SHEFFIELD CITY REGION MAYORAL COMBINED AUTHORITY

STATEMENT OF ACCOUNTS 2018/19

Unaudited

For the period
1 April 2018 to 31 March 2019

Contents

Narrative Report by the Chief Financial Officer

1.INTRODUCTION

Purpose of the Narrative Report

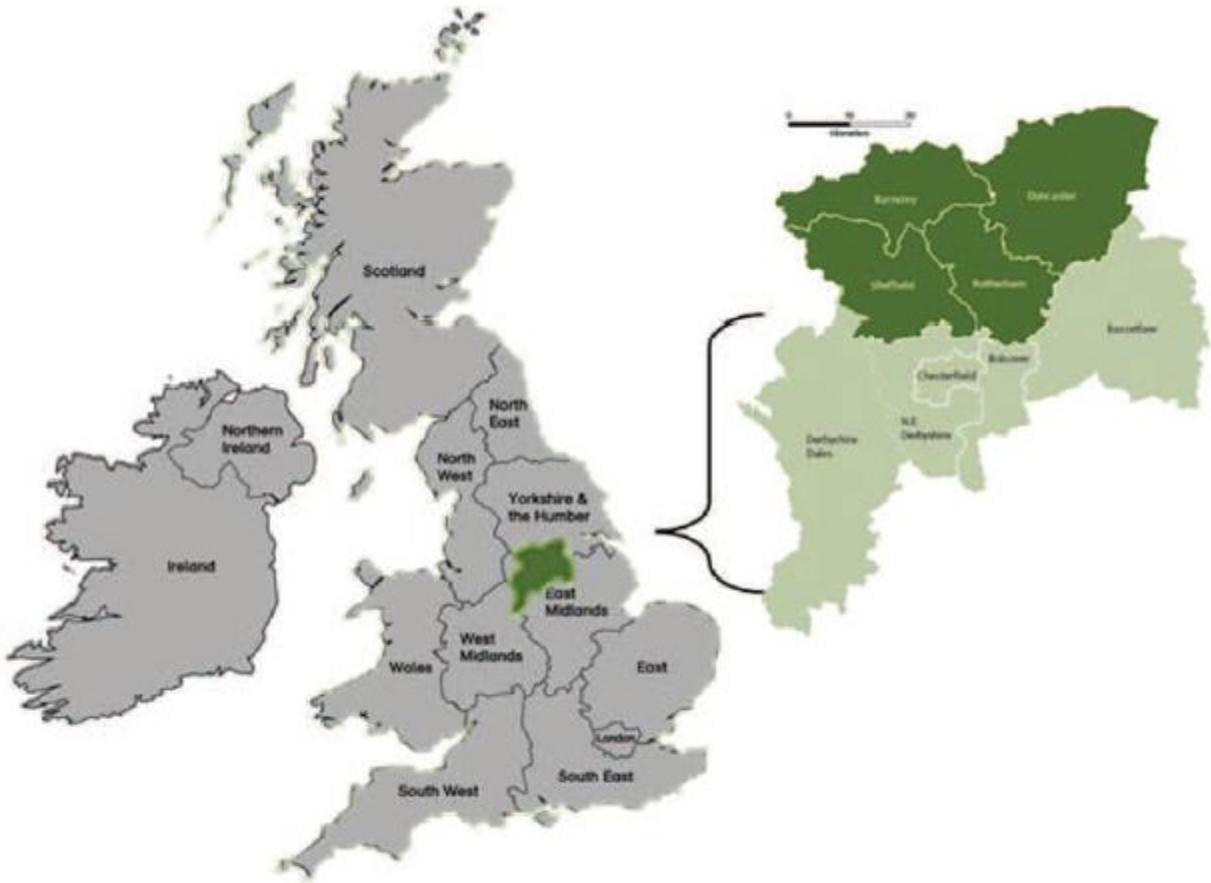
The Narrative Report provides key messages on the organisational structure of the Mayoral Combined Authority, its overall strategies and objectives and how it has performed over the year in delivering operational activities towards achieving its objectives.

It also provides a summary of its 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 2018/19 financial year in meeting its strategic aims.

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 is 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 pending public consultation on the proposed transfer of powers.

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.

The key targets that the SCR is seeking to achieve through economic growth are to:

• Create 70,000 new jobs in the private sector by 2024; 30,000 of which should be in highly skilled occupations to improve the average rate of employment and close the productivity gap with the rest of the UK.
• Increase GVA by 10% or £3bn between 2014 and 2024 by supporting growth of existing firms, seeking to attract inward investment, from other parts of the UK and overseas, and increasing sales of goods and services to other parts of the UK and abroad; and
• Create an additional 6,000 business start-ups by 2024 by providing first class business support.

In order to support these aims, there is a need to:

• Develop the City Region's skills base, labour mobility and education performance to create the skilled workforce that will enable the economy to grow.
• Provide an interconnected public transport network within and outside the City Region.
• Deliver an infrastructure capital investment programme to unlock key development opportunities; and
• Provide 70,000 new dwellings by 2024 to provide suitable housing to meet demand from a growing economy.

Work has concluded on a refresh of the economic evidence base underpinning the SEP, and a revised SEP will be published in 2019. The SCR Mayor in partnership with the LEP will also lead on work to develop the first Local Industrial Strategy for the City Region. Together these documents will identify a suite of conditional outcomes the SCR LEP and MCA will seek to achieve.

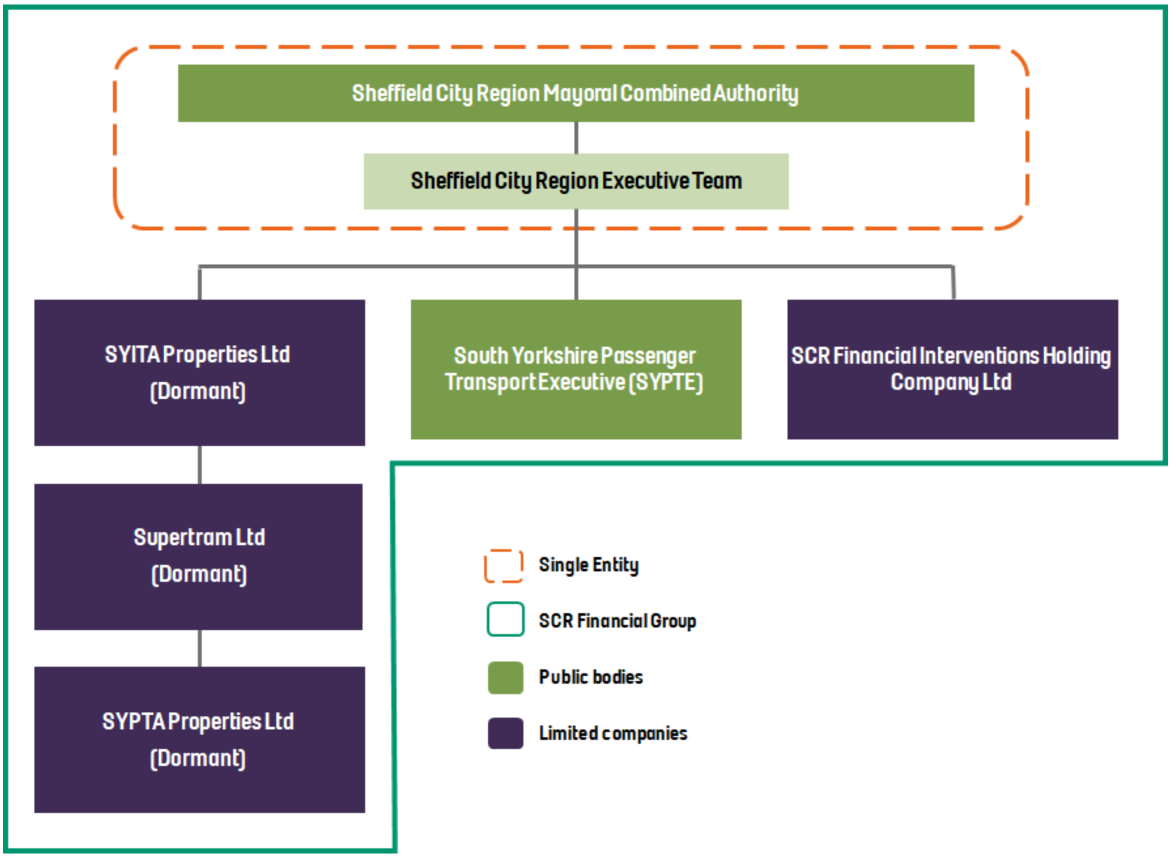
Transport

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 Mayor's Vision for Transport was also 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.

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:



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. Its focus at present is on supporting the successful launch of the SCR's LEP Housing Fund.

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, hence the company is dormant.

3.ORGANISATIONAL PERFORMANCE

The SCR is performing strongly towards delivering its economic growth targets set out in the LEP's Strategic Economic Plan:

Target: Grow the economy by 10% (or £3.1bn) between 2014 and 2024
Actual Performance: We achieved this target in 2018 due to strong performance in a range of industrial sectors. The SCR economy is currently valued at £35 billion. If the current rate of growth continues, our economy is expected to be worth over £37 billion in 2024.

Target: Create 70,000 net new jobs by 2024, with 30,000 to be highly skilled
Actual Performance: We are approximately four years ahead of schedule on achieving this target with 37,000 jobs created since 2014. This growth has been private sector-led with the business services and manufacturing sectors adding the most jobs. LEP funded activity under the Local Growth Fund (LGF) programme in 2018/19 has achieved 9,082 full time equivalent (FTE) jobs so far and the expected outcome by 2025 from the LGF programme is currently 60,785 FTEs.

Target: Generate 6,000 new business start-ups by 2024
Actual Performance: 5,670 new businesses have started-up in the Sheffield City Region since 2014. LEP funded activity under the LGF programme, though our Growth Hub, has provided financial support to 24,628 businesses and grant support to 103 businesses.

Key achievements of the LEP and MCA in this area include:

- **Business Investment Fund** - Managing a £52m Business Investment Fund to help existing firms within the City Region and businesses re-locating to the City Region which have the potential for growth by providing financial assistance that can't be met through traditional sources of finance.
- **Growth Hub** - Providing, through the SCR's Growth Hub, a single point of access where business owners can obtain advice and support on starting-up, running and growing their business. Growth Hub includes assistance with skills and training, innovation and exporting and advice on financing a business. The Growth Hub has provided support to 4,700 businesses within the City Region and helped local firms to create over 800 jobs.
- **Trade and Investment** - Successfully attracting inward investment into the City Region including internationally renowned brands such as McLaren Automotive and Boeing. In total, £500 million of private sector investment has been brought into the Sheffield City Region to date by the SCR's Trade and Investment Team.
- **Housing Fund** - Funding a £10 million pilot scheme to help private housing developers and housing associations build more homes in the City Region.
- **Great Yorkshire Way** - Construction of a new road to directly link Doncaster Sheffield Airport to the M18 and unlock land for commercial and residential development.
- **Olympic Legacy Park** - Re-development of the former Don Valley Stadium into a 15,450 square metre mixed-use site including the new Advanced Wellbeing Research Centre.
- **National College for High Speed Rail** - State-of-the-art training facility providing NVQ level 4 and 5 technical training in railway engineering, signalling and technology.

- **University Centre Rotherham** – Purpose built facility to deliver Higher Apprenticeships, Foundation Degrees and higher-level short courses to residents.
- **Enterprise Zones** - Continuing expansion of development on SCR LEPs Enterprise Zone. 89ha of land has been developed out, primarily for advanced manufacturing and logistics, creating 2,600 new jobs to date. This is now providing the City Region with annual business rates growth of £2.9m.
- **Digital Infrastructure** - Delivering Superfast broadband connectivity to 99% of premises within the City Region and high speed connectivity in its Enterprise Zones and Business Parks.

This has been supported by:

- Continuing to invest the SCR LEP's £360m Local Growth Fund (LGF) Capital Programme which covers the 6 year period 2015 to 2021. £230m of this relates to infrastructure schemes which are expected to lever in £800m of private sector investment to unlock jobs and GVA growth across the City Region. Overall, in the three years to date, £212m of LGF has been applied towards capital investment supporting schemes promoting urban regeneration and urban living; major residential, retail, and leisure opportunities; research and education inspired investment; and land for warehousing and distribution.
- Co- Investing, with employers, in the skills and training their workforce need for their businesses to drive growth through the SCR's Skills Bank. Over 1,200 businesses have registered for SCR Skills Bank with 5,400 employees ready for training.
- Investing LGF in the development of state-of-the-art training facilities and equipment across the Sheffield City Region. This includes the new National College for High Speed Rail in Doncaster and the new Higher Education Centre in Rotherham.
- Successfully winning a bid for £7.5m to become one of only two pilots nationally to help people with depression, anxiety, physical health issues and disabilities into sustainable employment.
- Successfully securing £4.2m of Transforming Cities Fund to deliver Active Travel schemes across Sheffield, Doncaster and Rotherham.
- The UK's first Tram-Train service commenced operation in October 2018 and will operate for a period of two years. This is a pilot funded by DfT in partnership with SYPTE and Stagecoach Supertram.
- The Sheffield City Regions first Active Travel Commissioner has been appointed. Dame Sarah Storey will be responsible for leading the Active Travel Agenda on behalf of the Mayor and will progress development of an SCR Active Travel Implementation Plan.

The City Region has an aspiration to deliver 7,000 new dwellings per annum. Whilst this aim was not a specified target in the SEP, the number of housing completions is reported to Government alongside progress on the three economic growth targets. To date 23,132 dwellings have been completed since 2014; an average of 5,343 new homes per annum.

4.FINANCIAL PERFORMANCE

Summary Highlights

The MCA's total budgeted spending power in 2018/19 comprised revenue spend of £77.7m (£17.8m on MCA/LEP core operations and revenue programmes, and £59.9m on transport) and capital spend of £89.1m (£45.5m LGF, £41.7m transport and £1.4m corporate).

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 £0.5m less than budgeted for.
- The net revenue spend on South Yorkshire transport activity was £0.9m less than budgeted for. This reduced the planned use of earmarked reserves to support the budget from £5.1m to £4.2m.
- The LGF capital programme spend of £45.5m was 7% higher than the allocation from central government.
- The South Yorkshire transport capital programme spend in 2018/19 was £41.7m against a final approved programme of £52.3m. Most of the underspend represents funding received that is fully committed to schemes that will be delivered in 2019/20 and is therefore being carried forward.

Revenue Budget

The MCA's revenue budget comprises:

- The MCA / LEP economic development budget, which is deployed to cover the day-to-day activity of running the MCA and LEP in its delivery of the Strategic Economic Plan (SEP). Typical costs include staffing, accommodation, business support, international trade and investment marketing and the commissioning of specific pieces of work as part of implementing the SEP and developing the Local Industrial Strategy and work towards the Shared Prosperity Fund (SPF), and;
- The South Yorkshire Transport budget, which is used to fulfil the role the MCA inherited from the former ITA, as local transport authority for South Yorkshire.

