capital Grants Unapplied is unearmarked at present.

31. Unusable Reserves

The following table summarises the Unusable Reserves balances:

1 April 2021 £000		31 March 2022 £000
	Capital Reserves:	
71,731	Capital Adjustment Account	81,595
(8,945)	Revaluation reserve	(9,512)
62,786		72,083
	Revenue Reserves:	
362	Financial instruments Adjustment Account	73
4,260	Pensions Reserve – Note 41	6,519
4,622		6,592
67,408	**Total**	**78,675**

Capital Reserves

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

Capital Adjustment Account

The Capital Adjustment Account comprises differences between how charges for the use of Property, Plant & Equipment and their financing are accounted for under proper accounting practice and the amounts that are statutorily required to be charged under Local Government financing regulations in determining the amount to be met by local taxpayers. Note 13 provides details on the entries that have been made in this regard in 2021/22.

2020/21 £000		2021/22 £000
75,802	**Balance at 1 April**	**71,731**
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
515	Depreciation of Non-current assets	523
0	Impairment of Non-current assets	0
1,101	Revaluation losses	0
295	Movements in fair value of Investment Properties	(200)
0	Movements in fair value of Donated Asset Account	0
0	Amortisation of Intangible assets	383
79,894	Revenue expenditure funded from capital under statute	90,340
0	Non-Current assets written off on disposal	0
(543)	Other	180
	Adjusting amounts written out of the Revaluation Reserve:	
(62)	Difference between fair value depreciation and historical	(106)
0	cost depreciation	0
0	Accumulated gains on assets sold or scrapped	0
0	Other	0
157,002	**Net written out amount of the cost of non-current assets consumed in the year**	**162,851**
	Capital financing applied in the year:	
(492)	Use of the Capital Receipts Reserve to finance new capital expenditure	(12,018)
0	Capital loan repaid	6,989
(81,131)	Capital grants and contributions credited to the CIES including REFCUS Income	(72,860)
0	Application of grants and contributions from the Capital	0
0	Grants Unapplied Account	0
(3,648)	Statutory provision for the repayment of debt	(3,367)
0	Direct Revenue Financing	0
(85,271)		(81,256)
71,731	**Balance at 31 March**	**81,595**

Financial Instruments Adjustment Account

2020/21 £000		2021/22 £000
699	**Balance at 1 April**	**362**
(337)	Soft Loan Amortisation	(289)
362	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	73
362	**Balance at 31 March**	**73**

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2020/21 £000		2021/22 £000
1,847	Interest Received	1,974
(1,388)	Interest Paid	(1,377)
459	**Total**	**597**

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

2020/21- Restated £000		2021/22 £000
515	Depreciation	841
(38,692)	Increase/(decrease) in Creditors	(6,443)
1,302	(Increase)/decrease in Debtors	6,733
78,422	Other non-cash items charged to the net surplus or deficit on the provision of services	64,521
0	Movement in Pensions Liability	1,461
41,547	**Total**	**67,113**

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

2020/21 £000		2021/22 £000
0	Proceeds from short term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures, and subsidiaries)	649
0	Any other items for which the cash effects are investing or financing cash flows	0
0	**Total**	**649**

33. Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2020/21 £000		2021/22 £000
(59,114)	Purchase of short- term and long-term investments	0
0	Other payments for investing activities	0
(254)	Purchase of PPE, Investment property and Intangible assets	(284)
0	Proceeds from short-term and long-term investments	45,000
48	Other receipts from investment activities	0
(59,320)	**Total**	**44,716**

34. Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2020/21 £000		2021/22 £000
(660)	Repayments of other long-term liabilities	0
(660)	**Total**	**0**

The repayment of other long-term liabilities relates to the investment loans MCA had from other Local Authorities which are now repaid in full.

35. Trading Operations

AMP Technology Centre Operation

The financial performance of the AMP from 1 April 2021 until the end of the financial year was as follows:

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

2020/21-Comparative	Income £000	Expenditure £000	Operating (Surplus)/ Deficit £000	Accounting Adjustments £000	Accounting (Surplus)/ Deficit £000
AMP Technology Centre Operation	(1,387)	1,440	53	0	53
	(1,387)	**1,440**	**53**	**0**	**53**

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

36. Officers' Remuneration and Members Allowances

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

2021/22	Salary	Expenses	Pension Contribution	Total
	£	£	£	£
Dr Dave Smith – Chief Executive (Head of Paid Service)*	179,823	0	0	179,823
Deputy Chief Executive	115,596	0	16,299	131,895
Director of Transport, Infrastructure & Housing	5,323	0	751	6,074
Interim Director of Transport, Infrastructure & Housing	44,550	0	0	44,550

Martin Swales - Interim Director of Transport, Infrastructure & Housing (including additional integration responsibility)	155,939	0	0	155,939
Director of Business & Skills	81,667	0	11,515	93,182
Interim Corporate Director of Business & Skills	53,200	0	0	53,200
Group Finance Director	99,321	0	14,004	113,325
Sub Total	***735,419***	***0***	***42,569***	***777,988***
Elected Mayor	79,000	281	0	79,281
Director of Mayor's Office	95,096	0	13,409	108,505
Sub Total	***174,096***	***281***	***13,409***	***187,786***
Total	**909,515**	**281**	**55,978**	**965,774**

Notes

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

2020/21	**Salary**	**Expenses**	**Pension Contribution**	**Total**
	£	**£**	**£**	**£**
Dr Dave Smith – Chief Executive (Head of Paid Service)	176,730	0	0	176,730
Deputy Chief Executive	111,836	0	15,769	127,605
Director of Transport, Infrastructure & Housing	104,336	27	14,712	119,075
Director of Mayor's Office	93,460	0	13,178	106,638
Interim Group Chief Financial Officer	32,500	0	4,583	37,083
Group Finance Director	75,650	0	10,667	86,317
Total	**594,512**	**27**	**58,909**	**653,448**

Notes

1. Interim Group Chief Financial Officer to 30 June 2020.
2. Group Finance Director from 22 June 2020.
3. The Group Principal Solicitor and Monitoring Officer is employed by South Yorkshire Passenger Transport Executive. Their salary costs have been charged to and are disclosed within SYPTE's 2020/21 Accounts and in Note 66 to the Group Accounts.
4. As part of Constitutional changes agreed following the implementation of Devolution, new allowances became payable to the Mayor and Deputy Mayor from 28 July 2020 on the basis of recommendations made by an independent remuneration panel. In 2020/21, the amount of mayoral allowance paid was £53,516.

The Mayoral Combined Authority's employees receiving more than £50,000 remuneration for the year were paid the following amounts:

Remuneration Band	2020/21 Total	2021/22 Total
£50,000 - £54,999	1	2
£55,000 - £59,999	1	3
£60,000 - £64,999	10	7
£65,000 - £69,999	-	3
£75,000 - £79,999	1	1
£80,000 - £84,599	-	1
£90,000 - £94,999	1	-
£95,000 - £99,999	-	2
£100,000 - £104,999	1	-
£105,000 - £109,999	-	-
£110,000 - £114,999	1	-
£115,000 and above	1	3
	17	**22**
There were no redundancies during the year		

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. Strain costs are £0k, (2020/21 £0k) and are included in the total cost:

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band (including strain costs)	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022 £'000**	**2021 £'000**
£0 - £20,000	-	-	-	-	-	-	-	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,000 - £150,000	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Elected Members Allowance:

LEP Board members are not remunerated but are entitled to claim back travel and subsistence costs incurred whilst undertaking their duties on behalf of the LEP. In 2021/22, the total amount of expenses paid to members of the LEP Board, MCA and its Committees amounted to £4,379 (2020/21 £4,892).

37. External Audit Fees

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

2020/21 £000		2021/22 £000
29	Fees payable with regard to external audit services carried out by the appointed auditor	29
4	Fee variation agreed	0
33	**Total**	**29**

38. Grant Income

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

2020/21 £000		2021/22 £000
	Credited to Services:	
(101,086)	Ministry of Housing, Communities and Local Government	(68,387)
(22,334)	Department for Transport	(45,768)
(711)	Department for Education and Skills Funding Agency	(19,900)
(849)	Department for Business, Energy & Industrial Strategy	(1,925)
(177)	Careers Enterprise Company	(302)
(1,569)	Department of Health and Social Care	0
(56,682)	English Local Government	(60,202)
(125)	Cabinet Office	(84)
(2,190)	Other	(1,362)
(185,723)		**(197,930)**
	Credited to Taxation and Non-Specific Grant Income:	
	Non-ring- fenced Government Grants:	
(27,046)	Ministry of Housing, Communities and Local Government	(17,234)
(8,132)	LEP- Ministry of Housing, Communities and Local Government	(7,847)
(35,178)		**(25,081)**
(220,901)	**Total**	**(223,011)**

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

31 March 2021 £000		31 March 2022 £000
	Revenue Grants Receipts in Advance:	
(14)	Department for Business, Energy & Industrial Strategy	0
(1,753)	Department for Transport	(7,808)
(11,435)	Department of Housing, Communities and Local Government	(2,066)
(200)	Department for Education and Skills Funding Agency	(7,275)
0	Local Government Association (LGA)	0
(604)	Non-Departmental Government Bodies	(298)
(86)	Department for Environment, Food & Rural Affairs	(17)
(231)	Department of Health and Social Care	0
(14,323)	**Total**	**(17,464)**
	Capital Grants Receipts in Advance:	
(97,661)	Department for Transport	(149,967)
(6,000)	Ministry of Housing, Communities and Local Government	(18,555)
(103,661)	**Total**	**(168,522)**

39. Related Party Disclosures

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

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

For the Authority, the main categories of related party are the four constituent and five non-constituent Local Authorities, whose Leaders make up the membership of the Mayoral Combined Authority and have direct control through voting rights.

