

**SHEFFIELD CITY REGION MAYORAL
COMBINED AUTHORITY**

**STATEMENT OF ACCOUNTS
2019/20**

AUDITED

**For the period
1 April 2019 to 31 March 2020**

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Narrative Report by the Chief Financial Officer

1. INTRODUCTION

Purpose of the Narrative Report

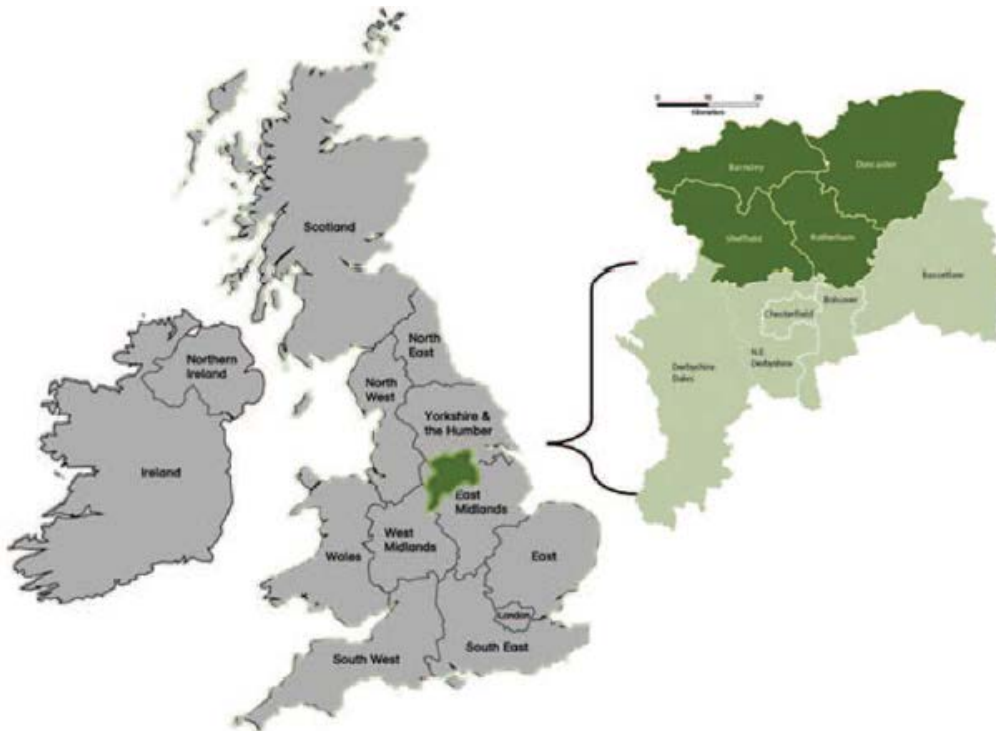
The Narrative Report provides key messages on the organisational structure of the Mayoral Combined Authority (MCA), its overall strategies and objectives and how it has performed over the year in terms of achieving those objectives.

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 2019/20 financial year in meeting its strategic aims as a Group. Inevitably the development of the Covid-19 pandemic has had an impact. Section 4 has been included in this report to consider the impact and how it has prepared for the economic recovery in light of Covid-19.

2. ORGANISATION & CORPORATE OBJECTIVES

The Sheffield City Region Mayoral Combined Authority and MCA Group

The Sheffield City Region Mayoral Combined Authority (MCA) consists of the four 'constituent' Authorities from South Yorkshire, and five 'non-constituent' Districts from North Derbyshire and North Nottinghamshire:



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 SCR's ten-year Strategic Economic Plan (SEP); and
- To act as the Local Transport Body for South Yorkshire and be responsible for its statutory Local Transport Plan (SCR Transport Strategy).

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

The SCR Mayor is a member, and chair, of the MCA and a member of the LEP. As yet, no powers have been devolved to the Mayor, although significant progress has been made, including the conclusion of the public consultation on the proposed transfer of powers, and the agreement of the MCA Board in April 2020 to submit the proposal to the Secretary of State.

Economic Development

The City Region's current SEP sets out a 10-year plan for economic growth, creating new jobs and businesses covering the period 2015 to 2025. Good progress has been made towards the targets set in the 2015-25 plan, but there is more to do. A refresh of the SEP provides an opportunity to accomplish this.

The refreshed SEP was presented at the Annual General Meeting of the LEP Board on 5 March 2020, at which it was approved for public consultation. It will become the central economic strategy for the Sheffield City Region (SCR), setting out what needs to be done over the next 20 years to grow the economy and transform the lives and wellbeing of our people.

The 2040 Vision in the new SEP is that SCR will grow an economy that works for everyone. We will develop inclusive and sustainable approaches that build on our innovation strengths, embrace the UK's 4th Industrial Revolution, contribute more to UK prosperity, and enhance quality of life for all.

The overarching policy objectives are the golden thread which run through the document:

- **Growth** – Growing the economy for all.
- **Inclusion** – Ensuring that everyone has an opportunity to contribute to and benefit from economic growth.

- **Sustainability** – Driving low carbon opportunities within the economy and delivering net zero emissions.

We will focus on the following thematic priorities to deliver this SEP:

- Innovation, Enterprise and Growth;
- Skills and Employment;
- Vibrant and Resilient Places;
- Transport and Mobility;
- Digital Connectivity;
- Clean Energy; and
- Land, Housing & Built Environment.

Transport

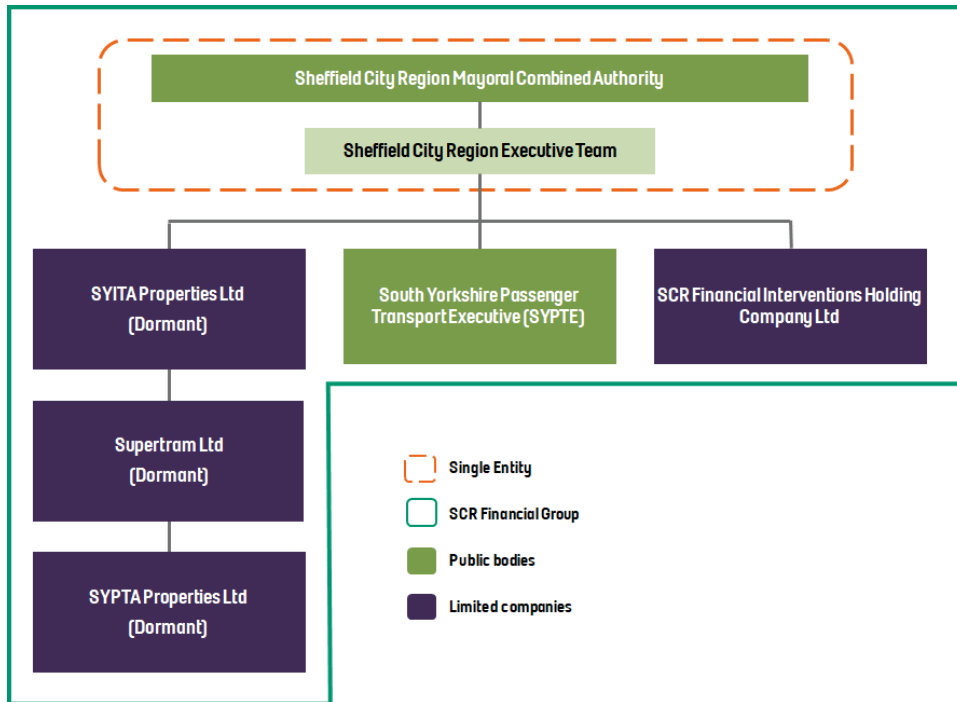
The Mayor's Vision for Transport was adopted in December 2018, which sets out the Mayor's ambition for improved journey times across the SCR along with 10 challenges and commitments in relation to the transport network.

In January 2019, the MCA approved the refreshed SCR Transport Strategy (Local Transport Plan) that was originally published in 2011 to reflect the MCA's responsibilities on transport and align our strategy with national and sub-national transport priorities, such as those of Transport for the North, including Northern Powerhouse Rail, and nationally-led initiatives such as HS2.

The SCR Transport Strategy sets out the transport priorities for our City Region up to 2040. It builds on the Mayor's Vision for Transport and has three goals which will boost economic growth by connecting residents and businesses to economic opportunity, will ensure we create a cleaner and greener SCR and that we have a safe, reliable and accessible transport network.

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 the PTE and its capital programme.

The SCR Financial Interventions Holding Company is a wholly owned subsidiary of the MCA. Its purpose is to support capital investment in furtherance of Sheffield City Region’s strategic objectives as set out in its Strategic Economic Plan and draft Inclusive Industrial Strategy.

SYITA Properties Ltd is going through the final stages of liquidation. All assets and liabilities of the company were transferred to the MCA in November 2017 so the company is dormant.

3. KEY DEVELOPMENTS IN THE YEAR

This section highlights the key achievements and developments delivered by the MCA Group in 2019/20:

- In the last year our target of **investing £35.5m** in the region’s economy has been achieved, **£140.5m of private sector investment** attracted, **5,246 jobs** created or safeguarded, **1,282 businesses** supported, **1,834 new learners** have been assisted and **326 new homes** completed.
- **£166m** was successfully secured from **Transforming Cities Fund** to focus on improving infrastructure for the public transport, rail and active travel networks in the Sheffield City Region and complement our LGF investment in improving transport connectivity.

- Sheffield City Region's **Active Travel Commissioner**, Dame Sarah Storey, has delivered the **SCR Active Travel Implementation Plan** although formal approval was delayed until 1st June 2020. This has secured funding within Transforming Cities Fund and, at the time of writing, additional emergency funding of **£7m** allocated by Government to accelerate active travel measures as a response to Covid-19.
- **£2.2m** was invested into our **Health Led Employment Support Trial** which is assisting over 6,000 people with mental and physical health issues and disabilities into sustainable employment.
- As part of **Infrastructure Programme** work commenced on redeveloping vacant land and property into new commercial premises including the Digital Media Centre in Barnsley, building new link roads such as the DN7 Hatfield Link Road to the M18 and installing a flood alleviation scheme in the Upper Don Valley.
- The **Business Investment Fund** grants have helped indigenous and re-locating businesses to plug finance gaps which could not be met through traditional sources.
- **Growth Hub** launched several new initiatives to provide advice and practical support to business owners including the Scale-Up initiative, our Brexit Planning Tool, Access to Growth+ and Talent Bank. We are proud that our efforts resulted in the SCR Growth Hub being ranked in the top three Growth Hubs nationally and secured a prestigious pilot innovation programme with the Massachusetts Institute of Technology (MIT).
- As part of **Trade and Investment** the 'Locate in SCR' online tool was launched to provide a wealth of information to potential investors on our sites, potential workforce and opportunities to aid their decision-making. We have worked intensively with 30 foreign-owned companies through our Key Account Management (KAM) project to secure further Foreign Direct Investment into the Northern Powerhouse. We also held a successful trade mission to India to showcase the City Region's strengths in advanced manufacturing.
- Within **Skills and Employment** over 100 businesses and 1,000 individual employees and learners were developed as part of the Skills Bank 2 project within nine months of its launch. Fifty employers were also matched with 50 schools and colleges to improve careers advice and guidance for young people through our Enterprise Adviser Network (EAN) programme.
- The **Tram-Train** pilot reached its first year of full service on 25 October 2019, and in doing so, has carried **1m passengers**. The pilot has a further full year to run and will then continue to operate as part of the

current wider Supertram network up to and beyond the end of the current concession in 2024.

- The major works to refurbish and repair **Rotherham Interchange** and its adjoining car park were completed, following the fire in May 2016. The majority of the Interchange re-opened for public use on 3 March 2019 with the remaining car park and platform opening on 15 July 2019.
- The **Outline Business Case** for the Supertram network replacement in 2024 was completed. Work continues to develop the full business case and secure **£430m** of funding required from Government.

4. IMPACT OF COVID-19

This section has been included in the Narrative Report as it will be an important factor across all aspects of service delivery and funding of MCA activity in 2020/21 and beyond. It is broken down into seven categories to aid understanding of the impact of the pandemic on the Group and its response.

a) Provision of Services

The initial phase of Covid-19 and lockdown had an immediate effect on passenger numbers on public transport with passenger numbers falling by 90%. The dramatic reduction in fare box revenue threatened the continued operation of essential bus and tram services for key workers to get to their places of employment. Focus was on working with the Department for Transport and utilisation of existing budgets to maintain essential services and maintain the ability to ramp up for the recovery phase. New timetabling was introduced to meet the requirements of key workers and manage resources properly. It also had an immediate effect on most businesses across the City Region. Resources were focussed on providing support to businesses and helping with navigating new funding arrangements.

Whilst this work remained a focus and resource intensive, resources were also allocated to planning for the recovery phase in terms of business, economy and the necessary transport support. The Mayor leads the **Covid-19 Economic Response Group** who are responsible for the recovery from this pandemic. A Recovery Plan has been developed with these key stakeholders together with a resource plan. This supports continued dialogue with all parts of Government on funding packages and focus of efforts. Extension of the Growth Hub Service has been implemented to assist businesses directly with support and access to finance. Specific actions have also been taken to assist tenants to continue in business. Grant funding continues to be reviewed and targeted at recovery and growth liaising closely with our key partners. However, the challenge for revenue funding support remains.

Work has escalated in the transport sector as lockdown measures are eased. Maintaining social distancing is a key challenge. For operators to maintain this on vehicles, capacity of said vehicles is reduced significantly. It is challenging to deliver sufficient capacity at peak times to meet demand and maintain 2m social distancing. Our service provision at Interchanges and bus and tram stops has required redesign to maintain public safety. Posters will be displayed at all stops, temporary barriers will be set up where required in Interchanges to manage passenger flow, and floor markings are being put down to remind passengers of the rules on 2-metre social distancing. Even with all available capacity accessible, transport systems will be under extreme pressure and a number of demand management strategies are being employed to help alleviate this. These include messages to continue to work from home where possible and only use public transport for essential journeys; stagger start and finish times to spread demand at peak times; consider alternative modes of travel such as walking or cycling; and wear face coverings where social distancing measures cannot be guaranteed.

By and large Group services have continued to be delivered and focused on the emerging challenges. Funding around transport continues to be a challenge but DfT have committed funding from 12 May for 12 weeks. Focussed funding to support the wider economic recovery continues to be a priority for the Mayor and MCA.

b) Workforce

As soon as it became apparent that the lockdown would come into effect, MCA put its business continuity and contingency plans into effect, resulting in the majority of staff working from home. The Head Office at Broad Street West is closed, and access to this and other sites is restricted to those classified by the Senior Management Team as Key workers.

No staff have been furloughed. However, redeployment is continuously explored to ensure we have appropriate levels of resources to continue to deliver services. Sickness levels continue to be monitored and specifically anyone reporting symptoms of Covid-19. They are currently reported to be slightly lower than pre-lockdown. It is also reassuring to know that all staff that have presented with symptoms have now recovered.

As a responsible employer, MCA is continuing to encourage working from home wherever possible. Whilst a comprehensive plan to return to Headquarters at Broad Street West, there are no immediate plans to implement that phased return. However, some of our public facing services require presence such as Interchanges. Here we continue to ensure all staff remain safe and appropriate use of personal protective

equipment (PPE), hand sanitiser and regular management contact are maintained.

c) Supply Chains

MCA has relatively low direct exposure to supply chain failure. The highest priority supplies at the present time are ICT hardware, PPE for frontline staff, hand sanitiser and temporary barriers for the interchanges and offices. At the time of writing this report, no unforeseen delays were noted.

However, some supply chain issues have been raised on delivery of capital schemes delivered with grant funding provided by MCA. At this moment in time it is not quantifiable but a potential risk to delivery and cost of some programmes.

d) Reserves, Financial Performance and Financial Position

A review of the impact of Covid-19 has been undertaken upon the SCR 2020/21 revenue budgets. Two amounts have been identified and set aside in light of the pressures on MCA/LEP budget for 2020/21 because of Covid-19. £500,000 has been set aside in an earmarked reserve to protect against loss of income. £1.6m was budgeted to be received from AMP in 2020/21 but pressure has already seen income levels fall off. It is expected that up to 25% of the income will not be delivered. The loss of tenants also brings a liability for service charges and business rates to MCA. In response to initial thinking around recovery, £400,000 has also been set aside in a provision to assist Covid-19 Recovery for a comprehensive recovery plan, capacity and some funding for business grants. Within SYPTTE a major threat to the income budget of £4.1m covering park and ride charges, commercial income, property rent, departure charges and service charges has been identified. A real risk of £1.6m has been identified and included within an earmarked reserve of £4.6m set aside in the 2019/20 accounts to cover the impact in 2020/21 from loss of income and additional pressures on expenditure that the recovery from Covid-19 may place upon SYPTTE budgets. A provision of £300,000 was also set aside to meet potential cash flow implications for the Supertram operator.

The level of Enterprise Zone receipts may fall in 2020/21 as a result of reduced receipts by the billing authorities. However, the existing Business Rates Resilience Reserve should meet any of this shortfall. During the closure of accounts, a further review of risks surrounding transport costs was undertaken and an earmarked reserve of £3m was set aside to deal with additional pressures on expenditure that the recovery from Covid-19 may place upon SYPTTE budgets. It has been allocated in a reserve rather than a provision because there were no clear plans or costs as at 31 March 2020. Risks identified include deep cleaning programme for all Interchanges, financial failure of small to

medium sized bus operators, major cost increases on existing tendered bus services due to fall in patronage and potential increased demand for new tendered services as the bus market evolves post Covid-19.

e) Cash Flow Management

There are several challenges to all public sector institutions on cash flow during the Covid-19 pandemic and the recovery phase. A major threat is to the income sources derived by each element of the Group. This has been discussed above and appropriate financial measures have been taken in 2019/20 accounts to mitigate these risks. The next threat is major increases in costs. Whilst some have been incurred around safety, PPE and ICT, these have been minimal and again covered with sound financial provisions. Government funding interventions and emergency powers has also helped mitigate this issue for MCA. The third element is reduced funding and the impact upon programmes. At this stage only Local Growth Fund has been directly affected with the payment made to MCA reduced by 33%. This may be restored later in the year but will have an immediate impact upon the programme to be delivered from that funding.

Changes in income levels, increasing costs, reduced funding and use of balances does impact upon the level of cash held by MCA. 2020/21 revenue budgets are dependent upon significant Treasury Management income of £1.6m across the Group. This is derived by investing surplus cash in line with the Treasury Management Strategy. Covid-19 has brought about two pressures on that income. First, the average overall balance to invest has been reduced from falling income, advanced payment of Government funding and some positive actions to protect LGF investments. At this stage this is not considered significant. However, the interventions of Bank of England to successively reduce base rate from 0.75% (when the budget was set) to 0.1% has led to negative gilt yields. This will impact upon the level of returns achievable from investment. Initially this has been minimal as returns in excess of 1.4% have still been achievable in the local authority market by varying the term in line with policy. It does remain a risk as investments mature later in the year and will require monitoring.

f) Major Risks to the Authority

Many of the major risks to MCA have already been discussed above. Cash flow and the main elements therein has been identified and so have the steps to mitigate the impact upon the ability of the organisation to operate. The pressures in 2020/21 have been minimised.

The availability and ability of our workforce to deliver services is a key factor. Working from home and social distancing measures have enabled Group to fully function. Steps taken to prolong distance working will help ensure that staff availability remains strong.

Increasing staff requirement in public areas will need to continue to be monitored.

Additional financial pressures on direct operations may develop through the recovery phase. Increased concession re-imburement rates could arise but that is likely to be covered with less usage. There is a strong link. The real unknown pressure is the level of patronage on public transport in the “new normal” and the financial pressures on commercial and tendered bus services as well as Supertram.

The funding available to all local authorities in South Yorkshire is likely to fall in the current year and probably for future years. This could have an impact on the availability of resources for MCA to address recovery and the wider growth agenda, as well as the necessary public transport support for the Region. Discussions and negotiations continue with central Government on future funding.

g) Plans for Recovery

The Covid-19 crisis has precipitated social challenges and an economic recession unmatched since the Great Depression of the 1930s. South Yorkshire came into this crisis with a legacy of a structurally weak economy characterised by low pay, relatively weak infrastructure and a population with more health challenges than average. However, the economy retains significant strengths, particularly in manufacturing, materials, creative and digital industries especially in educational technology, and great outdoors and leisure assets.

Work began on a recovery plan as soon as the crisis hit. The Mayor set up and led a Covid-19 Economic Response Group which has overseen the work. To date, over a hundred people and organisations have been engaged as part of the 8-week plan development period. An advisory panel made up of experts and key opinion shapers was also constituted to inform the plan.