MCA / LEP economic development budget

The MCA / LEP economic development budget for the year was £20.4m, which includes both core operations (£7.6m) and revenue programmes (£12.8m). The budgeted funding of £7.6m 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, plus a contribution of £1.4m from the mayoral election reserve.

The spend for the year on core operations out turned at £7.7m, £0.1m higher than budget. Funding was £0.6m higher than budgeted, due principally to investment income from treasury activity being higher than anticipated.

South Yorkshire transport budget

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 £60.9m, of which £57.8m related to operational costs and £3.1m net debt financing.

The 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 2018/19 was £55.8m.

To balance the budget, there was a planned use of earmarked reserves of £5.1m. 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 out turned at £59.9m, primarily due to net debt financing costs being £0.7m lower than budgeted as a consequence of higher than anticipated investment income on treasury activity. As a consequence only £4.5m of earmarked reserves have been needed to balance the outturn position.

Reconciliation of the Revenue Budget Outturn to the Comprehensive Income & Expenditure Account (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 surplus on the provision of services shown in the CIES of £1,008k reconciles to the net surplus for the year on a statutory basis of £518k.

Surplus on Total Comprehensive Income & Expenditure Account	**(1,008)**
Reversal of items not chargeable against revenue budget:	
Capital grants & contributions credited to CIES	69,041
Revenue expenditure funded by capital under statute	-66,890
Amortisation of soft loans	-120
Other operating expenditure (Depreciation, Impairment & Credit losses)	-2,484
Items chargeable against revenue budget not included in CIES:	
Direct Revenue Financing	544
Statutory provision for repayment of debt (MRP)	3,145
Net amount chargeable to revenue before transfers from reserves	**2,228**
Transfers from/to earmarked reserves :	
Skills Bank	1,681
Business Rate	843
Local Growth Fund - Business Growth	-794
Mayoral Election	-1,122
Other LEP reserves	-331
Prop Co	15
Levy reduction reserve	-4,473
PFI reserve	1,435
Net increase in General Fund balance	-518
LEP economic Development	-518
Transport	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

2018/19 is the fourth year of the SCR's six year £360m Growth Deal.

The outturn position is £45,541,103 (£45.54m). This is 107% of the in-year LGF allocation and means that for a third year running SCR MCA have achieved 100% spend of our expected allocation. This means that we have utilised £3.07m of the additional £8.66m carried forward from 2017/18, hence £5.59m remains available to spend in 2019/20.

As a result of achieving 100% spend we have now received 2019/20 grant offer which is 100% of our expected allocation.

The support delivered through the LGF towards the SCR's strategic objectives is summarised as follows:

Description	Purpose	LGF spend (£'m)
Infrastructure	To support strategic infrastructure schemes within the City region which unlock investment to generate economic development	33.1
Business Investment Fund	To support the growth of indigenous companies within the City region and to attract inward investment	6.5
Superfast broadband	To support improve accessibility to superfast broadband and provide high speed connectivity within Enterprise Zone sites and business parks	2.4
Sustainable transport	To provide funding for interventions within South Yorkshire which promote sustainable transport	2.4
Skills Capital	To support investment in further and higher education facilities and equipment	1.1
Total		45.5

South Yorkshire Transport Programme

The South Yorkshire transport capital programme spend in 2018/19 was £41.7m against a final approved programme of £52.3m.

£7.5m of the £10.6m underspend represents funding received that is fully committed to schemes that will be delivered in 2018/19 and is therefore being carried forward. The remaining £3.1m represents slippage on the BDR 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 2018/19 capital spend include:
- £12.0m on Rotherham Interchange
- £11.7m on highways maintenance and pot hole funding
- £7.8m of transport capital improvements supporting delivery of the South Yorkshire transport local transport plan
- £5.3m on Supertram phase 2 re-railing
- £3.4m on rail infrastructure works and the testing and commissioning of new vehicles in readiness for the new tram train service between Rotherham and Sheffield

The Tram Train expenditure was funded by grant from the Department for Transport.

Usable Reserves

As at 31 March 2019, the MCA group held £6.1m of reserves and general balances to support its economic development activity. This includes a £1.7m LGF revenue reserve which is earmarked to support future Growth Hub activity.

It also held £47.6m of revenue reserves and general balances relating to South Yorkshire transport activity. A significant proportion of this is held in a levy reduction reserve (£25.1m) to support sustainable levy reductions over the medium to long term and in a PFI reserve (£9.8m) to meet the long term liabilities associated with the Doncaster Interchange PFI scheme.

5.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.

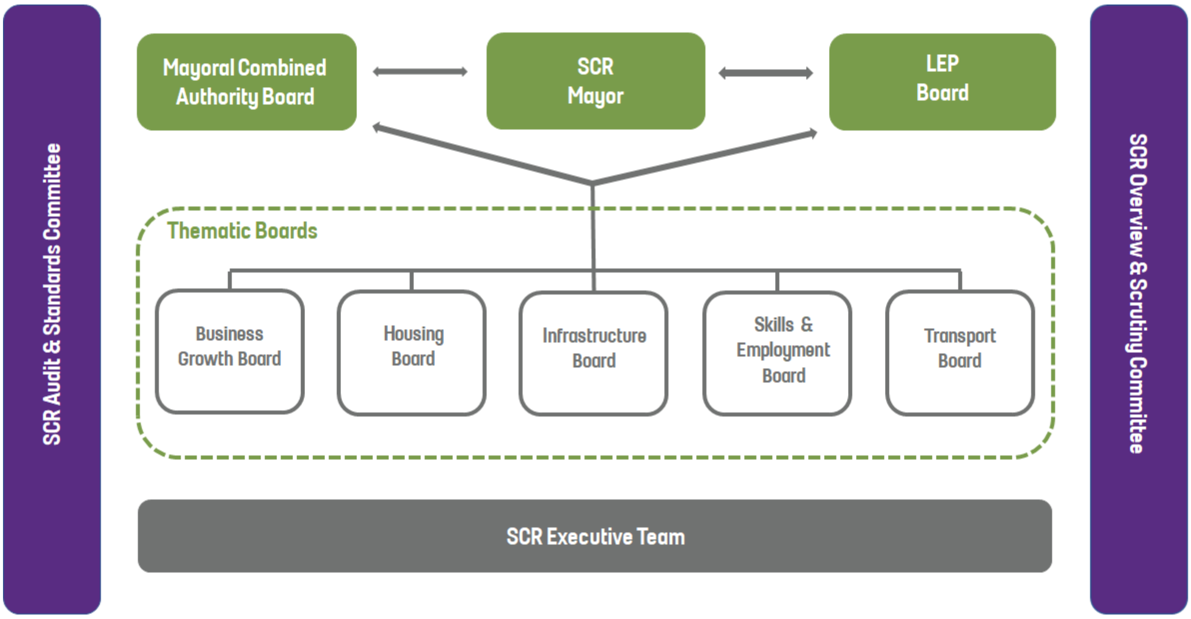
All LEP Board members (apart from co-opted members) have voting rights and decisions are taken on the basis of a simple majority.

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; each one having delegated authority of less than £2 million 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 (SYPTE) 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 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 and Ernst and Young were the appointed external auditors for 18/19.

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 MHCLG.

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

- External audit – EY have yet to report their findings on the 2018/19 audit. In 2017/18 the previous external auditors KPMG 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 2018/19 – The Head of Internal Audit is expected to provide his Assurance opinion to the MCA Audit & Standards Committee at its next meeting on 13 June 2019.
- MHCLG / BEIS Annual Performance Review 2018/19 – concluded that SCR MCA / LEP was ranked as good for governance arrangements, delivery and strategy impact.

6.OUTLOOK

The refresh to the Strategic Economic Plan and the production of the Local Industrial Strategy will set out a vision of how the City region wants to grow the economy and will form a basis for investment going forward.

The final shape of both documents will be determined having regards to the SCR Mayor's priorities and whether further devolved funding can be secured from Central Government. Allocation of the UK Shared Prosperity Fund, the successor to the European Structural and Investment Fund (ESIF), is also unclear at this time.

Until such time as devolved funding is secured, the revenue budget for core MCA / LEP economic development activity remains dependent on unpredictable funding streams which only allows for financial planning on a short term basis. The risks this presents is being mitigated through the prudent management of the reserves.

Annual Governance Statement

1. Introduction

What is the Annual Governance Statement?

The Accounts and Audit Regulations 2015 requires Combined Authorities to prepare an annual governance statement in order to report publicly on the extent to which they comply with their own code of governance, which, in turn, is consistent with good governance principles. This statement includes how the effectiveness of Mayoral Combined Authority governance arrangements have been reviewed during the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework.

What do we mean by Governance?

By governance, we mean the arrangements that are put in place to ensure that intended outcomes are defined and achieved. The Governance Framework comprises the systems and processes, cultures and values, by which the Sheffield City Region (SCR) Mayoral Combined Authority (MCA) directs and controls the activities it is accountable for. Good governance is about making sure the Mayoral Combined Authority does the right things, in the right way for the right people, in a timely inclusive, open, honest and accountable manner.

The MCA acknowledges that good governance arrangements are the basis upon which it is able to establish policies and ultimately the efficient delivery of its programme of work within the City Region. For good governance to be truly effective it must be robust yet permissive and be able to be adapted to changing circumstances. Public bodies such as the MCA must be responsive to developments in services, public expectations and the actions of other stakeholders.

2. Scope of Responsibility

The MCA is responsible for ensuring that its business is conducted in accordance with law and that proper standards of governance are employed; that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (value for money).

In discharging this overall responsibility, the MCA is responsible for establishing proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions including arrangements for the management of risk.

3. About Sheffield City Region Mayoral Combined Authority and Local Enterprise Partnership

Role and Structure

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 to help determine local economic priorities and lead economic growth and job creation within the local area.

The LEP is the originator of economic policy within SCR and is author and custodian of the Strategic Economic Plan (SEP). Since 2015 the SCR LEP has entered into three growth deals with government to deliver programmes which deliver the vision of the SEP, increasing jobs, improving GVA and growing business density. The LEP are responsible for decision making on the direction of the Local Growth Fund (LGF) programme and the outcomes this funding delivers.

The SCR MCA

The Authority was established on the 1st April 2014. The MCA footprint reflects the economic geography of the SCR and the SCR MCA comprises the leaders and elected mayor (Doncaster) of each of the nine councils which constitute the body. The MCA has a distinct and separate role from each of the individual local authorities it is comprised of. The remit of the MCA is to coordinate and drive forward economic development and transport initiatives for the benefit of citizens and the business community within its boundaries.

The MCA Constitution and operating arrangements, approved by all nine member bodies, have been in place since April 2014. The Constitution sets out the powers and functions of the MCA, including financial procedures, Member Code of Conduct, the Scheme of Delegation to officers and arrangements for the operation of a scrutiny and audit committee function. The Scheme of Delegation provides for the day to day management and oversight of services provided by the Authority. These include the responsibilities of the Head of Paid Service, Clerk, Finance Director and Monitoring Officer. The MCA is also the accountable body for funds awarded to the LEP.

MCA Group

The MCA Group includes an operational subsidiary, the South Yorkshire Passenger Transport Executive (SYPTE). SYPTE is the operational transport arm of the Mayoral Combined Authority, tasked with delivering the South Yorkshire Transport Plan. Within the Group structure there is also a limited number of other subsidiaries including the SCR Interventions Holding Company which supports delivery of the LGF programme.

SCR 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, Leaders and Chief Executives, the team pro-actively advances decision making processes for SCR.

Statutory Officers

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

4. Governance Review Activity

During 18/19 SCR has continued to ensure that robust and transparent governance arrangements, aligned to deliver SCR's programme of work efficiently and effectively, are in place.

A number of activities have taken place in year to review and strengthen governance further including:

New governance arrangements for Boards

Led by the Mayor and members of the MCA and LEP new arrangements have been agreed during the year to strengthen governance processes in the SCR. Building upon existing arrangements, more efficient, effective and transparent decision-making processes have been approved leading to the establishment of five thematic boards with appropriate financial delegations to complement their role in implementing policy and programmes more transparently.

LGF Programme Review

To ensure LGF funded schemes deliver the outputs and outcomes agreed as part of the growth deal, the MCA and LEP commissioned an independent audit of the Programme and introduced a number of new controls.

Reviewed issues….policy decision taken by LEP…. Implemented….outcome….achieved maximum spend…

Annual Performance Review by Government

In January the Ministry for Housing, Cities and Local Growth undertook a review to look at the performance of each LEP. The review covered three themes: governance, delivery and strategy, with one of four markings: inadequate; requires improvement; good; or exceptional, available for each. Following the conclusion of the Annual Performance Review it has been confirmed that the Sheffield City Region LEP is compliant with the National Assurance Framework and is considered to be 'good' in all areas of the review.

Annual Governance Review

SCR's Governance team has worked with the SCR Executive team to conduct an assessment of SCR's Governance Framework and compliance with SCR's Code of Corporate Governance, to gain assurance the effectiveness of current arrangements 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 Governance Improvement Plan.

5. External Audit Recommendations 2017/18

The 2017/18 External Audit Report identified two areas for development and concluded that three of the five recommendations made in the 2016/17 audit had only been partially implemented and required further attention.

Table 1: Areas for development identified through the 2017/18 external audit

Area for development	Status
Given the delays in obtaining and consolidating data from November 2017 for SYITA Properties Ltd, we would recommend the Combined Authority further considers whether it has appropriate processes in place to both identify and account for instances where unusual accounting transactions may occur during the year and ensure they have appropriate resource in place to account for these according to statutory deadlines.	Accounting for the combination of assets and liabilities transferred from SYITA Properties Limited remains a "live" issue in 2018/19. This and other potentially significant accounting issues arising in 18/19 are being considered through early engagement with the new auditors EY.
As part of any future changes to key financial systems the Council (and in turn the Combined Authority) should consider the impacts upon the control environment and the capacity of existing resource to maintain the control environment effectively.	This was a transitional issue which arose as a consequence of a new financial system being implemented by Sheffield City Council in 2017/18. There were no system changes in 2018/19.

Table 2: Outstanding recommendations from 2016/17 external audit

The following recommendations were stated as 'partially implemented' at 2016/17 year end.

Area requiring attention	Status
Impairment Review The Group needs to review that the PTE has an effective control for monitoring possible impairment of its assets. This should include developing a revaluation policy, in line with accounting standards, that considers not just the assets	Condition surveys have been undertaken of selected Group assets as part of phase 1 of the Strategic Asset Management Review. This

appropriate for revaluation but also the remaining assets for signs of impairment. This should be done by as a desktop review of the estates and through a review of corporate decision making, looking at any future changes to be made to the assets.	has informed the carrying value of group assets in the 18/19 accounts where appropriate.
Review of Pensions Assurance The Group should ensure that PTE management have performed a review of the assumptions and can evidence that this has been done.	Recommendation was implemented in preparing the 2017/18 accounts.

6. Progress against the 18/19 governance improvement plan

In addition to the recommendations made by external auditors, SCR Statutory Officers, through SCR's review of governance in 2017/18, identified three key areas for improvement during 2018/19. An action plan was included in the 2017/18 Annual Governance Statement. This plan has been monitored by Statutory Officers and members of the Audit and Standards Committee during the year.