LEP Board and MCA Members

During 2021/22 no disclosure is required in respect of works or services commissioned from companies in which members had an interest or with the members themselves (£nil 2020/21).

Senior Officers

During 2021/22, Senior Officers had no pecuniary interests requiring disclosure (£nil 2020/21).

Material Transactions with Related Parties

Income

2021/22	Transport Levy £000	EZ business rates £000	LEP subscriptions £000	Total £000
Sheffield City Council	22,565	688	488	23,741
Barnsley Metropolitan Borough Council	9,525	1,019	206	10,750
Doncaster Metropolitan Borough Council	12,034	0	264	12,298
Rotherham Borough Council	10,240	891	226	11,357

Expenditure

2021/22	Capital grants-transport £000	Capital grants - Other £000	Business Assistance Grants £000	Total £000
Sheffield City Council	12,587	1,354	12,588	26,529
Barnsley Metropolitan Borough Council	12,524	5,416	4,273	22,213
Doncaster Metropolitan Borough Council	17,814	11,646	6,780	36,240
Rotherham Borough Council	25,190	21,056	4,701	50,947

Group Subsidiaries

South Yorkshire Passenger Transport Executive

The balance owing to South Yorkshire Passenger Transport Executive as at 31 March 2022 is shown in the table below:

2020/21 £000		2021/22 £000
(14,451)	Amounts due within one year	(12,369)
(118,017)	Amounts due after more than one year	(110,456)
(132,468)	**Total owed to SYPTE by the CA**	**(122,825)**

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

2020/21 £000		2021/22 £000
Expenditure		**Expenditure**
52,278	Revenue Grant Payable to Support SYPTE Operational Expenditure	51,848
2,571	Government Funding to Support SYPTE Revenue Activities	2,620
6,463	Capital Grant to Support SYPTE Capital Programme	3,656
61,312		**58,124**

Financial Interventions Holding Company

The balance owed by the Financial Interventions Holding Company as at 31 March 2022 was £0 (2020/21 £6.214m) as it settled the loan owed to the MCA during the year.

40. Capital Expenditure and Capital Financing

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

2020/21 £000		2021/22 £000
	Capital Investment	
29	Assets under Construction	109
177	Property, Plant and Equipment	0
48	Intangible Assets	0
79,894	Revenue Expenditure Funded from Capital Under Statute	90,340
0	Capital loans	3,200
80,148	Total	**93,649**
	Sources of Finance	
80,631	Government Grants and Other Contributions	81,631
(483)	Capital Receipts	12,018
0	Direct Revenue Financing	0
0	Borrowing Requirement	0
80,148		**93,649**
	Capital Financing Requirements	
116,054	Opening Balance	108,806
0	Borrowing Requirement in Year-Reversal of 20-21 Capital grant income	4,441
(3,648)	Statutory/Voluntary Provision for repayment of debt (MRP)	(3,367)
(3,600)	Capital Receipts set aside for repayment of debt	0
108,806	**Closing Balance**	**109,880**
(25,000)	PWLB Borrowing	(25,000)
0	Other Borrowing	0
(25,000)		**(25,000)**
83,806	**CFR in excess of debt**	**84,880**

The CFR is in excess of debt in the Authority's accounts, because a restructuring of Group financing in 2013/14 and 2014/15 effectively led to the Group's underlying need to borrow being transferred from SYPTE to the Authority whereas £102.496m of related debt still remains on SYPTE's Balance Sheet at the end of 2021/22.

41. Post-Employment Benefits

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

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

Local Government Pension Scheme:

Comprehensive Income and Expenditure Statement		
	2020/21	**2021/22**
	£'000	**£'000**
Current Service Cost	931	1,403
Financing Investment Income and Expenditure	74	104
Remeasurement in other Comprehensive Income and Expenditure	821	1,259
Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	1,826	2,766

Transactions Relating to Post-Employment Benefits:

Movement in Reserves Statement		
	2020/21	**2021/22**
	£'000	**£'000**
Reversal of Net Charges Made to the (Surplus)/Deficit for the		
Provision of Services for Post-Employment Benefits in Accordance with the Code	(1,005)	(1,507)
Actual Amount Charged Against the Operational Revenue Reserve		
Balance for Pensions in the Year:		
Employer's Contributions Payable to Scheme	421	507

Assets & Liabilities in Relation to Post-Employment Benefits

Reconciliation of Present Value of the Scheme Liabilities:		
	2020/21	**2021/22**
	£'000	**£'000**
Opening Balance at 1 April	(6,900)	(9,897)
Business combination	0	0
Current Service Cost	(931)	(1,403)
Interest Cost	(161)	(236)
Contributions by Scheme Participants	(227)	(272)
Re-measurements - Experience gain/(loss)	161	(4,871)
Re-measurements - changes to financial assumptions	(1,734)	0
Benefits Paid	(105)	0
Closing Balance at 31 March	**(9,897)**	**(16,679)**

Reconciliation of Fair Value of the Scheme (Plan) Assets:		
	2020/21	**2021/22**
	£'000	**£'000**
Opening Balance at 1 April	4,045	5,637
Business Combination	0	0
Interest on Plan Assets	102	132
Re-measurements	752	3,612
Administration Expenses	(15)	0
Contributions by Employer	421	507
Contributions by Scheme (plan) Participants	227	272
Benefits Paid	105	0
Closing Balance at 31 March	**5,637**	**10,160**

Pension Scheme Assets Comprised:	**2020/21**	**2021/22**
	£'000	**£'000**
Equities	2,773	5,730
Bonds		
Government Bonds	760	61
Other Bonds	461	2,333
Property	511	870
Other	1,132	1,166

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

The Actuaries have taken account of the changes in the Local Government Pension Scheme regulations in assuming that 50% of scheme members will take up the option for increased lump sum payments.

Scheme History		
	2020/21	**2021/22**
	£'000	**£'000**
Present Values of Liabilities	(9,897)	(16,679)
Fair Value of Scheme Assets	5,637	10,160
Surplus/(Deficit) in the Scheme	**(4,260)**	**(6,519)**

Basis for Estimating Assets and Liabilities		
The pension fund liabilities have been assessed by the actuaries, Hyman Robertson LLP (2020/21 Mercers Ltd) and the main assumptions used in their calculations are as follows:		
Mortality Assumptions	**2020/21**	**2021/22**
Longevity at Age 65 for Current Pensioners:		
Men	22.5 years	21.0 years
Women	25.3 years	24.0 years
Longevity at Age 65 for Future Pensioners:		
Men	24 years	22.0 years
Women	27.2 years	25.5 years

Financial Assumptions		
Rate of increase in Salaries	3.95%	4.3%
Rate of increase in Pensions (CPI)	2.8%	3.3%
Discount Rate	2.2%	2.7%

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 table below:

	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real discount Rate	3%	483
1 year increase in member life expectancy	4%	667
0.1% increase in the Salary Increase Rate	0%	63
0.1% increase in the Pension Increase Rate (CPI)	2%	416

Impact on Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The triennial valuation completed on 31 March 2019 sets the contribution rates in respect of the three-year period 2020/21 to 2022/23.

42. Contingent Liabilities/Contingent Assets

Contingent Liability

The MCA was awarded £1.1m of ERDF funded grant towards a business assistance scheme for businesses in the visitor economy and the recovery of small businesses in the wider economy. The scheme was administered by Barnsley MBC on the Authority's behalf and is fully underwritten by the MCA. The risk attached to the scheme is considered small, but any liability should it arise will fall to be met by the MCA.

Contingent Asset

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

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

The LEP's share will be refunded in due course but the exact terms have yet to be agreed. As a consequence, there remains uncertainty over the timing and amount which will be credited.

There are also a number of Business Investment Loans which are being negotiated at the end of 2021/22 which, once in place, will contain overage clauses. As a result of these overage clauses, subject to certain criteria being met, funds would flow back to the MCA. At the current time, there are a number of factors which mean that the value and timing of such funds being received remains uncertain. No asset has therefore been recognised at the year end.

Group Accounts

The Group Accounts, as at 31 March 2022, comprise the accounts of the Authority, together with its subsidiary, the South Yorkshire Passenger Transport Executive.

All intra-group trading, balances and unrealised gains and losses, at the end of the financial year 2021/22, have been eliminated in full. The Group Accounts have been prepared on a going concern basis.