The draft plan, which is fully aligned with the draft Strategic Economic Plan, focuses on the key actions and interventions needed in the immediate term to bring relief to people, businesses and places, as well as the medium and longer term interventions to drive recovery and renewal and build resilience in our communities and economy.

Work continues engaging with key stakeholders and Government on all aspects of recovery and funding. Regular liaison with the Department for Transport is fundamental to maintaining essential public transport routes to enable economic activity to re-build. Work continues with Treasury to develop support packages and practical release of said funding to ensure economic recovery is maintained and the social impacts minimised in South Yorkshire.

5. FINANCIAL PERFORMANCE

Summary Highlights

The MCA's current positive financial position will support its ability to meet the immediate threat of Covid-19 as well as helping the regional economy to recover from the impending recession.

The key areas of financial performance for the year were as follows:

- The net revenue spend for the year on MCA/LEP economic development activity was £0.675m less than budgeted for.
- The net revenue spend on South Yorkshire transport activity was £505k less than budgeted for. This reduced the planned use of earmarked reserves to support the budget from £6.1m to £5.6m.
- The LGF capital programme spend of £36.1m was 2% higher than the allocation from Central Government.
- The South Yorkshire transport capital programme spend in 2019/20 was £38.2m against a final approved programme of £43.4m. Most of the underspend represents funding received that is fully committed to schemes that will be delivered in 2020/21 and is therefore being carried forward.

Revenue Budget

MCA/LEP Budget

The MCA/LEP's revenue budget comprises the operational expenditure and the income sources that fund that activity, including:

- Business Growth & Investment
- Skills Programmes
- Infrastructure & Housing Programmes
- Transport Programmes including Transforming Cities Fund
- Running LEP/MCA
- Mayoral Priorities
- Preparedness for more devolved funding

The MCA/LEP budget for the year was £15.6m, which includes both core operations (£6.5m) and revenue programmes (£9.1m). The budgeted funding of £6.5m for core operations was a mix of grant from Central Government, subscriptions and Enterprise Zone business rates growth from

the constituent and non-constituent authorities within the SCR, and investment income from Treasury activity.

The spend for the year on core operations out turned at £6.8m, £0.3m higher than budget. Funding was £1.0m higher than budgeted, due principally to investment income from Treasury activity being higher than anticipated.

South Yorkshire Transport Budget

The South Yorkshire Transport Budget is reported separately due to the ring-fenced nature of the funding (levy via council tax from the four constituent member authorities). This budget is used to fulfil the role which the MCA inherited from the former South Yorkshire Integrated Transport Authority (SYITA), as local transport authority for South Yorkshire.

The MCA's transport budget principally comprises the revenue grant payable to SYPTE to meet its operational costs and the net debt financing costs on capital investment funded by borrowing. The overall budget for the year was £62.8m, of which £60.0m related to operational costs and £2.8m net debt financing.

The main source of funding for the South Yorkshire Transport Budget is the Transport Levy payable by the four South Yorkshire Metropolitan Authorities (Barnsley, Doncaster, Rotherham and Sheffield). The levy payable in 2019/20 was £54.4m.

To balance the budget, there was a planned use of earmarked reserves of £8.4m, £6.1m from the levy reduction reserve, £2.3m from deferred capital grants reserve). This was in line with the long-term financial plan for the South Yorkshire Transport Budget, which involves using earmarked reserves to sustain levy reductions below the base budget until the two converge around 2024/25.

The spend for the year outturned at £61.2m, partly due to net debt financing costs being £0.5m lower than budgeted as a consequence of higher than anticipated investment income on Treasury activity. Consequently only £5.6m of the levy reduction reserve has been needed to balance the outturn position.

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

The Revenue Budget 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 deficit on the provision of services shown in the CIES of £3,176k reconciles to the net movement in the General Fund balance of £nil.

	2019/20 £'000
(Surplus) / Deficit on Provision of Services	3,176
Reversal of items not chargeable against revenue budget:	
Capital grants & contributions credited to CIES	61,560
Revenue expenditure funded by capital under statute	(68,246)
Amortisation of soft loans	136
Depreciation, Impairment & Revaluation losses	(1,180)
Expected Credit losses & Gain on realisation of subsidiary	538
IAS 19 pension costs	(542)
Items chargeable against revenue budget not included in CIES:	
Statutory provision for repayment of debt (MRP)	3,161
Transfers to/(from) earmarked reserves :	
Skills Bank	3,397
Business Rates	153
Growth Hub	(13)
Mayoral Election	675
Levy reduction reserve	(5,571)
PFI reserve	1,348
Mayoral Capacity Fund	908
Covid 19 Reserve	500
Net increase in General Fund balance	0

Capital Programme

The MCA's capital programme for the year primarily comprises:

- The Local Growth Fund (LGF) capital programme, and;
- South Yorkshire transport capital programme.

Local Growth Fund Programme

2019/20 is the fifth year of the SCR's six year £360m Growth Deal.

The outturn position is £36.147m. This is 102% of the in-year LGF allocation and means that for a fourth year running SCR MCA have achieved at least 100% spend of our expected allocation. We have also utilised the remaining £5.59m of the additional £8.66m carried forward from 2017/18 (the difference having already been used in 2018/19).

South Yorkshire Transport Programme

The South Yorkshire Transport Capital Programme spend in 2019/20 was £38.2m against a final approved programme of £43.4m.

£4.7m of the £5.2m underspend represents funding received that is fully committed to schemes that will be delivered in 2019/20 and is therefore being carried forward. The remaining £0.5m represents slippage on the BDR (Barnsley, Doncaster and Rotherham) Pot established by the MCA on 9 March 2018. This pot is funded through prudential borrowing and is designed to support local transport interventions in Barnsley, Doncaster and Rotherham.

Key elements of the 2019/20 capital spend include:

- £14.7m on highways maintenance and pot-hole funding
- £9.5m of transport capital improvements supporting delivery of the South Yorkshire Transport Local Transport Plan
- £8.1m on SYPTE's capital programme, including Tram-Train and Supertram phase 2 re-railing
- £2.0m on Transforming Cities Fund Phase 1

Usable Reserves

As at 31 March 2020, the MCA group held £12.9m of reserves and general balances to support its economic development activity. This includes £6.2m of Skills Bank funding, a £1.7m LGF revenue reserve which is earmarked to support future Growth Hub activity, and £0.5m Covid 19 reserve.

It also held £36.6m of revenue reserves and general balances relating to South Yorkshire transport activity. A significant proportion of this is held in a levy reduction reserve (£19.5m) to support sustainable levy reductions over the medium to long term and in a PFI reserve (£11.2m) to meet the long-term liabilities associated with the Doncaster Interchange PFI scheme.

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 SCR'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 SCR 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 SCR Mayor) have an equal vote and decisions are made by a majority vote. The SCR 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 Sheffield City Region LEP.

It comprises fourteen representatives from the private sector and academia, the nine Local Authority Leaders, the SCR 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.

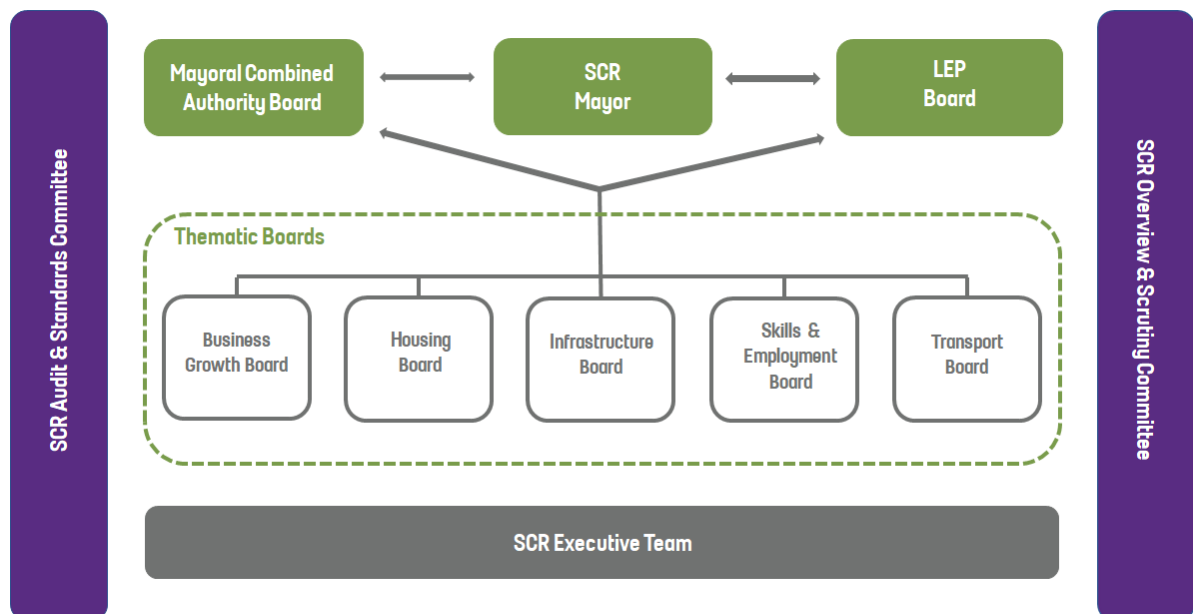
All LEP Board members (apart from co-opted members) have voting rights and decisions are taken on the basis of a simple majority.

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; Housing; Infrastructure; Skills and Employment and Transport.

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 (SYPTEx) in delivering public transport services.

The governance arrangements are depicted in the diagram below:



Audit & Standards Committee

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

Membership of the Audit & Standards Committee is politically balanced and consists of 15 elected Councillors (or their nominated substitute) from the nine 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) were the appointed External Auditors (from 2018/19).

Overview and Scrutiny Committee

The Overview and Scrutiny Committee holds the MCA, SCR 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 SCR policies, strategies and plans are made in the best interests of residents and workers in the City Region.

Membership of the Overview and Scrutiny Committee is politically balanced and consists of 14 elected Councillors (or their nominated substitute) from the nine Local Authorities in the City 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, Internal Audit and, in relation to the Local Growth Deal, by the Ministry of Housing, Communities and Local Government (MHCLG) & Department for Business, Energy and Industrial Strategy (BEIS).

The overall conclusion reached in their most recent assessments is set out below:

- External Audit – EY have yet to report their findings on the 2019/20 audit. In 2018/19 they concluded that the MCA had made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.
- Internal Audit 2019/20 – The Head of Internal Audit is expected to provide his Assurance opinion to the MCA Audit & Standards Committee at its next meeting on 11 June 2020.
- MHCLG/BEIS Annual Performance Review 2019/20 – concluded that SCR MCA/LEP was ranked as good for governance arrangements, delivery and strategy impact.

7. OUTLOOK

The new Strategic Economic Plan sets out a vision of how the City Region wants to grow the economy and will form a basis for investment going forward.

However, the final shape of the SEP will be determined having regard to the devolved funding from Central Government, as well as the Region's Economic Recovery Plan in response to the Covid-19 crisis. Other sources

of funding such as the UK Shared Prosperity Fund, the successor to the European Structural and Investment Fund (ESIF), are unclear at this time.

The Medium-Term Financial Strategy presented to the MCA Board in November 2019 set the financial envelope and the broad budgets for delivering the necessary operations to deliver on the SCR ambitions. It identified a shortfall on income in 2020/21 and 2021/22 of £685k but was broadly balanced over the rest of the period. The Board approved the recommendation that revenue reserves are used to smooth out this transition. As shown in these accounts, the level of general reserve currently sits at £1.8m. Identifying £685k of this reserve is a prudent approach that does not jeopardise the future financial security of the MCA.

Positive actions taken by MCA Board in setting aside provisions and earmarked reserves as part of the closure of 2019/20 accounts will mitigate the impact upon the budget and planned activity for 2020/21. It also provides some resource to help drive the recovery plan. The overall financial strength of MCA Group in terms of budget, financial control and reserves places it in a strong position to lead the Region over the coming years.

Annual Governance Statement

1. Background to the Annual Governance Statement

Introduction

The Sheffield City Region Mayoral Combined Authority (“the MCA”) is responsible for ensuring that its business is conducted in accordance with law and that proper standards of governance are employed; that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The MCA 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.

What do we mean by Governance?

By governance, we mean the arrangements that are put in place to ensure that the MCA’s 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. The MCA recognises that to be truly effective, these arrangements must be robust but also adaptable to changing circumstances including the expectations of the public and the actions of other stakeholders.

What is good Governance?

The MCA’s commitment to **good** governance is set out in its Code of Corporate Governance. This Code, which is aligned to CIPFA Principles of Good Governance, describes how the MCA will carry out its functions in a way that shows accountability, transparency, effectiveness, integrity, and inclusivity. Fundamentally, good governance is about making sure we do the right things, in the right way, for the right people.

Working in this way will allow the MCA to pursue its vision and deliver its objectives in the most effective and efficient manner, bringing about better outcomes for the residents, businesses and visitors to the Sheffield City Region.

What is the Annual Governance Statement?

The MCA is required, by the Accounts and Audit Regulations 2015, to prepare an annual governance statement.

This statement is a public report on the extent to which the MCA complies with its own Code of Corporate Governance. It outlines how the effectiveness of governance arrangements has been reviewed during the year, on any planned changes in the coming period and plans for continually improving arrangements. The process of preparing the governance statement has also added value to the effectiveness of the governance and internal control framework.

2. Who are we, how are we structured and what do we do?

Sheffield City Region Mayoral Combined Authority

The Sheffield City Region Combined Authority was formally constituted in law in April 2014. It comprises the four constituent local authorities for South Yorkshire and five non-constituent local authorities. The constituent members are Barnsley, Doncaster, Rotherham and Sheffield. The non-constituent members are Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire. With the election of the Mayor in May 2018, the Authority became a *Mayoral* Combined Authority (MCA).

The MCA has a distinct and separate role from each of the individual local authorities it is comprised of. The MCA's remit is to coordinate and drive forward strategic economic development, housing, skills and transport initiatives for the benefit of citizens and the business community within its boundaries.

The MCA is responsible for setting the policy direction for the Sheffield City Region and for maximising financial investment to achieve economic growth. It is also responsible for making investment decisions on projects and ensuring that the policy and strategic objectives of its strategic economic plan are delivered.

The MCA is the legal and Accountable Body for funding devolved to it and to the Local Enterprise Partnership, including all money allocated to the City Region through the Growth Deal, and any devolution and transport funding. The MCA is also the Local Transport Authority for South Yorkshire. This role and its accompanying responsibilities are defined in the [MCA Constitution](#).

MCA Group

The MCA **Group** includes an operational subsidiary, the South Yorkshire Passenger Transport Executive (SYLTE). SYLTE is the MCA's operational transport arm and is tasked with delivering the South Yorkshire Transport Plan. Though separate entities, the MCA and SYLTE work closely to ensure strategies, policies and resources are aligned deliver the priorities of the Group.

Within the group structure there are a limited number of other subsidiaries, including the SCR Interventions Holding Company, which supports delivery of the Local Growth Fund (LGF) programme.

Local Enterprise Partnership (LEP)

LEPs are private sector led voluntary partnerships between the private and public sector set up in 2010 by the Department of Business Innovation and Skills.

The Sheffield City Region Local Enterprise Partnership ("the LEP") lead on strategic economic policy development within the Sheffield City Region and set the blueprint for how the Sheffield City Region economy should evolve and grow. Until the 1st April

2020 the membership of the Sheffield City Region LEP included the 4 constituent members and 5 non-constituent members or the MCA plus a majority of private sector representatives. Due LEP boundary changes, the non-constituent members, whilst still members of the MCA, left the Sheffield City Region LEP.

The LEP works closely with the MCA and is the developer, author and custodian of the Sheffield City Region Strategic Economic Plan. The LEP also bids for funding from Government and is responsible for delivering programmes of activity that drive economic growth across the Sheffield City Region.

The LEP is also responsible for ensuring that both policy and decisions receive the input of key business leaders, and by extension, reflect the views of the wider business community. The LEP fulfils this responsibility by leading on engagement with local businesses and policy makers at a regional, national and international level.

MCA Executive Team

The MCA and LEP are supported by a dedicated, independent Executive Team, who provide day-to-day support on policy, commissioning, project development, project appraisal, programme management and governance. Through close co-ordination with member authorities, local authority Leaders and Chief Executives, and private sector LEP Board members, the team pro-actively advances MCA and LEP decision making processes. From the 1st April 2019 the MCA became the employing body for the Executive Team prior to this the team were employed via Barnsley Metropolitan Borough Council.

Statutory Officers

The Statutory Officers of the Authority lead the MCA Executive Team and have delegated powers as set out in the Scheme of Delegation. This includes, but is not limited to, ensuring good governance; monitoring operational and financial performance; agreeing executive team budgets; and providing overview and management of strategic and operational risks.

3. Governance Review Activity

During 2019/20 the MCA has continued to ensure that governance arrangements are robust and transparent and are aligned to deliver the planned programme of work efficiently and effectively.

Several activities have taken place during the year to review and strengthen governance arrangements including:

Annual Governance Review

An assessment of compliance with the Governance Framework and compliance with the Code of Corporate Governance has been undertaken to gain assurance of the effectiveness of arrangements in place during 2019/20 and to identify any

opportunities for improvement. The outputs from the Annual Governance Review process are summarised in annex A and have assisted in the preparation of this Annual Governance Statement and the development of the 2020/21 Governance Improvement Plan.

Annual Performance Review by Government

The MCA delivers the Accountable Body function for the Sheffield City Region LEP and in January the Ministry for Housing, Cities and Local Growth (MHCLG) undertook a review to look at the performance of our LEP. The review covered three themes: governance, delivery and strategy, with one of four markings available for governance and delivery: inadequate; requires improvement; good; or exceptional, and met or not met available for strategy. Following the conclusion of the Annual Performance Review it was confirmed that the Sheffield City Region LEP is compliant with the national guidance and is considered to be 'good' in all areas of the review.

Programme Review

Building on the work to assess the deliverability of the Local Growth Fund programme, that took place in 2018/19, a further forensic risk assessment of all schemes in delivery, pending contract and in the pipeline, was been undertaken during the year. This informed the decision making to address over-programming and headroom issues and has resulted in 2019/20 targets for scheme investment being exceeded. The LEP Annual Report, which is published on the website, goes into more detail about the LGF investments made.

Employing Body

The MCA became the employing body for the Executive Team on 1st April 2019 and Statutory Officers have led on reviewing the organisational structure and policies to ensure the organisation has the capability and capacity to deliver its objectives.

4. External Audit Recommendations

No recommendations were made as a result of our 2018/19 external audit. There are no outstanding recommendations from any years prior.

5. Progress Against the 2019/20 Governance Improvement Plan

Through the review of governance arrangements in 2018/19, improvements in three key areas were identified and an action plan was included in the 2018/19 Annual Governance Statement. This plan has been monitored during the year by Statutory Officers and members of the MCA Audit and Standards Committee. The table below reports on the progress of the governance improvement plan.