Table 3: Progress against the 2018/19 action plan

Governance Area	Focus for 19/20	Progress made in year
Strategic		
Shared Strategic Intent	Supporting the LEP and the Mayor in the development of a single, integrated set of policies and priorities that effectively deliver the economic, social and environmental ambitions of the City Region.	Further to the election of the first SCR Mayor in May 2018, the LEP Board, In January 2019, commenced the Strategic Economic Plan development process which had previously been on hold pending the election. Subsequent to the new LEP Chair taking up appointment in January, this work is developing at pace with a clear timeline agreed. Work should conclude, and a revised SEP and a Local Industrial Strategy will be in place within 2019/2020. During 2018/19 the MCA approved the Mayor's Vision for Transport and SCR Transport Strategy. A divergence in views on devolution has continued to impact on SCR's ability to deliver the ambitions of the City Region however during March 2019 a consensus has been agreed and a way forward identified.
Operational		
Financial	Ensuring that the LGF	To ensure that the LGF programme

Governance	programme delivers the outputs and outcomes agreed as part of the Growth Deal in the final three years of the programme. Ensuring appropriate oversight and visibility of the South Yorkshire Transport Capital Programme to provide assurance that funding is utilised in a way that fully supports the ambitions of the City Region.	delivers the agreed outputs and outcomes in the final three years of the programme and independent and forensic audit of all projects with spend in the final 3 years of the programme took place during 18/19 and has established firm milestones for each scheme in contract. Progress against these milestones has been closely monitored and, in some cases funding de-coupled. New schemes entering the pipeline have not received assurance of funds until funding approval has been given by the MCA. Where appropriate, specific project and programmes risk have been considered by Statutory Officers. The audit process was fully scrutinised by the A&S committee in October 18 who agreed that the recommended actions gave sufficient assurance to ensure the Local Growth Fund (LGF) Programme would Monitoring and reporting to the MCA on the overall SY transport capital programme has been undertaken on a quarterly basis. The arrangements have also been subject to review by internal audit. The findings have concluded that the MCA require stronger internal controls over this funding. The IA report and management response will be reviewed at a future Audit and Standards Committee.
Information Governance & Decision Making	Ensuring data is used effectively to create robust, meaningful information/evidence to inform priorities and courses of action and to underpin decision making.	Further to the agreement by the LEP Board to commence the refresh of the SEP and to develop a Local Industrial Strategy, objective evidence, consultancy research and in-depth analysis undertaken in house will be used to develop priorities and actions within the SEP and SCR LIS along with a framework that to help understand progress against the strategy.

	Ensuring the performance of the organisation is measured appropriately so that the impact and effectiveness of courses of action are understood. Ensuring information assets (including any personal data) are managed appropriately and meet the requirements of relevant legislation or regulation. Ensuring that the CA Group works efficiently and effectively and that the decision-making structure is fit for purpose.	A number of activities have been identified and are underway as part of the SEP development programme to address the requirement to measure and understand the performance of the organisation and the impact and effectiveness of our actions and activity, these include: the development a Corporate Plan for 19/20 that sets out the key deliverables for the SCR MCA/LEP programme; the development of KPIs that support the organisation in telling the story of the impact of investments and interventions made; progressing work on developing personal objectives for all team members and; formalising the monitoring of the Mayoral Manifesto Implementation Plan and identifying activity that is mutually beneficial in terms of delivering SCR core strategic objectives. The policies and processes developed to ensure GDPR requirements were met by 25th May 2018 and have been implemented. An internal audit and a self-assessment of opportunities to strengthen practices has been undertaken. The audit report and the assessment, if required will lead to a management action plan which will be reviewed and monitored. The independent, formal review of the operations of the Group that took place in 17/18, identified a number of changes which would provide efficiencies and improve effectiveness. During 18/19 the recommendations of this review and also of the LEP Review Implementation plan, have begun to be implemented, most significantly the MCA becoming an employing body. In December new governance arrangements for sub-boards were agreed. These boards will operate from 1st April 2019 with delegated decision making. The Constitution has been updated to reflect this.
Asset Management	Ensuring we have the information we need to manage the Groups assets including understanding where liabilities lie and developing a plan for any future acquisitions or divestment mapped against strategic	The first phase of a detailed review of MCA assets was completed in November 2018. This included a mapping exercise to collate information on all assets owned by the MCA group and a review of existing systems and processes across the MCA Group to

7.	**Governance issues during 2018/19**
	The review of the MCA's governance, risk and internal control measures led by Statutory Officers in 2018/19 has concluded that arrangements deliver SCR's programme of work efficiently and effectively, have matured significantly and are embedded. This review, and other governance review activity undertaken during 2018/19 whilst not identifying anything fundamental, has highlighted the following issues and challenges. **Strategy Led Prioritisation** The City Region's policy needs founded upon robust, up-to-date and independent evidence is critical to success. Work to refresh SCR's evidence base was previously paused due to Government policy and the anticipated election of the Mayor. In September the LEP agreed that work should re-commence. **Reputation & Influence** **Financial Planning** Long term financial planning/access to new funds Transport Capital Programme issues Asset Management – informing liabilities and opportunities **Monitoring and Evaluation** **Assurance Processes** **Commissioning & Programme Management** **Organisational Capability & Capacity** The Governance Improvement Plan at section 8 identifies the actions during 2019/20 to address these issues.

8. Governance improvement plan 2018/19

In addition to the issues acknowledged in section seven SCR has a clear understanding of the key areas of focus for strengthening governance in 2019/20 these include:

Table 4: Areas of focus for 2019/20

Governance Area	Focus for 19/20
Strategic	
Strategy Led Prioritisation	
Reputation & Influence	
Operational	
Financial Planning	
Monitoring & Evaluation	
Assurance Processes	
Delivery	
Programme Management	• Ensure the orderly conclusion of the LGF Programme over the next 2 years • Develop effective programmes to deliver new priorities. • Secure successor funding to continue with the programme at pace avoiding disjointed programme delivery.
Organisational Capability	• Ensure the organisation has the capability and capacity to transition from programme delivery into a bidding cycle. • Ensure organisational vision and challenges are understood by workforce. • Identify training and development requirements.

9. Conclusion

Statement by the Chair of the MCA and the Managing Director

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 and 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 and up to the date of the approval of the accounts, SCR MCA has had in place satisfactory systems of internal control which facilitate the effective exercise of the MCA's functions.

…………………………………………………………...

On behalf of the Sheffield, Barnsley, Doncaster & Rotherham Mayoral Combined Authority

	Annex A
1.	The Governance Framework

The governance framework evidences the systems, processes and the culture by which the MCA directs and controls its activities to deliver the SCR's intended outcomes. These 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 SCR's approach to governance. SCR's commitment to these principles is outlined in its Code of Corporate Governance.

The MCA, in delivering the Accountable Body function for the LEP, is obliged to consider the requirements of the National Assurance Framework in processes related to the operationalisation of the LGF programme.

2.	Governance arrangements: their effectiveness

The scope of the governance and internal control framework spans the whole of SCR's activities and is described in the Code of Corporate Governance. The Constitution and policies of both the MCA and the LEP set out the requirement that the business of SCR is conducted in accordance with the [1]Nolan Principles. The following section considers the main components of the framework, their effectiveness during 18/19, describes any improvements made in year and how SCR intends to strengthen arrangements into 19/20.

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 MCA constitution defines the operating principles of the Authority and embraces a suite of policies including a Code of Conduct, which define the standards of behaviours for members and employees. 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.

- **Gift and Hospitality Procedures**

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

- **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 SCR 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 and 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.

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

The SCR LEP

The SCR LEP policies have been revised and amended in year to ensure they are aligned to government guidance. The policies were approved by the LEP Board at its meeting 20th May and are available on the SCR website. The LEP suite of policies include:

- **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 polices set out the process by which individuals can raise confidential complaints about the work of, and decisions made, by the LEP. These policies are published on the SCR website and based on Government templates.

- **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 of a change in a Members interest, All Members registers are available on the SCR 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 and interest, clear protocols exist to ensure that members do not participate in any decision making related to that interest. The National Guidance for LEPs requires that protocols for conflicts and declaration of interests for members extends to any officers advising on decision making.

- **Diversity and equalities** – this policy that sets out the LEP's commitment to promoting diversity, including through recruitment processes and other activities.

- **Gifts and hospitality** – identifies the LEP's policy 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.

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 rules ensure that procurement processes are robust and designed to minimise risk.

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

An **FOI Publication Scheme** and related Guide to Information is published on the SCR website along with Data Protection and Privacy Notice compliant with DPA 2018 and GDPR.

Statutory Officers monitor the arrangements in place to ensure compliant and proportionate information governance though its **strategic risk management** processes (see section 2.13 for additional detail).

All schemes seeking SCR 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 resides with the Scheme Promoter. However, this is tested prior to a legal opinion being provided to the MCA.

Freedom of Information Act 2000 and information law compliancy is co-ordinated by the SCR Governance Team and assured by the legal team and Statutory Officers.

During 2018, the SCR ran a Mayoral Election compliant with relevant legislation and within the agreed budget.

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

MCA meetings are held in public (unless there are good reasons to exclude the press and public). In order to make meetings more accessible to the public SCR has reconfigured the ground floor of its office at Broad Street West, Sheffield. This location is accessible by public transport and the facilities are DDA compliant. During 2019 all public meetings held at Broad Street West will also be 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. New governance arrangements agreed during 2018/19 will also see papers for Thematic Boards published online.

New governance arrangements agreed by the MCA in December 2018 created 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 SCR website.

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

SCR's Assurance and Accountability Framework (AAF) is reviewed annually to ensure compliance with any revisions to the National Assurance Framework requirements. This Framework, which is published on the SCR website, sets out how SCR will use public money responsibly and outlines the processes for ensuring openness and accountability for public funds.

All schemes seeking funding are independently appraised and objectively considered by the SCR Appraisal Panel. The Panel establishes whether the proposed scheme can be considered 'value for money' and produces a 'value for money statement', This statement forms part of the papers presented to the MCA and published on the SCR website when seeking approval. It is also published once approval has been granted.

Scheme Promoters are required to publish their business cases on their websites to enable comments to be made. During 2018/19, the SCR Executive have also begun to publish the Business Cases to ensure consistency.

A 'LEP Governance and Transparency Policy Framework' which includes protocols regarding conflicts of interest and gifts and hospitality and is aligned to Government guidance was approved by the LEP Board. These polices are available on the SCR website.

2.4	**Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.**
Key documents and information are made accessible to SCR communities and stakeholders	

through the SCR website. Modern.gov has also been installed and integrated into the website to ensure accessibility of decision making information.

SCR has in place a communications and marketing strategy which set out a number of actions to ensure effective engagement with communities, businesses, stakeholders and partners. This strategy, which involves communicating through several channels including social media, digital media, the press and a programme of events, has been refreshed in the context of a Mayoral Combined Authority, and is regularly updated.

Statistics show significant and consistent growth across all the social media platforms used by the SCR, including Facebook, Twitter, Instagram and LinkedIn. In the 2018/19 financial year, the SCR gained more than 12 million impressions across 12 active social media accounts. The main SCR Twitter account remains the MCA's most active channel, with impressions in 2018/19 up more than 400,000 (19%) on the previous year. The number of followers on LinkedIn also doubled in the last year, indicating a growing engagement with the business community.

Engagement with members of the public through the media has also grown. In 2018/19 the SCR issued 118 press releases, 253 newsletters and 84 press statements, resulting in 7,288 pieces of media coverage across online media, newspapers, magazines and specialist/trade media.

The SCR Executive, LEP and MCA also engage with partners through a range of Boards, Forums and events including, but not limited to, Executive 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 LGF programme, transport strategy and priorities. Each forum is designed to ensure appropriate consultation and challenge.

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

SCR's vision is contained within the 10-year Strategic Economic Plan (SEP) The SEP, which was approved in 2014, is a formal statement that captures the ambition, vision and strategic priorities of SCR.

In 2017 SCR's economic evidence base was updated and work with partners on refreshing the SEP commenced however, this work was paused pending the Mayoral election in May 2018. The LEP Board, who lead on the development of the SEP, kickstarted the process again in November 2018. Work is progressing with a clear timeline. The new SEP will reflect the latest evidence on the performance of the economy and will respond to the changed context in the wider UK economy. Alongside the SEP a “Local Industrial Strategy” will be developed. This will be led by the Mayor working in collaboration with the LEP. A Delivery Plan will also be developed and performance against this reported on publicly.

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

SCR's current Strategic Economic Plan (SEP) articulates the need for a bigger, stronger private sector in order for SCR achieve economic growth. The Plan describes the strategic objectives required to deliver this and translates these into thematic priorities. The LGF programme and is directly linked to delivery of each of the SEP themes.

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

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

SCR's decision-making framework is described in the Constitution and, for the delivery of the LGF programme, in the Assurance Framework (AF).

SCR has robust processes in place for strategic decisions and prioritising investments. Evidence from various sources is considered including; economic analysis, the 2019 Transport Strategy and insights from the LIS process as well as other local and national intelligence.

SCR bases the capital programme decisions it makes on objective and robust information. Schemes are considered following an analysis of strategic alignment, options appraisal, potential impact and risk assessment to ensure any investment will deliver the outcomes required by the Strategic Economic Plan (SEP) and represent good value for money. This assurance process is mirrored for the elements of the LGF which until 31st March 2019, have operated under a scheme of delegation - namely the Business Investment Fund (BIF) and the Housing Fund (HF).

During 2018/19 SCR's Assurance Team developed and updated appraisal models and tools. These models were reviewed by the relevant governing bodies to ensure they would successfully inform sound judgements and decision making. This has reduced reliance on external consultants during the assurance process and ensured greater consistency of approach. The new strategic transport model, in particular, will allow SCR to appraise large schemes and secure the funding required to transform our infrastructure.

The AF requires SCR to communicate clearly with partners through publication of any programme commissioning the decision-making criteria that will be used. This was evidenced in 2017/18 through the communication of criteria for the deployment of skills capital, the housing fund and Expressions of Interest (EOIs) for acceptance onto a LGF reserve pipeline of schemes. In 2018/19, a further skills capital fund call was published. This was communicated to all partners and the requisite support was provided to aid project development.

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

The Assurance Framework (AF) includes a comprehensive monitoring and evaluation framework for schemes which is designed to provide robust feedback on any lessons learned from individual projects and monitor and measure the success of LGF investments.

Throughout the lifespan of a programme monitoring, including site visits and the auditing of evidence, takes place to ensure the investment delivers its approved outputs and outcomes in line with SCR strategic priorities. Funding agreements, including those that have been made via the Business Investment Fund, 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.

New controls introduced during the year have maximised LGF spend meaning that 100% of the 2018/19 allocation has been invested.

2.9 Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect 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, its decision-making processes, how its authority is delegated 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 of the Authority and operates in line with the CIPFA Statement on the Role of the CFO (2015). The CFO is also 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.