South Yorkshire Passenger Transport Executive

The Accounts of the South Yorkshire Passenger Transport Executive (SYPTE) are prepared in accordance with the Accounts and Audit (England) Regulations 2015. These regulations require the Accounts to be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

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

SYPTE has one subsidiary, Supertram Assets Limited, which is non-trading and an interest in a joint venture with West Yorkshire Combined Authority, "Yorcard Limited". As neither are material in value, SYPTE has taken the decision not to consolidate either entity into SYPTE's Accounts in 2021/22.

Further information about SYPTE's Accounts is available from the following address:

The Finance Department
South Yorkshire Passenger Transport Executive
11 Broad Street West
Sheffield
S1 2BQ

Group Core Financial Statements

Group Movement in Reserves Statement

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

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

Group Movement in Reserves: Usable Reserves

2021/22	Note	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Note	61	61	61	61	61
Balances at 1 April 2021		**(6,504)**	**(72,866)**	**(19,521)**	**(29,734)**	**(128,625)**
Adjustment to opening balances		0	0	0	0	0
Movement in reserves during 2021/22:						
(Surplus)/deficit on provision of services	CIES	(8,234)	0	0	0	(8,234)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	0	0
Total Comprehensive (Income) and Expenditure		**(8,234)**	**0**	**0**	**0**	**(8,234)**
Adjustments between accounting basis and funding basis under regulations	49	(2,983)	0	5,029	(21,101)	(19,055)
Net (increase)/decrease before transfers to earmarked reserves		**(11,217)**	**0**	**5,029**	**(21,101)**	**(27,289)**
Transfers (to)/from earmarked reserves	50	10,489	(9,868)	81	(702)	0
(Increase)/decrease in year		**(729)**	**(9,868)**	**5,110**	**(21,803)**	**(27,289)**
Balance at 31 March 2022		**(7,232)**	**(82,734)**	**(14,411)**	**(51,537)**	**(155,914)**

2020/21

	Note	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Note	61	61	61	61	61
Balances at 1 April 2020		**(12,608)**	**(53,020)**	**(20,094)**	**(7,320)**	**(93,042)**
Prior Period Adjustment		6,775	(6,775)	0	0	0
Movement in reserves during 2020/21:						
(Surplus)/deficit on provision of services	CIES	(35,238)	0	0	0	(35,238)
Other Comprehensive (Income) and Expenditure	CIES	5	0	0	0	5
Total Comprehensive (Income) and Expenditure		**(35,233)**	**0**	**0**	**0**	**(35,233)**
Adjustments between accounting basis and funding basis under regulations	48	21,523	0	492	(22,363)	(348)
Net (increase)/decrease before transfers to earmarked reserves		**(13,710)**	**0**	**492**	**(22,363)**	**(35,581)**
Transfers (to)/from earmarked reserves	49	13,041	(13,071)	81	(51)	0
(Increase)/decrease in year		**(669)**	**(13,071)**	**573**	**(22,414)**	**(35,581)**
Balance at 31 March 2021		**(6,504)**	**(72,866)**	**(19,521)**	**(29,734)**	**(128,625)**

Group Movement in Reserves: Unusable Reserves and Total Group Reserves

2021/22	Note	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve £000	Accumulated Absences Reserve (PTE) £000	Unusable Reserves £000	Total Group Reserves £000
	Note	62	62	62	62	62	62	62	
Balances transferred in at 1 April 2021		**71,731**	**362**	**(97,917)**	**(38,506)**	**38,231**	**99**	**(25,999)**	**(154,624)**
Pension deficit b/f									
Investment in subsidiary realised									
Movement in reserves during 2021/22:									
(Surplus)/deficit on provision of services	CIES								(8,234)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	(3,541)	(13,592)	0	(17,133)	(17,133)
Total Comprehensive (Income) and Expenditure		**0**	**0**	**0**	**(3,541)**	**(13,592)**	**0**	**(17,133)**	**(25,367)**
Adjustments between accounting basis and funding basis under regulations	49	9,865	(289)	6,162	764	2,554	0	19,056	0
Net (increase)/decrease before transfers to earmarked reserves		**9,865**	**(289)**	**6,162**	**(2,777)**	**(11,038)**	**0**	**1,923**	**(25,367)**
Transfers (to)/from earmarked reserves		0	0	0	0	0	0	0	0
(Increase)/decrease in year		**9,865**	**(289)**	**6,162**	**(2,777)**	**(11,038)**	0	**1,923**	**(25,367)**
Balance at 31 March 2022		**81,596**	**73**	**(91,755)**	**(41,283)**	**27,193**	**99**	**(24,077)**	**(179,991)**

2020/21	Note	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve £000	Accumulated Absences Reserve (PTE) £000	Unusable Reserves £000	Total Group Reserves £000
		62	62	62	62	62	62	62	
Balances transferred in at 1 April 2020		**75,802**	**698**	**(100,030)**	**(35,530)**	**39,262**	**66**	**(19,732)**	**(112,774)**
Prior Period Adjustment									
Movement in reserves during 2020/21:									
(Surplus)/deficit on provision of services									(35,238)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	(3,733)	(2,884)	0	(6,617)	(6,617)
Total Comprehensive (Income) and Expenditure	CIES				**(3,733)**	**(2,884)**	**0**	**(6,617)**	**(41,850)**
Adjustments between accounting basis and funding basis under regulations		(4,071)	(336)	2,113	756	1,853	33	348	0
Net (increase)/decrease before transfers to earmarked reserves	48	(4,071)	(336)	2,113	756	1,853	33	348	**(41,850)**
Transfers (to)/from earmarked reserves		0	0	0	0	0	0	0	0
(Increase)/decrease in year		(4,071)	(336)	2,113	(2,977)	(1,031)	33	(6,269)	**(41,850)**
Balance at 31 March 2021		**71,731**	**362**	**(97,917)**	**(38,506)**	**38,231**	**99**	**(25,999)**	**(154,624)**

Group Consolidated Comprehensive Income and Expenditure Statement

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

2020/21					2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
30,231	(94,635)	(64,404)	Transport Authority		41,323	(103,244)	(61,921)
88,511	(91,313)	(2,803)	Local Enterprise Partnership		107,444	(94,975)	12,469
85,057	(25,141)	59,916	SYPTE		79,429	(19,711)	59,718
203799	**(211,089)**	**(7,291)**	**(Surplus)/Deficit on Continuing Operations**		**228,196**	**(217,930)**	**10,266**
		(14)	Other Operating Income and Expenditure				(10)
		0	Gains on disposal of non-current assets				0
		8,324	Financing and Investment Income	51			6,835
		(36,257)	Taxation and Non-Specific Grant Income	52			(25,325)
		(35,238)	**(Surplus)/Deficit on Provision of Services**				(8,234)
		(3,733)	(Surplus)/Deficit on revaluation of non-current assets				(3,541)
		0	Surplus/deficit on revaluation of available for sale financial assets				0
		(2,884)	Actuarial (gains)/losses on pensions assets/ liabilities	73			(13,592)
		(6,617)	Other comprehensive income and expenditure				**(17,133)**
		(41,855)	**(Surplus)/Deficit for the Year**				**(25,367)**
		(42,496)	Mayoral Combined Authority				(15,896)
		641	SYPTE				(9,471)
		(41,855)					**(25,367)**

Group Consolidated Balance Sheet

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

Reserves are reported in two categories. The first category of reserves is usable reserves, ie those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use. The second category of reserves is unusable reserves, ie those that the Group is not able to use to provide services. This category includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.'

As at 31 March 2021			As at 31 March 2022
£000		**Notes**	**£000**
3,079	Investment Property	55	3,379
1,531	Intangible Assets	53	1,148
168,819	Property, Plant and Equipment	54	164,507
78,000	Long-Term Investments	56	40,000
19,332	Long-Term Debtors		18,477
270,761	**Total Long-Term Assets**		**227,511**
117,408	Short-Term Investments	56	110,463
7,585	Short-Term Debtors	57	8,939
104,866	Cash and Cash Equivalents	58	225,478
66	Assets Held for Sale		66
229,925	**Current Assets**		**344,946**
500,686	**Total Assets**		**572,457**
(9,299)	Short-Term Borrowing	56	(9,216)
(55,534)	Short- Term Creditors	59	(55,414)
(1,490)	Short-Term Provisions	60	(2,721)
(268)	PFI/PPP Finance Lease Liability	72	(291)
(104,442)	Capital Grants Receipts In Advance	69	(169,137)
(171,033)	**Current Liabilities**		**(236,779)**
329,653	**Total Assets less Current Liabilities**		**335,678**
(126,293)	Long-Term Borrowing	56	(118,280)
(10,505)	PFI/PPP Finance Lease Liability	72	(10,214)
(38,231)	Net Pension Liability	73	(27,193)
(175,029)	**Long Term Liabilities**		(155,687)
154,624	**Net Assets/(Liabilities)**		**179,991**
(104,758)	Combined Authority		(131,920)
(23,867)	SYPTE		(23,993)
(128,625)	**Usable Reserves**	61	**(155,913)**
67,408	Mayoral Combined Authority		78,675
(93,407)	SYPTE		(102,753)
(25,999)	**Unusable Reserves**	62	**(24,078)**
(154,624)	**Total Reserves**		**(179,991)**