Table 1: Progress Against the 2019/20 Governance Improvement Plan:

Governance Area - Strategic	
Focus for 2019/20	Progress made in year
<p>Strategy Led Prioritisation Develop a refreshed Strategic Economic Plan and Local Industrial Strategy and identify innovative interventions that deliver the Region’s ambitions.</p>	<p>A draft SEP was presented to the LEP in March. A public consultation on the draft was scheduled for April but was delayed due to the Covid-19 pandemic. Consultation with key stakeholder organisations is continuing. Government have paused work on Local Industrial Strategies.</p>
<p>Strategy Led Prioritisation Continue to support Leaders and the Mayor in developing an integrated set of priorities that effectively deliver the economic, social and environmental ambitions of the City Region.</p>	<p>A review of Mayoral priorities has taken place with the Mayor every quarter in order to ensure appropriate resources are deployed. A number of MCA workshops and one to one sessions with Leaders and CEX have taken place to agree priorities.</p>
<p>Reputation & Influence Effectively communicate refreshed strategic ambitions securing stakeholder support and buy-in and successfully make our case for future funding.</p>	<p>Over 50 meetings with stakeholders, businesses and national bodies have been led by the LEP Chair and CEX to secure buy-in to the revised vision for growth. Within the year the MCA was awarded £166m of Transforming Cities Funding.</p>
Governance Area - Operational	
<p>Financial Planning Develop and agree a Medium-Term Financial Strategy and Reserves Strategy that support longer term ambitions and short-term operational performance.</p>	<p>The Medium-Term Financial Strategy was approved by the MCA in November. A detailed budget seminar to inform resource planning on was held in January and the final budget prepared for the MCA in March. Due to the cancellation of the meeting the budget was approved informally and re-scheduled for formal ratification 1st June.</p>
<p>Financial Planning Undertake a full review of the governance arrangements of the Transport Capital Programme.</p>	<p>In line with the transition to the revised governance approach for the MCA/LEP i.e. the introduction on Thematic Boards, arrangements for Transport Governance has been reviewed and refreshed. At a programme level, in view of award of TCF funding, operational programme governance arrangements have been amended to manage any delivery risks for this programme.</p>
<p>Monitoring & Evaluation In line with Government requirements review the monitoring and evaluation framework in order to strengthen project and</p>	<p>Work is underway, and is a condition of government approving a revised Assurance Framework, to review our published framework. A number of programme / project evaluations have concluded in year, including a review of the Growth Hub performance and a local evaluation</p>

programme evaluation and to strengthen future decision making.	of Working Win. These evaluation reports are reported to the relevant Thematic Board for consideration.
Assurance Processes Embed the agreed arrangements to strengthen processes for the appraisal and assurance of schemes.	The arrangements agreed with the LEP and MCA for 2019/20 were implemented to the agreed timeframe. Further work to refresh and update the Assurance Framework for 2020/21 commenced in Q4.
Governance Area - Delivery	
Programme Management Ensure the orderly conclusion of the LGF Programme during 19/20 and 20/21	A forensic risk assessment of all schemes in delivery, pending contract and in the pipeline was undertaken during the year and reported on to the Management Board on a fortnightly basis. This resulted in a number of schemes withdrawing from the programme. The LEP Board were updated on the position regularly and agreed remaining LGF allocations.
Programme Management Further to the development and agreement of the refreshed Strategic Economic Plan, develop effective programmes to deliver new priorities.	The LEP Board approves an annual delivery plan at the commencement of each year.
Programme Management Secure successor funding to continue with SCR's programme or work at pace and avoid disjointed delivery.	The MCA has been awarded £166m from the Transforming Cities Fund. However, Government has delayed decision making on other future funds including Shared Prosperity Funds and / or a further LGF round. Any future submission/funding bid will be supported by a robust, evidence led business case.
Organisational Capability Ensure the organisation has the capability and capacity to transition from programme delivery into a strategic development and policy led negotiations.	The structure of the Executive Team has been reviewed, in the approved budget envelope for resources, to ensure the capacity and capability exists to achieve objectives and is best placed to secure additional resource.
Organisational Capability Ensure organisational vision and challenges are understood by workforce.	A revised suite of organisation values have been developed. These were rolled out to the organisation by the CEX, with the input of the Mayor and the LEP Chair, in January 2020. A number of staff briefings have been held on the economic evidence base and development of the Strategic Economic Plan and regular staff briefings take place to ensure staff understand priorities and challenges.

<p>Organisational Capability Identify training and development requirements.</p>	<p>A range of organisational development activities have been delivered during the year, including:</p> <ul style="list-style-type: none"> • An all staff development day; • Chief Executive staff briefings every fortnight; • A management development programme; • Better Business Case Training, in partnership with HMT, to staff and partner organisations; • A formalised organisational development plan commenced in March.
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6. Governance Issues During 2019/20

Financial year 2019/20 has seen some significant political and social events including a general election, Brexit uncertainty, environmental issues and latterly, the Covid-19 pandemic, all of which have impacted on the economy of the Sheffield City Region. These external issues, and the MCA’s response to them, have tested the robustness and flexibility of governance arrangements.

A review of these arrangements and internal control measures, led by Statutory Officers, has concluded that arrangements are efficient, effective, robust and embedded. This review, and other governance review activity, whilst not identifying anything fundamental, has highlighted the following issues and challenges faced during 2019/20.

The MCA’s fundamental challenge has been trying to deliver long term sustainable benefits in an environment where there lacks a consensus about the strategic direction of the organisation. This has meant the MCA has not been able to access the funding necessary to achieve the transformation change needed to meet the region’s economic ambitions. However, the Mayor and Leaders, supported by the Executive team, continued to work together, and with Government, to reach a position where devolution can be unlocked.

The strategic vision, articulated through the 2014-24 Strategic Economic Plan, isn’t based on up to date evidence. A significant amount of work has been undertaken during the year, led by the LEP Board, to review economic evidence and develop a new Strategic Economic Plan. The Plan will be an overarching strategy which will set out how to grow the economy in a way that better includes and benefits all communities across SCR and improves natural capital.

7. Governance improvement plan 2020/21

Key areas of focus for strengthening governance in 2020/21 are outlined in the Governance Improvement Plan at table 2. The Deputy Chief Executive who leads on Organisational Development and Governance Improvement will lead on the implementation of the plan.

Table 2: Areas of focus for 2020/21

Focus for 2020/21	Milestones/ Deadline
Strategic	
Adoption of the SEP and RAP and the development of agreed implementation plans for the SEP and the RAP	Dec 20
Implementation Bus Review recommendations including progressing the full integration of the PTE into the MCA	Mar 21 and beyond
Implementation new Thematic Board arrangements	Oct 20
Continuation of negotiation and implementation of Devolution agreement	Ongoing
Operational	
Embedding risk management processes	Mar 21
Introduction of new CPRs and a Social Value Policy	Jan 21
Review and implementation of new corporate induction	Jan 21
Refresh Assurance Framework to take account of devolution	Dec 20
Refresh Evaluation Strategy to take account of devolution and implement programme level evaluations for LGF and TCF	Feb 21
Delivery	
Embed cross organisational Collaboration Teams to improve the effectiveness of major programme delivery	Mar 21
Full review of the lifecycle of programme development and delivery to inform continual improvements	Mar 21

8. Conclusion

Statement by the Chair of the MCA and the Chief Executive

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

On the basis of the sources of assurance set out in this statement, we are satisfied that, throughout the year 2019/20, the MCA has had in place satisfactory systems of internal control which have facilitated the effective exercise of MCA functions.

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On behalf of the Sheffield City Region Mayoral Combined Authority

Annex A:

1. The Governance Framework

The governance framework comprises the systems, processes and the culture by which the Mayoral Combined Authority (MCA) directs and controls its activities to deliver its intended outcomes. These systems and processes are mapped against the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework *Delivering Good Governance in Local Government 2016*. These principles underpin the governance of the organisation and provide a framework against which to structure the approach to governance. Commitment to these principles is outlined in the [Code of Corporate Governance](#).

The MCA, in delivering the Accountable Body function for the Sheffield City Region Local Enterprise Partnership (LEP), is obliged to consider the requirements of the [National Assurance Framework](#) in processes related to the delivery of the Local Growth Fund (LGF) programme.

2. Governance Arrangements: Their Effectiveness

The scope of the governance and internal control framework spans the whole of the MCAs and the LEPs activities and is described in the Code of Corporate Governance. The Constitution and policies of both the MCA and the LEP also set out the requirement that business is conducted in accordance with the ¹Nolan Principles. The following section considers the main components of the framework, their effectiveness during 2019/20, describes any improvements made in year and plans to strengthen arrangements into 2020/21.

2.1 Developing, communicating and embedding codes of conduct which define standards of behaviour for members and staff, and for policies dealing with whistleblowing and conflicts of interest.

The MCA Constitution

The Constitution defines the operating principles of the MCA and embraces a suite of policies including a Code of Conduct, which define the standards of behaviours for members. Other Constitutional policies and procedures include:

- **Whistleblowing Policy** – this policy sets out the protocols to be followed in relation to any allegations of misconduct. The policy states that any allegations should be directed to the MCA’s Monitoring Officer and that, where a complaint cannot be resolved locally, and the matter relates to the use of public money, the issue can be escalated to a relevant Government department.

¹ Selflessness, integrity, objectivity, accountability, openness, honesty, leadership

- **Gift and Hospitality Procedures** – any gifts or hospitality declared in line with this policy are published on the authority’s website.
- **Register and Declaration of Interest** – each member of the MCA is required to make a declaration of interest, pecuniary and non-pecuniary, for the purposes of their individual organisations. Registers are updated as necessary and reviewed annually, are available on the authority’s website and compliant with the requirements of the Localism Act 2011. Members are also required to declare any interests they may have in any agenda items at meetings. Any interests are recorded in the minutes and published on the website after the meeting. Where a member declares an interest, clear protocols exist within the Constitution to ensure that members do not participate in any decision making related to that interest.
- **Financial Regulations** which include Anti Bribery, Fraud and Money Laundering procedures.

Contracts for the supply of goods and services also include standard clauses relating to anti-bribery, anti-corruption, human rights, human trafficking and counter terrorism, information laws and environmental regulations.

The Sheffield City Region Local Enterprise Partnership

The SCR LEP policies are reviewed annually and are available on the website. The LEP suite of policies includes:

- **Code of Conduct** – it is a condition of appointment that all LEP Board Members adhere to the LEP Code of Conduct. This has been developed in accordance with the Nolan principles.
- **Terms of reference** – these set out the role and purpose of the Board and how it will operate to fulfil its role.
- **Declaration of gifts and hospitality** – this policy is aligned with existing local authority standards and Government guidance.
- **Whistleblowing and confidential complaints** – these policies set out the process by which individuals can ‘whistle-blow’ and raise confidential complaints about the work of, and decisions made, by the LEP. These policies are published on the website and are compliant with Government guidance.
- **Register and declaration of interests** – each member of the LEP is required to declare and register any interest, pecuniary and non-pecuniary. These registers must be updated and published within 28 days appointment or of a change in a Member’s interest. All Member registers are available on the website. Members are also required to

declare any interests they may have in any agenda items at meetings. Any interests are recorded in the minutes and published on the website after the meeting. Where a member declares an interest, clear protocols exist to ensure that members do not participate in any decision making related to that interest. National guidance requires that protocols for conflicts and declaration of interests for members extends to any officers advising on decision making therefore senior officers of the MCA Executive team are also required to complete Registers of Interest.

- **Diversity** – this policy sets out the LEP’s commitment to promoting diversity, including through recruitment processes and other activities. The LEP Chair leads on equality and diversity and is the LEPs nominated Equality and Diversity Champion.
- **Gifts and hospitality** – this policy sets out the LEP’s protocol on accepting gifts and hospitality offered as a result of being LEP Board member.
- **Expenses** – eligible claimable items and associated amounts are set out within this policy. LEP expenses claims are published on the website.

The MCA Executive Team, who are employees of the MCA, are also bound by an employee Code of Conduct and other related policies.

There have been no standards or Code of Conduct issues during the year.

2.2 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The MCA’s **Financial Regulations** determine how money can be spent and ensure that expenditure is lawful.

Contract Procurement Rules are in place and are aligned to Public Contracts Regulations 2015. These have undergone a thorough review during the year to ensure that processes are consistent across the Group, robust and designed to minimise risk.

An **Anti-Money-Laundering Policy** is in place. The Deputy Finance Director is appointed as the ‘Money- Laundering Reporting Officer’ and has undertaken specific training regarding this role.

A **Data Protection Policy** and **Privacy Notice** compliant with Data Protection Act 2018 and General Data Protection Regulation are published on the website. All data protection policies and processes have been reviewed and updated in year. An internal audit in Q3 found evidence of good practice and concluded that there is ‘significant assurance’ regarding data protection across the group. The audit report highlighted opportunities

to create a more robust and efficient level of compliance which have been incorporated into the existing annual GDPR action plan.

A **Freedom of Information Publication Scheme** and related Guide to Information is published on the website. Compliance with the **Freedom of Information Act 2000** and information law is co-ordinated by the MCA Governance Team, assured by the legal team and internal audit and overseen by Statutory Officers through strategic risk management processes.

All schemes seeking funding are tested for **State Aid compliance** prior to being submitted to the MCA for a funding decision. The responsibility for obtaining a legal opinion formally resides with the Scheme Promotor however, this is tested prior to a legal opinion being provided to the MCA.

2.3 Demonstration of commitment to openness and acting in the public interest.

Unless there are good reasons to exclude the press and public, MCA meetings are held in public at Broad Street West, Sheffield. This location is accessible by public transport and the facilities are Disability Discrimination Act 2010 compliant. All public meetings held at Broad Street West are webcast.

All agendas and reports for the MCA and its statutory committees are published online, in accordance with statutory access to information requirements. The paper publication approach is replicated for the LEP Board and for five thematic boards who have delegated authority to make investment decisions up to £2m. Agendas, papers and minutes for these meetings are also available on the website.

Annual accounts are reviewed by external auditors, their opinion, together with the final accounts are published and available for inspection.

The Assurance Framework is reviewed annually to ensure compliance with any revisions to the National Assurance Framework requirements. This Framework, which is published on the website, sets out public money will be used responsibly and outlines the processes for ensuring openness and accountability for public funds. During 2020/21 the Framework will be updated to include the processes for the 'Transforming Cities Fund' allocation as well as for other budgets devolved to the MCA.

All schemes seeking funding are independently appraised and objectively considered by the Appraisal Panel. The Panel establishes whether the proposed scheme can be considered 'value for money' and produces a 'value for money statement'. This statement, which is published on the website, informs the MCA when making an investment decision.

Scheme Promoters are required to publish their business cases on their own websites to enable comments to be made. The MCA Executive also publish the business cases to ensure consistency and provide opportunity for feedback from the public.

A 'LEP Governance and Transparency Policy Framework', which includes protocols regarding conflicts of interest and gifts and hospitality, and is aligned to Government guidance, is reviewed annually and is available on the website.

2.4 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and open consultation.

Key documents and information are made accessible to communities and stakeholders through the website. Modern.gov, a meetings management system designed to help deliver good governance and ensure transparency, is integrated into the website. This system ensures information that supports, and reports on decision making, is accessible.

A range of channels including social media, digital media, the press and a programme of events are used to communicate with communities, business and stakeholders. A communications and marketing strategy is in place to ensure engagement with wide range of audiences at the right time, through the channels that they prefer to use. Social and digital media are increasingly important channels for engaging with communities and business audiences, particularly during events like the severe flooding in November 2019 and more recently the Covid-19 pandemic. The main Twitter account remains the MCA's most active channel, with more than 13,000 followers, whilst the number of followers and engagement rates on Facebook and LinkedIn continue to grow rapidly. A new newsletter from the Growth Hub, sent directly to businesses across South Yorkshire, was also launched and received good feedback. Engagement with the traditional media, meanwhile, has been strengthened over the last year, with the work of Mayor Dan Jarvis, the LEP and the MCA receiving coverage in national print and broadcast media, as well as in regional, local and sector-specific titles.

An events programme, while restricted in the early part of 2020 due to Coronavirus, has enabled stronger relationships with stakeholders, partners, businesses, community groups and members of the public. In May 2019, a transport conference was held in Rotherham and launched the Mayor's vision for the future of transport in South Yorkshire, while a series of business-focused events, including workshops held in partnership with McLaren, enabled engagement directly with private sector stakeholders.

The MCA Executive, LEP and MCA also engage with partners through a range of Boards, Forums and events including, but not limited to, Thematic Boards, Executive Directors Forums, Directors of Finance Groups and Business Membership meetings. This engagement provides clear channels of communication with local authority partners on a range of issues including economic performance, devolution, the Local Growth Fund programme, Transport Strategy and priorities and, in particular, a direct stakeholder consultation has been carried out on the draft Strategic Economic Plan (SEP). A full public consultation on the SEP will be delivered in 2020/21, this will ensure people have the opportunity to give their views on plans for the region's economic growth up until 2040.

In order to deliver on his manifesto commitments and progress the collective ambitions of the MCA and LEP, the Mayor has engaged with stakeholders and the community on a number of key issues including the independent Bus Review and Active Travel. An interactive map, launched to enable members of the public to pinpoint opportunities for improvements to walking and cycling infrastructure, has gained more than 4,000 views since being launched in October 2019 and is shaping the work of the Active Travel Commissioner, Dame Sarah Storey.

In addition, the Mayor has continued to work with the Youth Mayoral Combined Authority which provides a voice for young people across the region, providing opportunities for influencing and informing regional decisions that affect young people's lives.

A formal public consultation on the Scheme and Governance Review for the South Yorkshire Devolution Deal took place during the year offering the public and stakeholders the opportunity to share their views on the additional functions proposed be conferred on the MCA as a result of devolution. The consultation was designed so that every resident, business and stakeholder could respond if they wished to do so and the purpose was to enable responses to devolution proposals.

Due to LEP boundary changes, which result in the Non-constituent members of the MCA, no longer being part of the LEP from 1st April 2020, a Collaboration Framework has been developed with the D2N2 LEP to ensure, where there is a clear rationale to do so, collaboration on shared interests, common issues or economic priorities takes place.

2.5 Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.

A Strategic Economic Plan (SEP), which captures the ambition, vision and strategic priorities for the MCA and LEP has been in place since 2014. Led by the LEP, the development of a new SEP has been a key focus for 2019/20 and will ensure future policies are founded upon robust, up-to-date and independent evidence. This SEP will be an overarching strategy which

will set out how to grow the economy in a way that better includes and benefits all communities across SCR and improves our natural capital. Once the SEP is agreed implementation plans will be developed to work through the detail of the proposed interventions.

2.6 Translating vision into courses of action for the SCR, partnerships and collaborations.

The Programme Commissioning directorate within the MCA Executive are responsible for the development of project and programmes, at scale, some of which are directly delivered by the MCA Executive but most of which involve externally commissioned activity which is delivered by partners and outside agencies. Proposed projects and programmes are evaluated to ensure they contribute towards strategic objectives and to establish that they are good value for money. Once validated, the Programme Performance Unit enters into contract with scheme promoters, coordinates activity in the programme and reports on performance. Remedial action is agreed by the MCA and LEP to improve delivery where necessary.

The Local Growth Fund money awarded to the LEP in 2015 concludes in 2020/21 and a key focus for 2019/20 has been to ensure the orderly conclusion of the LGF Programme over the two final years. Working closely with delivery partners during the year has enabled the annual target of investment in schemes that deliver benefits for the City Region, to be met and exceeded.

The new Strategic Economic Plan will be used to engage with Government to secure further funding to continue with the agreed programme of work and avoid disjointed delivery.

2.7 Ensuring the decision-making framework is effective, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.

The MCA's decision-making framework is described in the Constitution and, for the delivery of the Local Growth Fund Programme, in the Assurance Framework.

There are robust processes in place for strategic decisions and the prioritisation of investments. Evidence from various sources is considered including; economic analysis, national government policy and strategic developments.

Capital Programme decisions are based on objective and robust information. Schemes seeking investment are considered following an analysis of strategic alignment, options appraisal, potential impact and risk assessment to ensure any investment will deliver the outcomes required and represent good value for money.

The new and updated appraisal models and tools used to inform decision making, which were introduced in 2018/19, are now embedded. This has built capacity in the assurance process and ensured greater consistency of approach. In particular, the new strategic transport model, has allowed the appraisal of large schemes and will support the transformation of transport infrastructure in order to achieve economic growth objectives.

The Assurance Framework requires clear communication with partners through publication of any programme commissioning the decision-making criteria that will be used. This is evidenced through the communication of criteria for the deployment of Skills Capital Funding, open calls for Expressions of Interest (EOIs) for acceptance onto a reserve pipeline of schemes funded by LGF.

Governance arrangements for the Transport Capital Programme have been strengthened in year and has ensure that funding is spent in line with priorities.

2.8 Measuring the performance of services and related projects and ensuring that they are delivered in accordance with the defined outcomes and that they represent the best use of resources and value for money.

A comprehensive Monitoring and Evaluation Framework sits alongside the Assurance Framework and is designed to provide robust feedback on any lessons learnt from individual projects and monitor and measure the success and impact of Local Growth Fund (LGF) investments on the economy. The framework is being updated during 2020/21 to measure the performance schemes funded through other grants given to and budgets devolved to the MCA. This includes the 'Transforming Cities Fund' allocation as well as the Adult Education Budget (AEB) and Gainshare funds received as a result of devolution.

Monitoring, including site visits and the auditing of evidence, takes place throughout the lifespan of a scheme to ensure the investment delivers its approved outputs and outcomes in line with strategic priorities. Funding agreements tie projects to delivering outcomes e.g. job creation that represent the best use of public resources and value for money, whilst the use of clawback and retention clauses ensure mitigation of risk.

Controls introduced during 2018/19 to manage the pipeline of schemes seeking LGF investment have continued to maximise spend, meaning the annual investment target for the LGF programme 2019/20 has been exceeded.