SCR LEP has a close working relationship with Sheffield MCA Section 73 Officer and the Finance Team. This relationship provides a strong framework for managing LEP finances including a role in ensuring propriety and regularity of spend. The Section 73 Officer and representatives attend as advisors on all decision-making boards as well as the Scrutiny and Audit Committees.

The Section 73 deputy is embedded in the SCR Executive Team and is therefore positioned to ensure financial risks and issues are managed. The deputy also has overview and provides advice to projects and the programme in general. In addition, the deputy, until 31st March 2019, has a delegation for approving project applications under £2m from the Business Investment Fund and Housing Fund, which avoids delay in waiting for MCA Board meeting approval.

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, the Chief Finance Officer and the Monitoring Officer. The Statutory Officer Group meets regularly and focusses 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 Members – Members of the MCA are engaged in discussions on the development of the vision, priorities and delivery of the SCR. Individual members are advised and supported by officers of the MCA through papers and briefing meetings.

Scrutiny Induction and workshop - An OSC 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 the City Region, the Strategic Economic Plan, corporate affairs and governance. This is followed up by a 6-monthly review with the Managing Director and LEP Chair to identify any additional support or development.

SCR Executive - All team members 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. During 2018 work has commenced to ensure all SCR Executive Team Members have clear, documented objectives and a personalised training record.

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

The MCA approach to Risk Management is embedded in working practices and Risk Management Action Plans, covering areas of strategic and operational significance, have been developed 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 a statement of assurance provided to the Audit and Standards Committee by the Risk Owner.

The SCR Assurance Framework (AF) 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 LGF investments, programmes of work are monitored throughout their lifespan. The Finance Team, who are embedded in the SCR Executive Team, work with the Programme Management 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.

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.

2.15 Ensuring an effective scrutiny function is in place.

The MCA has an established SCR Overview and Scrutiny Committee to exercise scrutiny functions over its activities and decisions (and those of formal committees and the LEP). This comprises 14 members and has a political balance. 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 has ensured the function of scrutiny within the organisation and ensuring compliance with the 2016 Order in embedded. The Committee produces an Annual Report which is made available on the SCR 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.

Until 31st March 2019 the Internal Audit function for the MCA has been provided by BMBC. This service has been re-procured for 2019-22 and Grant Thornton appointed.

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

SCR has an established Audit and Standards Committee in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance. The Committee, which is chaired by an elected member, comprises 16 members, two of whom are independent, is responsible for providing independent assurance to SCR on the adequacy and effectiveness of the governance and internal control framework, which incorporates the arrangements relating to financial, risk and performance management. The Audit and Standards Committee terms of reference have been reviewed in year and an action plan is in place to maximise the value the committee adds to SCR.

Ernst and Young, who are appointed as external auditors 18/19, also attend Audit and Standards Committee meetings. This process is in keeping with arrangements in place for 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 implementation of any emerging developments or improvements, recommended through 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 organisations oversight functions through their attendance at the MCA's 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. Section 5 of this report provides an update against the external audit recommendations made in 2017/18 and 2016/17.

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

The Constitution determines how the MCA interacts with its subsidiary (SYPTE) 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 our Strategic Economic Plan (SEP) means that neither the LEP nor the MCA can deliver this alone. Collaboration and a true partnership approach has been a cornerstone of the SCR LEP and MCA achievements to date. This is not collaboration for its own sake, instead it is a focused programme of engagement which has been designed to accelerate the delivery of the SEP and harness the City Region's latent potential so that SCR can play a full role in the Northern Powerhouse. Examples of this include engagement with Transport for the North on their Strategic Transport Plan, the Department for International Trade on trade missions and, the Department for Work and Pensions on the Work and Health Unit trial 'Working Win'.

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 Committee on ??????. 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 ?????? assurance opinion for 2018/19.

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 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 Chief Financial Officer

The 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 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 Chief Financial Officer has also:

- kept proper accounting records, which were up to date,
- taken reasonable steps for the prevention and detection of fraud and other irregularities,
- assessed the Mayoral Combined Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern,

- used the going concern basis of accounting on the assumption that the functions of the Mayoral Combined Authority will continue in operational existence for the foreseeable future, and

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

I hereby certify that the Statement of Accounts on pages 41 - 165 gives a true and fair view of the financial position of Sheffield City Region Mayoral Combined Authority at 31 March 2019 and of its income and expenditure for the year ended 31 March 2019.

Eugene Walker
Chief Financial Officer (Section 73 Officer)
31 May 2019

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.

Movement in Reserves Statement 2018/2019	Note	General Fund Balance £000	Earmarked Revenue Reserves £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
	Note	30	30	30	30		31	
Balances at 1 April 2018		**(7,139)**	**(43,683)**	**0**	**(5,453)**	**(56,275)**	**61,967**	**5,692**
Movement in reserves during 2018/19:								
(Surplus) / deficit on provision of services	CI&ES	(1,008)	0	0	0	(1,008)	0	(1,008)
Total Comprehensive (Income) and Expenditure		**0**	**0**	**0**	**0**	**0**	**0**	**0**
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		**2,017**	**0**	**0**	**1,359**	**3,376**	**(4,384)**	**(1,008)**
Transfers (to) / from earmarked reserves	14	(2,535)	2,745	0	(210)	0	0	0
(Increase) / decrease in year		**(518)**	**2,745**	**0**	**1,149**	**3,376**	**4,384**	**(1,008)**
Balance at 31 March 2019		**(7,657)**	**(40,939)**	**0**	**(4,304)**	**(52,899)**	**57,584**	**4,685**

Movement in Reserves Statement 2017/2018		**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 2017		**(8,343)**	**(52,409)**	**0**	**(5,343)**	**(66,095)**	**69,549**	**3,454**
Transferred in from Subsidiary			(1,474)			(1,474)	(1,387)	(2,861)
Movement in reserves during 2017/18								
(Surplus) / deficit on provision of services	CI&ES	5,099	0	0	0	5,099	0	5,099
Total Comprehensive (Income) and Expenditure		**5,099**	**0**	**0**	**0**	**5,099**	**0**	**5,099**
Adjustments between accounting basis and funding basis under regulations	13	6,523	0	0	(3)	6,520	(6,520)	0
Net (increase) / decrease before transfers to earmarked reserves		**11,622**	**0**	**0**	**(3)**	**11,619**	**(6,520)**	**5,099**
Transfers (to) / from earmarked reserves	14	(10,418)	10,200	0	(107)	(325)	325	0
(Increase) / decrease in year		**1204**	**10,200**	**0**	**(110)**	**11,294**	**(6,195)**	**5,099**
Balance at 31 March 2018		**(7,139)**	**(43,683)**	**0**	**(5,453)**	**(56,275)**	**61,967**	**5,692**

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.

2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000		Notes	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net Expenditure £000
			Continuing Operations:				
81,653	(79,961)	1,692	Transport Authority		97,806	(83,118)	14,688
85,907	(86,162)	(256)	Local Enterprise Partnership		49,999	(47,067)	2,932
167,560	(166,123)	1,436	**Total Continuing Operations Excluding Services Transferred**		147,805	(130,185)	17,620
11,693	(1,850)	9,843	**Services Transferred: TfN is now transferred to Greater Manchester Combined Authority*	12	0	0	0
179,253	**(167,973)**	**11,279**	**(Surplus) / Deficit on Continuing Operations**		**147,805**	**(130,185)**	**17,620**
		218	Other Operating Income and Expenditure				**(210)**
		(1,561)	Financing and Investment Income and Expenditure	15			(1,433)
		(4,837)	Taxation and Non-Specific Grant Income	16			(16,984)
		5,099	**(Surplus) / Deficit on Provision of Services**	3			**(1,008)**
		5,099	**Total Comprehensive (Income) and Expenditure**				**(1,008)**

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 2018 £000		**Notes**	**As at 31 March 2019 £000**
946	Intangible Assets	19	1,482
15,193	Property, Plant and Equipment	17	15,414
3,332	Other Fixed Assets – Investment Properties	18	3,332
19,471	**Non-Current Assets**		**20,228**
29,084	Long Term Debtors	22	16,477
68,000	Long Term Investments	23	60,000
97,084	**Long Term Assets**		**76,477**
125,000	Short Term Investments	20	65,967
6,228	Short Term Debtors	24	29,086
27,847	Cash and Cash Equivalents	25	67,641
159,075	**Current Assets**		**162,694**
(660)	Short Term Borrowing	26	(1,354)
(43,343)	Short Term Creditors	27	(51,734)
(382)	Short Term Provisions	28	(1,460)
(15,511)	Capital Grants Receipts In Advance	38	(15,669)
(59,896)	**Current Liabilities**		**(70,217)**
(25,000)	Long Term Borrowing	20	(25,000)
(196,426)	Other Long Term Liabilities	29	(168,867)
(221,426)	**Long Term Liabilities**		**(193,867)**
(5,692)	**Net Assets / (Liabilities)**		**(4,685)**
(56,276)	Usable Reserves	30	(52,899)
61,968	Unusable Reserves	31	57,584
5,692	**Total Reserves**		**4,685**

The Unaudited Statement of Accounts for the Sheffield City Region Mayoral Combined Authority was approved and authorised for issue by the Chief Financial Officer, in accordance with the Accounts and Audit (England) Regulations 2015 on 31 May 2019.

These financial statements may be amended following audit by EY LLP.

Eugene Walker
Chief Financial Officer (Section 73 Officer)
31 May 2019

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**.**

2017/18			**2018/19**
£000		**Notes**	**£000**
(5,099)	Net surplus or (deficit) on the provision of services		1,008
18,636	Adjustment to surplus or (deficit) on the provision of services for non-cash movements	32	15,966
(100,271)	Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	32	(17,194)
(86,734)	**Net cash flow from operating activities**		**(220)**
99,133	Investing activities	33	67,572
0	Financing activities	34	(27,558)
12,399	**Net increase / (decrease) in cash and cash equivalents**		**39,794**
15,448	Cash and cash equivalents at 1 April	25	27,847
27,847	**Cash and cash equivalents at 31 March**	25	**67,641**

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).

2017/18					2018/19		
Net Expenditure Chargeable to the General Fund Balance £000	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure in the CI&ES £000**		**Notes**	**Net Expenditure Chargeable to the General Fund Balance £000**	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure in the CI&ES £000**
585	1,107	1,692	Transport Authority		2,815	11,858	14,672
1,194	(1,449)	(256)	Local Enterprise Partnership		(587)	3,519	2.932
9,843	0	9,843	Transport for the North		0	0	0
11,622	**(342)**	**11,279**	**Net Cost of Services**		**2,228**	**15,377**	**17,604**
0	**(6,180)**	(6,180)	Other Income & Expenditure		(210)	**(18,402)**	(18,612)
11,622	**(6,523)**	**5,099**	**(Surplus) / Deficit**	**3**	**2,017**	**(3,025)**	**(1,008)**
(60,752)			Opening General Fund Balance		(50,822)		
(1,474)			Transferred in from subsidiary		0		
11,622			Surplus / Deficit on General Fund Balance in year		2,017		
(218)			Other Movement		210		
(50,822)			**Closing General Fund Balance at 31 March**		**(48,595)**		

2. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

2018/19				
Adjustments from General Fund to arrive at the CI&ES Amounts	**Adjustments for Capital Purposes £000**	**Net change for the Pensions Adjustment £000**	**Other Differences £000**	**Total Adjustments £000**
Transport Authority	10,822	0	1,036	11,858
Local Enterprise Partnership	324	0	3,196	3,519
Transport for the North	0	0	0	0
Net Cost of Services	**11,146**	**0**	**4,232**	**15,377**
Other income & expenditure from the Expenditure & Funding Analysis	(16,984)	0	(1,418)	(18,402)
Difference between General Fund Surplus / Deficit and CI&ES Surplus / Deficit on Provision of Services	**(5,839)**	**0**	**2,814**	**(3,025)**

2017/18				
Adjustments from General Fund to arrive at the CI&ES Amounts	**Adjustments for Capital Purposes £000**	**Net change for the Pensions Adjustment £000**	**Other Differences £000**	**Total Adjustments £000**
Transport Authority	(3,107)	0	4,214	1,107
Local Enterprise Partnership	0	0	(1,449)	(1,449)
Transport for the North	0	0	0	0
Net Cost of Services	**(3,107)**	**0**	**2,765**	**(342)**
Other income & expenditure from the Expenditure & Funding Analysis	(3,346)	0	(2,835)	(6,180)
Difference between General Fund Surplus / Deficit and CI&ES Surplus / Deficit on Provision of Services	**(6,453)**	**0**	**(70)**	**(6,523)**

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 no 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:

2017/18 £000		2018/19 £000
	Expenditure:	
3,270	Employee Benefits Expenditure	3,942
175,872	Other Service Expenses	144,192
596	Support Service Recharges	1,534
1,388	Interest Payments	1,388
181,126	**Total Expenditure**	**151,056**
	Income:	
(70)	Fees, charges & other service income	(1,670)
(3,218)	Interest Investment Income	(4,669)
(167,903)	Government Grants & Contributions	(128,530)
(4,836)	Other Income	(17,195)
(176,027)	**Total Income**	**(152,064)**
5,099	**(Surplus) / Deficit on the Provision of Services**	**(1,008)**

Re-conciliation of Income analysed by nature to Comprehensive Income and Expenditure Statement

	£000
Income as analysed by nature	**(152,064)**
Interest and Investment Income	4,669
Income as part of (Surplus) / Deficit on Continuing Operations in the CI&ES	**(147,395)**

4. Segmental Income

Income received on a segmental basis is analysed below:

2018/19				
	£000	£000	£000	£000

Services:	Fees, Charges & Service	Interest & Investment	Grants & Contributions	Total Income
Transport Authority	0	0	(83,134)	(83,134)
Local Enterprise Partnership	(1,670)	0	(45,396)	(47,066)
Transport for the North		0	0	0
Corporate	0	(4,879)	(16,984)	(21,864)
Total Income	**(1,670)**	**(4,879)**	**(145,514)**	**(152,064)**

2017/18				
Services:	**£000 Fees, Charges & Service**	**£000 Interest & Investment**	**£000 Grants & Contributions**	**£000 Total Income**
Transport Authority	0	0	(79,961)	(79,961)
Local Enterprise Partnership	(70)	0	(86,092)	(86,162)
Transport for the North	0	0	(1,850)	(1,850)
Corporate	0	(3,218)	(4,837)	(8,054)
Total Income	**(70)**	**(3,218)**	**(172,739)**	**(176,027)**

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 2018/19 financial year and its position at the year end of 31 March 2019. 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 2018/19 (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. The accounts are prepared on the basis that the Authority is a going concern.

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

Details of changes to accounting policies made in 2018/19 and their impact are contained in Accounting Policy Note (V) below

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

Acquired Operations

In November 2017, the property rental business of the MCA's wholly owned subsidiary, SYITA Properties Limited, was transferred to the MCA as a going concern.

The transfer of business was presented in the accounts by following the accounting rules for local government reorganisation and other transfers of function from one public sector body to another using the absorption method.

The MCA also acquired a significant trading operation (the Advanced Manufacturing Park technology centre) during 2017/18 which provides lease rental income.