Group Consolidated Cash Flow Statement

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

2020/21 £000		**Notes**	**2021/22 £000**
35,238	Net surplus or (deficit) on the provision of services		8,234
112,988	- Adjustment to surplus or (deficit) on the provision of services for non-cash movements	63	79,432
(1,484)	- Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	63	(3,979)
146,742	**Net cash flow from operating activities**		**83,687**
(66,412)	Investing activities	64	45,168
(53,906)	Financing activities	65	(8,243)
26,424	**Net increase/(decrease) in cash and cash equivalents**		**120,612**
78,442	Cash and cash equivalents at 1 April	58	104,866
104,866	**Cash and cash equivalents at 31 March**	58	**225,478**

Notes to the Group Core Financial Statements

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

43. Group Expenditure and Funding Analysis Statement (EFA)

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

2020/21							**2021/22**				
Single Entity £000	**Intercompany Adjustments £000**	**Net Expenditure Chargeable to the General Fund Balance £000**	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure in the CIES £000**		**Notes**	**Single Entity £000**	**Intercompany Adjustments £000**	**Net Expenditure Chargeable to the General Fund Balance £000**	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure in the CIES £000**
472	(61,439)	(60,967)	(3,437)	(64,404)	Transport Authority		752	(57,785)	(57,033)	(4,888)	(61,921)
(3,751)	(1,924)	(5,674)	2,872	(2,803)	Local Enterprise Partnership		(2,292)	(1,097)	(3,389)	15,859	12,469
(823)	56,054	55,231	4,685	59,916	SYPTE		(3,801)	54,681	50,880	8,837	59,717
(4,102)	**(7,308)**	**(11,410)**	**4,120**	**(7,291)**	**Net Cost of Services**	44	(5,341)	(4,200)	(9,542)	19,808	10,266
		(2,305)	(25,642)	(27,947)	Other Income & Expenditure				(1,675)	(16,825)	(18,500)
		(13,715)	**(21,523)**	**(35,238)**	**(Surplus)/Deficit**	45			(11,217)	2,983	(8,234)
		(65,629)			Opening General Fund Balance				(79,370)		
		(13,715)			Surplus/Deficit on General Fund in year				(11,217)		
		(25)			Other Movements				622		
		(79,369)			**Closing General Fund Balance at 31 March**				**(89,965)**		

44. Group Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

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

2020/21				
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	(3,569)	0	133	(3,437)
Local Enterprise Partnership	685	584	1,202	2,472
Transport Services - PTE	2,689	1,269	727	4,685
Net Cost of Services	**(195)**	**1,853**	**2,062**	**3,720**
Other Income & Expenditure from the Expenditure & Funding Analysis	0	0	(25,242)	(25,242)
Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	**(195)**	**1,853**	**(23,180)**	**(21,522)**

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

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

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

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

45. Group Expenditure and Income Analysed by Nature

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

2020/21 £000		2021/22 £000
	Expenditure:	
13,004	Employee Benefits Expenditure	15,204
244,849	Other Service Expenses	263,321
(1,959)	Support Service Recharges	(1,241)
14,051	Depreciation, Amortisation, Impairment	12,037
9,604	Interest Payments	8,315
279,549	**Total Expenditure**	**297,636**
	Income:	
(10,716)	Fees, charges & other service income	(10,111)
(4,126)	Interest Investment Income	(3,724)
(299,940)	Government Grants & Contributions	(292,035)
(5)	Other Income	0
(314,787)	**Total Income**	**(305,870)**
(35,238)	**(Surplus)/Deficit on the Provision of Services**	**(8,234)**

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

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

2020/21	**£000**
Income as analysed by nature	(314,786)
Interest Investment Income	3,844
Taxation and Specific Grant Income and Other Operating Income	36,271
Elimination of Group Transactions	63,583
Income as part of (Surplus)/Deficit on Continuing Operations in the CIES	**(211,088)**

46. Group Segmental Income

Income received on a segmental basis is analysed below:

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

2020/21				
Services:	**£000 Fees, Charges & Service**	**£000 Interest & Investment**	**£000 Grants & Contributions**	**£000 Total Income**
Transport Authority	0	0	(94,635)	(94,635)
Local Enterprise Partnership	(336)	0	(91,087)	(91,423)
Transport for the North				
Corporate	0	(3,843)	(35,178)	(39,021)
SYPTE	(10,667)	(1)	(79,040)	(89,708)
Total Income	**(11,003)**	**(3,844)**	**(299,940)**	**(314,787)**

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

47. Group Accounting Policies

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

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

XXII. Government Grants and Other Contributions

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

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

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

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

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

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

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

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

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

XXIV. Property, Plant and Equipment

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

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

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

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

Post-Employment Benefits

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

Discretionary Benefits

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

Short-Term Accumulated Absences

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

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

Private Finance Initiative (PFI) transactions

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

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

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

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

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

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

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

XXVI. Financial Instruments

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

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

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

Corporation Tax

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

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

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

These equally apply to the Group.

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

SYPTE also consider it appropriate for their accounts to be prepared on a going concern basis and they have been consolidated into the Group Accounts accordingly. The Group considers this appropriate on the basis that financial planning for transport is undertaken at Group level and as set out in Note 8, whilst there are significant challenges, these are being managed through robust financial planning and management processes and by building in sufficient financial resilience to ensure the Group's sustainability in the medium to longer term.

49. Group Adjustments between Accounting Basis and Funding Under Regulation

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

2020/21	General Fund Balance £000	Capital Receipt Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CIES:						
Capital grants and contributions credited to the CIES	104,069	0	(22,939)	81,131	(81,131)	**0**
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	0	0	0	0	0	**0**
Application of grants and contributions to capital financing transferred to Capital Adjustment Account	0	0	0	0	0	**0**
Revenue expenditure funded from capital under statute	(79,894)	0	0	(79,894)	79,894	**0**
Finance costs	336	0	0	336	(336)	**0**
Other movements	(4,783)	0	576	(4,207)	4,207	**0**
Insertion of items not debited or credited to the CIES:						
Statutory provision for repayment of debt (MRP)	3,648	0	0	3,648	(3,648)	**0**
Employers' contribution to Pension Scheme	(1,853)	0	0	(1,853)	1,853	**0**
Direct Revenue Financing						
Transfer year one pension prepayment						
Capital Financing:						
Use of Capital Receipts Reserve to finance new capital expenditure	0	492	0	492	(492)	**0**
Other:						
Adjustment for the difference between fair value depreciation and historical cost						
Transfer to Accumulating Absences Account	0	0	0	0	0	**0**
Grants received and receivable during the year	0	0	0	0	0	**0**
Grants released to Operational Revenue Reserve	0	0	0	0	0	**0**
Release to Revaluation Reserve	0	0	0	0	0	**0**
Other Movements	0	0	0	0	0	**0**
Total	**21,523**	**492**	**(22,363)**	**(347)**	**347**	**0**

50. Group Transfers (To)/From Earmarked Reserves

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

	Note	31 March 2020 £000	Transfers Out 2020/21 £000	Transfer in 2020/21 £000	Total Movements £000	31 March 2021 £000	Transfers Out 2021/22 £000	Transfer in 2021/22 £000	Total Movements £000	31 March 2022 £000
General Fund:										
Revenue Grants and Contributions:										
- Apprenticeship Grant for Employers	61	**(107)**	0	0	**0**	**(107)**	0	0	**0**	**(107)**
Other Earmarked Revenue Reserves:										
- PFI Revenue Reserve	61	**(11,158)**	0	(1,288)	**(1,288)**	**(12,446)**	3,000	(1,240)	**1,760**	**(10,686)**
- Local Growth Fund	61	**(1,642)**	0	(479)	**(479)**	**(2,121)**	0	0	**0**	**(2,121)**
-Mayoral Election	61	**(908)**	0 0	(1,279)	**(1,279)**	**(2,187)**	1,180	(0)	**1,180**	**(1,007)**
Other Reserves	61	**(28)**		0	**0**	**(28)**	0	0		**(28)**
Covid19 Reserves	61	**(500)**	500	0	**500**	**0**	0	0	**0**	**0**
Mayoral Capacity Fund Reserves		**(908)**	0	(366)	**(366)**	**(1,274)**	517	(194)	**323**	**(951)**
Income Resilience Reserves		**(997)**	0	(500)	**(500)**	**(1,497)**	0	(585)	**(585)**	**(2,082)**
Skills Bank Reserves (inc Skills Bank 1 & 2)		**(6,187)**	0	(1,650)	**(1,650)**	**(7,837)**	885	(3,525)	**(2,640)**	**(10,477)**
Levy Reduction Reserve	61	**(19,520)**	5,357	0	**5,357**	**(14,163)**	1,231	(479)	**752**	**(13,411)**
Bus Franchising Assessment		**0**	0	0	**0**	**0**		(3,000)	**(3,000)**	**(3,000)**
Gainshare Emergency Recovery Fund		**0**	0	(1,172)	**(1,172)**	**(1,172)**	1,172	0	**1,172**	**0**
Gainshare Contingency		**0**	0	(710)	**(710)**	**(710)**	0	(124)	**(124)**	**(834)**
Gainshare Employer Priorities		**0**	0	(2,972)	**(2,972)**	**(2,972)**	705	(3,938)	**(3,233)**	**(6,205)**
Gainshare Employee Priorities		**0**	0	(3,101)	**(3,101)**	**(3,101)**	0	(4,109)	**(4,109)**	**(7,210)**
MCA Development		**0**	0	(474)	**(474)**	**(474)**	0	0	**0**	**(474)**
Redundancy reserves		**0**	0	0	**0**	**0**	0	(180)	**(180)**	**(180)**
18-21 concessions		**0**	0	(1,811)	**(1,811)**	**(1,811)**	991	(2,400)	**(1,409)**	**(3,220)**
Project Feasibility Reserve		**0**	0	(3,600)	**(3,600)**	**(3,600)**	0	0	**0**	**(3,600)**
Priority Services Reserve		**0**	0	(5,888)	**(5,888)**	**(5,888)**	0	0	**0**	**(5,888)**
SYPTE Earmarked Revenue Reserves		**(11,065)**	0	(412)	**(412)**	**(11,477)**	648	(422)	**226**	**(11,251)**
Total		**(53,019)**	**5,857**	**(25,702)**	**(19,845)**	**(72,865)**	**10,328**	**(20,195)**	**(9,867)**	**(82,732)**