2.9 Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respective of the MCA and partnership arrangements.

The broader context for the MCA's governance and internal control environment is provided by the Constitution (see section 2.1) which gives comprehensive information on how the MCA is organised, the roles and responsibilities of members and officers, its decision-making processes, how authority is delegated through the Scheme of Delegation, and how probity and due process are promoted.

2.10 Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact.

The MCA's Chief Finance Officer (CFO) is a Statutory Officer (Section 73) of the MCA and operates in line with the CIPFA Statement on the Role of the CFO (2015). An interim Group Chief Finance Officer has been in post since September 2019 during which time a permanent CFO has been recruited taking up the role in June 2020.

The CFO 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.

To deliver these responsibilities, the CFO leads and directs the finance function to ensure it is resourced in such a way as to be fit for purpose and that staff are professionally qualified and suitably experienced. A new finance system has been introduced during the year which will ensure compliance with the CIPFA Code of Financial Management. The new system will also introduce new efficiencies and stronger internal controls.

The CFO and the Finance Team have a close working relationship with the LEP. This relationship provides a strong framework for managing LEP finances, including a role in ensuring propriety and regularity of spend. The CFO, or their representative, attends as an advisor on all MCA/LEP decision-making boards as well as the Overview and Scrutiny Committee and Audit and Standards Committees.

The CFO's deputy is embedded in the MCA Executive Team and is therefore positioned to ensure financial risks and issues are managed on an operational level. The deputy also has overview and provides advice to projects and the programme in general.

2.11 Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function and the Head of Paid Service function.

The MCA Constitution outlines functions and delegated responsibilities of the statutory officers, namely the Head of Paid Service (Chief Executive), the Chief Finance Officer and the Monitoring Officer. Statutory Officers meets regularly, along with the Management Team, and focus on the specific statutory nature and responsibilities of their roles and the authorities delegated to them through the Scheme of Delegation. The Monitoring Officer and the Head of Paid Service have direct access to the Chair of the MCA and LEP with reference to their core statutory and professional roles.

2.12 Inducting and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

MCA Leaders – Local Authority Leaders who are the members of the MCA lead on the development of the policy, priorities and their delivery. Individual members are advised and supported by officers of the MCA.

Overview and Scrutiny Committee members - An Overview & Scrutiny Committee toolkit is in place and ensures a consistent approach to scrutiny is taken by members and officers. This toolkit is used to structure the induction of new OSC members and is available to current members to support them in their strategic role. Workshops have taken place during the year to further enhance members skills and to establish the approach to scrutiny within a Mayoral Combined Authority.

LEP Induction - A formal programme of induction is in place for new LEP Board Members which covers the role and purpose of the LEP, economic performance and the opportunities and challenges facing Sheffield City Region, the Strategic Economic Plan, corporate affairs and governance. This is followed up with a 6-monthly review with the Chief Executive and LEP Chair to identify any additional support or development. Further to a successful recruitment process for new LEP Board members the induction process is being developed further.

MCA Executive - During 2019/20 a range of organisational development activities have taken place including regular staff briefings, an all staff away day, a management development programme and the launch of organisational values and behaviours. All MCA Executive staff have a corporate induction which covers statutory matters including health and safety at work, IT compliance and HR matters. In addition, organisational specific induction modules, such as the MCA and LEP governance, financial systems, programme management approach are also delivered to new team members. A suite of comprehensive online training resources is also available. The corporate induction will be reviewed and refreshed during 20/21 to ensure it remains relevant and appropriate.

2.13 Reviewing the effectiveness of the framework for identifying and managing risks and for performance, and demonstrating clear accountability.

The approach to risk management is embedded in working practices and Risk Management Action Plans, covering areas of strategic and operational significance, are in place and managed by Statutory Officers.

The Risk Policy and Process are reviewed annually in conjunction with the Audit and Standards Committee and Risk Management Action Plans are reviewed and provided to the Audit and Standards Committee regularly. An internal audit conducted during the year recommended that there is ‘significant assurance’ around risk management processes. The report made a number of improvement recommendations to increase risk management maturity and this is reflected in the 2020/21 Governance Improvement Plan.

The Assurance Framework includes a comprehensive issue and risk management approach developed in accordance with the Green Book guidance and project management methodology. Project/scheme risks are recorded and managed by individual scheme promoters. Risks are referenced in the Business Case, appraised as part of the assurance process and are part of the scheme monitoring approach in the project delivery phase.

In relation to Local Growth Fund investments, programmes of work are monitored throughout their lifespan. The Programme Performance Unit work closely with the Finance Team to understand the overall scale of investment and the conditionality of constituent components of the funding. This ensures that there is ongoing assessment of the effectiveness of each type of investment in line with the expectation of funding providers.

2.14 Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

The MCA Constitution includes a Fraud Response Plan, Whistleblowing Policy, Anti-Money-Laundering and Anti-fraud and Bribery Policy, which provides direction and guidance for dealing with suspected cases of theft, fraud and corruption. It also gives direction on reporting matters of concern. The MCA also participates in the National Fraud Initiative.

Partners and all other stakeholders are expected to have strong anti-fraud and corruption measures in place. In the case of any investigation they are required to provide the MCA with full access to their financial records and staff. Agreements or contracts include these conditions, and appropriate due diligence is undertaken before entering into any agreement.

There have been no instances of fraud, money laundering, bribery or whistle-blowing during the year.

2.15 Ensuring an effective scrutiny function is in place.

The MCA has an established an Overview and Scrutiny Committee to exercise scrutiny functions over its activities and decisions (and those of formal committees and the LEP). Until 31st March 2020, the Committee which is politically balanced, comprised 16 members from the 4 constituent and 5 non-constituent local authorities. From 1st April 2020, due to LEP geography changes, non-constituent members are no longer represented. Each local authority appoints at least one elected member to the Overview and Scrutiny Committee – often this is the chair of each authority’s own overarching scrutiny committee.

The MCA has a dedicated Scrutiny Officer which ensures the function of scrutiny within the organisation is effective and compliant with the 2017 Order. The Committee produces an Annual Report which is made available on the website.

2.16 Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.

Grant Thornton are the appointed Internal Auditors for the MCA.

The principles within the CIPFA Statement on the role of the HoIA in Local Government are embedded in the MCA’s arrangements and the Internal Audit providers are fully compliant with Public Sector Internal Audit Standards (PSIAS). The Head of Internal Audit (HoIA) role is recognised as important in assisting in delivering strategic objectives.

The HoIA agrees the Annual Internal Audit Plan with Statutory Officers and the Audit and Standards Committee and ensures that internal audit service is appropriately resourced, fit for purpose, professionally qualified and suitably experienced.

2.17 Ensuring the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013) are undertaken.

In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance an Audit and Standards Committee is established. The Committee, chaired by an elected member, comprises 10 members, two of whom are independent and is responsible for providing independent assurance on the adequacy and effectiveness of the governance and internal control framework, which incorporates the arrangements relating to financial, risk and performance management.

Ernst and Young, who are appointed as external auditors also attend Audit and Standards Committee meetings. This process is in keeping with

arrangements in place for a local authority. As the Accountable Body for all funds awarded to the LEP, the Audit and Standards Committee covers the requirements for both the LEP and the MCA.

The Committee receives regular reports relating to its remit, including issues arising from the work of Internal Audit, updates on the progress of implementing recommendations that have been made, updates on the risk management process, financial management reports, and reports from the external auditors.

As part of its governance remit, the Audit and Standards Committee have considered this AGS and, have provided challenge and comments where necessary. In addition, the Committee will monitor the progress of the Governance Improvement Plan developed as a result of the governance review process.

2.18 Provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

The Statutory Officers of the MCA maintain working relationships with the external auditors throughout the year to ensure that the auditors remain informed of changes to the MCA's business and processes. Officers collaborate with the external auditors on the annual audit plan, conduct a self-assessment review and liaise on any external audit recommendations and the management actions taken to affect them.

External auditors are embedded within the MCA's oversight functions through their attendance at the Audit and Standards Committee. All audit reports include management mitigation plans with named responsible officers, and these are followed up by both internal and external audit. There are no outstanding recommendations from previous external audits.

2.19 Incorporating good governance in respect of partnerships and other joint working.

The Constitution determines how the MCA interacts with its subsidiary (SYPTTE) and the financial regulations determine the limitations of their autonomy in relation to expenditure. The MCA's operating subsidiaries have also adopted Articles of Association that limit their operational independence, this effectively imposes MCA governance on them.

More broadly, the scale of ambition of the current Strategic Economic Plan (SEP) means that its delivery is co-dependent on the MCA and the LEP. This collaboration and, true partnership approach, has been a cornerstone of SEP achievements to date. During the year this collaboration has underpinned the development of a new SEP and will continue to deliver better outcomes for the Sheffield City Region, particularly in the context of the economic challenges resulting from the Coronavirus pandemic and Brexit.

The MCA, along with the LEP, play a full role in the Northern Powerhouse through engagement with Transport for the North on their Strategic Transport Plan, the Department for International Trade on trade missions. Regular meetings have also been held with Department for Work and Pensions (DWP) on the Work and Health Unit trial ‘Working Win’, with the Department for Business Innovation and Skills (BEIS) on the Local Growth Fund Programme and with the Education and Skills Funding Agency (ESFA).

3 Monitoring and Evaluating the Effectiveness of the Governance Framework

The MCA has responsibility for conducting a review of the effectiveness of its governance framework, including systems of internal control and risk management arrangements. The review of effectiveness is informed by the work of Statutory Officers who have responsibility for the development and maintenance of the governance environment, and are responsible for ensuring compliance with, as well as improvement against the governance, risk and internal control framework.

The MCA’s review is also informed by the HoIA’s annual report and also by comments made by external auditors and other regulators or inspectorates. The HoIA is responsible for providing assurances on the robustness of the MCA’s internal control arrangements to the Audit & Standards Committee. The Head of Internal Audit’s annual report on audit activity and the performance of the Internal Audit division was presented to the Audit and Standards Committee on 11th June 2020. Based on the systems reviewed and reported on by Internal Audit during the year, together with management’s response to issues raised, the HoIA has provided an overall **‘significant assurance with some improvement required’** assurance opinion for 2019/20.

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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 48 -168 gives a true and fair view of the financial position of Sheffield City Region Mayoral Combined Authority at 31 March 2020 and of its income and expenditure for the year ended 31 March 2020.

Gareth Sutton
Group Chief Financial Officer
Section 73 Officer
16 November 2020

The Core Financial Statements

Movement in Reserves Statement

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

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

Sheffield City Region Mayoral Combined Authority – Statement of Accounts 2019/20

Movement in Reserves Statement 2019/2020		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 2019		(7,657)	(40,558)	0	(4,304)	(52,519)	57,592	5,073
Pension deficit b/f		0	0	0	0	0	1,943	1,943
Movement in reserves during 2019/20:								
(Surplus) / deficit on provision of services	CIES	3,176	0	0	0	3,176	(5,417)	(2,241)
Revaluation Gains		0	0	0	0	0	370	370
Movement in Pensions Reserve		0	0	0	0	0	0	0
Total Comprehensive (Income) and Expenditure		3,176	0	0	0	3,176	(5,047)	(1,871)
Adjustments between accounting basis and funding basis under regulations	13	(4,573)	0	0	(14,877)	(19,450)	19,450	0
Net (increase) / decrease before transfers to earmarked reserves		(1,397)	0	0	(14,877)	(16,274)	14,403	(1,871)
Transfers (to) / from earmarked reserves	14	1,397	(1,397)	0	0	0	0	0
(Increase) / decrease in year		0	(1,397)	0	(14,877)	(16,274)	14,403	(1,871)
Balance at 31 March 2020		(7,657)	(41,955)	0	(19,181)	(68,793)	73,939	5,146

Sheffield City Region Mayoral Combined Authority – Statement of Accounts 2019/20

Movement in Reserves Statement 2018/2019		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 2018		(7,139)	(43,683)	0	(5,453)	(56,275)	61,967	5,692
Prior Period Adjustment		0	1,490	0	0	1,490	9	1,499
Movement in reserves during 2018/19: (Surplus) / deficit on provision of services	CIES	(2,118)	0	0	0	(2,118)	0	(2,118)
Total Comprehensive (Income) and Expenditure		(2,118)	0	0	0	(2,118)	0	(2,118)
Adjustments between accounting basis and funding basis under regulations	13	3,025	0	0	1,359	4,384	(4,384)	0
Net (increase) / decrease before transfers to earmarked reserves		907	0	0	1,359	2,266	(4,384)	(2,118)
Transfers (to) / from earmarked reserves	14	(1,425)	1,635	0	(210)	0	0	0
(Increase) / decrease in year		(518)	1,635	0	1,149	2,266	(4,384)	(2,118)
Balance at 31 March 2019		(7,657)	(40,558)	0	(4,304)	(52,519)	57,592	5,073

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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.

2018/19			2019/20			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Continuing Operations:						
97,806	(83,118)	14,688		94,125	(84,326)	9,799
49,999	(48,177)	1,822		47,938	(47,071)	867
147,805	(131,295)	16,510		142,063	(131,397)	10,666
		(211)				0
		(1,433)	15			(2,469)
		(16,984)	16			(5,021)
		(2,118)	3			3,176
		0				(5,417)
		0				370
		0				(5,047)
		(2,118)				(1,871)

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, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use. The second category of reserves is unusable reserves, i.e. 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 2019 £000		Notes	As at 31 March 2020 £000
1,482	Intangible Assets	19	1,482
15,414	Property, Plant and Equipment	17	20,129
3,332	Other Fixed Assets – Investment Properties	18	2,854
16,477	Long-Term Debtors	22	20,616
60,000	Long-Term Investments	23	45,000
96,705	Long-Term Assets		90,081
73,772	Short-Term Investments	20	91,294
29,086	Short-Term Debtors	24	9,541
67,641	Cash and Cash Equivalents	25	71,670
170,499	Current Assets		172,505
(1,354)	Short-Term Borrowing	26	(660)
(59,927)	Short-Term Creditors	27	(93,439)
(1,460)	Short-Term Provisions	28	(1,644)
(15,669)	Capital Grants Receipts In Advance	38	(13,920)
(78,410)	Current Liabilities		(109,663)
(25,000)	Long-Term Borrowing	20	(25,000)
0	Pension Liability		(2,855)
(168,867)	Other Long-Term Liabilities	29	(130,214)
(193,867)	Long-Term Liabilities		(158,069)
(5,073)	Net Assets / (Liabilities)		(5,146)
(52,519)	Usable Reserves	30	(68,793)
57,592	Unusable Reserves	31	73,939
5,073	Total Reserves		5,146

The audited Statement of Accounts for the Sheffield City Region 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 16 November 2020.

These financial statements replace the unaudited financial statements authorised by the Chief Financial Officer on the 5 June 2020.

Gareth Sutton
Chief Financial Officer
Section 73 Officer
16 November 2020

Mayor Dan Jarvis
Chair of the Sheffield City Region
Mayoral Combined Authority
16 November 2020

Cash Flow Statement

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

2018/19 £000		Notes	2019/20 £000
2,118	Net surplus or (deficit) on the provision of services		(3,176)
14,856	Adjustment to surplus or (deficit) on the provision of services for non-cash movements	32	(1,210)
(17,194)	Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	32	(9,304)
(220)	Net cash outflow from operating activities		(13,690)
67,572	Investing activities	33	17,719
(27,558)	Financing activities	34	0
39,794	Net increase / (decrease) in cash and cash equivalents		4,029
27,847	Cash and cash equivalents at 1 April	25	67,641
67,641	Cash and cash equivalents at 31 March	25	71,670

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).

2018/19			Notes	2019/20		
Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
2,815	11,873	14,688	Transport Authority	4,295	5,504	9,799
(1,697)	3,519	1,822	Local Enterprise Partnership	(5,692)	6,559	867
1,118	15,392	16,510	Net Cost of Services	(1,397)	12,063	10,666
(211)	(18,417)	(18,628)	Other Income & Expenditure	0	(7,490)	(7,490)
907	(3,025)	(2,118)	(Surplus) / Deficit	(1,397)	4,573	3,176
(49,333)			Opening General Fund Balance	(48,215)		
907			(Surplus) / Deficit on General Fund Balance in year	(1,397)		
211			Other Movement	0		
(48,215)			Closing General Fund Balance at 31 March	(49,612)		

2. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

2019/20				
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	4,473	0	1,031	5,504
Local Enterprise Partnership	4,073	542	1,944	6,559
Net Cost of Services	8,546	542	2,975	12,063
Other income & expenditure from the Expenditure & Funding Analysis	(5,021)	0	(2,469)	(7,490)
Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on Provision of Services	3,525	542	506	4,573

2018/19				
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	10,822	0	1,051	11,873
Local Enterprise Partnership	324	0	3,195	3,519
Net Cost of Services	11,146	0	4,246	15,392
Other income & expenditure from the Expenditure & Funding Analysis	(16,984)	0	(1,433)	(18,417)
Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on Provision of Services	(5,839)	0	2,814	(3,025)

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 & 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.

3. Expenditure and Income Analysed by Nature

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

2018/19 Restated £000		2019/20 £000
	Expenditure:	
3,942	Employee Benefits Expenditure	5,138
144,192	Other Service Expenses	138,536
(256)	Support Service Recharges	(127)
1,388	Interest Payments	1,448
149,266	Total Expenditure	144,995
	Income:	
(90)	Fees, charges & other service income	(118)
(4,685)	Interest Investment Income	(5,401)
(146,609)	Government Grants & Contributions	(136,300)
(151,384)	Total Income	(141,819)
(2,118)	(Surplus) / Deficit on the Provision of Services	3,176

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

	£000
Income as analysed by nature	(141,819)
Interest and Investment Income	5,401
Income as part of (Surplus) / Deficit on Continuing Operations in the CIES	(136,418)

4. Segmental Income

Income received on a segmental basis is analysed below:

2019/20				
Services:	£000 Fees, Charges & Service	£000 Interest & Investment	£000 Grants & Contributions	£000 Total Income
Transport Authority	0	0	(84,326)	(84,326)
Local Enterprise Partnership	(118)	0	(46,953)	(47,071)
Corporate	(538)	(4,862)	(5,021)	(10,421)
Total Income	(656)	(4,862)	(136,300)	(141,818)

2018/19-Restated				
Services:	£000 Fees, Charges & Service	£000 Interest & Investment	£000 Grants & Contributions	£000 Total Income
Transport Authority	0	0	(83,118)	(83,118)
Local Enterprise Partnership	121	0	(46,507)	(46,386)
Corporate	(211)	(4,685)	(16,984)	(21,880)
Total Income	(90)	(4,685)	(146,609)	(151,384)

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 2019/20 financial year and its position at the year end of 31 March 2020. 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 2019/20 (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

The Statement of Accounts are prepared on a going concern basis on the assumption that the Authority will continue in operational existence for the foreseeable future. The Combined Authority has been undertaking financial modelling work to evaluate the financial impact, both now and in future years of COVID-19. Amended 20/21 budgets approved by the MCA board highlight income risks of £1.19m which in conjunction with an anticipated worst-case scenario for the Transport Budget of £4.6m creates the worst-case scenario pressure on budgets and liquidity of £5.8m for the year.

The MCA has to evaluate going concern for a period of at least 12 months from the date of approval of the financial statements; therefore extending the scenario above to cover all of 2021/22, there is a worst-case of £11.6m of pressure that may need to be covered by the existing resources and reserves of the Group. The short-term available cash to the group of £78m at the balance sheet date and General and Earmarked Reserves of £60m clearly provide sufficient cover.

Accounting policies have been selected and applied consistently for all material items in the Statement of Accounts.

In 2019/20, the Authority became an employing body. As a consequence, it has now adopted accounting for retirement benefits in accordance with IAS 19 for the first time. Accounting Policy (XVIII) has been updated accordingly.

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

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

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

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

VI. Events After the Reporting Period

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

There are three 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 where 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

- Fair Value through profit & loss

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

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

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

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

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

Financial Liabilities

Financial liabilities are carried at amortised 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

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 accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority, and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential, (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.

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

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

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

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

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

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

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

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

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

Depreciation is calculated on a straight line basis, over the useful life of the asset following the year of construction or acquisition, determined 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 (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Capital receipts are credited to the Capital Receipts Reserve, and can then only be used to finance new capital investment or set aside to reduce the underlying

need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

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, by including, for the first time, 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 accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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

Post-Employment Benefits

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

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

As a defined benefit scheme:

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

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

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

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

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

Pension Fund Accounts are available from the South Yorkshire Pensions Authority, PO Box 18, Regent Street, Barnsley, S70 2HG.