Financial performance in relation to both activities has been reported in the relevant comparative in the CIES from the date of transfer / acquisition.

Discontinued Operations

Up to and including 2016/17, the SCRCA was the accountable body for Transport for the North (TfN). On 1 April 2017, responsibility transferred to Greater Manchester CA. This has been accounted for under the accounting rules for local government reorganisation and other transfers of function from one public sector body to another.

Unapplied grant paid over to Greater Manchester CA in 2017/18 is disclosed in the comparatives in the CIES as a Transferred Service.

The SCRMCA was also the accountable body for the South Yorkshire Passenger Transport Pension Fund until it was transferred to Greater Manchester on 1 November 2017. The Pension fund was not consolidated within the group accounts and there is therefore no impact on comparatives.

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.

Changes in Accounting Policy effective 2018/19

(a)Revenue recognition

The application of IFRS 15 clarifies when revenue from exchange transactions is to be recognised when goods or services are transferred to a recipient under a contractual obligation. As set out in Accounting Policy II above, it requires revenue to be 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.

A review of the Authority's sources of income from exchange transactions has not identified that any changes are required to the pattern of income recognition and no adjustment is therefore required to reserves on adoption on 1 April 2018.

(b) Financial Instruments

The adoption of IFRS 9 revised, required financial assets to be re-classified and, if necessary, re-measured as at 1 April 2018.

It also requires impairment losses relating to financial assets to be re-determined from an historic loss basis to an expected credit loss model.

The reclassification of financial assets has led to a presentational change but has not impacted on either their value or on the allowances for impairment as at 1 April 2018. As a consequence, no adjustment has been required.

Further detail is contained in the Financial Instruments Note (Note 20)

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 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 1st 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 asset 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

During the course of 2018/19, officers of the SCR were employed through Barnsley MBC who recharged payroll costs to the MCA on a monthly basis.

With effect from 1 April 2019, the SCRMCA became an employing body and is now responsible for its payroll.

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

Employees are members of the Local Government Pension Scheme administered by South Yorkshire Pensions Authority.

The Local Government Pension Schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Scheme is a defined benefits scheme.

During the time that SCR officers were employed by Barnsley MBC, the pension assets and liabilities of these staff were subsumed within Barnsley MBC's underlying share of the overall pension deficit or surplus of the South Yorkshire Local Government pension scheme. Furthermore Barnsley MBC did not charge the Authority any back funding contributions because the Authority was only established on 1 April 2014 and is therefore immature in relation to the other major employers within the Scheme. Accordingly, pension contributions were accounted for as a defined contribution scheme rather than a defined benefit scheme in 2018/19.

Following discussions with the actuary, South Yorkshire Pensions Authority have agreed that the contribution rate for the 2019/20 financial year be retained at the current Barnsley rate of 14.7% to minimise the risk of any significant contribution uplift arising from the 2019 valuation. The rate of 14.7% incorporates an element of back funding which broadly equates to a starting deficit on 1 April 2019 of £ 1.251m. The funding arrangements will be reviewed as part of the 2019 valuation process.

Superannuation 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.

Revaluation and gains and losses and those arising from disposal are not permitted to be charged or credited to the General Fund Balance under statute. 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. National Non-Domestic Rates

The Authority receives the growth in business rates income from businesses within Enterprise Zones. All such Business Rates is 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 2018/19 the MCA group comprised the following active entities:

- SCRMCA as the ultimate controlling entity
- SYPTE which is controlled by the MCA by virtue of its statutory relationship
- SYITA Properties Limited – now dormant but with a material intercompany balance remaining pending the company's liquidation
- SCR Financial Interventions Holding Company limited – a non- trading company involved in financial management to further the SCR's strategic objectives

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

There are a number of accounting standards which have been issued but not yet adopted by the 2018/19 Code;

- IAS 40 : Transfers of Investment property
- IFRIC 22 : Foreign currency transactions and advance consideration
- IFRIC 23 : Uncertainty over income tax treatments
- Amendments to IFRS 9 Financial Instruments ; Prepayment Features with negative Compensation
- Annual Improvements: Disclosure of interests in Other Entities – Clarification of scope

- Annual Improvements ; Measuring investments in associates and joint ventures carried at fair value

IAS 40 details the accounting arrangements that apply where assets are reclassified as investment property or are reclassified from investment property. No such reclassifications took place in 2018/19 but should they occur in 2019/20, the new requirements will be applied.

The amendment to IFRS 9 affects financial instruments which permit a borrower to terminate early and the prepayment amount is less than unpaid principal and interest. It is uncertain whether this applies to any of the financial assets or financial liabilities held by the Authority and its Group but it is thought unlikely that the impact, if any, will be material.

None of the other new accounting standards are considered likely to impact on the Authority’s Statement of Accounts.

7. Critical Judgements in Applying Accounting Policies

The business activity of the Mayoral Combined Authority’s wholly owned subsidiary ”SYITA Properties Ltd” together with its assets and liabilities was transferred as a going concern to the MCA on 4 November 2017. The business combination has been accounted for under the absorption method. The assets and liabilities transferred from the company and its financial performance post business transfer are included in the single entity accounts of the MCA.

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.

In terms of the single entity accounts, the main source of estimation is the value at which non-current assets are carried in the balance sheet.

The Authority reviews asset values annually to see if there is any indication that they may be materially different to their carrying value. Where this is the case, valuations are obtained from a suitably qualified valuer. Assets are revalued by professionally qualified valuers with sufficient regularity (at least every five years) to ensure that the carrying values are materially accurate.

The view taken is that the valuations obtained in 2017/18 remain materially accurate and no valuations have therefore been carried out in 2018/19.

In the Group accounts, in addition to the MCA's non-current assets, the other main sources of estimation are non-current assets held by SYPTE, and SYPTE's pension assets and liabilities. Further information regarding the basis on which these are valued is contained in Notes 52 and 71 to the Group Accounts.

As with all public sector bodies, the Mayoral Combined 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

There are no prior period adjustments relating to 2018/19

10. Events After the Reporting Date

The unaudited Statement of Accounts was authorised for issue by the Chief Financial Officer (Section 73 Officer) on 31 May 2019. 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 2019, 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

During 2018/19, Transport Authority has received (£55.759m) Transport Levy and (£5.038m) EZ Rates/Subscriptions from partners Local Authorities. This equal to the income of (£60.797m) reported in disclosure note-38

Included within the CIES continuing operation expenditure is £66.890m Capital grant expenditure and £2.140m soft loan given in the previous years now converted to grant, see note-20. This expenditure is REFCUS (Revenue expenditure funded by capital under statute).

Also included within the CIES is Capital grant income of £69.041m.
£16.984m is shown under Taxation & Non-specific grant income, see note-16 and £52.057m has been credited to continuing operations.

12. Acquired and Discontinued Operations

There are no acquired or discontinued operations during 2018-19

Accounting Policy Note III provides detail of operations acquired or discontinued in 2017/18 and their impact on the 2018/19 accounts.

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.

2018/19	**General Fund Balance £000**	**Capital Grants Unapplied £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**
Reversal of items debited or credited to the CI&ES:					
Capital grants and contributions credited to the CI&ES – 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**
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 CI&ES:					
Statutory provision for repayment of debt (MRP)	3,145	0	3,145	(3,145)	0
Total	**3,025**	**0**	**3,025**	**(3,025)**	**0**

2017/18 – Comparative Information

	General Fund Balance £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CI&ES:					
Capital grants and contributions credited to the CI&ES – taxation and non- specific grants	3,346	0	3,346	(3,346)	**0**
Capital grants & contributions credited to CIES - REFCUS	96,837	0	96,837	(96,837)	**0**
	0	0	0	0	**0**
Revenue expenditure funded from capital under statute	(96,837)	0	(96,837)	96,837	**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	70	0	70	(70)	**0**
Insertion of items not debited or credited to the CI&ES:					
Statutory provision for repayment of debt (MRP)	3,107	0	3,107	(3,107)	0
Total	**6,523**	**0**	**6,523**	**(6,523)**	**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 2017 £000	Transfers Out 2017/18 £000	Transfer in 2017/18 £000	Total Movements £000	31 March 2018 £000	Transfers Out 2018/19 £000	Transfer in 2018/19 £000	Total Movements £000	31 March 2019 £000
General Fund:										
Revenue Grants and Contributions:										
- Transport for the North	29	**(9,843)**	9,843	0	**9,843**	**0**	0	0	**0**	**0**
- Apprenticeship Grant for Employers	29	**(682)**	575	0	**575**	**(107)**	0	0	**0**	**(107)**
Other Earmarked Revenue Reserves:										
- PFI Revenue Reserve	30	**(6,884)**	0	(1,491)	**(1,491)**	**(8,375)**	0	(1,435)	**(1,435)**	**(9,810)**
- Local Growth Fund	30	**(3,246)**	798	0	**798**	**(2,448)**	793	0	**793**	(1,655)

-Mayoral Elections	30	**0**	0	(1,355)	**(1,355)**	**(1,355)**	1,122	0	**1,122**	**(233)**
Other Reserves	30			(360)	(360)	(360)	360	(29)	331	(29)
Properties Reserves-from subsidiary	30	**0**	0	(1,474)	**(1,474)**	**(1,474)**	0	(16)	**(16)**	**(1,490)**
Business Rate Reserves		**0**	0	0	**0**	**0**	0	(844)	**(844)**	**(844)**
Skills Bank Reserves		**0**	0	0	**0**	**0**	0	(1,680)	**(1,680)**	**(1,680)**
- Levy Reduction Reserve	30	**(31,754)**	2,190	0	**2,190**	**(29,564)**	4,473	0	**4,473**	**(25,091)**
Total		**(52,409)**	**13,406**	**(4,680)**	**8,726**	**(43,683)**	**6,748**	**(4,004)**	**2745**	**(40,939)**

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 2018 £000			**31 March 2019 £000**
1,388	Interest Payable and similar charges		1,619
(2,615)	Interest receivable and similar income		(2,723)
0	Pension interest cost and expected return on pensions assets		0
(220)	(Surplus) or deficit of trading undertakings	Note-35	(106)
(114)	Property Management – Investment income	Note-18	(223)
(1,561)	**Total**		**(1,433)**

16. Taxation and Non Specific Grant Income

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

31 March 2018 £000		31 March 2019 £000
	Non-ring-fenced government grants:	
(1,491)	PFI Grant From DCLG*	0
0	Other	0
(3,346)	Capital Grants and Contributions	(16,984)
(4,837)	**Total**	**(16,984)**

- 2018/19 PFI income of (£1.435m) is shown in Transport Authority Cost of Service line

17. Property, Plant and Equipment (PPE)

Movements on Balances:

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**

Movements in 2017/18

	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 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions – transferred in from subsidiary	0	7,300	327	0	0	0	0	**7,627**	**0**
Additions - programmed investment	0	7,566	0	0	0	0	0	**7,566**	**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	0	0	0	0	0	0	**0**	**0**
At 31 March 2018	**0**	**14,866**	**327**	**0**	**0**	**0**	**0**	**15,193**	**0**

Movements in 2017/18 (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 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Depreciation charge	0	0	0	0	0	0	0	**0**	**0**
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	**0**	**0**
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**	**0**
Impairment (losses) / reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	**0**	**0**
Impairment (losses) / reversals recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**	**0**
De-recognition - disposals	0	0	0	0	0	0	0	**0**	**0**
De-recognition - other	0	0	0	0	0	0	0	**0**	**0**
Reclassification and Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
At 31 March 2018	0	0	0	0	0	0	0	**0**	**0**
Net Book Value:									
At 31 March 2018	0	14,866	327	0	0	0	0	**15,193**	**0**
At 31 March 2017	0	0	0	0	0	0	0	**0**	**0**

* There was no depreciation charged during 2017/18 as assets were acquired during the year.

Depreciation

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

Depreciation is not charged in the year of acquisition. Likewise, depreciation on revaluations is only charged at the revised amount in the year following valuation.

Capital Commitments

There is no significant capital commitment as at 31 March 2019.

Revaluations

No revaluations have been carried out in 2018/19.

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

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Surplus Assets £000	Total £000
Carried at Historical Cost	**0**	**0**	**855**	**0**	**855**
Valued at Fair Value as at:					
31 March 2019	0	0	0	0	0
31 March 2018	0	14,559	0	0	14,559
31 March 2017	0	0	0	0	0
31 March 2016	0	0	0	0	0
31 March 2015	0	0	0	0	0
31 March 2014	0	0	0	0	0
Total Cost or Valuation	**0**	**14,559**	**855**	**0**	**15,414**

18. Investment Properties

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

2017/18 £000		2018/19 £000
114	Net Rental income from investment property	223
114	Net gain/(loss)	223

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

2017/18 £000	Cost or Valuation	2018/19 £000
3,332	Transfer from subsidiary	3,332
0	Revaluations	0
3,332	Balance at 31 March	3,332

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 2019 are as follows:

2018/19				
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

Assets of £3.3m were transferred from the CA subsidiary company SYITA Properties Limited on transfer of business at their fair value during 2017-18. The fair value of the Authority's investment property will be reassessed annually at each reporting date hereafter. No revaluation has been carried out in 2018/19.

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:

			2017/18			2018/19
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Opening balance 01 April	0	0	0	0	946	946
Amortisation for the period	0	0	0	0	0	0
Additions	0	946	946	0	536	536
Net Carrying Amount at End of Year	0	946	946	0	1,482	1,482
Comprising:						
Gross carrying amounts	0	946	946	0	1,482	1,482
Accumulated amortisation	0	0	0	0	0	0
	0	946	946	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 2018 £000	**Long Term 31 March £000**		**Current 31 March 2019 £000**	**Long Term 31 March £000**
(660)	(25,000)	Financial liabilities at amortised cost	(660)	(25,000)
0	0	Accrued interest	(694)	0
(660)	**(25,000)**	**Total other long term liabilities**	**1,354**	**(25,000)**
125,000	68,000	Investments at amortised cost	65,500	60,000
0	0	Accrued interest	410	
125,000	**68,000**	**Total Investments at amortised cost**	**65,910**	**60,000**
27,847	0	Cash and cash equivalents	78,861	0
0	0	Accrued Interest	57	0
27,847	**0**	**Total cash and cash equivalents**	**78,918**	**0**
152,847	**68,000**	**Total investments**	**144,828**	**60,000**

Soft loans

At the start of the financial year the authority had two soft loans:

- £1.5m to Rotherham MBC to help support development work on Forge Island, and
- £2.14m to Barnsley MBC to help support development work on the Better Barnsley Town Centre Retail and Leisure Scheme.

The second of these loans was converted to grant during the course of 2018/19 having met the criteria for conversion.

During 2018/19, a further 2 loans were made that are deemed as material soft loans.