51. Group Financing and Investment Income and Expenditure

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

2020/21 £'000		2021/22 £'000
9,530	Interest payable and similar charges	8,343
(2,299)	Interest receivable and similar income	(1,974)
53	(Surplus) or deficit of trading undertakings	(212)
80	Property Management – Investment income	(126)
0	Revaluation gains	0
7,364		6,031
960	Pensions – Interest cost	804
8,324	**Total**	**6,835**

52. Group Taxation and Non-Specific Grant Income

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

2020/21 £000		2021/22 £000
	Non-ring-fenced grants:	
(35,178)	MHCLG-Capital grants	(25,081)
(1,079)	Department for Transport	(244)
0	Other	0
(36,257)	**Total**	**(25,325)**

53. Group Intangible Assets

The following is an analysis of Intangible Assets:

2020/21 £000		2021/22 £000
	Cost or Valuation:	
550	At 1 April - PTE	0
(550)	Amortisation - PTE	0
1,531	Mayoral Combined Authority	1,531
0	Amortisation - CA	(383)
1,531	**At 31 March**	**1,148**

54. Group Property Plant and Equipment

Movements on Balances excluding Infrastructure assets:

2021/22	Land and Buildings £000	Vehicles, Plant and Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000	PFI Assets included in Land & Buildings £000
Cost or Valuation:						
At 1 April 2021	110,348	24,147	1,680	29	136,204	11,200
Adjustment to opening balance	0	0	0	0	0	0
Additions - programmed investment	0	238	0	109	347	0
Reclassify Fixed Assets	(300)	76,856	(80)	0	76,476	0
Revaluation increases/ (decreases)	3,171	0	0	0	3,171	240
De-recognition – disposals	0	0	0	0	0	0
Other movements	(3,536)	0	0	0	(3,536)	0
At 31 March 2022	**109,683**	**101,241**	**1,600**	**138**	**212,662**	**11,440**
Accumulated Depreciation and Impairment:						
At 1 April 2021	(1,653)	(21,194)	(80)	0	(22,927)	0
Adjustment to opening balance	0	0	0	0	0	0
Depreciation Charge	(2,744)	(4,003)	0	0	(6,747)	361
De-recognition – Disposals	0	0	0	0	0	0
De-recognition - other	0	0	0	0	0	0
Revaluation adjustments/ Reclassifications	(392)	(41,593)	80	0	(41,905)	(361)
Other movements	4,280	0	0	0	4,280	0
At 31 March 2022	**(509)**	**(66,790)**	**0**	**0**	**(67,299)**	**0**
Net Book Value						
As at 1 April 2021	**108,695**	**2,954**	**1,600**	**29**	**113,277**	**11,200**
As at 31 March 2022	**109,174**	**34,451**	**1,600**	**138**	**145,363**	**11,440**

2020/21	Land and Buildings £000	Vehicles, Plant and Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000	PFI Assets included in Land & Buildings £000
Cost or Valuation:						
At 1 April 2020	**110,248**	**23,674**	**0**	**0**	**133,922**	**11,740**
Adjustment to opening balance	0	0	0	0	0	**0**
Additions - programmed investment	6	473	0	29	508	0
Reclassify Fixed Assets	0	0	1,100	0	1,100	0
Revaluation increases/ (decreases)	(48)	0	580	0	532	(540)
De-recognition – disposals	0	0	0	0	0	0
Other movements	142	0	0	0	142	0
At 31 March 2021	**110,348**	**24,147**	**1,680**	**29**	**136,204**	**11,200**
Accumulated Depreciation and Impairment:						
At 1 April 2020	(774)	(20,730)	0	0	(21,504)	0
Adjustment to opening balance	**0**	0	0	0	**0**	0
Depreciation Charge	(2,775)	(463)	(80)	**0**	(3,318)	(366)
De-recognition – Disposals	0	0	0	0	0	**0**
De-recognition - other	0	0	0	0	0	**0**
Revaluation adjustments	0	0	0	0	0	**0**
Other movements	1,896	0	0	0	1,896	366
At 31 March 2021	**(1,653)**	**(21,193)**	**(80)**	0	**(22,926)**	**0**
Net Book Value						

As at 1 April 2020	**109,475**	**2,945**	0	0	**112,418**	**11,740**
As at 31 March 2021	**108,695**	**2,954**	**1,600**	**29**	**113,278**	**11,200**

2021/22- Movement on balances including Infrastructure Assets:

2021/22	**Infrastructure Assets**	**Other Property,plant and equipment**	**Total Property, plant and equipment**	**PFI Assets included in other land and buildings**
Net book value	55,542	113,277	168,819	11,200
Other movements		744	744	
Additions - programmed investment	53	347	400	
Revaluation increases / (decreases) recognised in the Revaluation Reserve		2,681	2,681	587
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services		(202)	(202)	
De-recognition – disposals		0	0	
De-recognition – other		0	0	
Reclassification and transfers	(35,263)	35,263	0	
Depreciation charge	(1,187)	(6,747)	(7,934)	(347)

At 31 March 2022	**19,145**	**145,363**	**164,508**	**11,440**

2020/21

	Infrastructure Assets	**Other Property,plant and equipment**	**Total Property, plant and equipment**	**PFI Assets included in other land and buildings**
2020/21				
Net book value	56,288	112,418	168,706	11,740
Other movements		1,774	1,774	
Additions - programmed investment	3,970	508	4,478	
Revaluation increases / (decreases) recognised in the Revaluation Reserve		2,216	2,216	(174)
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services		(1,420)	(1,420)	
De-recognition – disposals		0	0	
De-recognition – other		0	0	
Reclassification and transfers		1,100	1,100	
Depreciation charge	(4,716)	(3,318)	(8,034)	(366)
At 31 March 2021	**55,542**	**113,278**	**168,820**	**11,200**

55. Group Investment Properties

The following is an analysis of Investment Properties:

2020/21		2021/22
£000	**Cost or valuation:**	**£000**
4,129	**At 1 April**	3,079
(1,050)	Revaluation	300
0	Disposals	0
3,079	**At 31 March**	**3,379**

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

Fair Value Hierarchy

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2022 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2022 £000
SYPTE	-	1,400	-	1,400
Mayoral Combined Authority	-	1,979	-	1,979
Total	**-**	**3,379**	**-**	**3,379**

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

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

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

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

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

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

<u>Valuation Techniques</u>

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

Valuation Process for Investment Properties

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

56. Group Financial Instruments

Categories of Financial Instruments

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

	Long Term		Current	
	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Investments at Amortised Cost	78,000	40,000	117,408	110,463
Cash and Cash Equivalents	0	0	109,558	225,478
Borrowings at Amortised Cost	(126,293)	(118,280)	(9,299)	(9,216)
Other Liabilities - PFI	(10,505)	(10,214)	(268)	(291)

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

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

2020/21 Income, Expense, Gains and Losses	Financial Liabilities At amortised cost £'000	Financial Assets At amortised cost £'000	Total £'000
Interest expense – debt	8,568		8,568
Interest expense - PFI	962		962
Reductions in fair value	0		0
Impairment losses/(gains)	0		0
Total expense in Surplus or Deficit on the Provision of Services	**9,530**		**9,530**
Interest income		(1,846)	(1,846)
Total income in Surplus or Deficit on the Provision of Services		**(1,846)**	**(1,846)**
Net charge/(credit) for the year			**7,684**