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 losse 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 MHCLG 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 MHCLG.

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 2019/20 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.
- SYITA Properties Limited – a dormant company, the investment in which was realised by the Authority in 2019/20.
- SCR Financial Interventions Holding Company Limited – a non- trading company involved in financial management to further the Authority's strategic objectives.

6. Accounting Standards that have been issued but have not yet been adopted

Lease Accounting IFRS16

IFRS16 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 IFRS16, 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, the implementation date has now been deferred by a further year to 1 April 2021 to bring adoption in Local Government into line with Central Government departments.

Other Accounting Standards

The following Accounting Standards have been issued but not yet adopted by the 2019/20 Code;

- Amendments to IAS 28 Investments in Associates and Joint Ventures Long Term Interests
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits : Plan Amendment, Curtailment or Settlement

None of the new Accounting Standards are considered likely to impact significantly on the Authority's Statement of Accounts.

7. Critical Judgements in Applying Accounting Policies

In order to harmonise the interpretation of accounting policies across the Group , the estimation technique for charging depreciation has been brought into line with that of SYPTE by charging a full year's depreciation in the year in which an asset is first acquired or brought into use. The effect of this has been to increase the depreciation charge for the year by £246,000

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
<p>Plant Property and Equipment</p> <p>Investment Property</p>	<p>Assets at Market Value are valued by a professionally qualified valuer at the prevailing market rate at the date of valuation.</p> <p>Property, Plant and Equipment is depreciated over useful economic lives that are dependent on assumptions made by the Authority and its Valuers.</p> <p>The valuer has stated that the valuations provided at the end of 2019/20 are subject to a higher degree of uncertainty than would normally be the case due to the potential 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</p>	<p>A change in either the Market Value or assumed asset lives will impact on their carrying value in the balance sheet.</p> <p>It will not, however, have an impact on the Authority's finances due to the way in which Local Government is financed.</p>
<p>Pensions Liability</p>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of Actuaries (Mercer Ltd) is engaged to provide the Authority with expert advice about the assumptions applied.</p> <p>The actuarial estimates provided for the 2019/20 accounts reflect the market falls in equity markets as a consequence of COVID 19 and rise in corporate bond yields due to falls in the value of corporate bonds. The rise in corporate bond yields has increased the discount rate used to determine the current value of pension liabilities to 2.3%.</p>	<p>The sensitivity analysis shown in the Pensions Note (Note 41) shows that small changes to key actuarial assumptions can have a significant impact on the net pensions liability.</p> <p>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.</p>

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 5 June 2020. 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 2020, 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

Included in the cost of continuing services in the CIES were capital grants awarded to third parties to support the Authority's transport and economic regeneration objectives amounting to £68.246m. As explained in Accounting Policy XIV on Revenue Expenditure Funded by Capital Under statute, this expenditure is presented within continuing services in the CIES in accordance with accounting standards but statutory provisions within Local Government Finance enable this expenditure to be funded from capital. Accordingly, it is reversed out through Movement in Reserves so that it does not fall as a charge on the General Fund.

Similarly, a Government Grant of £56.039m received towards capital grant expenditure has been shown as income within continuing services. In addition a further £5.020m of Government Grant Income used to finance capital investment not shown under the cost of continuing services is shown under Taxation & Non Specific Grant Income in the CIES. Both the £56.039m and £5.020m are reversed out from the General Fund through Movement in Reserves.

The Authority received £54.365m of Transport Levy in 2019/20 from its constituent Local Authority members. This has been used to provide Revenue Grant of £57.347m to SYPTA 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 £3.023m of EZ (Enterprise Zone) business rates income and LEP Subscriptions of £1.204m from partner Local Authorities in order to fund the Authority's economic regeneration functions.

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

Finally, the Authority realised a gain of £1.499m from the voluntary liquidation of the investment in its subsidiary, SYITA Properties Limited. This gain is shown under Financing and Investment Income and Expenditure within the CIES.

12. Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2019-20.

However, as a consequence of the Authority becoming an employing body with effect from 1 April 2019, for accounts purposes it has been estimated that the Authority has inherited a pensions liability of £1.943m at this date. For Funding purposes the Actuary has confirmed that the Authority was fully funded at 31 March 2019 and has no liability in determining the actual contributions payable to the Pensions Authority over the 3 year period commencing 2020/21. The recognition of the initial pensions liability is disclosed as a Business Combination within the pension disclosure in Note 41.

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.

2019/20					
	General Fund Balance £000	Capital Receipt 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	5,021	0	5,021	(5,021)	0
Capital grants & contributions credited to CIES -REFCUS	56,539	0	56,539	(56,539)	0
Use of Capital Receipt Reserves to fund Capital expenditure	0	(14,877)	(14,877)	14,877	0
Revenue expenditure funded from capital under statute	(68,246)	0	(68,246)	68,246	0
Depreciation	(628)	0	(628)	628	0
Impairment/Expected Credit Losses	(14)	0	(14)	14	0
Employers contribution to Pension Schemes	(542)		(542)	542	
Direct Revenue Financing	0	0	0	0	0
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	136	0	136	(136)	0
Insertion of items not debited or credited to the CIES:					
Statutory provision for repayment of debt (MRP)	3,161	0	3,161	(3,161)	0
Total	(4,573)	(14,877)	(19,450)	19,450	0

2018/19					
	General Fund Balance £000	Capital Receipt 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	16,984	0	16,984	(16,984)	0
Capital grants & contributions credited to CIES -REFCUS	52,056	0	52,056	(52,056)	0
Use of Capital Receipt Reserves to fund Capital expenditure	0	1,359	1,359	(1,359)	0
Revenue expenditure funded from capital under statute	(66,890)	0	(66,890)	66,890	0
Depreciation	(322)	0	(322)	322	0
Impairment/Expected Credit Losses	(2,372)	0	(2,372)	2,372	0
Direct Revenue Financing	544	0	544	(544)	0
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	(120)	0	(120)	120	0
Insertion of items not debited or credited to the CIES:					
Statutory provision for repayment of debt (MRP)	3,145	0	3,145	(3,145)	0
Total	3,025	1,359	4,384	(4,384)	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 2018 £000	Transfers Out 2018/19 £000	Transfer in 2018/19 £000	Total Movements £000	31 March 2019 £000	Transfers Out 2019/20 £000	Transfer in 2019/20 £000	Total Movements £000	31 March 2020 £000
General Fund:										
<i>Revenue Grants and Contributions:</i>										
- Transport for the North	30	0	0	0	0	0	0	0	0	0
- Apprenticeship Grant for Employers	30	(107)	0	0	0	(107)	0	0	0	(107)
<i>Other Earmarked Revenue Reserves:</i>										
- PFI Revenue Reserve	30	(8,375)	0	(1,435)	(1,435)	(9,810)	0	(1,348)	(1,348)	(11,158)
- Local Growth Fund	30	(2,448)	793	0	793	(1,655)	13	0	13	(1,642)
- Mayoral Elections	30	(1,355)	1,122	0	1,122	(233)	0	(675)	(675)	(908)
Other Reserves	30	(360)	360	(29)	331	(28)	0	0	0	(28)
Covid19 Reserves	30	0	0	0	0	0	0	(500)	(500)	(500)
Properties Reserves	30	16	0	(16)	(16)	0	0	0	0	0
Mayoral Capacity Fund Reserves		0	0	0	0	0	0	(908)	(908)	(908)
Business Rate Reserves		0	0	(844)	(844)	(844)	0	(153)	(153)	(997)
Skills Bank Reserves		0	0	(1,680)	(1,680)	(1,680)	0	(3,397)	(3,397)	(5,077)
Skills Bank2		0	0	(1,110)	(1,110)	(1,110)	0	0	0	(1,110)
- Levy Reduction Reserve	30	(29,564)	4,473	0	4,473	(25,091)	5,571	0	5,571	(19,520)
Total		(42,194)	6,748	(5,114)	1,635	(40,558)	5,584	(6,981)	(1,397)	(41,955)

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 2019 £000	Note	31 March 2020 £000
1,619	Interest Payable and similar charges	1,388
(2,723)	Interest receivable and similar income	(3,612)
0	Pension interest cost and expected return on pensions assets	60
(106)	(Surplus) or deficit of trading undertakings	35
(223)	Property Management – Investment income	18
(1,433)	Total	(2,469)

16. Taxation and Non Specific Grant Income

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

31 March 2019 £000		31 March 2020 £000
	Non-ring-fenced government grants:	
(16,984)	Capital Grants and Contributions	(5,021)
(16,984)	Total	(5,021)

17. Property, Plant and Equipment (PPE)

Movements on Balances:

Movements in 2019/20									
	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 2019	0	14,847	890	0	0	0	0	15,737	0
Other movements	0	(789)	0	0	0	0	0	(789)	0
Additions - programmed investment	0	0	0	0	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	5,417	0	0	0	0	0	5,417	0
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services	0	(74)	0	0	0	0	0	(74)	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	0	0	0	0
At 31 March 2020	0	19,401	890	0	0	0	0	20,291	0

Movements in 2019/20 (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 2019	0	(287)	(35)	0	0	0	0	(322)	0
Depreciation charge	0	(502)	(126)	0	0	0	0	(628)	0
Other movements	0	789	0	0	0	0	0	789	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	0	0	0	0	0	0	0	0	0
At 31 March 2020	0	0	(161)	0	0	0	0	(161)	0
Net Book Value:									
At 31 March 2020	0	19,401	729	0	0	0	0	20,130	0
At 31 March 2019	0	14,559	855	0	0	0	0	15,414	0

Movements in 2018/19									
	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 2018	0	14,866	327	0	0	0	0	15,193	0
Additions – transferred in from subsidiary	0	0	0	0	0	0	0	0	0
Additions - programmed investment	0	0	544	0	0	0	0	544	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Revaluation increases / (decreases) to 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	(19)	19	0	0	0	0	0	0
At 31 March 2019	0	14,847	890	0	0	0	0	15,737	0

Movements in 2018/19 (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 2018	0	0	0	0	0	0	0	0	0
Depreciation charge	0	(287)	(35)	0	0	0	0	(322)	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	0	0	0	0	0	0	0	0	0
At 31 March 2019	0	(287)	(35)	0	0	0	0	(322)	0
Net Book Value:									
At 31 March 2019	0	14,559	855	0	0	0	0	15,414	0
At 31 March 2018	0	14,866	327	0	0	0	0	15,193	0

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Depreciation

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

As set out in Note 7, in order to harmonise the interpretation of Accounting Policies across the Group, the estimation technique for charging depreciation has been brought into line with that of SYPTE by charging a full year's depreciation in the year in which an asset is first acquired or brought into use. The effect of this has been to increase the depreciation charge for the year by £246,000.

Capital Commitments

There are no significant capital commitments as at 31 March 2020.

Revaluations

Revaluations of Land and Buildings have been carried out by a professionally qualified Valuer in 2019/20.

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	Total
	£000	£000	£000	£000
Carried at Historical Cost	0	729	0	729
Valued at Fair Value as at:				
31 March 2020	19,400	0	0	19,400
31 March 2019	0	0	0	0
31 March 2018	0	0	0	0
31 March 2017	0	0	0	0
31 March 2016	0	0	0	0
31 March 2015	0	0	0	0
Total Cost or Valuation	19,400	729	0	20,129

18. Investment Properties

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

2018/19 £000		2019/20 £000
223	Net Rental income from investment property	(75)
223	Net gain/(loss)	(75)

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

2018/19 £000	Cost or Valuation	2019/20 £000
3,332	Balance At 1 April	3,332
0	Revaluations	(478)
3,332	Balance at 31 March	2,854

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 2020 are as follows:

2019/20				
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	2,854	0	2,854
Total	0	2,854	0	2,854

2018/19 Comparitve				
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 2019
	£000	£000	£000	£000
Investment Properties	0	3,332	0	3,332
Total	0	3,332	0	3,332

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 2019/20.

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:

	2018/19			2019/20		
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April	0	946	946	0	1,482	1,482
Amortisation for the period	0	0	0	0	0	0
Additions	0	536	536	0	0	0
Net Carrying Amount at End of Year	0	1,482	1,482	0	1,482	1,482
Comprising:						
Gross carrying amounts	0	1,482	1,482	0	1,482	1,482
Accumulated amortisation	0	0	0	0	0	0
	0	1,482	1,482	0	1,482	1,482

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 2019 £000	Long Term 31 March 2019 £000		Current 31 March 2020 £000	Long Term 31 March 2020 £000
(660)	(25,000)	Financial liabilities at amortised cost	(660)	(25,000)
(694)	0	Accrued interest	0	0
(1,354)	(25,000)	Total financial liabilities	(660)	(25,000)
73,305	60,000	Investments at amortised cost	91,000	45,000
467		Accrued interest	294	
73,772	60,000	Total Investments at amortised cost	91,294	45,000
78,861	0	Cash and cash equivalents	81,471	0
0	0	Accrued Interest	0	0
78,861	0	Total cash and cash equivalents	81,471	0
152,633	60,000	Total investments	172,765	45,000

Soft Loans

The Authority has three soft loans:

- £1.5m to Rotherham MBC to help support development work on Forge Island,
- £4.8m to Sheffield City Council to support the redevelopment of Parkwood Springs, and
- £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 2019 £000	31 March 2020 £000
Opening Balance	2,926	6,856
New Loans Granted	6,190	0
Less Fair Value Adjustment on Initial Recognition	(577)	0
Less Discounted Amount	0	0
Less Other Adjustments	(2,140)	0
Less Dividend Payment	0	0
Unwinding of discount	457	136
Balance Carried Forward	6,856	6,992
Nominal Value	7,690	7,690

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 2019/20 are summarised in Note 21.

Financial Instrument Gain/Losses

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

2018/19				2019/20		
Financial Liabilities	Financial Assets	Total		Financial Liabilities	Financial Assets	Total
£000	£000	£000		£000	£000	£000
(1,388)	0	(1,388)	Interest expense	(1,388)	0	(1,388)
(1,388)	0	(1,388)	Interest payable and similar charges	(1,388)	0	(1,388)
0	2,723	2,723	Interest income	0	2,859	2,859
0	2,723	2,723	Interest and investment income	0	2,859	2,859
(1,388)	2,723	1,335	Net gain / (loss) for the year	(1,388)	2,859	1,471

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 2019 Carrying Amount £000	31 March 2019 Fair Value £000		31 March 2020 Carrying Amount £000	31 March 2020 Fair Value £000
(25,000)	(33,015)	PWLB debt	(25,000)	(31,515)
(25,000)	(33,015)	Total Financial Liabilities	(25,000)	(31,515)

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

31 March 2019 Carrying Amount £000	31 March 2019 Fair Value £000		31 March 2020 Carrying Amount £000	31 March 2020 Fair Value £000
0	0	PWLB debt	(25,000)	(37,226)
0	0	Total Financial Liabilities	(25,000)	(37,226)

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 £37.2m 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 2019			31 March 2020	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
60,000	61,943	Investments at Amortised Cost- Long Term	45,000	47,212
65,967	65,967	Investments at Amortised Cost- Short Term	91,294	91,294
7,805	7,805	Investments in Subsidiary- Short Term	0	0
133,772	135,715	Total	136,294	138,506

Fair value is deemed to be equal to carrying value for all other financial assets. The Authority realised its investment in its subsidiary company, SYITA Properties Limited, during 2019/20. As a consequence, it is no longer held in the balance sheet at 31 March 2020.

21. Nature and Extent of Risks Arising from Financial Instruments
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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 2020 the Authority held short and long term investments carried at amortised cost of £136m comprising £60m of call accounts with banks and £76m of fixed

term investments with other Local Authorities. The default risk associated with these investments at the balance sheet date was 0.013% 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.£8k.

The table below shows the credit rating of the counterparties making up the £136m held at 31 March 2020:

31 March 2020				
	Financial Institution	Rating of Counterparty	Country	Amount £000
	Local Authorities		UK	76,000
	Barclays Bank plc	A	UK	20,000
	Lloyds Bank plc	A+	UK	20,000
	Santander UK plc	A	UK	20,000

31 March 2019-Comparative				
	Financial Institution	Rating of Counterparty	Country	Amount £000
	Local Authorities		UK	105,000
	Barclays Bank plc	A-	UK	500
	Lloyds Bank plc	A+	UK	20,000

Other financial assets held at the year-end comprised:

- £81.471m deposited with AAA Money Market Funds (MMFs) classified as Cash and Cash Equivalents – see note 25.
- £22.486m 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.
- £9.862m of short term debtors – see Note 24.

An impairment allowance of £1.171m (2018/19 £0.231m) has been made for expected credit losses on capital loans advanced to third parties.

A further impairment allowance of £0.321m (2018/19 £0.300m) has been made in respect of short term debtors.

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:

2018/19				2019/20		
Principal	Accrued Interest	Principal plus Interest		Principal	Accrued Interest	Principal plus Interest
<u>£000</u>	<u>£000</u>	<u>£000</u>		<u>£000</u>	<u>£000</u>	<u>£000</u>
0	(694)	(694)	Less than 1 year	0	0	0
(4,000)	0	(4,000)	Between 2 and 5 years	(8,000)	0	(8,000)
(16,000)	0	(16,000)	Between 5 and 10 years	(12,000)	0	(12,000)
(5,000)	0	(5,000)	More than 10 years	(5,000)	0	(5,000)
(25,000)	(694)	(25,694)	Total	(25,000)	0	(25,000)

The maturity analysis of short and long term investments is:

2018/19				2019/20		
Principal	Accrued Interest	Principal plus Interest		Principal	Accrued Interest	Principal plus Interest
<u>£000</u>	<u>£000</u>	<u>£000</u>		<u>£000</u>	<u>£000</u>	<u>£000</u>
65,500	467	65,967	Under 1 year	91,000	294	91,294
15,000	0	15,000	Between 1 and 2 year	22,000	0	22,000
30,000	0	30,000	Between 2 and 5 years	13,000	0	13,000
15,000	0	15,000	Between 5 and 10 years	10,000	0	10,000
0	0	0	More than 10 years	0	0	0
125,500	467	125,967	Total	136,000	294	136,294

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". Included within the Local Authority Fixed Term Deposits are longer term investments with Local Authority Stakeholders (£45m at 31 March 2020).

The Authority's Investment Strategy is to move towards a higher weighting of longer term investments to secure better returns over the medium term.

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*	1,276
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	2,290

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 2019 £000		31 March 2020 £000
6,855	Other Local Authorities	6,992
9,622	Others	13,624
16,477	Total	20,616

The long term debtors represents Capital Loans advanced to 3rd parties to support the MCA's strategic economic development objectives.

The carrying value of £20.616m comprises the nominal value of loans £22.486m less soft loan adjustment of £0.699m and expected credit losses of £1.171m.

23. Long Term Investments

The following is an analysis of Long Term Investments:

31 March 2019 £000		31 March 2020 £000
60,000	Investments with Local Authorities	45,000
60,000	Total	45,000

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 2019 Restated £000		31 March 2020 £000
955	Trade Customers	271
9,747	Receivables from Related Parties	8,152
0	Prepayments	0
18,384	Other Amounts	1,118
29,086	Total	9,541

Included within the receivables from related parties is an amount of £6.214m due from the SCR Financial Interventions Holding company.

The debtors balance comprises gross debtors of £9.862m 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 2019 £000		31 March 2020 £000
(13,872)	Cash at Bank-Bank overdrawn	(9,801)
2,652	Cash at Bank	0
78,861	Short Term Investments	81,471
67,641	Total	71,670

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 2019 £000		31 March 2020 £000
(694)	Accrued interest on borrowing	0
(660)	Other Local Authorities	(660)
(1,354)	Total	(660)

27. Short Term Creditors

The following is an analysis of Short Term Creditors:

31 March 2019 Restated £000		31 March 2020 £000
(9,603)	Trade Creditors	(3,560)
(37,868)	Related Parties Creditors	(79,725)
(3,010)	Deferred Incomes	(2,087)
(9,446)	Other Creditors	(8,067)
(59,927)	Total	(93,439)

28. Provisions

The Mayoral Combined Authority has the following Provisions:

31 March 2019 £000		31 March 2020 £000
(382)	Balance at 1 April	(1,460)
382	Released / utilised in year	726
(1,460)	Created in year	(910)
(1,460)	Total	(1,644)
	<u>Split by:</u>	
(1,460)	Short-term	(1,644)
0	Long-term	0
(1,460)	Total	(1,644)

The most significant provisions are:

A new provision of £400,000 created in the year to assist Covid 19 recovery (£nil 2018/19).