- £4.80m to Sheffield City Council to support the redevelopment of Parkwood Springs , and
- £1.390m 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 2018 £000	31 March 2019 £000
Opening Balance	7,047	2.926
New Loans Granted	0	6,190
Less Fair Value Adjustment on Initial Recognition	0	(577)
Less Discounted Amount	0	0
Less Other Adjustments	(4,191)	(2,140)
Less Dividend Payment	0	0
Fair Value Adjustment	70	(457)
Balance Carried Forward	**2,926**	**6,856**
Nominal Value	**3,640**	**7,690**

Reclassification and re-measurement of financial assets at 1 April 2018

This note shows the effect of reclassification of short and long term investments following the adoption of IFRS 9 revised Financial Instruments by the Code of Practice on Local Authority Accounting. No re-measurement has been necessary as all of the authority's investments are carried at amortised cost pre and post re-classification.

£000s		**New Classifications at 1 April 2018**		
	Carrying amount brought forward at 1 April	**Amortised Cost**	**Fair value through other comprehensive income (FVOCI)**	**Fair value through profit and loss (FVPL)**
Previous classifications				
Loans and receivables	193,000	193,000	0	0
Available for Sale	0	0	0	0
Fair value through profit and loss	0	0	0	0
Reclassified amounts at 1 April 2018	**193,000**	**193,000**	**0**	**0**
Re-measurements at 1 April 2018	0	0	0	0

Re-measured carrying amounts at 1 April 2018	**193,000**	**193,000**	**0**	**0**
Impact on General Fund Balance				0
Impact on Financial Instruments Revaluation Reserve				0

Reclassification and re-measurement of impairment losses at 1st April 2018

Impairment loss allowances prior to reclassification determined on an historic loss basis are not materially different from those re-calculated using the expected credit loss model. Accordingly, no adjustment has been made to impairment loss allowances on transition on 1 April 2018.

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 2018/19 are summarised in Note 21

Financial Instrument Gain / Losses

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

2017/18 Financial Liabilities	**Financial Assets**	**Total**		**2018/19 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	2,616	2.616	Interest income	0	2,723	2,723
0	**2,616**	**2,616**	**Interest and investment income**	**0**	**2,723**	**2,723**
(1,388)	**2,616**	**1,228**	**Net gain / (loss) for the year**	**(1,388)**	**2,723**	**1,335**

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:

- The discount rate used were the market rates as at 31 March (using bid prices where applicable) for instruments with the same duration (i.e. equal to the outstanding period from valuation date to maturity), loan structure and terms as that of the comparable instrument.
- For loans from the PWLB payable, new borrowing rates from the PWLB have been applied to provide the fair value under PWBL debt redemption procedures. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling the loan, which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- As the purpose of the fair value disclosure is to provide a comparison with the carrying value in the Balance Sheet, 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.
- For loans receivable, the prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment has been recognised.
- Interest is calculated using the most common market convention ACT/365 (366 days in a leap year with the exception of PWLB which are charged on a 365 day basis regardless of leap years).
- Where an instrument has a maturity of less than 12 months, the fair value is taken to be the carrying amount.
- Where interest is paid / received every 6 months on a daily basis, the value of interest is rounded to 2 equal instalments.
- For fixed term deposits it is assumed that interest is received on maturity, or annually if duration is > 1 year.
- The interest value and date has not been adjusted where a relevant date occurs on a non-working day.

Fair Value of financial liabilities carried at amortised cost

31 March 2018 Carrying Amount £000	**31 March 2018 Fair Value £000**		**31 March 2019 Carrying Amount £000**	**31 March 2019 Fair Value £000**
(25,000)	(35,793)	PWLB debt	(25,000)	(33,015)
(25,000)	**(35,793)**	**Total Financial Liabilities**	**(25,000)**	**(33,015)**

The fair value of £33m 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 lower premature repayment rates which would increase the fair value of the PWLB debt to £35.9m. The difference between the carrying value of £25m and fair value of £35.9m 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 short and long term investments held with local authorities and call accounts held with UK banks.

31 March 2018			**31 March 2019**	
Carrying Amount £000	**Fair Value £000**		**Carrying Amount £000**	**Fair Value £000**
68,000	69,716	Investments at Amortised Cost- Long Term	60,000	61,943
125,000	125,000	Investments at Amortised Cost- Short Term	65,967	65,847
193,000	**194,716**	**Total**	**125,967**	**127,790**

Fair value is deemed to be equal to carrying value for all other financial assets.

21. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

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

Overall Procedures for Managing Risk

The Authority's overall risk management procedures are designed to comply with regulatory guidance applicable to local authorities, namely, the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and statutory investment guidance.

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

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

The prudential indicators are set annually as part of the treasury management strategy and monitored and reported on to Members at least twice yearly through a midyear 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 2019 the Authority held short and long term investments carried at amortised cost of £125.5m comprising £20.5m of call accounts with banks (default risk between 0.000% and 0.014%), £105.0m of fixed term investments with other Local Authorities (default risk 0.000% as prescribed by the Code) and accrued interest of £0.467m.

No impairment loss allowances have been made during the year in respect of these investments as the very low or zero default risk means that it would only require an impairment loss allowance of c.£3k

The table below shows the credit rating of the counterparties making up the £125.5m held at 31 March 2019 (£208m at 31 March 2018).

31 March 2019				
	Financial Institution	**Rating of Counterparty**	**Country**	**Amount £000**
12-month expected credit losses	Local Authorities		UK	105,000
	Barclays Bank plc	A-	UK	500
	Lloyds Bank plc	A+	UK	20,000

31 March 2018– Comparative Information				
	Financial Institution	**Rating of Counterparty**	**Country**	**Amount £000**
12-month expected credit losses	Local Authorities		UK	163,000
	Barclays Bank plc	A-	UK	10,000
	Qatar National Bank	A+	Qatar	20,000
	Santander UK plc	A+	UK	15,000

Other financial assets held at the year-end comprised:

- £78.9m deposited with AAA Money Market Funds (MMFs) classified as Cash and Cash Equivalents in the accounts
- £17.465m of long term loans advanced to third parties in support of the authority's economic development objectives (see Note 22)
- £25.099m of loans advanced to third parties in support of the authority's economic development objectives repayable within one year, primarily 9.599m due from the SCR Financial Interventions Holding company and £15m from JESSICA (see Note 24)
- £0.954m of trade debtors
- £3.412m other debtors

An impairment allowance of £0.231m has been made for expected credit losses on loans advanced to third parties.

A further impairment allowance of £0.300m has been made in respect of trade and other 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 cash outflows without the need for temporary borrowing. Money Markets provide immediate access in this regard.

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.

Refinancing and Maturity Risk

The prudential indicators for the maturity structure of debt and investments placed for greater than one year in duration are the key parameters used to address this risk.

The risks are managed by:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs and longer term cash flow needs, in particular the repayment of debt (both the authority's and SYPTE's), can be met as it falls due whilst at the same time seeking to maximise returns

It should be noted that at this time, the opportunities for rescheduling debt without incurring material costs (premia on early redemption) are very limited.

The maturity analysis of financial liabilities is:-

2017/18				**2018/19**		
Principal	**Accrued Interest**	**Principal plus Interest**		**Principal**	**Accrued Interest**	**Principal plus Interest**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
0	0	0	Less than 1 year	0	(694)	(694)
0	0	0	Between 2 and 5 years	(4,000)	0	(4,000)
(20,000)	0	(20,000)	Between 5 and 10 years	(16,000)	0	(16,000)
(5,000)	0	(5,000)	More than 10 years	(5,000)	0	(5,000)
(25,000)	**0**	**(25,000)**	**Total**	**(25,000)**	**(694)**	**(25,694)**

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

2017/18				2018/19		
Principal	Accrued Interest	Principal plus Interest		Principal	Accrued Interest	Principal plus Interest
£000	£000	£000		£000	£000	£000
125,000	0	125,000	Under 1 year	65,500	467	65,967
8,000	0	8,000	Between 1 and 2 year	15,000	0	15,000
45,000	0	45,000	Between 2 and 5 years	30,000	0	30,000
15,000	0	15,000	Between 5 and 10 years	15,000	0	15,000
0	0	0	More than 10 years	0	0	0
193,000	**0**	**193,000**	**Total**	**125,500**	**467**	**125,967**

Cash and Cash Equivalents and other types of financial asset are not shown in the table above.

Market Risk

Interest Rate Risk

The Authority is exposed to interest rate movements on its borrowings and investments:

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

The MCA's strategy for managing interest rate risk is set out below

Borrowing

As most of the MCA's debt portfolio is fixed rate PWLB debt it is not exposed to risk from interest rate fluctuations.

The exception is the £20m of market loans where the lender has an option to change the interest rate periodically on specified call dates. This has not happened to date and given the current historically low interest rate environment, it is thought unlikely to occur in the short to medium term as rates are forecast to remain significantly below the interest rates currently being paid.

Investments

The investment portfolio predominantly comprises fixed term deposits with local authorities and other high quality counterparties, call accounts and Money Market Funds “MMFs”. Included within the local authority fixed term deposits are longer term investments with partners (£60m at 31 March 2019). The short term deposits enable the MCA to take advantage of the projected gradual rise in Bank of England base rates, the longer term investments provide the security of a higher return over the medium term.

At the 31 March 2019, variable rate debt as a proportion of total debt was nil.

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 **	925
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	925
Decrease in fair value of fixed rate investment assets****	1,845
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)	2,629

Notes:

*All borrowing raised from the PWLB were at fixed rates in 2018/19 and as a result a change in interest rates would have no effect on the interest payable on these loans, the amount of government grant received and on the Comprehensive Income and Expenditure Statement.

** Based on a 1% increase on the weighted average interest rate and investment balance

**** A number of fixed term investments totalling £105.5m (of which £60m is long term) are held with various Local Authorities at the year end. There was a further £20.5m held with banks and other financial institutions which are classified as variable. Other investments held by the Mayoral Combined Authority at the year-end were deposited with Money Market Funds (MMFs) and Deposit Accounts which offer near instant access to funds and therefore classified as Cash or Cash Equivalents on the Balance Sheet.

***** All of the Mayoral Combined Authority assets are classed as Investments at Amortised Cost and therefore this figure is zero as there is no impact on the Comprehensive Income and Expenditure Statement.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the note – Fair Value of Assets and Liabilities carried at Amortised Cost.

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 2018 £000		31 March 2019 £000
2,926	Other Local Authorities	6,855
9,983	SCR Financial Interventions Holding Company Ltd	0
15,000	JESSICA	0
1,175	Others	9,622
29,084	**Total**	**16,477**

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

The carrying value of £16.477m comprises the nominal value of loans £17.465m less soft loan adjustment of £0.835m and expected credit losses of £0.153m

The loans to JESSICA and the SCR Financial Interventions Holding company are expected to be repaid in 2019/20 and have therefore been reclassified as short term debtors.

23. Long Term Investments

The following is an analysis of Long Term Investments:

31 March 2018 £000		31 March 2019 £000
68,000	Investments with Local Authorities	60,000
68,000	**Total**	**60,000**

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

24. Short Term Debtors

A change to the Code in 2018/19 has removed the requirement to analyse short term debtors in a prescribed format and given authorities discretion to analyse them in a manner most appropriate to their circumstances. Prior year comparatives have therefore been re-analysed in the new format adopted for 2018/19.

31 March 2018 Restated £000		31 March 2019 £000
1,407	Trade Customers	955
289	Receivables from Related Parties	9,747
0	Prepayments	0
4,531	Other Amounts	18,384
6,228	**Total**	**29,086**

Included within the receivables from related parties is an amount of £9.599m due from the SCR Financial Interventions Holding company.

Included within other debtors is £15m due from JESSICA

The debtors balance of £29.086m is net of impairment loss allowances of £0.359m

25. Cash and Cash Equivalents

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

31 March 2018 £000		31 March 2019 £000
(12,280)	Cash at Bank-Bank overdrawn	(13,872)
0	Cash at Bank	2,652
40,127	Short Term Investments	78,861
27,847	**Total**	**67,641**

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 2018 £000		31 March 2019 £000
0	Accrued interest on borrowing	(694)
(660)	Other Local Authorities	(660)
(660)	**Total**	**1,354**

27. Short Term Creditors

A change to the Code in 2018/19 has removed the requirement to analyse short term creditors in a prescribed format and given authorities discretion to analyse them in a manner most appropriate to their circumstances. Prior year comparatives have therefore been re-analysed in the new format adopted for 2018/19.

31 March 2018 Restated £000		31 March 2019 £000
(11,097)	Trade Creditors	(9,603)
(10,562)	Related Parties Creditors	(28,565)
(4,871)	Deferred Incomes	(4,120)
(16,813)	Other Creditors	(9,446)
(43,343)	**Total**	**(51,734)**

28. Provisions

The Mayoral Combined Authority has the following Provisions:

31 March 2018 £000		31 March 2019 £000
(73)	Opening Balance	(382)
73	Released as no longer required	382
(382)	Charge to Income and Expenditure Account during the year	(1,460)
(382)	**Total**	**(1,460)**
	Split by:	
(382)	Short term	(1,460)
0	Long term	0
(382)	**Total**	**(1,460)**

The short term provisions mainly relate to expenditure to be incurred on organisational change and capital maintenance.

29. Other Long Term Liabilities

The Authority manages cash on behalf of SYPTE. 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. SYPTE have accumulated this cash to allow them to pay down maturing loans as they fall due. SYPTE's treasury management function is conducted by the Mayoral Combined Authority on its behalf with cash invested in line with the annual treasury management strategy.

31 March 2018 Fair Value £000		31 March 2019 Fair Value £000
(196,426)	South Yorkshire Passenger Transport Executive	(168,867)
(196,426)	**Total**	**(168,867)**

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 the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

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

31 March 2018 £000		31 March 2019 £000
(5,888)	Transport Authority	(5,888)
(1,251)	Local Enterprise Partnership	(1,769)
(7,139)	**Total**	**(7,657)**

Earmarked General Fund Reserves

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

31 March 2018 £000		31 March 2019 0
	Revenue Grants and Contributions Reserve:	
(107)	- Apprenticeship Grant for Employers	(107)
	Other Earmarked Reserves:	
(1,355)	- Mayoral Elections	(233)
(360)	- Other	(29)
(1,474)	- Properties Reserves	(1,490)
(8,375)	- PFI Revenue Reserve	(9,810)
(2,448)	- Local Growth Fund Reserve	(1,655)
0	Business Rate	(844)
0	Skills Bank	(1,680)
(29,564)	- Levy Reduction Reserve	(25,091)
(43,683)	**Total**	**(40,939)**

Earmarked reserves are set aside to provide financing for future revenue or capital spending plans or to provide cover for potential liabilities that are not certain enough to create a provision in the accounts. Information on the use of Reserves in the year is disclosed in Note-14.

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

- Properties reserve : represents the balance of retained profits that are expected to be transferred following the liquidation of SYITA Properties Limited. The balance on the reserve is still subject to audit and may change as the liquidation process progresses. Its main purpose, if its availability is confirmed, is to provide a source of funding to meet asset liabilities that may emerge, for example, in connection with the Group Strategic Asset Management project that is currently underway, given that the Authority's borrowing powers are currently restricted to transport
- Private Finance Initiative Reserve: The PFI reserve is for Doncaster Interchange and exists due to Government funding being higher in the early years of the scheme than the amount required to meet liabilities, primarily the unitary payment to the PFI operator. The amount set aside in the reserve is to meet the rising costs of the PFI scheme in the future as a result of the indexation of the unitary payment for inflation and to meet the residual liabilities beyond the end of the PFI scheme
- 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 together with the recently secured Skills Bank 2 funding
- Levy Reduction Reserve: the reserve was created as a result of a major restructure of SYPTE's capital financing 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.