Fair Value of Assets and Liabilities

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

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

Fair Value of Financial Liabilities

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

	2020/21		2021/22	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
PWLB	(113,375)	(133,986)	(105,400)	(117,435)
Market loans	(20,000)	(32,027)	(20,000)	(28,429)
Doncaster Interchange PFI	(10,773)	(10,773)	(10,505)	(10,505)
Short-term borrowing/accrued interest	(1,324)	(1,324)	(1,216)	(1,216)
Market Loans interest adjustment	(893)	(893)	(880)	(880)
Total Financial Liabilities	**(146,365)**	**(179,003)**	**(138,001)**	**(158,465)**

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

	2020/21 Carrying value £'000	Fair value £'000	2021/22 Carrying value £'000	Fair value £'000
PWLB	(113,375)	(139,902)	(105,400)	(121,804)
Market loans	(20,000)	(38,580)	(20,000)	(34,148)
Doncaster Interchange PFI	(10,773)	(10,773)	(10,505)	(10,505)
Short-term borrowing/accrued interest	(1,324)	(1,324)	(1,216)	(1,216)
Market Loans interest adjustment	(893)	(893)	(880)	(880)
Total Financial Liabilities	**(146,365)**	**(191,472)**	**(138,001)**	**(168,553)**

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

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

	31 March 2021 £'000	31 March 2022 £'000
Less than one year	(9,299)	(8,000)
Between one and two years	(8,000)	(46,400)
Between two and five years	(58,400)	(16,000)
More than five years	(59,893)	(57,096)
	(135,592)	**(127,496)**

57. Group Short-Term Debtors

The following is an analysis of Debtors:

31 March 2021 £000		31 March 2022 £000
3,837	Trade Customers	6,777
239	Receivables from Related Parties	427
44	Prepayments	181
3,465	Other Entities and Individuals	1,554
7,585	**Total**	**8,939**

58. Group Cash & Cash Equivalents

31 March 2021 £'000		31 March 2022 £'000
	Cash:	
(16,595)	Mayoral Combined Authority	156
1,003	PTE	1,433
6,214	FIHC	0
(9,378)		1,589
	Cash Equivalents:	
109,558	Mayoral Combined Authority	221,766
4,685	PTE	2,123
0	FIHC	0
114,243		223,889
		0
	Cash & Cash Equivalents:	
92,963	Mayoral Combined Authority	221,922
5,689	PTE	3,556
6,214	FHIC	0
104,866	**Total**	**225,478**

59. Group Short-Term Creditors

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

31 March 2021 £000		31 March 2022 £000
(12,467)	Trade Creditors	(7,589)
(19,554)	Related Parties Creditors	(21,748)
(14,323)	Deferred Incomes	(17,465)
(9,190)	Other Creditors	(8,612)
(55,534)	**Total**	**(55,414)**

60. Group Provisions

The following table shows an analysis of Provisions:

31 March 2021 £000		31 March 2022 £000
(3,115)	Opening Balance	(1,490)
1,727	Charge to Income and Expenditure Account during the year	318
(102)	Created in the year	(1,549)
(1,490)	**Total**	**(2,721)**
	Split by:	
(589)	Mayoral Combined Authority	(668)
(901)	SYPTE	(2,053)
(1,490)	**Short-Term**	**(2,721)**
0	Mayoral Combined Authority	0
0	SYPTE	0
0	**Long-Term**	**0**

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

61. Group Usable Reserves

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

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

31 March 2021	**Combined Authority**	**SYPTE**	**Total**
	£000	**£000**	**£000**
General Fund	(1,742)	(4,762)	(6,504)
Earmarked Reserves	(61,388)	(11,477)	(72,865)
Capital Receipts Reserve	(18,689)	(832)	(19,521)
Capital Grants Unapplied	(22,939)	(6,796)	(29,735)
Total	**(104,758)**	**(23,867)**	**(128,625)**

The table below provides a breakdown of Group earmarked reserves:

31 March 2022	Combined Authority	SYPTE	Total
	£000	£000	£000
Gainshare – Contingency	(834)	0	(834)
Gainshare – Employer Priorities	(6,205)	0	(6,205)
Gainshare – Employee Priorities	(7,210)	0	(7,210)
Gainshare – Emergency Recovery Fund	0	0	0
Gainshare - 18-21 concessions	(3,220)	0	(3,220)
Gainshare – MCA development	(474)	0	(474)
Project Feasibility Fund	(3,600)	0	(3,600)
Protection of Priority Services	(5,888)	(1,110)	(6,998)
Mayoral Capacity Fund	(951)	0	(951)
Mayoral Election Reserve	(1,007)	0	(1,007)
PFI	(10,686)	0	(10,686)
Franchising Assessment	(3,000)	0	(3,000)
Local Growth Fund Revenue Reserve	(2,121)	0	(2,121)
Redundancy Reserve	(180)	0	(180)
Income Resilience	(2,082)	(1,500)	(3,582)
Skills Bank (inc Skills Bank 1 & 2)	(10,477)	0	(10,477)
Levy Reduction Reserve	(13,411)	0	(13,411)
Apprenticeship Grant for Employers	(107)	0	(107)
Strategic Asset Management	(28)	0	(28)
Mass Transit Project Readiness	0	(3,000)	(3,000)
Bus Recovery Project	0	(2,352)	(2,352)
Asset Management	0	(1,812)	(1,812)
SYPTE earmarked reserves - other	0	(1,477)	(1,477)
Total	**(71,481)**	**(11,251)**	**(82,732)**

31 March 2021	Combined Authority	SYPTE	Total
	£000	£000	£000
Gainshare – Contingency	(710)	0	(710)
Gainshare – Employer Priorities	(2,972)	0	(2,972)
Gainshare – Employee Priorities	(3,101)	0	(3,101)
Gainshare – Emergency Recovery Fund	(1,172)	0	(1,172)
Gainshare - 18-21 concessions	(1,811)	0	(1,811)
Gainshare – MCA development	(474)	0	(474)
Project Feasibility Fund	(3,600)	0	(3,600)
Protection of Priority Services	(5,888)	(1,110)	(6,998)
Mayoral Capacity Fund	(1,274)	0	(1,274)
Mayoral Election Reserve	(2,187)	0	(2,187)
PFI	(12,446)	0	(12,446)
Local Growth Fund Revenue Reserve	(2,121)	0	(2,121)
Redundancy Reserve			
Income Resilience	(1,497)	(1,500)	(2,997)
Skills Bank (inc Skills Bank 1 & 2)	(7,837)	0	(7,837)
Levy Reduction Reserve	(14,163)	0	(14,163)
Apprenticeship Grant for Employers	(107)	0	(107)
Strategic Asset Management	(28)	0	(28)
Mass Transit Project Readiness	0	(3,000)	(3,000)
Bus Recovery Project	0	(3,000)	(3,000)
Asset Management	0	(1,812)	(1,812)
SYPTE earmarked reserves - other	0	(1,055)	(1055)
Total	**(61,388)**	**(11,477)**	**(72,865)**

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

The purpose of the principal earmarked reserves held by SYPTE are as follows:

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

The Redundancy Reserve recognised in 2021/22 is a reclassification of an amount that was previously held within provisions (2020/21 - £180,000).

62. Group Unusable Reserves

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

31 March 2022			
	Combined Authority	**SYPTE**	**Total**
	£000	**£000**	**£000**
Capital Adjustment Account	81,596	0	81,596
Financial Instruments Account	72	0	72
Deferred Capital Grants and Contributions		(91,755)	(91,755)
Pension Reserve	6,519	20,674	27,193
Revaluation Reserve	(9,513)	(31,770)	(41,283)
Accumulated Absence Reserve	0	99	99
Total	**78,674**	**(102,752)**	**(24,078)**

31 March 2021 – Comparative Information			
	Combined Authority	**SYPTE**	**Total**
	£000	**£000**	**£000**
Capital Adjustment Account	71,731	0	71,731
Financial Instruments Account	362	0	362
Deferred Capital Grants and Contributions	0	(97,917)	(97,917)
Pension Reserve	4,260	33,971	38,231
Revaluation Reserve	(8,945)	(29,561)	(38,506)
Accumulated Absence Reserve	0	99	99
Total	**67,408**	**(93,407)**	**(25,999)**

63. Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2020/21 £000		2021/22 £000
1,848	Interest Received	1,974
(9,530)	Interest Paid	(8,207)
(7,682)	**Total**	**(6,233)**

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

2020/21 £000		2021/22 £000
8,035	Depreciation	8,317
1,929	Impairment and downward valuations	0
4,619	Amortisation	3,703
89,741	Increase/(decrease) in capital grant received in advance	57,067
0	Increase/(decrease) in impairment for bad debts	(3)
8,859	Increase/(decrease) in creditors	(6,133)
583	(Increase)/decrease in debtors	13,467
685	Movement in pension liability	3,015
(1,055)	Increase/(decrease) in provisions	0
(408)	Other non-cash items charged to the net surplus or deficit on the provision of services	0
112,988	**Total**	**79,432**

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

2020/21 £000		2021/22 £000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures, and subsidiaries)	649
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
(1,484)	Any other items for which the cash effects are investing or financing cash flows	(4,628)
(1,484)	**Total**	**(3,979)**

64. Group Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2020/21		2021/22
£000		£000
(9,145)	Purchase of property, plant and equipment, investments property and intangible assets	(4,277)
(59,114)	Purchase of short-term and long-term investments	0
0	Proceeds from short-term and long-term investments	45,000
1,847	Other receipts from investment activities	4,445
(66,412)	**Total**	**45,168**

65. Group Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2020/21		2021/22
£000		£000
(246)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(268)
(53,660)	Repayments of short and long-term borrowing	(7,975)
(53,906)	**Total**	**(8,243)**

66. Group Officers' Remuneration

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

The first section provides details of those officers defined in the Regulations as senior employees whose salary is above £50,000 per annum. Senior employees are typically categorised as Statutory Chief Officers or Non-Statutory Chief Officers. The latter category typically includes those officers who report directly to the Chief Executive (excluding those whose duties are solely secretarial). In addition, those senior officers whose salary is above £150,000 are required to be named in this section.