A provision for £400,000 for planned building maintenance (£417,000 2018/19).

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 £53m 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 2019 Fair Value £000		31 March 2020 Fair Value £000
(168,867)	South Yorkshire Passenger Transport Executive	(130,214)
(168,867)	Total	(130,214)

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 2019 £000		31 March 2020 £000
(5,888)	Transport Authority	(5,888)
(1,769)	Local Enterprise Partnership	(1,769)
(7,657)	Total	(7,657)

Earmarked General Fund Reserves

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

31 March 2019 Restated £000		31 March 2020 0
	Revenue Grants and Contributions Reserve:	
(107)	- Apprenticeship Grant for Employers	(107)
	Other Earmarked Reserves:	
(233)	- Mayoral Elections	(908)
(28)	- Other	(28)
0	-Mayoral Capacity Fund Reserves	(908)
(9,810)	- PFI Revenue Reserve	(11,158)
(1,655)	- Local Growth Fund Reserve	(1,642)
0	-Covid19 Reserve	(500)
(844)	Business Rate	(997)
(1,680)	Skills Bank	(5,077)
(1,110)	Skills Bank 2	(1,110)
(25,091)	Levy Reduction Reserve	(19,520)
(40,558)	Total	(41,955)

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:

- **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 Reserve:** The Local Growth Fund reserve was created by agreement with Government to convert £4m of Growth Deal funding from capital to revenue in April 2015. It is being used to sustain Growth Hub activity.
- **Business Rates Reserve :** The reserve provides the MCA with financial resilience to cope with unforeseen events affecting EZ business rates growth such as business closure, revaluation, and the award of reliefs or appeals.
- **Skills Bank Reserve :** The reserve is ring-fenced to support future Skills Bank delivery and sustainability beyond the current Skills Bank 2 programme.
- **Skills Bank 2 Reserve:** This represents upfront grant funding received in 2018/19 at the start of the three year programme which is available to support delivery of Skills Bank 2 programme in 2019/20 and 2020/21.
- **Mayoral Capacity Fund reserves** is ring-fenced to provide additional capacity and expertise to support the Elected Mayor and MCA in specific policy areas aligned to the Mayor's commitments set out in his manifesto.
- **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.
- **Mayoral Election Reserve :** The reserve is being built up to provide funding to meet the cost of the next Mayoral election which is scheduled to take place in May 2022.
- **Covid 19 Reserve –** This reserve has been created to protect against financial pressures from loss of income arising as a consequence of Covid 19.

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 2019 £000		31 March 2020 £000
(5,453)	Capital Receipts Reserve	(4,304)
(1,387)	Capital loan repaid	(18,915)
2,746	Capital receipt applied during the year	5,537
0	Investment in subsidiary realised	(1,499)
(210)	Capital grant repaid	0
(4,304)	Total	(19,181)

In 2019/20, £15m of loans were repaid from the SCR JESSICA fund.

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 2020, the balance on the Capital Grants Unapplied Account was nil, (nil at 31 March 2019).

31. Unusable Reserves

The following table summarises the Unusable Reserves balances:

1 April 2019 £000		31 March 2020 £000
Capital Reserves:		
56,758	Capital Adjustment Account	75,802
0	Revaluation reserve	(5,417)
56,758		70,385
Revenue Reserves:		
834	Financial instruments Adjustment Account	699
0	Pensions Reserve – Note 41	2,855
834		3,554
57,592	Total	73,939

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 2019/20.

2018/19 £000		2019/20 £000
61,263	Balance at 1 April	56,758
	<i>Reversal of items relating to capital expenditure debited or credited to the CIES:</i>	
322	Depreciation of Non-current assets	628
0	Impairment of Non-current assets	0
0	Revaluation losses	74
0	Movements in fair value of Investment Properties	478
0	Movements in fair value of Donated Asset Account	0
0	Amortisation of Intangible assets	0
66,890	Revenue expenditure funded from capital under statute	68,246
0	Non-Current assets written off on disposal	0
2,372	Other	(538)
	<i>Adjusting amounts written out of the Revaluation Reserve:</i>	
0	Difference between fair value depreciation and historical cost depreciation	0
0	Accumulated gains on assets sold or scrapped	0
0	Other	0
130,847	Net written out amount of the cost of non-current assets consumed in the year	125,646
	<i>Capital financing applied in the year:</i>	
(2,746)	Use of the Capital Receipts Reserve to finance new capital expenditure	(5,537)
1,387	Capital loan repaid	20,414
(69,041)	Capital grants and contributions credited to the CIES including REFCUS Income	(61,560)
0	Application of grants and contributions from the Capital Grants Unapplied Account	0
(3,145)	Statutory provision for the repayment of debt	(3,161)
(544)	Direct Revenue Financing	0
(74,089)		(49,844)
56,758	Balance at 31 March	75,802

Financial Instruments Adjustment Account

2018/19		2019/20
£000		£000
714	Balance at 1 April	834
120	Soft Loan Amortisation	(135)
120	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(135)
834	Balance at 31 March	699

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2018/19		2019/20
£000		£000
3,057	Interest Received	3,073
(1,508)	Interest Paid	(1,388)
1,549	Total	1,685

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

2018/19		2019/20
£000		£000
322	Depreciation	628
7,439	Increase / (decrease) in creditors	4,164
3,724	(Increase) / decrease in debtors	(981)
3,371	Other non-cash items charged to the net surplus or deficit on the provision of services	(5,011)
14,856	Total	(1,210)

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

2018/19		2019/20
(17,194)	Any other items for which the cash effects are investing or financing cash flows	(9,304)
(17,194)	Total	(9,304)

33. Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2018/19 £000		2019/20 £000
(195,318)	Purchase of short term and long term investments	(25,500)
(15,965)	Other payments for investing activities	(5,021)
(1,079)	Purchase of PPE, Investment property and Intangible assets	0
262,818	Proceeds from short term and long term investments	24,304
17,116	Other receipts from investment activities	23,936
67,572	Total	17,719

34. Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2018/19 £000		2019/20 £000
(27,558)	Repayments of other long term liabilities	0
(27,558)	Total	0

The repayment of other long term liabilities relates to the intercompany account with the Authority's subsidiary, SYPTE. The movement in the long term component of the intercompany account has been taken account of within operating activities in 2019/20.

35. Trading Operations

AMP Technology Centre Operation

The financial performance of the AMP from 1 April 2019 until the end of the financial year was as follows:

2019/20					
	Income	Expenditure	Operating (Surplus)/ Deficit	Accounting Adjustments	Accounting (Surplus)/ Deficit
	£000	£000	£000	£000	£000
AMP Technology Centre Operation	(1,636)	1,256	(380)	0	(380)
	(1,636)	1,256	(380)	0	(380)

2018/19-Comparative					
	Income	Expenditure	Operating (Surplus)/ Deficit	Accounting Adjustments	Accounting (Surplus)/ Deficit
	£000	£000	£000	£000	£000

AMP Technology Centre Operation	(1624)	1517	(106)	0	(106)
	(1624)	1517	(106)	0	(106)

Trading operations overall reported surpluses on controllable income and expenditure.

36. Officers' Remuneration

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

2019/20	Salary	Expenses	Pension Contribution	Total
	£	£	£	£
Dr Dave Smith – Chief Executive (Head of Paid Service)	186,170	250	0	186,420
Deputy Chief Executive	107,128	175	15,748	123,051
Director of Transport, Infrastructure & Housing	99,628	75	14,645	114,348
Director of Governance and Mayor's Office	68,219	0	10,028	78,247
Interim Group Chief Financial Officer	57,333	0	8,869	66,202
Total	518,478	500	49,290	568,268

Director of Mayor's Office joined the organisation on 1 July 2019

Interim Group Chief Financial Officer joined the organisation on 30 September 2019

Prior to the appointment of the Interim Group Chief Financial Officer, the role of Section 73 officer for the MCA was provided by Sheffield City Council at nil cost.

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 2019/20 Accounts and in the Group disclosure note within these accounts (Note 65).

2018/19	Salary	Expenses	Pension Contribution	Total
	£	£	£	£
Dr Dave Smith – Chief Executive (Head of Paid Service)	192,449	0	0	192,449
Deputy Chief Executive	103,528	0	15,214	118,742
Director of Transport, Infrastructure & Housing	95,997	0	14,112	110,109
Total	391,974	0	29,325	421,300

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

Remuneration Band	2018/19 Total	2019/20 Total
£50,000 - £54,999	2	3
£55,000 - £59,999	7	1
£60,000 - £64,999	2	8
£65,000 - £69,999	0	0

£95,000 - £99,999	0	0
£105,000 - £109,999	0	0
	11	12

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, (2018/19 £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)	
	2020	2019	2020	2019	2020	2019	2020	2019
							£'000	£'000
£0 - £20,000	-	-	2	-	2	-	5	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,000 - £150,000	-	-	-	-	-	-	-	-
Total	-	-	2	-	2	-	5	-

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 2019/20, the total amount of expenses paid to members of the LEP Board, MCA and its Committees amounted to £21,925 (2018/19 £10,666).

The elected mayor of the Mayoral Combined Authority did not receive any remuneration during the year for fulfilling this post. (2018/19 £nil).

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:

2018/19		2019/20
£000		£000
29	Fees payable with regard to external audit services carried out by the appointed auditor	29
11	Fee variation agreed	0
40	Total	29

Please note that the fee in respect of the audit of the 2018/19 accounts is under discussion with the external auditors and subject to Public Sector Audit Appointments (PSAA) approval.

38. Grant Income

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

2018/19 £000		2019/20 £000
	Credited to Services:	
(33,680)	Ministry of Housing, Communities and Local Government	(36,489)
(26,639)	Department for Transport	(28,741)
(3,173)	Department for Education and Skills Funding Agency	(3,754)
(625)	Department for Business, Energy & Industrial Strategy	(354)
(160)	Careers Enterprise Company	(76)
(3,966)	Department of Health and Social Care	(2,698)
(60,797)	English Local Government	(58,864)
(323)	Cabinet Office	(94)
(262)	Other	(209)
(129,625)		(131,279)
	Credited to Taxation and Non Specific Grant Income:	
	<i>Non-ring fenced Government Grants:</i>	
(16,984)	Ministry of Housing, Communities and Local Government	(5,021)
(16,984)		(5,021)
(146,609)	Total	(136,300)

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 2019 £000		31 March 2020 £000
	Revenue Grants Receipts in Advance:	
(282)	Department for Business, Energy & Industrial Strategy	(32)
(474)	Department for Transport	(263)
(792)	Department of Housing, Communities and Local Government	(403)
(75)	Department for Education and Skills Funding Agency	(357)
(100)	Local Government Association (LGA)	(43)
(233)	None Departmental Government Bodies	(441)
(1,054)	Department of Health and Social Care	(548)
(3,010)	Total	(2,087)

Capital Grants Receipts in Advance:		
(10,078)	Department for Transport	(13,920)
(5,591)	Ministry of Housing, Communities and Local Government	0
(15,669)	Total	(13,920)

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 4 constituent and 5 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 2019/20 no disclosure required in respect of works or services commissioned from companies in which members had an interest or with the members themselves (£nil 2018/19).

Senior Officers

During 2019/20, Senior Officers had no pecuniary interests requiring disclosure (£nil 2018/19).

Material Transactions with Related Parties

Income

2019/20				
	Transport Levy	EZ business rates	LEP subscriptions	Total
	£000	£000	£000	£000
Sheffield City Council	22,542	600	489	23,631
Barnsley Metropolitan Borough Council	9,494	848	206	10,548

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Doncaster Metropolitan Borough Council	12,053	0	264	12,317
Rotherham Borough Council	10,275	576	226	11,077
Chesterfield Borough Council	0	1,000	4	1,004

Expenditure

2019/20			
	Capital grants-transport £000	Capital grants-LGF £000	Total £000
Sheffield City Council	3,598	4,858	8,456
Barnsley Metropolitan Borough Council	5,411	4,237	9,648
Doncaster Metropolitan Borough Council	8,577	10,087	18,664
Rotherham Borough Council	7,325	1,597	8,922

Group Subsidiaries

South Yorkshire Passenger Transport Executive

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

2018/19 £000		2019/20 £000
0	Amounts due within one year	53,000
168,867	Amounts due after more than one year	130,214
168,867	Total owed to SYPTE by the CA	183,214

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

2018/19 £000		2019/20 £000
Expenditure		
57,443	Revenue grant payable to support SYPTE operational expenditure	57,347
3,217	Government funding to support SYPTE revenue activities	3,301
19,533	Capital grant to support SYPTE capital programme	8,704

80,193

69,352

Financial Interventions Holding Company

The balance owed by the Financial Interventions Holding Company as at 31 March 2020 was £6.214m (2018/19 £9.599m).

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.

2018/19 £000		2019/20 £000
	Capital Investment	
544	Property, Plant and Equipment	0
536	Intangible Assets	0
66,890	Revenue Expenditure Funded from Capital Under Statute	68,246
16,448	Capital loans	5,020
84,418	Total	73,266
	Sources of Finance	
69,040	Government Grants and Other Contributions	61,559
2,746	Capital Receipts	5,537
544	Direct Revenue Financing	0
12,088	Borrowing Requirement	6,170
84,418		73,266
	Capital Financing Requirements	
103,651	Opening Balance	113,045
12,088	Borrowing Requirement in Year	6,170
451	Other	0
(3,145)	Statutory / Voluntary Provision for repayment of debt (MRP / VMRP)	(3,161)
113,045	Closing Balance	116,054
(25,000)	PWLB Borrowing	25,000
(660)	Other Borrowing	660
(25,660)		(25,660)
87,385	CFR in excess of debt	90,394

The CFR is in excess of debt to this magnitude, because of a restructuring of Group financing in 2013/14 and 2014/15 which effectively led to the Group's underlying need to borrow being transferred from SYPTE to the Authority.

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.

Prior to this date, SCR officers were employed by Barnsley MBC. As a consequence, the share of assets and liabilities relating to SCR staff were not separately identified but included within Barnsley MBC net pension liability. Hence, the reason why no comparatives are disclosed for 2018/19.

The net pensions liability on the date that staff were transferred to the Authority is shown as a Business Combination in the disclosure below. This amounted to £1.943m. It should be noted that this is an accounting estimate based on assumptions for determining pension liabilities prescribed by accounting standards. The actuarial valuation at March 2019 uses assumptions developed as part of the Funding Strategy which are more flexible. The position per the March 2019 actuarial valuation shows the Authority to be fully funded at 1 April 2019.

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				
				2019/20
				£'000
Current Service Cost				938
Financing Investment Income and Expenditure				60
Remeasurement in other Comprehensive Income and Expenditure				370
Total Post-Employment Benefits Charged to the Comprehensive				
Income and Expenditure Statement				1,368

Transactions Relating to Post-Employment Benefits:

Movement in Reserves Statement				
				2019/20
				£'000
Reversal of Net Charges Made to the (Surplus)/Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code				(998)
Actual Amount Charged Against the Operational Revenue Reserve				
Balance for Pensions in the Year:				
Employer's Contributions Payable to Scheme				456

Assets & Liabilities in Relation to Post-Employment Benefits				
				2019/20
				£'000
Reconciliation of Present Value of the Scheme Liabilities:				
Opening Balance at 1 April				-
Business Combinations				(5,015)
Current Service Cost				(938)
Interest Cost				(134)
Contributions by Scheme Participants				(229)
Re-measurements				(174)
Benefits Paid				(410)
Closing Balance at 31 March				(6,900)

Reconciliation of Fair Value of the Scheme (Plan) Assets:				
				2019/20
				£'000
Opening Balance at 1 April				-
Business Combinations				3,072
Interest on Plan Assets				90
Re-measurements				(196)
Administration Expenses				(16)
Contributions by Employer				456
Contributions by Scheme (plan) Participants				229
Benefits Paid				410
Closing Balance at 31 March				4,045

Pension Scheme Assets Comprised:				2019/20
				£'000
Equities				2,093
Bonds				
Government Bonds				544
Other Bonds				296

Property					363
Other					749

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
					£'000
Present Values of Liabilities					(6,900)
Fair Value of Scheme Assets					4,045
Surplus/(Deficit) in the Scheme					(2,855)

Basis for Estimating Assets and Liabilities					
The pension fund liabilities have been assessed by the actuaries, Mercer Ltd and the main assumptions used in their calculations are as follows:					
Mortality Assumptions					
Longevity at Age 65 for Current Pensioners:					
Men					22.4 years
Women					25.2 years
Longevity at Age 65 for Future Pensioners:					
Men					23.9 years
Women					27.0 years

Financial Assumptions					
Rate of CPI Inflation					2.1%
Rate of increase in Salaries					3.4%
Rate of increase in Pensions					2.2%
Discount Rate					2.3%

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:

	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4	Sensitivity 5	
		+ 0.1% pa discount	+ 0.1% pa inflation	+ 0.1% pa pay growth	1 year increase in life expectancy	1 year increase in 2019/20 investment returns	
Disclosure item	£'000	£'000	£'000	£'000	£'000	£'000	£'000
						+1%	-1%
Liabilities	6,900	6,713	7,093	6,939	7,071	6,900	6,900
Assets	(4,045)	(4,045)	(4,045)	(4,045)	(4,045)	(4,091)	(3,999)
Deficit/(Surplus)	2,855	2,668	3,048	2,894	3,026	2,809	2,901

Projected Service Cost for next year	969	937	1,002	969	999	969	969
Projected Net interest Cost for next year	61	59	65	62	65	60	62

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserves can be analysed into the following categories, measured as a percentage of assets or liabilities:

						31 March 2020
						%
Differences Between the Expected and Actual Return on Assets						2.7
Experience Gains and Losses on Liabilities						5.4

Impact on Cash Flows

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

The Authority expects to pay contributions of £420k to the scheme in 2020/21. The weighted average duration of the defined benefit obligation for scheme members was 28 years during 2019/20.

Group Accounts

The Group Accounts, as at 31 March 2020, comprise the accounts of the Authority, together with its subsidiary, the South Yorkshire Passenger Transport Executive, and the SCR Financial Interventions Holding company. During the course of the year, the Authority realised its investment in another subsidiary, SYITA Properties Limited which is now the process of being wound up on a voluntary basis.

All intra-group trading, balances and unrealised gains and losses, at the end of the financial year 2019/20, 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 (SYPTTE) 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 2019/20.

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

SYPTTE has one subsidiary, Supertram Assets Limited, which is non-trading and interest in a joint venture with West Yorkshire Combined Authority, "Yorcard Limited". Neither are material in value and SYPTTE has taken the decision not to consolidate into SYPTTE's Accounts in 2019/20.

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

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

SCR Financial Interventions Holding Company Ltd

Further information about SCR Financial Interventions Holding Company is available from the following address:

The Directors
SCR Financial Interventions Holding Company Ltd
c/o SCR Mayoral Combined Authority Finance
11 Broad Street West
Sheffield
S1 2BQ

The company is exempt from the requirements of the Companies Act 2006 relating to the audit of subsidiaries companies individual accounts by virtue of the fact that the

Authority, as parent undertaking, has given a guarantee in favour of the company for the year ended 31 March 2020.

The company's registration number is 1964447

SYITA Properties Ltd

The company ceased trading in November 2017 when its business activity and assets and liabilities were transferred to the Authority.

The Authority made the decision that the company should be wound up under a members voluntary liquidation. The final step towards achieving this objective was taken during 2019/20 when the Company Directors agreed to formally place the company into liquidation and make a final distribution to transfer the company's retained profits to the Authority.