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 2018 £000		31 March 2019 £000
(5,343)	Capital Receipts Reserve	(5,453)
(7,550)	Capital loan repaid	(1,387)
7,547	Capital receipt applied during the year	2,746
(107)	Capital grant repaid	(210)
(5,453)	**Total**	**(4,304)**

Capital Grants Unapplied Account

The Capital Grants Unapplied **Account** holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

As at 31 March 2019, the balance on the Capital Grants Unapplied **Account** was nil, (nil at 31 March 2018).

31. Unusable Reserves

The following table summarises the Unusable Reserves balances:

1 April 2018 £000		31 March 2019 £000
	Capital Reserves:	
61,253	Capital Adjustment Account	56,750
61,253		56,750
	Revenue Reserves:	
714	Financial instruments Adjustment Account	834

714		834
61,967	**Total**	**57,584**

Capital Reserves

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

Capital Adjustment Account

The Capital Adjustment Account comprises differences between how charges for the use of Property, Plant &Equipment and their financing are accounted for under proper accounting practice and the amounts that are statutorily required to be charged under local government financing regulations in determining the amount to be met by local taxpayers. Note 13 provides details on the entries that have been made in this regard in 2018/19.

2017/18 £000		**2018/19 £000**
68,765	**Balance at 1 April**	**61,253**
(1,387)	Restatement of cost of investment in subsidiary	**0**
	Reversal of items relating to capital expenditure debited or credited to the CI&ES:	
	Depreciation of Non-current assets	322
	Impairment of Non-current assets	
	Revaluation losses	
	Movements in fair value of Investment Properties	
	Movements in fair value of Donated Asset Account	
	Amortisation of Intangible assets	
96,837	Revenue expenditure funded from capital under statute	66,890
	Non-Current assets written off on disposal	
325	Other	2,372
	Adjusting amounts written out of the Revaluation Reserve:	
	Difference between fair value depreciation and historical cost depreciation	
	Accumulated gains on assets sold or scrapped	
	Other	
164,541	**Net written out amount of the cost of non-current assets consumed in the year**	**130,837**
	Capital financing applied in the year:	
(7,547)	Use of the Capital Receipts Reserve to finance new capital expenditure	(2,746)
7,550	Capital loan repaid	1,387
(100,183)	Capital grants and contributions credited to the CI&ES including REFCUS Income	(69,041)
0	Application of grants and contributions from the Capital Grants Unapplied Account	0
(3,107)	Statutory provision for the repayment of debt	(3,145)
0	Direct Revenue Financing	(544)
(103,287)		(74,088)
61,253	**Balance at 31 March**	**56,750**

Financial Instruments Adjustment Account

2017/18 £000		2018/19 £000
784	**Balance at 1 April**	**714**
0	Proportion of premiums incurred in previous financial years to be charged against the General fund Balance in accordance with statutory requirements	**0**
(70)	Soft Loan Amortisation	120
0	Effective Interest Rate Adjustment	0
(70)	Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	120
714	**Balance at 31 March**	**834**

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2017/18 £000		2018/19 £000
2,546	Interest Received	3,057
(1,318)	Interest Paid	(1,508)
1,228	**Total**	**1,549**

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

2017/18 £000		2018/19 £000
0	Depreciation*	322
13,056	Increase / (decrease) in creditors	8,549
4,418	(Increase) / decrease in debtors	3,724
1,162	Other non-cash items charged to the net surplus or deficit on the provision of services	3,371
18,636	**Total**	**15,966**

***Depreciation is charged first time in 2018-19 as Authority did not have PPE prior to 2017-18

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

2017/18 £000		2018/19 £000
(0)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(100,271)	Any other items for which the cash effects are investing or financing cash flows	(17,194)
(100,271)	**Total**	**(17,194)**

33. Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2017/18 £000		2018/19 £000
(168,459)	Purchase of short term and long term investments	(195,318)
(4,730)	Other payments for investing activities	(15,965)
(8,512)	Purchase of PPE, Investment property and Intangible assets	(1,079)
173,959	Proceeds from short term and long term investments	262,818
106,875	Other receipts from investment activities	17,116
99,133	**Total**	**67,572**

34. Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2017/18 £000		2018/19 £000
0	Repayments of other long term liabilities	(27,558)
0	Other receipts from financing activities	0
0	**Total**	**(27,558)**

35. Trading Operations

AMP Technology Centre Operation

On the 7th December 2017, the Mayoral Combined Authority acquired the AMP Technology Centre (AMP) and its associated trading operations. The financial performance of the AMP from 1st April 2018 until the end of the financial year was as follows:

2018/19	Income £000	Expenditure £000	Operating (Surplus)/ Deficit £000	Accounting Adjustments £000	Accounting (Surplus)/ Deficit £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 Mayoral Combined Authority is not an employing body. Instead, officers are recruited on behalf of the Mayoral Combined Authority and paid for through BMBC's HR function. The costs of these officers are then re-charged to the Mayoral Combined Authority.

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

2018/19	**Salary**	**Pension Contribution**	**Total**
	£	**£**	**£**
Dr Dave Smith – Managing Director (Head of Paid Service)*	192,449	0	192,449
Deputy Managing Director	103,528	15,214	118,742
Director of Programme Commissioning	95,997	14,112	110,109
TOTAL	**391,974**	**29,325**	**421,300**

2017/18	**Salary**	**Pension Contribution**	**Total**
	£	**£**	**£**
Dr Dave Smith – Managing Director (Head of Paid Service)*	175,189		175,189
Deputy Managing Director	99,501	14,627	114,128
Director of Programme Commissioning	92,001	13,524	105,526
TOTAL	**366,691**	**28,151**	**394,842**

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**
£50,000 - £54,999	2
£55,000 - £59,999	7
£60,000 - £64,999	2
	11
There were no redundancies during the year	

The Section 73 officer has been provided to the Mayoral Combined Authority by Sheffield City Council at a nil cost.

The Monitoring officer has been provided to the Mayoral Combined Authority by Barnsley MBC at a cost of £18k.

For the financial years 2018/19, 2017/18, 2016/17 and 2015/16 Barnsley MBC have provided direct legal and Human Resources (HR) support to the Mayoral Combined Authority, whilst Sheffield City Council have provided the Section 73 officer and finance function.

£98k in termination benefits were charged within the year (none in 2017-18).

There was £2,742.04 in member expenses paid by the Mayoral Combined Authority to their public sector members.

Private sector and independent LEP Board members received reimbursement of expenses of £7,924.02

Remuneration Band	**2017/18 Total**
£50,000 - £54,999	4
£55,000 - £59,999	5
	6
There were no redundancies during the year	

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:

2017/18		**2018/19**
£000		**£000**
59	Fees payable with regard to external audit services carried out by the appointed auditor	29
5	16-17 fee variation agreed	0
64	**Total**	**29**

The audit fee for 2017/18 included £21k for the South Yorkshire Passenger Transport Authority Pension Fund for which the SCRMCA was accountable that financial year.

38. Grant Income

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

2017/18 £000		2018/19 £000
	Credited to Services:	
(703)	Department for Business Innovation and Skills	0
(58,288)	Department for Communities and Local Government	(33,680)
(47,458)	Department for Transport	(26,639)
0	Skills Funding Agency	(2,063)
0	Department for Business, Energy & Industrial Strategy	(625)
0	Careers Enterprise Company	(160)
0	Department for Health	(3,966)
0	Department for International Trade	0
(60,321)	English Local Government	(60,797)
(86)	Cabinet Office	(323)
(1,049)	Other	(261)
(167,903)		**(128,514)**
	Credited to Taxation and Non Specific Grant Income:	
	Non-ring fenced Government Grants:	
(4,837)	Department for Communities and Local Government	(16,984))
(4,837)		**(16,984)**
(172,740)	**Total**	**(145,499)**

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 2018 £000		31 March 2019 £000
	Revenue Grants Receipts in Advance:	
(282)	Department for Business Innovation and Skills	(282)
(1,945)	Department for Transport	(474)
0	Cabinet Office	0
0	Department for Communities and Local Government	(792)
(1,788)	European Skills Funding Agency (ESFA)	(1,185)
(667)	Local Government Association (LGA)	(100)
(8)	None Departmental Government Bodies	(233)
(181)	NHS UK	(1,054)
(4,870)	**Total**	**(4,120)**
	Capital Grants Receipts in Advance:	
(6,850)	Department for Transport	(10,078)
(8,661)	Department for Communities and Local Government	(5,591)

(15,511)	**Total**	**(£15,669)**

39. Related Party Disclosures

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

For the Mayoral Combined 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.

Members

During 2018/19 and 2017/18 no works or services were commissioned from companies in which any members had an interest.

Officers

There have been no pecuniary interests involving the Head of Paid Service, the Chief Financial Officer or the Monitoring Officer to the Mayoral Combined Authority.

Significant Transactions

2018/19							
	Note	**Receipts**	**Payments**	**Net Payments**	**Receivables**	**Payables**	**Net Assets**
Related Party		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Sheffield City Council	**1**	(24,628)	14,223	(10,405)	4,800	(515)	4,285
Barnsley Metropolitan Borough Council	**2**	(11,271)	16,605	5,335	0	(6,557)	(6,557)
Doncaster Metropolitan Borough Council	**3**	(12,866)	10,258	(2,608)	2	(5,683)	(5,681)
Rotherham Borough Council	**4**	(12,299)	5,181	(7,118)	0	(1,957)	(1,957)
Bolsover District Council		(4)	0	(4)	0	0	0
Bassetlaw District Council	**6**	(233)	765	532	0	0	0
North East Derbyshire District Council		(4)	0	(4)	0	0	0

Chesterfield Borough Council	(1,695)	416	(1,279)	0	0	0
Derbyshire Dales District Council	(4)	0	(4)	0	0	0
South Yorkshire Passenger Transport Executive	(190)	70,946	70,755	15	(180,808)	(180,793)
South Yorkshire ITA Properties LTD	0	0	0	0	0	0
SCR Financial Interventions Holding Company	0	0	0	9,599	0	9,599
Totals	**(63,194)**	**118,394**	**55,200**	**14,416**	**(195,520)**	**(181,104)**

Notes – relating to significant transactions

1 Income:£23m Transport Levy , £0.4m LEP subscriptions and £0.5m Enterprise Zone fees..Expenditure, £4.8m loan Parkwood Ski Village.
2 Income,£10m Transport Levy income, £0.2m LEP subscriptions
3 Income: £12m Transport Levy, £0.26m LEP subscriptions
4 Income,£10.5m Transport Levy income, £0.9m Enterprise Zone fees, £0.2m LEP subscription
6 Income; £0.04m LEP subscription, £0.22m, Reclaim overpaid SCRIF project grant
8 Income:£1.6m Enterprise Zone fees

2017/18							
Related Party	**Note**	**Receipts £000**	**Payments £000**	**Net Payments £000**	**Receivables £000**	**Payables £000**	**Net Assets £000**
Sheffield City Council	**1**	(26,543)	18,879	(7,664)	0	(1,005)	**(1,005)**
Barnsley Metropolitan Borough Council	**2**	(11,462)	15,194	3,733	495	(573)	**(79)**
Doncaster Metropolitan Borough Council	**3**	(13,013)	25,387	12,374	0	0	**0**
Rotherham Borough Council	**4**	(11,487)	5,794	(5,693)	83	(3)	**79**
Bolsover District Council		(4)	0	(4)	0	0	**0**
Bassetlaw District Council		(4)	1,622	1,618	225	0	**225**
North East Derbyshire District Council		(4)	0	(4)	0	0	**0**
Chesterfield Borough Council	**5**	(1,112)	7,475	6,362	0	0	**0**
Derbyshire Dales District Council		(4)	0	(4)	0	0	**0**
South Yorkshire Passenger Transport Executive	**6**	(142)	62,961	62,819	0	(203,673)	**(203,673)**
South Yorkshire ITA Properties		0	0	0	0	0	**0**

LTD						
SCR Financial Interventions Holding Company	0	0	0	9,983	0	**9,983**

Notes – relating to significant transactions

1 Income: £23.8m Transport Levy: £0.4m LEP subscriptions and £1.6m Enterprise Zone fees: Expenditure, £3m STEP: £3.9m Knowledge gateway & £1m SRQ payment.

2 Income: £10.0m Transport Levy income: £1m EZ rates.

3 Income: £13m Transport Levy: Expenditure, £3m for Urban markets, £4.5m for St Sepulchre west & £0.5m.

4 Income: £10.9m Transport Levy income: £0.5m EZ rates & Subscription: Expenditure, £0.4m LTP, £0.3m Sustainable access travel.

5 Income:£0.7m EZ rates income and £0.4m subscription: Expenditure, £5.3m Northern gateway.

6 Expense: £57m transport grant, Payable of (£203m) is deferred liability which will be settled in the future years.

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:

2017/18 £000		2018/19 £000
114,774	Amount held by the CA to repay SYPTE loans	126,611
91,195	Grant monies owing to SYPTE	58,460
205,969	**Total owed to SYPTE by the CA**	**185,071**

Transactions with Other Public Bodies

The UK government exerts significant influence over the Mayoral Combined Authority through legislation and grant funding. Grant funding received is detailed in the notes to the consolidated income and expenditure account. The following table shows transactions excluding grants:

2018/19							
Related Party	**Notes**	**Receipts £000**	**Payments £000**	**Net Payments £000**	**Receivables £000**	**Payables £000**	**Net Assets £000**
West Yorkshire Combined Authority	**1**	0	0	**0**	0	0	**0**
Greater Manchester CA	**2**	0	0	**0**	0	0	**0**

Notes relating to significant transactions
1
2

Mayoral Combined Authority is no longer accountable body for Transport for North, therefore the list of transactions taken place with other government bodies is smaller than the previous year.

2017/18							
Related Party	Notes	Receipts £000	Payments £000	Net Payments £000	Receivables £000	Payables £000	Net Assets £000
West Yorkshire Combined Authority	**1**	0	5,137	**5,137**	0	0	**0**
Greater Manchester CA	**2**	(784)	11,641	**10,856**	79	0	**79**

	Notes relating to significant transactions
1	£5.1m 1st grant claim paid.
2	£9.8m Earmarked reserves relating to previous years & £1.8m grant received in advance now paid back to GMCA.

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 Mayoral Combined Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Mayoral Combined Authority that has yet to be financed.