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

<u>Group Senior Officers</u>

2021/22	Salary	Expenses	Pension Contribution	Total
	£	£	£	£
Dr Dave Smith – Chief Executive (Head of Paid Service)	179,823	0	0	179,823
Deputy Chief Executive	115,596	0	16,299	131,895
Director of Transport, Infrastructure & Housing	5,323	0	751	6,074
Interim Director of Transport, Infrastructure & Housing	44,550	0	0	44,550

Martin Swales - Interim Director of Transport, Infrastructure & Housing (including additional integration responsibility)	155,939	0	0	155,939
Director of Business & Skills	81,667	0	11,515	93,182
Interim Corporate Director of Business & Skills	53,200	0	0	53,200
Group Finance Director	99,321	0	14,004	113,325
Executive Director - PTE	110,959	0	18,197	129,156
Principal Solicitor & Secretary	94,094	0	15,431	109,525
Director of Customer Services	94,094	0	15,431	109,525
Director of Transport	94,094	0	13,884	107,978
Sub Total	**1,128,660**	**0**	**105,512**	**1,234,172**
Elected Mayor	79,000	281	0	79,281
Director of Mayor's Office	95,096	0	13,409	108,505
Sub Total	**174,096**	**281**	**13,409**	**187,786**
Total	**1,302,756**	**281**	**118,921**	**1,421,958**

Notes

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

2020/21	**Salary**	**Expenses**	**Pension Contribution**	**Total**
	£	**£**	**£**	**£**
Dr Dave Smith – Chief Executive (Head of Paid Service)*	176,730	0	0	176,730
Deputy Chief Executive	111,836	0	15,769	127,605
Director of Transport, Infrastructure & Housing	104,336	27	14,712	119,075
Director of Governance & Mayor's Office	93,460		13,178	106,638
Interim Group Chief Financial Officer	32,500	0	4,583	37,083
Group Finance Director	75,650	0	10,667	86,317
Executive Director - PTE	109,050	0	17,844	126,894
Director of Customer Services	92,475	0	15,166	107,641
Principal Solicitor & Secretary	92,475	0	15,166	107,641
Director of Transport	84,023	0	13,780	97,803
Total	**972,535**	**27**	**120,865**	**1,093,427**

Further detail of Authority Senior Officer's remuneration and members' allowances is provided in Note 36.

Remuneration Band	**2020/21 Total**	**2021/22 Total**
£50,000 - £54,999	7	6
£55,000 - £59,999	3	8
£60,000 - £64,999	11	7
£65,000 - £69,999	2	4
£75,000 - £79,999	-	1
£80,000 - £84,599	-	1
£90,000 - £94,999	1	3
£95,000 - £99,999	-	2

£100,000 - £104,999	2	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	1
£115,000 and above	1	3
	27	36

67. Group Termination Benefits

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	Total number of exit packages by cost band	Total cost of exit packages in each band £000	Exit Package cost band (including special payments)	Number of Compulsory Redundancies	Number of Other Departures	Total number of exit packages by cost band	Total cost of exit packages in each band £000
2020/21					2021/22			
0	0	0	0	£0 - £20,000	5	0	5	24,714
0	0	0	0	£20,001 - £40,000	1	0	1	25,432
0	0	0	0	£40,001 - £60,000	0	0	0	0
0	0	0	0	£60,001 - £80,000	0	0	0	0
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £150,000	0	0	0	0
0	**0**	**0**	**0**	**Total**	**6**	**0**	**6**	**50,146**

68. Group External Audit Fees

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

2020/21 £000		2021/22 £000
29	Mayoral Combined Authority	29
28	South Yorkshire Passenger Transport Executive	28
4	Fee variation agreed	0
61	**Total**	**57**

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

69. Group Grant Income

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

2020/21 £000		2021/22 £000
	Credited to Services:	
(101,086)	Ministry of Housing, Communities and Local Government	(68,387)
(22,334)	Department for Transport	(55,667)
(711)	Department for Education and Skills Funding Agency	(19,899)
(849)	Department for Business, Energy & Industrial Strategy	(1,925)

(177)	Careers Enterprise Company	(302)
(1,569)	Department for Health and Social Care	0
(56,682)	English Local Government	(60,202)
(125)	Cabinet Office	(84)
(2,190)	Other	(1,362)
(185,723)		**(207,828)**
	Credited to Taxation and Non- Specific Grant Income:	
	Non-ring- fenced Government Grants:	
(35,178)	Ministry of Housing, Communities and Local Government	(25,081)
(1,079)	Department for Transport	(243)
0	European Regional Development Fund / Other	0
(36,257)		**(25,324)**
(221,980)	**Total**	**(233,152)**

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

31 March 2021 £000		**31 March 2022 £000**
	Revenue Grants Receipts in Advance:	
(14)	Department for Business, Energy & Industrial Strategy	(78)
(1,753)	Department for Transport	(7,808)
(22,041)	Department of Housing, Communities and Local Government	(2,066)
(383)	Department for Education and Skills Funding Agency	(7,275)
0	Local Government Association (LGA)	0
(604)	Non-Departmental Government Bodies	(237)
(86)	Department for Environment, Food and Rural Affairs	0
(231)	Department of Health and Social Care	0
25,112	**Total**	**(17,464)**
	Capital Grants Receipts in Advance	
(98,442)	Department for Transport	(150,581)
(6,000)	Ministry of Housing, Communities and Local Government	(18,556)
(104,442)	**Total**	**(169,137)**

70. Group Related Party Transactions

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

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

Nor does the Financial Interventions Holding Company.

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

71. Group Leases

Group as Lessee

Finance Leases

The Group has not classified any leases as Finance Leases.

Operating Leases

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

2020/21 £000		2021/22 £000
17	Not later than one year	17
0	Later than one year and not later than five years	0
0	Later than five years	0
17	**Total**	**17**

Group as Lessor

Finance Leases

The Group has not classified any leases as Finance Leases.

Operating Leases

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

2020/21 £000		2021/22 £000
535	Not later than one year	374
1,127	Later than one year and not later than five years	979
1,161	Later than five years	958
2,823	**Total**	**2,311**

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

Contingent Rents

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

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

72. Group Private Finance Initiative (PFI)

The Group has one PFI scheme.

This is SYPTE's PFI contract for the construction of a new bus station at Doncaster Interchange signed on 3 December 2003 with Teesland Property Company (Northern) Limited. The new bus station became operational in June 2007. The contract runs until June 2039 and incorporates the future maintenance and upkeep of both the building and the fixtures and fittings. The net book value of the Interchange as at 31 March 2022 is £11.440m (£11.2m at 31 March 2021).

Under the PFI agreement, SYPTE is contracted to pay an annual sum to the operator, known as a unitary charge. In 2021/22 unitary charge payments of £2.6m (£2.6m in 2020/21) were paid to the PFI provider by SYPTE. Unitary charge payments over the whole life of the contract will total £94.5m of which SYPTE will contribute £24.2m and the remainder will be recovered in the form of PFI credits. The actual level of payments will depend on inflation rates and the satisfactory contract performance by the operator.