Further information about SYITA Properties Ltd is available from the following address:

The Directors
SYITA Properties Ltd
c/o SCR Mayoral Combined Authority Finance
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 (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

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

Group Movement in Reserves: Usable Reserves

2019/20						
		General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Note	60	60	60	60	60
Balances at 1 April 2019		(17,428)	(45,550)	(5,325)	(7,245)	(75,548)
Investment in subsidiary realised		1,499	0	0	0	1,499
Movement in reserves during 2019/20:						
(Surplus) / deficit on provision of services	CIES	2,586	0	0	0	2,586
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	0	0
Total Comprehensive (Income) and Expenditure		2,586	0	0	0	2,586
Adjustments between accounting basis and funding basis under regulations	48	(7,062)	0	(14,876)	360	(21,579)
Net (increase) / decrease before transfers to earmarked reserves		(4,477)	0	(14,876)	360	(18,993)
Transfers (to) / from earmarked reserves	49	7,798	(7,470)	107	(435)	0
(Increase) / decrease in year		3,321	(7,470)	(14,769)	(75)	(18,993)
Balance at 31 March 2020		(12,608)	(53,020)	(20,094)	(7,320)	(93,042)

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2018/19						
		General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Note	60	60	60	60	60
Balances at 1 April 2018		(16,176)	(48,793)	(6,603)	(5,315)	(76,887)
Prior Period Adjustment		(1,499)	1,490	0	0	(9)
Movement in reserves during 2018/19:						
(Surplus) / deficit on provision of services	CIES	(15,503)	0	0	0	(15,503)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	0	0
Total Comprehensive (Income) and Expenditure		(15,503)	0	0	0	(15,503)
Adjustments between accounting basis and funding basis under regulations	48	15,955	0	1,359	(464)	16,850
Net (increase) / decrease before transfers to earmarked reserves		452	0	1,359	(464)	1,347
Transfers (to) / from earmarked reserves	49	(206)	1,753	(81)	(1,466)	0
(Increase) / decrease in year		246	1,753	1,278	(1,930)	1,347
Balance at 31 March 2019		(17,428)	(45,550)	(5,325)	(7,245)	(75,548)

Group Movement in Reserves: Unusable Reserves and Total Group Reserves

2019/20									
	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
Balances transferred in at 1 April 2019		61	61	61	61	61	61	61	(101,566)
Pension deficit b/f		0	0	0	0	1,943	0	1,943	1,943
Investment in subsidiary realised									1,499
Movement in reserves during 2019/20:									
(Surplus) / deficit on provision of services	CIES	0	0	0	0	0	0	0	2,585
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	(10,682)	(6,553)	0	(17,235)	(17,235)
Total Comprehensive (Income) and Expenditure		0	0	0	(10,682)	(6,553)	0	(17,235)	(14,650)
Adjustments between accounting basis and funding basis under regulations	48	19,044	(136)	694	559	1,418	0	21,579	0
Net (increase) / decrease before transfers to earmarked reserves		19,044	(136)	694	559	1,418	0	21,579	0
Transfers (to) / from earmarked reserves		0	0	0	0	0	0	0	0
(Increase) / decrease in year		19,044	(136)	694	(10,123)	(5,135)	0	4,344	(14,650)
Balance at 31 March 2020		75,802	698	(100,030)	(35,530)	39,262	66	(19,732)	(112,774)

Sheffield City Region Mayoral Combined Authority – Statement of Accounts 2019/20

2018/19									
	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
Balances transferred in at 1 April 2018		61,254	714	(87,532)	(23,874)	38,617	58	(10,763)	(87,651)
Prior Period Adjustment		9	0	0	0	0	0	9	0
Movement in reserves during 2018/19:									
(Surplus) / deficit on provision of services		0	0	0	0	0	0	0	(15,503)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	(2,001)	3,589	0	1,588	1,588
Total Comprehensive (Income) and Expenditure	CIES	0	0	0	(2,001)	3,589	0	1,588	(13,915)
Adjustments between accounting basis and funding basis under regulations		(4,504)	120	(13,192)	470	248	8	(16,850)	0
Net (increase) / decrease before transfers to earmarked reserves	48	(4,504)	120	(13,192)	(1,531)	3,837	8	(15,262)	(13,915)
Transfers (to) / from earmarked reserves		0	0	0	0	0	0	0	0
(Increase) / decrease in year		(4,504)	120	(13,192)	(1,531)	3,837	8	(15,262)	(13,915)
Balance at 31 March 2019		56,759	834	(100,724)	(25,407)	42,454	66	(26,018)	(101,566)

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.

2018/19			2019/20			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
18,405	(83,118)	(64,713)	Transport Authority	25,563	(84,326)	(58,763)
47,416	(46,387)	1,030	Local Enterprise Partnership	47,107	(47,071)	36
68,180	(7,493)	60,686	SYPTE	70,913	(8,533)	62,380
134,001	(136,998)	(2,997)	(Surplus) / Deficit on Continuing Operations	143,583	(139,930)	3,653
		(398)	Other Operating Income and Expenditure			(41)
		0	Gains on disposal of non-current assets			0
		12,012	Financing and Investment Income	50		9,578
		(24,120)	Taxation and Non-Specific Grant Income	51		(10,604)
		(15,503)	(Surplus) / Deficit on Provision of Services			2,586
		(2,001)	(Surplus) / Deficit on revaluation of non-current assets			(10,682)
		0	Surplus / deficit on revaluation of available for sale financial assets			0
		3,589	Actuarial (gains) / losses on pensions assets / liabilities	72		(6,553)
		1,588	Other comprehensive income and expenditure			(17,235)
		(13,915)	(Surplus) / deficit for the year			(14,649)
		(2,118)	Combined Authority			(1,871)
		(11,797)	SYPTE			(12,778)
		(13,915)				(14,649)

Group Consolidated Balance Sheet

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

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

Sheffield City Region Mayoral Combined Authority – Statement of Accounts 2019/20

As at 31 March 2019 Restated £000		Notes	As at 31 March 2020 £000
4,582	Investment Property	54	4,129
1,543	Intangible Assets	52	1,482
158,435	Property, Plant and Equipment	53	168,707
60,000	Long-Term Investments	55	45,000
16,477	Long-Term Debtors	55	22,169
241,037	Total Long Term Assets		241,487
65,967	Short-Term Investments	55	91,295
23,753	Short-Term Debtors	56	5,332
81,817	Cash and Cash Equivalents	57	78,442
66	Assets Held for Sale		66
171,603	Current Assets		175,135
412,640	Total Assets		416,622
(4,620)	Short-Term Borrowing	55	(56,928)
(46,226)	Short-Term Creditors	58	(44,718)
(3,418)	Short-Term Provisions	59	(3,115)
(227)	PFI / PPP Finance Lease Liability	71	(246)
(15,816)	Capital Grants Receipts In Advance	68	(14,525)
(70,307)	Current Liabilities		(119,532)
342,333	Total Assets less Current Liabilities		297,090
(187,293)	Long-Term Borrowing	55	(134,281)
0	Long-Term Provisions	59	0
(11,020)	PFI / PPP Finance Lease Liability	71	(10,773)
(42,454)	Net Pension Liability	72	(39,262)
(240,767)	Long Term Liabilities		(184,316)
101,566	Net Assets / (Liabilities)		112,774
(52,519)	Combined Authority		(68,793)
(21,530)	SYPTTE		(24,249)
(1,499)	SYITA		0
(75,548)	Usable Reserves	60	(93,042)
57,593	Combined Authority		73,939
(83,611)	SYPTTE		(93,671)
(26,018)	Unusable Reserves	61	(19,732)
(101,566)	Total Reserves		(112,774)

Group Consolidated Cash Flow Statement

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

2018/19 £000		Notes	2019/20 £000
15,503	Net surplus or (deficit) on the provision of services		(2,586)
18,713	- Adjustment to surplus or (deficit) on the provision of services for non-cash movements	62	14,602
(55,044)	- Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	62	(20,875)
(20,828)	Net cash flow from operating activities		(8,858)
69,505	Investing activities	63	5,710
(6,707)	Financing activities	64	(227)
41,970	Net increase / (decrease) in cash and cash equivalents		(3,375)
39,847	Cash and cash equivalents at 1 April	57	81,817
81,817	Cash and cash equivalents at 31 March	57	78,442

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.

42. 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.

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2018/19					2019/20					
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
2,815	(79,401)	(76,587)	11,873	(64,713)	Transport Authority	4,295	(68,562)	(64,267)	5,504	(58,763)
-1,697	(792)	(2,489)	3,519	1,030	Local Enterprise Partnership	(5,692)	(830)	(6,522)	6,559	37
10,900	62,716	73,616	(12,930)	60,686	SYPTTE	(3,057)	62,947	59,890	2,489	62,379
12,018	(17,477)	(5,460)	2,462	(2,997)	Net Cost of Services	43	(4,454)	(6,445)	(10,899)	14,552
		5,912	(18,417)	(12,506)	Other Income & Expenditure			6,422	(7,490)	(1,068)
		452	(15,955)	(15,503)	(Surplus) / Deficit	44		(4,477)	7,062	2,586
		(64,978)			Opening General Fund Balance			(62,979)		
		0			Transferred out from subsidiary			1,499		
		452			Surplus / Deficit on General Fund in year			(4,477)		
		1,548			Other Movements			328		
		(62,978)			Closing General Fund Balance at 31 March			(65,629)		

43. Group Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

2019/20				
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	4,473	0	1,031	5,504
Local Enterprise Partnership	4,073	0	2,486	6,559
Transport Services - PTE	1,613	876		2,489
Net Cost of Services	10,159	876	3,517	14,552
Other income & expenditure from the Expenditure & Funding Analysis	(5,021)	(542)	(1,927)	(7,490)
Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on Provision of Services	5,138	334	1,590	7,062

2018/19-Restated				
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	10,822	0	1,052	11,873
Local Enterprise Partnership	324	0	3,196	3,519
Transport Services - PTE	(13,178)	248		(12,930)
Net Cost of Services	(2,033)	248	4,248	2,462
Other income & expenditure from the Expenditure & Funding Analysis	(16,984)	0	(1,433)	(18,417)
Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on Provision of Services	(19,017)	248	2,814	(15,955)

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

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

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.

44. Group Expenditure and Income Analysed by Nature

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

2018/19 Restated £000		2019/20 £000
	Expenditure:	
12,162	Employee Benefits Expenditure	14,153
193,961	Other Service Expenses	189,023
(256)	Support Service Recharges	(829)
11,934	Depreciation, Amortisation, Impairment	14,247
13,232	Interest Payments	13,214
231,033	Total Expenditure	229,808
	Income:	
(10,368)	Fees, charges & other service income	(11,442)
(4,787)	Interest Investment Income	(7,254)
(231,380)	Government Grants & Contributions	(203,722)
0	Other Income	(4,805)
(246,536)	Total Income	(227,223)
(15,503)	(Surplus) / Deficit on the Provision of Services	2,586

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

2019/20	£000
Income as analysed by nature	(227,223)
Interest Investment Income	7,254
Taxation and Specific Grant Income and Other Operating Income	17,090
Elimination of Group Transactions	62,948
Income as part of (Surplus) / Deficit on Continuing Operations in the CIES	(139,931)

2018/19	£000
Income as analysed by nature	(246,536)
Interest Investment Income	4,787
Taxation and Specific Grant Income and Other Operating Income	42,035
Elimination of Group Transactions	62,716
Income as part of (Surplus) / Deficit on Continuing Operations in the CIES	(136,998)

45. Group Segmental Income

Income received on a segmental basis is analysed below:

2019/20				
Services:	£000 Fees, Charges & Service	£000 Interest & Investment	£000 Grants & Contributions	£000 Total Income
Transport Authority	0	0	(84,326)	(84,326)
Local Enterprise Partnership	(118)	0	(46,953)	(47,071)
		0	0	0
Corporate	(538)	(4,862)	(5,021)	(10,421)
SYLTE	(11,108)	(1,854)	(72,443)	(85,405)
Total Income	(11,764)	(6,716)	(208,743)	(227,223)

2018/19 Restated				
Services:	£000 Fees, Charges & Service	£000 Interest & Investment	£000 Grants & Contributions	£000 Total Income
Transport Authority	0	0	(83,118)	(83,118)
Local Enterprise Partnership	119	0	(46,506)	(46,387)
Transport for the North		0	0	0
Corporate	(210)	(4,685)	(16,984)	(21,879)
SYLTE	(10,499)	(102)	(84,551)	(95,152)
Total Income	(10,590)	(4,787)	(231,160)	(246,536)

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.

46. 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 SYLTE.

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

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 to finance new capital investment and offset charges to revenue for related assets in a similar way to the Deferred Capital Grants Reserve.

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.

The balance on the Pensions Reserve is a measure of the beneficial impact on the Operational Revenue Reserve of accounting for retirement benefits on a statutory basis rather than IAS 19.

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.

47. Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty

The main sources of uncertainty affecting the Group are disclosed in Note 8 of the single entity accounts,

48. Group Adjustments between Accounting Basis and Funding Under Regulation

2019/20						
	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	61,560	0	0	61,560	(61,560)	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	(68,246)	0	0	(68,246)	68,246	0
Finance costs	136	0	0	136	(136)	0
Other movements	(6,065)	0	359	(5,706)	5,706	0
Insertion of items not debited or credited to the CIES:						
Statutory provision for repayment of debt (MRP)	3,161	0	0	3,161	(3,161)	0
Employers contribution to Pension Scheme	1,034	0	0	1,034	(1,034)	0
Direct Revenue Financing	0	0	0	0	0	0
Transfer year one pension prepayment	1,358	0	0	1,358	(1,358)	0
Capital Financing:						
Use of Capital Receipts Reserve to finance new capital expenditure	0	(14,876)	0	(14,876)	14,876	0
Other:						
Adjustment for the difference between fair value depreciation and historical cost	0	0	0	0	0	0
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	(7,062)	(14,876)	359	(21,579)	21,579	0

2018/19						
	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	69,041	0	0	69,041	(69,041)	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	(66,890)	0	0	(66,890)	66,890	0
Finance costs	(120)	0	0	(120)	120	0
Other movements	7,323	0	(464)	6,859	(6,859)	0
Insertion of items not debited or credited to the CIES:						
Statutory provision for repayment of debt (MRP)	3,145	0	0	3,145	(3,145)	0
Employers contribution to Pension Scheme	1,583	0	0	1,583	(1,583)	0
Direct Revenue Financing	544	0	0	544	(544)	0
Transfer year one pension prepayment	1,329	0	0	1,329	(1,329)	0
Capital Financing:						
Use of Capital Receipts Reserve to finance new capital expenditure	0	1,359	0	1,359	(1,359)	0
Other:						
Adjustment for the difference between fair value depreciation and historical cost	0	0	0	0	0	0
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	15,955	1,359	(464)	16,850	(16,850)	0

49. 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	1 April 2018 £000	Transfer Out 2018/19 £000	Transfer In 2018/19 £000	Total Movements £000	31 March 2019 £000	Transfer Out 2019/20 £000	Transfer In 2019/20 £000	Total Movements £000	31 March 2020 £000	
Combined Authority:										
<i>Revenue Grants and Contributions:</i>										
- Apprenticeship Grant for Employers	60	(107)	0	0	(107)	0	0	0	(107)	
<i>Other Earmarked Revenue Reserves:</i>										
- PFI Revenue Reserve	60	(8,375)	0	(1,435)	(1,435)	(9,810)	0	(1,348)	(1,348)	(11,158)
- Local Growth Fund Reserve	60	(2,448)	793	0	793	(1,655)	13	0	13	(1,642)
- Levy Reduction Reserve		(29,564)	4,473	0	4,473	(25,091)	5,571	0	5,571	(19,520)
Mayoral Elections		(1,355)	1,122	0	1,122	(233)	0	(675)	(675)	(908)
Other Reserves		(360)	360	(29)	331	(28)	0	0	0	(28)
Properties Reserves		16	0	(16)	(16)	0	0	0	0	0
Mayoral Capacity fund		0	0	0	0	0	(908)	(908)	(908)	(908)
Skills Bank Reserves		0	0	(1,680)	(1,680)	(1,680)	0	(3,397)	(3,397)	(5,077)
Skills Bank Reserves		0	0	(1,110)	(1,110)	(1,110)	0	0	0	(1,110)
Business Rate		0	0	(844)	(844)	(844)	0	(153)	(153)	(997)
SYLTE:										
Earmarked Revenue Reserve	60	(5,110)	118	0	118	(4,991)	26	(4,500)	(4,474)	(9,465)
Total		(47,303)	6,866	(5,114)	1,753	(45,550)	5,610	(10,981)	(5,370)	(50,920)

50. Group Financing and Investment Income and Expenditure

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

2018/19 £000		2019/20 £000
13,232	Interest payable and similar charges	13,214
(2,923)	Interest receivable and similar income	(5,771)
10,309		7,443
1,703	Pensions – Interest payable	2,135
12,012	Total	9,578

51. Group Taxation and Non-Specific Grant Income

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

2018/19 £000		2019/20 £000
	Non ring-fenced grants:	
(16,984)	MHCLG-Capital grants	(5,021)
(0)	MHCLG-PFI grant	(3,209)
(4,012)	Department for Transport	0
(2,057)	Better Bus Area	0
(1,067)	Other	(2,374)
(24,120)	Total	(10,604)

52. Group Intangible Assets

The following is an analysis of Intangible Assets:

2018/19 £000		2019/20 £000
	Cost or valuation:	
183	At 1 April - PTE	61
(122)	Amortisation - PTE	(61)
1,482	Combined Authority	1,482
0	Amortisation - CA	0
1,543	At 31 March	1,482

53. Group Property Plant and Equipment

Movements on Balances:

2019/20	Land and Buildings £000	Infrastructure (Light Railway System) £000	Vehicles, Plant and Equipment £000	Assets Under Construction £000	Total PPE £000	PFI Assets included in Land & Buildings £000
Cost or Valuation:						
At 1 April 2019	87,423	97,186	23,440	14,186	222,236	12,080
Adjustment to opening balance	(942)	0	0	0	(942)	
Additions - programmed investment	356	5,027	234	0	5,617	0
Reclassify Fixed Assets	14,186	0	0	(14,186)	0	0
Revaluation increases / (decreases)	10,014	0	0	0	10,014	(340)
De-recognition – disposals	0	0	0	0	0	0
Other movements	(789)	0	0	0	(789)	
At 31 March 2020	110,248	102,213	23,674	0	236,135	11,740
Accumulated Depreciation and Impairment:						
At 1 April 2019	(2,114)	(41,411)	(20,275)	0	(63,800)	0
Adjustment to opening balance	0	0	0	0	0	0
Depreciation Charge	1005	0	0	0	1005	0
De-recognition – Disposals	(2,807)	(4,517)	(454)	0	(7,778)	(366)
De-recognition - other	0	0	0	0	0	0
Revaluation adjustments	0	0	0	0	0	0
Other movements	2,190	0	0	0	2,190	366
	953	0	0	0	953	0
At 31 March 2020	(773)	(45,928)	(20,729)	0	(67,430)	0
Net Book Value						
As at 1 April 2019	85,309	55,775	3,165	14,186	158,435	12,080
As at 31 March 2020	109,475	56,285	2,945	0	168,707	11,740

2018/19-Restated						
	Land and Buildings £000	Infrastructure (Light Railway System) £000	Vehicles, Plant and Equipment £000	Assets Under Construction £000	Total PPE £000	PFI Assets included in Land & Buildings £000
Cost or Valuation:						
At 1 April 2018	89,195	59,965	22,595	31,856	203,611	11,830
Additions - programmed investment	0	5,365	826	11836	18,028	0
	(2,369)	31,856	19	(29,506)	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	597	0	0	0	597	250
De-recognition – disposals	0	0	0	0	0	0
At 31 March 2019	87,423	97,186	23,440	14,186	222,236	12,080
Accumulated Depreciation and Impairment:						
At 1 April 2018	(1,685)	(37,144)	(19,882)	0	(58,712)	0
Depreciation Charge	(2,326)	(4,266)	(391)	0	(6,983)	0
De-recognition – Disposals	0	0	(2)	0	(2)	0
De-recognition - other	1,353	0	0	0	1,353	0
Revaluation adjustments	544	0	0	0	544	0
At 31 March 2019	(2,114)	(41,411)	(20,275)	0	(63,800)	0
Net Book Value						
As at 1 April 2018	87,473	22,820	2,713	31,857	144,863	11,830
As at 31 March 2019	85,309	55,775	3,165	14,186	158,435	12,080

54. Group Investment Properties

The following is an analysis of Investment Properties:

2018/19		2019/20
£000	Cost or valuation:	£000
4,482	At 1 April	4,582
100	Revaluation	(453)
0	Disposals	0
4,582	At 31 March	4,129

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 2020 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 2019 £000
SYPTTE	-	1,275	-	1,275
Combined Authority	-	2,854	-	2,854
Total	-	4,129	-	4,129

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

Significant Observable Inputs – Level 2

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.

Highest and Best Use of Investment Properties

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.

Valuation Techniques

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.

55. 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 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000
Investments at amortised cost	60,000	45,000	65,967	91,295
Long term Debtors at amortised cost	16,477	22,169	0	0
Cash and cash equivalents	0	0	81,817	81,471
Borrowings at amortised cost	(187,293)	(134,281)	(4,620)	(56,928)
Other Liabilities - PFI	(11,020)	(10,773)	(227)	(246)

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

	Financial Liabilities	Financial Assets	Total
	At amortised cost £'000	At amortised cost £'000	£'000
2019/20			
Income, Expense, Gains and Losses			
Interest expense – debt	12,172	0	12,172
Interest expense - PFI	982	0	982
Changes in fair value	(11)	0	(11)
Impairment losses/(gains)	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	13,143	0	13,143
Interest income	0	(2,862)	(2,862)
Total income in Surplus or Deficit on the Provision of Services	0	(2,862)	(2,862)
Net gain/(loss) for the year	13,143	(2,862)	10,281

	Financial Liabilities	Financial Assets	Total
2018/19	At amortised cost	At amortised cost	
Income, Expense, Gains and Losses	£'000	£'000	£'000
Interest expense – debt	(12,232)	0	(12,232)
Interest expense - PFI	(1,000)	0	(1,000)
Reductions in fair value	0	0	0
Impairment losses/(gains)	0	(232)	(232)
Total expense in Surplus or Deficit on the Provision of Services	(13,232)	(232)	(13,464)
Interest income	0	2,725	2,725
Total income in Surplus or Deficit on the Provision of Services	0	2,725	2,725
Net gain/(loss) for the year	(13,232)	2,493	(10,739)

Fair Value of Assets and Liabilities

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

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

Fair Value of Financial Liabilities

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

	2018/19		2019/20	
	Carrying value	Fair value	Carrying value	Fair value
	£'000	£'000	£'000	£'000
PWLB	(166,375)	(205,990)	(166,375)	(190,681)
Market loans	(20,918)	(31,415)	(20,000)	(29,786)
Doncaster Interchange PFI	(11,246)	(11,246)	(11,019)	(11,019)
Short term borrowing / accrued interest	(4,620)	(4,620)	(4,833)	(4,833)
Total Financial Liabilities	(203,159)	(253,271)	(202,227)	(236,319)

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

	2018/19		2019/20	
	Carrying value	Fair value	Carrying value	Fair value
	£'000	£'000	£'000	£'000
PWLB	(166,375)	(205,990)	(166,375)	(204,876)
Market loans	(20,918)	(31,415)	(20,000)	(44,549)
Doncaster Interchange PFI	(11,246)	(11,246)	(11,019)	(11,019)
Short term borrowing / accrued interest	(4,620)	(4,620)	(4,833)	(4,833)
Total Financial Liabilities	(203,159)	(253,271)	(202,227)	(265,277)

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 2019	31 March 2020
	£'000	£'000
Less than one year;	(4,620)	(57,833)
Between one and two years	(53,000)	(7,975)
Between two and five years	(66,375)	(62,400)
More than five years	(67,918)	(63,000)
	(191,913)	(191,208)

56. Group Short Term Debtors

The following is an analysis of Debtors:

31 March 2019		31 March 2020
£000		£000
3,225	Trade Customers	2,961
150	Receivables from Related Parties	802
0	Prepayments	0
20,378	Other Entities and Individuals	1,569
23,753	Total	5,332

57. Group Cash & Cash Equivalents

31 March 2019 £'000		31 March 2020 £'000
	Cash:	
(11,220)	Combined Authority	(9,801)
299	PTE	558
9,599	FIHC	6,214
(1,322)		(3,029)
	Cash Equivalents:	
78,861	Combined Authority	81,471
4,278	PTE	0
0	FIHC	0
83,139		81,471
	Cash & Cash Equivalents:	
67,641	Combined Authority	71,670
4,577	PTE	558
9,599	FIHC	6,214
81,817	Total	78,442

58. Group Short Term Creditors

The following table shows an analysis of Short Term Creditors:

31 March 2019 £000		31 March 2020 £000
(11,831)	Trade Creditors	(3,687)
(17,338)	Related Parties Creditors	(25,514)
(3,010)	Deferred Incomes	(2,087)
(14,047)	Other Creditors	(13,430)
(46,226)	Total	(44,718)

59. Group Provisions

The following table shows an analysis of Provisions:

31 March 2019 £000		31 March 2020 £000
(2,551)	Opening Balance	(3,418)
(867)	Charge to Income and Expenditure Account during the year	303
(3,418)	Total	(3,115)
	Split by:	
(1,460)	Combined Authority	(1,644)
(1,958)	SYPTTE	(1,471)
(3,418)	Short-Term	(3,115)
0	Combined Authority	0
0	SYPTTE	0
0	Long-Term	0

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

60. 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 2020				
	Combined Authority	SYPTE	SYITA	Total
	£000	£000	£000	£000
General Fund	(7,657)	0	0	(7,657)
Earmarked Reserves	(41,955)	(11,065)	0	(53,020)
Retained profits	0	0	0	0
Capital Receipts Reserve	(19,181)	(914)	0	(20,095)
Capital Grants Unapplied	0	(7,320)	0	(7,320)
Operational Revenue Reserve	0	(4,950)	0	(4,950)
Total	(68,793)	(24,249)	0	(93,042)

31 March 2019				
	Combined Authority	SYPTE	SYITA	Total
	£000	£000	£000	£000
General Fund	(7,657)	0	0	(7,657)
Earmarked Reserves	(40,558)	(4,991)	0	(45,549)
Retained profits	0	0	(1,499)	(1,499)
Capital Receipts Reserve	(4,304)	(1,021)	0	(5,325)
Capital Grants Unapplied	0	(7,245)	0	(7,245)
Operational Revenue Reserve	0	(8,273)	0	(8,273)
Total	(52,519)	(21,530)	(1,499)	(75,548)

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

SYPTE's earmarked reserves includes £4.5m reallocated from the Operational Revenue reserve. £3 million has been set aside to deal with additional pressures on expenditure that the recovery from Covid-19 may place upon SYPTE budgets and £1.5m into an asset management reserve created to deal with any future impairment charges that are made from revaluing assets..

61. 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 2020			
	Combined Authority	SYPTE	Total
	£000	£000	£000
Capital Adjustment Account	75,802	0	75,802
Financial Instruments Account	699	0	699
Deferred Capital Grants and Contributions	0	(100,031)	(100,031)
Pension Reserve	2,855	36,407	39,262
Revaluation Reserve	(5,417)	(30,113)	(35,529)
Accumulated Absence Reserve	0	67	67
Total	73,939	(93,670)	(19,732)

31 March 2019 – Comparative Information			
	Combined Authority	SYPTE	Total
	£000	£000	£000
Capital Adjustment Account	56,759	0	56,759
Financial Instruments Account	834	0	834
Deferred Capital Grants and Contributions	0	(100,724)	(100,724)
Pension Reserve	0	42,454	42,454
Revaluation Reserve	0	(25,407)	(25,407)
Accumulated Absence Reserve	0	66	66
Total	57,593	(83,611)	(26,018)

62. Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2018/19		2019/20
£000		£000
3,060	Interest Received	3,076
(10,099)	Interest Paid	(13,154)
(7,039)	Total	(10,078)

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

2018/19		2019/20
£000		£000
5,102	Depreciation	7,840
0	Impairment and downward valuations	552
5,201	Amortisation	6,333
(3)	Increase / (decrease) in impairment for bad debts	0
(10,016)	Increase / (decrease) in creditors	1,502
14,303	(Increase) / decrease in debtors	(290)
977	Movement in pension liability	1,418
3,149	Other non-cash items charged to the net surplus or deficit on the provision of services	(2,753)
18,713	Total	14,602

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

2018/19		2019/20
£000		£000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(9,304)
(13,192)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
(41,852)	Any other items for which the cash effects are investing or financing cash flows	(11,571)
(55,044)	Total	(20,875)

63. Group Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2018/19		2019/20
£000		£000
(23,764)	Purchase of property, plant and equipment, investments property and intangible assets	(11,950)
(195,318)	Purchase of short-term and long-term investments	(25,500)
(15,965)	Other payments for investing activities	(5,021)
262,818	Proceeds from short-term and long-term investments	24,304
41,734	Other receipts from investment activities	23,877
69,505	Total	5,710

64. Group Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2018/19		2019/20
£000		£000
(207)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(227)
(6,500)	Repayments of short and long-term borrowing	0
(6,707)	Total	(227)

65. 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 (i.e. salary plus overtime and allowances, etc. but excluding employers' pension contributions) is above £50,000.

Group senior officers

2019/20					
Post Holder Information	Salary - including Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contributions	Total Remuneration including Pension Contributions
	£	£	£	£	£
Dr Dave Smith- Chief Executive (Head of paid service (CA))	186,170	250	0	0	186,420
Deputy Chief Executive (CA)	107,128	175	0	15,748	123,051
Director of Transport, Infrastructure & Housing (CA)	99,628	75	0	14,645	114,348
Director of Governance	68,219	0	0	10,028	78,247

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and Mayor's Office					
Interim Group Chief Financial Officer	57,333	0	0	8,869	66,202
Executive Director (PTE)	106,131	0	0	14,858	120,989
Director of Customer Services (PTE)	90,000	0	0	12,600	102,600
Interim Head of Financial Services (PTE)	26,596	16	0	3,723	30,335
Group Principal Solicitor & Monitoring officer (PTE)	86,650	0	0	12,131	98,781
Total	827,855	516	0	92,602	920,973

2018/19					
Post Holder Information	Salary - including Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contributions	Total Remuneration including Pension Contributions
	£	£	£	£	£
Dr Dave Smith- Managing Director (Director of paid service (CA))	192,449	0	0	0	192,449
Deputy Managing Director (CA)	103,528	0	0	15,214	118,742
Director of Programme Commission (CA)	95,997	0	0	14,112	110,109
Executive Director (PTE)	104,050	0	0	13,943	117,993

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Director of Public Transport (PTE)	56,495	187	0	7,570	64,252
Director of Customer Services (PTE)	82,416	0	0	11,044	93,460
Interim Head of Financial Services (PTE)	62,985	76	0	8,440	71,501
Principal Solicitor & Secretary (PTE)	80,353	0	0	10,767	91,121
Total	778,273	263	0	81,090	859,626

Further detail of Authority senior officer's remuneration is provided in Note 36.

SYLTE's Interim Head of Financial Services left the organisation on 30 August 2019.

Higher paid Employees

2018/19		2019/20
Total	Remuneration Band	Total
6	£50,000 - 54,999	7
9	£55,000 - 59,999	3
5	£60,000 - 64,999	11
0	£65,000 - 69,999	0
0	£70,000 - 74,999	0
0	£75,000 - 79,999	0
0	£75,000 - 79,999	0
2	£80,000 - 84,999	0
0	£85,000 - 89,999	1
0	£90,000 - 94,999	1
1	£100,000 - 104,999	0
0	£105,000 - 109,999	1
23	Total	24

66. Group Termination Benefits

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

2018/2019				Exit Package cost band (including special payments)	2019/20			
Number of Compulsory Redundancies	Number of Other Departures	Total number of exit packages by cost band	Number of Compulsory Redundancies		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
0	0	0	0	£0 - £20,000	0	2	0	5
0	0	0	0	£20,001 - £40,000	0	0	0	0
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	0	2	0	5

67. Group External Audit Fees

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

2018/19 £000		2019/20 £000
29	Combined Authority	29
28	South Yorkshire Passenger Transport Executive	28
17	Fee variation agreed	5
74	Total	62

Please note that the fee in respect of the audit of the 2018/19 accounts is under discussion with the external auditors and subject to Public Sector Audit Appointments (PSAA) approval.

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

68. Group Grant Income

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

2018/19 £000		2019/20 £000
	Credited to Services:	
(33,680)	Ministry of Housing, Communities and Local Government	(36,489)
(26,639)	Department for Transport	(28,741)
(3,173)	Department for Education and Skills Funding Agency	(3,754)
(625)	Department for Business, Energy & Industrial Strategy	(354)
(160)	Careers Enterprise Company	(76)
(3,966)	Department for Health and Social Care	(2,698)
(60,797)	English Local Government	(58,864)
(323)	Cabinet Office	(94)
(261)	Other	(209)
(129,624)		(131,279)
	Credited to Taxation and Non Specific Grant Income:	
	<i>Non-ring fenced Government Grants:</i>	
(16,984)	Ministry of Housing, Communities and Local Government	(5,021)
(6,069)	Department for Transport	(3,209)
(1,067)	European Regional Development Fund / Other	(2,375)
(24,120)		(10,604)
(153,744)	Total	(141,883)

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 2019 £000		31 March 2020 £000
	Revenue Grants Receipts in Advance:	
(330)	Department for Business, Energy & Industrial Strategy	(32)
(474)	Department for Transport	(263)
(791)	Department of Housing, Communities and Local Government	(403)
(75)	Department for Education and Skills Funding Agency	(357)
0	Local Government Association (LGA)	(43)
(286)	None Departmental Government Bodies	(441)
(1,054)	Department of Health and Social Care	(548)
(3,010)	Total	(2,087)
	Capital Grants Receipts in Advance:	
(10,225)	Department for Transport	(14,525)
(5,591)	Ministry of Housing, Communities and Local Government	0
(15,816)	Total	(14,525)

69. 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.

SYLTE 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.

70. 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:

2018/19 £000		2019/20 £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:

2018/19 £000		2019/20 £000
598	Not later than one year	572
1,492	Later than one year and not later than five years	1,293
1,470	Later than five years	1,398
3,560	Total	3,263

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.

71. 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 2020 is £11.7m (£12.1m at 31 March 2019).

Under the PFI agreement, SYPTE is contracted to pay an annual sum to the operator, known as a unitary charge. In 2019/20 unitary charge payments of £2.5m (£2.5m in 2018/19) 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 p.a 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:

2019/20	Repayment of Liability	Interest Charge	Contingent / Rental	Service Charge	Lifecycle Costs	Total
	£000	£000	£000	£000	£000	£000
Within 1 year	246	962	117	1,120	126	2,571
Within 2 -5 years	1,220	3,614	739	4,707	529	10,809
Within 6 - 10 years	2,228	3,814	1,575	6,433	724	14,774
Within 11 - 15 years	3,387	2,656	2,367	7,102	799	16,311

Within 16 - 20 years	3,938	896	2,520	6,211	699	14,264
Within 21 – 25 years	0	0	0	0	0	0
Total	11,019	11,942	7,318	25,573	2,877	58,729

2018/19 – Comparative Information						
	Repayment of Liability £000	Interest Charge £000	Contingent/ Rental £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 year	227	982	83	1,091	123	2,506
Within 2 -5 years	1,122	3,712	596	4,586	516	10,532
Within 6 - 10 years	2,049	3,993	1,379	6,267	705	14,393
Within 11 - 15 years	3,115	2,928	2,151	6,920	778	15,892
Within 16 - 20 years	4,734	1,309	3,004	7,640	859	17,546
Within 21 – 25 years	0	0	0	0	0	0
Total	11,247	12,924	7,213	26,504	2,981	60,869

2019 PFI Assets £'000		2020 PFI Assets £'000
11,830	Net book value: As at 1 April	12,080
250	Revaluations	(340)
0	Depreciation	0
12,080	As at 31 March	11,740

2019 PFI Liability £'000		2020 PFI Liability £'000
11,453	As at 1 April	11,245
(1,266)	Lease repayments	(1,295)
1,000	Interest Charge	982
58	Contingent rentals	87
11,245	As at 31 March	11,019

72. 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					
				2018/19	2019/20
				£'000	£'000
Current Service Cost				1,457	2,613
Financing Investment Income and Expenditure				1,703	2,195
Remeasurement in other Comprehensive Income and Expenditure				3,589	(6,553)
Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement				6,749	(1,745)

Movement in Reserves Statement					
				2018/19	2019/20
				£'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				(3,160)	(4,808)
Actual Amount Charged Against the Operational Revenue Reserve					
Balance for Pensions in the Year:					
Employer's Contributions Payable to Scheme				1,583	2,032
Transfer of Year Pension Deficit Contribution				1,329	1,358

Assets & Liabilities in Relation to Post-Employment Benefits					
Reconciliation of Present Value of the Scheme Liabilities:					
				2018/19	2019/20
				£'000	£'000
Opening Balance at 1 April				(152,539)	(159,536)
Business Combinations				-	(5,015)
Current Service Cost				(1,457)	(2,613)
Interest Cost				(3,883)	(3,892)
Contributions by Scheme Participants				(338)	(583)
Re-measurements				(7,357)	15,772
Past Service cost (gain)				(768)	(1,141)
Benefits Paid				6,806	5,920
Closing Balance at 31 March				(159,536)	(151,088)

Reconciliation of Fair Value of the Scheme (Plan) Assets:					
				2018/19	2019/20

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	£'000	£'000
Opening Balance at 1 April	116,609	118,440
Business Combinations	-	3,072
Interest on Plan Assets	2,968	2,880
Re-measurements	3,768	(9,219)
Administration Expenses	(20)	(42)
Contributions by Employer	1,583	2,032
Contributions by Scheme (plan) Participants	338	583
Benefits Paid	(6,806)	(5,920)
Closing Balance at 31 March	118,440	111,826

Pension Scheme Assets Comprised:		2018/19	2019/20
		£'000	£'000
Equities		60,227	57,892
Bonds			
Government Bonds		18,584	15,040
Other Bonds		8,800	8,164
Property		11,453	10,020
Other		19,376	20,710

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		2018/19	2019/20
		£'000	£'000
Present Values of Liabilities		(159,536)	(151,088)
Fair Value of Scheme Assets		118,440	111,826
Surplus/(Deficit) in the Scheme		(41,096)	(39,262)

Basis for Estimating Assets and Liabilities		2018/19	2019/20
The pension fund liabilities have been assessed by the actuaries, Mercer Ltd and the main assumptions used in their calculations are as follows:			
Mortality Assumptions			
Longevity at Age 65 for Current Pensioners:			
Men		23.1 years	22.4 years
Women		25.9 years	25.2 years
Longevity at Age 65 for Future Pensioners:			
Men		25.3 years	23.9 years
Women		28.3 years	27.0 years

Financial Assumptions		2018/19	2019/20
Rate of CPI Inflation		2.2%	2.1%
Rate of increase in Salaries		3.5%	3.4%

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Rate of increase in Pensions				2.3%	2.2%
Discount Rate				2.4%	2.3%

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:

	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4	Sensitivity 5	
		+ 0.1% pa discount	+ 0.1% pa inflation	+ 0.1% pa pay growth	1 year increase in life expectancy	1 year increase in 2019/20 investment returns	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Disclosure item						+1%	-1%
Liabilities	151,088	148,881	153,330	151,288	155,258	151,088	151,088
Assets	(111,826)	(111,826)	(111,826)	(111,826)	(111,826)	(111,928)	(110,724)
Deficit/(Surplus)	39,262	37,055	41,504	39,462	43,432	38,160	40,364
Projected Service Cost for next year	2,522	2,446	2,600	2,522	2,599	2,522	2,522
Projected Net interest Cost for next year	919	903	983	934	1,029	893	946

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserves can be analysed into the following categories, measured as a percentage of assets or liabilities:

	31 March 2019	31 March 2020
	%	%
Differences Between the Expected and Actual Return on Assets	3.2	2.7
Experience Gains and Losses on Liabilities	4.6	5.4

Impact on Cash Flows

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

The Group expects to pay contributions of £1,218k to the scheme in 2020/21. The weighted average duration of the defined benefit obligation for scheme members during 2019/20 was 28 years for the Authority and 14 years for SYPTTE

73. Prior Period Adjustments-Group

There are no Prior Period Adjustments affecting the Group in 2019/20

Glossary

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

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

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

Intangible Assets	Non-financial assets that do not have physical substance but are identified and are controlled by the entity through custody 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	<p>Inventories are assets:</p> <ul style="list-style-type: none"> • in the form of materials or supplies to be consumed in the production process or consumed or distributed in the rendering of services • held for sale or distribution in the ordinary course of operations • in the process of production for sale or distribution
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: <ul style="list-style-type: none"> • One party has direct or indirect control of the other party • One party has influence over the financial and operating policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests.

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

Independent Auditor's Report

Opinion

We have audited the financial statements of Sheffield City Region Mayoral Combined Authority ["the Authority"] for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement and the related notes 1 to 73.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Sheffield City Region Mayoral Combined Authority as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Group Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Group Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 5 to 22, other than the financial statements and our auditor's report thereon. The Group Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Sheffield City Region Mayoral Combined Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Group Chief Financial Officer

As explained more fully in the Statement of the Group Chief Financial Officer Responsibilities set out on page 46, the Group Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Group Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Sheffield City Region Mayoral Combined Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Sheffield City Regional Mayoral Combined Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Sheffield City Region Mayoral Combined Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Clark (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Birmingham
November 2020