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

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

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

2020/21 – Comparative Information	**Repayment of Liability £000**	**Interest Charge £000**	**Contingent/ Rental £000**	**Service Charge £000**	**Lifecycle Costs £000**	**Total £000**
Within 1 year	268	941	142	1,141	128	2,620
Within 2-5 years	1,326	3,508	845	4,796	539	11,014
Within 6-10 years	2,423	3,620	1,719	6,555	737	15,054
Within 11-15 years	3,682	2,360	2,527	7,237	814	16,620
Within 16-20 years	3,074	552	1,939	4,699	529	10,793
Total	**10,773**	**10,981**	**7,172**	**24,428**	**2,747**	**56,101**

2021 PFI Assets £'000		2022 PFI Assets £'000
	Net book value:	
11,740	As at 1 April	11,200
(540)	Revaluations	240
	Depreciation	
11,200	**As at 31 March**	**11,440**

2021 PFI Liability £'000		2022 PFI Liability £'000
11,019	As at 1 April	10,773
(1,326)	Lease repayments	(1,351)
963	Interest Charge	941
117	Contingent rentals	142
10,773	**As at 31 March**	**10,505**

73. Group Post-Employment Benefits

Local Government Pension Scheme

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

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

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

Comprehensive Income and Expenditure Statement		
	2020/21	**2021/22**
	£'000	**£'000**
Current Service Cost	2,572	3,380
Financing Investment Income and Expenditure	960	832
Remeasurement in other Comprehensive Income and Expenditure	(2,884)	(13,592)
Total Post-Employment Benefits Charged to the Comprehensive		
Income and Expenditure Statement	**648**	**(9,380)**

Movement in Reserves Statement		
	2020/21	**2021/22**
	£'000	**£'000**
Reversal of Net Charges Made to the (Surplus)/Deficit for the		

Provision of Services for Post-Employment Benefits in Accordance		
with the Code	(3,532)	(4,212)
Actual Amount Charged Against the Operational Revenue Reserve		
Balance for Pensions in the Year:		
Employer's Contributions Payable to Scheme	1,679	1,658
Transfer of Year Pension Deficit Contribution	0	0

Assets & Liabilities in Relation to Post-Employment Benefits		
Reconciliation of Present Value of the Scheme Liabilities:		
	2020/21	**2021/22**
	£'000	**£'000**
Opening Balance at 1 April	(151,088)	(168,953)
Business Combinations	0	0
Current Service Cost	(2,572)	(3,412)
Interest Cost	(3,548)	(3,535)
Contributions by Scheme Participants	(597)	(630)
Re-measurements	(15,832)	3,866
Past Service cost (gain)	(1,734)	0
Benefits Paid	6,418	6,103
Closing Balance at 31 March	**(168,953)**	**(166,561)**

Reconciliation of Fair Value of the Scheme (Plan) Assets:		
	2020/21	**2021/22**
	£'000	**£'000**
Opening Balance at 1 April	111,826	130,722
Business Combinations	0	0
Interest on Plan Assets	2,630	2,709
Re-measurements	20,450	9,741
Administration Expenses	(42)	0
Contributions by Employer	1,679	1,669
Contributions by Scheme (plan) Participants	597	630
Benefits Paid	(6,418)	(6,103)
Closing Balance at 31 March	**130,722**	**139,368**

Pension Scheme Assets Comprised:	**2020/21**	**2021/22**
	£'000	**£'000**
Equities	63,815	78,599
Bonds		
Government Bonds	17,146	832
Other Bonds	10,342	25,555
Property	11,519	11,934
Other	27,900	22,448

The Actuaries have taken account of the changes in the Local Government Pension Scheme regulations in assuming that 50% of scheme members will take up the option for increased lump sum payments.

Scheme History		
	2020/21	2021/22
	£'000	£'000
Present Values of Liabilities	(168,953)	(166,561)
Fair Value of Scheme Assets	130,722	139,368
Surplus/(Deficit) in the Scheme	**(38,231)**	**(27,193)**

Basis for Estimating Assets and Liabilities		
The pension fund liabilities have been assessed by the actuaries Hyman Robertson LLP (2020/21 Mercers Ltd) and the main assumptions used in their calculations are as follows:		
Mortality Assumptions	**2020/21**	**2021/22**
Longevity at Age 65 for Current Pensioners:		
Men	22.5 years	21.0 years
Women	25.3 years	24.0 years
Longevity at Age 65 for Future Pensioners:		
Men	24.0 years	22.0 years
Women	27.2 years	25.5 years

Financial Assumptions		
Rate of CPI Inflation	2.2%	3.3%
Rate of increase in Salaries	3.5%	4.0%
Rate of increase in Pensions	2.3%	3.3%
Discount Rate	2.4%	2.7%

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	2%	2,630
1 year increase in member life expectancy	4%	6,662
0.1% increase in salary increase rate	0%	285
0.1% increase in pensions increase rate (CPI)	1%	2,323

Impact on Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The triennial valuation completed on 31 March 2019 sets the contribution rates in respect of the three-year period 2020/21 to 2022/23.

74. Prior Period Adjustments-Group

There are no prior year adjustments to disclose.

Glossary

Term	Definition
Abbreviations	The symbol ‘k’ following a figure represents £thousand. The symbol ‘m’ following a figure represents £million. The symbol ‘bn’ following a figure represents £billion.
Accounting Period	The period of time covered by the Mayoral Combined Authority’s accounts. Normally 12 months, beginning on 1 April. Also known as the Financial Year.
Accounting Policies	These are the specific principles, bases, conventions, rules, and practices applied by an entity in preparing and presenting financial statements.
Accruals Concept	Income and Expenditure are recognised as they are earned or incurred, not as money is received or paid.
Added Years	A discretionary award increasing the value of pensions for retiring employees aged 50 or over subject to specific conditions. Employers must exercise this discretion in accordance with the national regulations and organisation’s own policies.
Amortisation	An accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement over a period of years rather than when the initial payment is made. Its purpose is to charge / credit the cost / income over the accounting periods that gain benefit for the respective item.
Capital Expenditure	Expenditure that is incurred to acquire, create, or add value to a non-current asset.
Capital Financing Requirement	It measures the Mayoral Combined Authority’s underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend or over the longer term. Alternatively, it means capital expenditure incurred but not yet paid for.

Capital Receipts	The proceeds from the sale of capital assets which, subject to various limitations, can be used to finance capital expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing.
Cash	Comprises cash on hand and demand deposits.
Cash Equivalents	These are short -term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Consistency Concept	The consistency concept requires that there should be a consistent method of accounting treatment of like items within each accounting period and from one period to the next.
Contingency	A condition which exists at the Balance Sheet date, where the outcome will be confirmed only on the occurrence of one or more uncertain future events not wholly within the Mayoral Combined Authority's control.
Credit Risk	The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
Creditors	Amounts owed by the Mayoral Combined Authority for work done, goods received, or services rendered, for which no payment has been made at the date of the Balance Sheet.
Debtors	Amounts owed to the Mayoral Combined Authority for work done, goods received, or services rendered, for which no payment has been received at the date of the Balance Sheet.
Defined Benefit Scheme	A pension or other retirement benefit scheme, other than a Defined Contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme	A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
Depreciation	The measure of the wearing out, consumption or other reduction in a non-current asset either as a result of its use, ageing or obsolescence.
Fair Value	Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Finance Lease	A lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.
Financial Instrument	A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term “financial instrument” covers both financial assets and financial liabilities and includes both straightforward financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors) and complex ones such as derivatives.
General Fund	The total services of the Mayoral Combined Authority.
Goodwill	The difference between the aggregate fair value of the net assets of a business and the value of the business as a whole. Goodwill can be internally developed or purchased.
Impairment	A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset’s market value and evidence of obsolescence or physical damage to the asset.

Intangible Assets	Non-financial assets that do not have physical substance but are identified and are controlled by the entity through custody or legal rights. The two broad types of intangible non-current assets applicable to local authorities are goodwill and other intangible assets. Examples of other intangible assets might be patents or software licences.
International Financial Reporting Standards (IFRS)	Accounting standards developed by the International Accounting Standards Board which determine the standards to be adopted in the preparation and presentation of the Mayoral Combined Authority's accounting records.
Inventories	Inventories are assets: • in the form of materials or supplies to be consumed in the production process or consumed or distributed in the rendering of services • held for sale or distribution in the ordinary course of operations • in the process of production for sale or distribution
Investment Property	Property held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations.
Materiality	Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.
Net Book Value	The amount at which non-current assets are included on the Balance Sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.
Net Current Replacement Cost	The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its

	replacement or of the nearest equivalent asset, adjusted to reflect the current position of the existing asset.
Net Realisable Value	The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses incurred in realising the asset.
Operating Lease	A lease other than a Finance Lease. An agreement in which the Mayoral Combined Authority derives the use of an asset in exchange for rental payments, though the risks and rewards of ownership of the asset are not substantially transferred to the Mayoral Combined Authority.
Private Finance Initiative (PFI)	A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset. Payments are made for the provision of service, which is linked to availability, performance and levels of usage.
Property, Plant and Equipment	Tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.
Provisions	Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.
Prudence Concept	Requires that revenue is not anticipated until realisation can be assessed. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.
Public Works Loan Board (PWLB)	A government agency, which provides loans to authorities at favourable rates.
Related Party	The definition of a related party is dependent upon the situation, though key indicators of related parties are if: • One party has direct or indirect control of the other party • One party has influence over the financial and operating policies of the other party to an extent that the

	other party might be inhibited from pursuing at all times its own separate interests.
Remuneration	All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.
Reserves	Result from events that have allowed monies to be set aside, surpluses, decisions causing anticipated expenditure to have been postponed or cancelled, or by capital accounting arrangements.
Revenue Expenditure	Expenditure incurred on the day-to-day running of the Mayoral Combined Authority, for example, staffing costs, supplies and transport.
Specific Government Grants	These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.
Termination Benefits	These are benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.
Unsupported (Prudential) Borrowing	Borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Independent Auditor's Report

To be included in the final audited Statement of Accounts once the audit has been concluded and the auditors have given their opinion