2017/18 £000		2018/19 £000
	Capital Investment	
7,566	Property, Plant and Equipment	544
946	Intangible Assets	536
96,836	Revenue Expenditure Funded from Capital Under Statute	66,890
2,380	Capital loans	16,448
107,728	Total	**84,418**
	Sources of Finance	
100,163	Government Grants and Other Contributions	69,040
7,546	Capital Receipts	2,746
19	Direct Revenue Financing	544
0	Borrowing	12,088
107,728		**84,418**
	Capital Financing Requirements	
104,058	Opening Balance	103,651
0	Borrowing in Year	12,088
0	Application of grants and contributions	0
2,701	Other	451
(3,107)	Statutory / Voluntary Provision for repayment of debt (MRP / VMRP)	(3,145)
103,651	**Closing Balance**	**113,045**
(25,000)	PWLB Borrowing	(25,000)
(660)	Other Borrowing	(660)
(25,660)		**(25,660)**
77,991	**Under borrowed**	**87,385**

Group Accounts

The Group accounts, as at 31 March 2019, comprise the accounts of the Mayoral Combined Authority, together with its subsidiary, the South Yorkshire Passenger Transport Executive, and two other wholly owned subsidiaries the SCR Financial Interventions Holding company (non-trading) and SYITA Properties Limited (dormant).

The purpose and status of the two wholly owned companies is explained further in Accounting Policy XXI

All intra-group trading, balances and unrealised gains and losses, at the end of the financial year 2018/19, have been eliminated in full. The Group Accounts have been prepared on a going concern basis.

South Yorkshire Passenger Transport Executive

The accounts of the South Yorkshire Passenger Transport Executive (SYPTE) are prepared in accordance with the Accounts and Audit (England) Regulations 2015. These regulations require the accounts to be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (The Code) and the CIPFA Service Reporting Code of Practice 2018/19, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 7 of the 2015 Regulations.

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

SYPTE has one subsidiary, Supertram Assets Limited, which is non-trading and interest in a joint venture with West Yorkshire Combined Authority, “Yorcard Limited”. Neither are material in value and SYPTE has taken the decision not to consolidate into SYPTE’s accounts in 2018/19.

Further information about SYPTE’s accounts is available from the following address:

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

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

SYITA Properties Ltd

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

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	59	59	59	59	59
Balances at 1 April 2018		**(8,800)**	**(48,793)**	**(6,603)**	**(5,315)**	**(69,511)**
Transferred in from subsidiary		0	0			0
Movement in reserves during 2017/18:						
(Surplus) / deficit on provision of services	CI&ES	(16,559)	0	0	0	(16,559)
Other Comprehensive (Income) and Expenditure	CI&ES	0	0	0	0	0
Total Comprehensive (Income) and Expenditure		**(16,559)**	**0**	**0**	**0**	**(16,559)**
Adjustments between accounting basis and funding basis under regulations	47	17,193	0	1,359	(464)	18,088
Net (increase) / decrease before transfers to earmarked reserves		**634**	**0**	**1,359**	**(464)**	**1,529**
Transfers (to) / from earmarked reserves	48	-1,316	2,863	(81)	(1,466)	0
(Increase) / decrease in year		**(682)**	**2,863**	**1,278**	**(1,930)**	**1,529**
Balance at 31 March 2019		**(9,482)**	**(45,930)**	**(5,325)**	**(7,245)**	**(67,982)**

2017/18	Note	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Note	59	59	59	59	59
Balances at 1 April 2017		**(9,177)**	**(60,937)**	**(6,681)**	**(12,904)**	**(89,699)**
Transferred in from subsidiary	59	915	(1,474)			(559)
Movement in reserves during 2017/18:						
(Surplus) / deficit on provision of services	CI&ES	6,729	0	0	0	6,729
Other Comprehensive (Income) and Expenditure	CI&ES	0	0	0	0	0
Total Comprehensive (Income) and Expenditure		**6,729**	**0**	**0**	**0**	**6,729**
Adjustments between accounting basis and funding basis under regulations	47	7,802	0	(3)	6,542	14,341
Net (increase) / decrease before transfers to earmarked reserves		**14,531**	**0**	**(3)**	**6,542**	**21,070**
Transfers (to) / from earmarked reserves	48	(15,069)	13,618	81	1,045	(325)
(Increase) / decrease in year		**(539)**	**13,618**	**78**	**7,587**	**20,745**
Balance at 31 March 2018		**(8,800)**	**(48,793)**	**(6,603)**	**(5,315)**	**(69,511)**

Group Movement in Reserves: Unusable Reserves and Total Group Reserves

2018/19	Note	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve (PTE) £000	Accumulated Absences Reserve (PTE) £000	Unusable Reserves £000	Total Group Reserves £000
		60	60	60	60	60	60	60	
Balances transferred in at 1 April 2018		**61,254**	**714**	**(87,532)**	**(31,269)**	**38,617**	**58**	**(18,158)**	**(87,669)**
Transferred in from subsidiary		**0**						**0**	**0**
Movement in reserves during 2017/18:									
(Surplus) / deficit on provision of services	CI&ES	0	0	0	0	0	0	0	(16,559)
Other Comprehensive (Income) and Expenditure	CI&ES	0	0	0	(660)	3,609	0	2,949	2,949
Total Comprehensive (Income) and Expenditure		**0**	**0**	**0**	**(660)**	**3,609**	**0**	**2,949**	**(13,610)**
Adjustments between accounting basis and funding basis under regulations	47	(4,505)	120	(13,193)	0	(520)	9	(18,088)	0
Net (increase) / decrease before transfers to earmarked reserves		**(4,505)**	**120**	**(13,193)**	**(660)**	**3,089**	**9**	**(15,139)**	**(13,610)**
Transfers (to) / from earmarked reserves		0	0	0	0	0	0	0	0
(Increase) / decrease in year		**(4,505)**	**120**	**(13,193)**	**(660)**	**3,089**	**9**	**(15,139)**	**(13,610)**
Balance at 31 March 2019		**56,749**	**834**	**(100,724)**	**(31,928)**	**41,706**	**67**	**(33,296)**	**(101,278)**

2017/18

	Note	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve (PTE) £000	Accumulated Absences Reserve (PTE) £000	Unusable Reserves £000	Total Group Reserves £000
	Note	60	60	60	60	60	60	60	
Balances transferred in at 1 April 2017		**68,765**	**784**	**(84,022)**	**(20,829)**	**48,367**	**57**	**13,122**	**(76,576)**
Transferred in from subsidiary		**(1,387)**						**(1,387)**	**(1,945)**
Movement in reserves during 2017/18:									
(Surplus) / deficit on provision of services	CI&ES	0	0	0	0	0	0	0	6,729
Other Comprehensive (Income) and Expenditure	CI&ES	0	0	0	(10,440)	(5,438)	0	(15,878)	(15,878)
Total Comprehensive (Income) and Expenditure		**0**	**0**	**0**	**(10,440)**	**(5,438)**	**0**	**(15,878)**	**(9,148)**
Adjustments between accounting basis and funding basis under regulations	47	(6,449)	(70)	(3,509)	0	(4,312)	0	(14,340)	0
Net (increase) / decrease before transfers to earmarked reserves		**(6,449)**	**(70)**	**(3,509)**	**(10,440)**	**(9,750)**	**0**	**(30,218)**	**(9,148)**
Transfers (to) / from earmarked reserves		325	0	0	0	0	0	325	0
(Increase) / decrease in year		**(6,124)**	**(70)**	**(3,509)**	**(10,440)**	**(9,750)**	**0**	**(29,893)**	**(9,148)**
Balance at 31 March 2018		**61,254**	**714**	**(87,532)**	**(31,269)**	**38,617**	**58**	**(18,158)**	**(87,669)**

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.

2017/18					2018/19		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		**Notes**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
17,583	(79,961)	(62,377)	Transport Authority		18,405	(83,118)	(64,713)
84,167	(86,162)	(1,995)	Local Enterprise Partnership		49,206	(47,067)	2,140
69,079	(5,303)	63,776	SYPTE		66,782	(7,493)	59,289
170,829	**(171,426)**	**(597)**	**Total Continuing Operations Excluding Services Transferred**		**134,393**	**(137,678)**	**(3,284)**
11,693	(1,850)	9,843	*Services Transferred: Transport for Greater Manchester Combined Authority*		0	0	0
182,523	**(173,276)**	**9,247**	**(Surplus) / Deficit on Continuing Operations**		**0**	**0**	**0**
		218	Other Operating Income and Expenditure				(398)
		0	Gains on disposal of non-current assets				0
		13,081	Financing and Investment Income	49			11,244
		(15,816)	Taxation and Non-Specific Grant Income	50			(24,120)
		6,729	**(Surplus) / Deficit on Provision of Services**				**(16,558)**
		(10,439)	(Surplus) / Deficit on revaluation of non-current assets				(660)
		0	Surplus / deficit on revaluation of available for sale financial assets				0
		(5,438)	Actuarial gains / losses on pensions assets / liabilities	71			3,609
		(15,877)	Other comprehensive income and expenditure				**2,949**
		(9,148)	**(Surplus) / deficit for the year**				**(13,609)**
		5,099	Combined Authority				(1,008)
		(14,247)	SYPTE				(12,601)
		(9,148)					**(13,609)**

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’.

31 March 2018 £000		Notes	As at 31 March 2019 £000
4,482	Investment Property	53	4,582
1,068	Intangible Assets	51	1,543
144,863	Property, Plant and Equipment	52	158,509
150,413	**Non-Current Assets**		**164,634**
68,000	Long Term Investments	54	60,000
19,101	Long Term Debtors	54	16,477
87,101	**Long Term Assets**		**76,477**
237,514	**Total Long Term Assets**		**241,111**
125,001	Short Term Investments	54	65,967
0	Inventories		0
10,144	Short Term Debtors	55	22,395
39,847	Cash and Cash Equivalents	56	81,817
66	Assets Held for Sale		66
175,058	**Current Assets**		**170,245**
412,572	**Total Assets**		**411,356**
(10,695)	Short Term Borrowing	54	(4,620)
(61,266)	Short Term Creditors	57	(47,336)
(2,551)	Short Term Provisions	58	(3,418)
(208)	PFI / PPP Finance Lease Liability	70	(227)
(15,700)	Capital Grants Receipts In Advance	67	(15,816)
0	Other Liabilities		0
(90,420)	**Current Liabilities**		**(71,417)**
322,152	**Total Assets less Current Liabilities**		**339,939**
(187,305)	Long Term Borrowing	54	(187,293)
0	Long Term Provisions	58	0
(11,246)	PFI / PPP Finance Lease Liability	70	(11,020)
(35,932)	Net Pension Liability	71	(40,348)
(234,483)	**Long Term Liabilities**		**(238,661)**
87,669	**Net Assets / (Liabilities)**		**101,278**
(56,275)	Combined Authority		(52,899)
(13,236)	SYPTE		(15,083)
(69,511)	**Usable Reserves**	59	**(67,982)**
61,968	Combined Authority		57,584
(80,126)	SYPTE		(90,880)
(18,158)	**Unusable Reserves**	60	**(33,296)**
(87,669)	**Total Reserves**		**(101,278)**

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**.**

2017/18 £000		**Notes**	**2018/19 £000**
(6,729)	Net surplus or (deficit) on the provision of services		16,559
31,891	- Adjustment to surplus or (deficit) on the provision of services for non-cash movements	61	17,657
60,408	- Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	61	(55,044)
85,570	**Net cash flow from operating activities**		**(20,828)**
(70,925)	Investing activities	62	69,505
(11,710)	Financing activities	63	(6,707)
2,935	**Net increase / (decrease) in cash and cash equivalents**		**41,970**
36,912	Cash and cash equivalents at 1 April	56	39,847
39,847	**Cash and cash equivalents at 31 March**	56	**81,817**

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.

41. 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.

2017/18 Single Entity £000	2017/18 Intercompany Adjustments £000	2017/18 Net Expenditure Chargeable to the General Fund Balance £000	2017/18 Adjustments between the Funding and Accounting Basis £000	2017/18 Net Expenditure in the CI&ES £000		Notes	2018/19 Single Entity £000	2018/19 Intercompany Adjustments £000	2018/19 Net Expenditure Chargeable to the General Fund Balance £000	2018/19 Adjustments between the Funding and Accounting Basis £000	2018/19 Net Expenditure in the CI&ES £000
585	(64,069)	(63,484)	1,107	(62,377)	Transport Authority		2,815	(79,401)	(76,587)	11,873	(64,713)
1,194	(1,739)	(545)	(1,449)	(1,995)	Local Enterprise Partnership		-587	(792)	(1,379)	3,519	2,140
9,843	0	9,843	0	9,843	Transport for the North		0	0	0	0	0
(754)	65,809	65,055	(1,279)	63,776	SYPTE		10,741	62,716	73,457	(14,168)	59,289
10,868	**0**	**10,868**	**(1,621)**	**9,247**	**Net Cost of Services**	42	**12,968**	**(17,477)**	**(4,509)**	**1,224**	**(3,284)**
		3,663	**(6,180)**	(2,517)	Other Income & Expenditure				5,144	**(18,417)**	(13,274)
		14,532	**(7,802)**	**6,729**	**(Surplus) / Deficit**	43			**635**	**(17,193)**	**(16,558)**
		(70,114)			Opening General Fund Balance				(57,593)		
		(559)			Transferred in from subsidiary				0		
		14,532			Surplus / Deficit on General Fund in year				635		
		(1,451)			Other Movements				1,548		
		(57,593)			**Closing General Fund Balance at 31 March**				**(55,412)**		

42. Group Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

2018/19				
Adjustments from General Fund to arrive at the CI&ES 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	(13,648)	(520)		(14,168)
Net Cost of Services	**(2,503)**	**(520)**	**4,247**	**1,224**
Other income & expenditure from the Expenditure & Funding Analysis	(16,984)	0	(1,433)	(18,417)
Difference between General Fund Surplus / Deficit and CI&ES Surplus / Deficit on Provision of Services	**(19,487)**	**(520)**	**2,814**	**(17,193)**

2017/18				
Adjustments from General Fund to arrive at the CI&ES Amounts	**Adjustments for Capital Purposes £000**	**Net change for the Pensions Adjustment £000**	**Other Differences £000**	**Total Adjustments £000**
Transport Authority	(3,107)	0	4,214	1,107
Local Enterprise Partnership	0	0	(1,449)	(1,449)
Transport for the North	0	0	0	0
Transport Services - PTE	3,033	(4,312)	0	(1,279)
Net Cost of Services	**(74)**	**(4,312)**	**2,765**	**(1,621)**
Other income & expenditure from the Expenditure & Funding Analysis	(3,346)	0	(2,835)	(6,180)
Difference between General Fund Surplus / Deficit and CI&ES Surplus / Deficit on Provision of Services	**(3,420)**	**(4,312)**	**(70)**	**(7,802)**

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 SYPTE.

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

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

43. Group Expenditure and Income Analysed by Nature

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

2017/18 £000		2018/19 £000
	Expenditure:	
6,497	Employee Benefits Expenditure	11,394
227,156	Other Service Expenses	193,961
597	Support Service Recharges	1,534
15,888	Depreciation, Amortisation, Impairment	10,537
14,925	Interest Payments	13,232
265,062	**Total Expenditure**	**230,658**
	Income:	
(10,678)	Fees, charges & other service income	(12,158)
(3,219)	Interest Investment Income	(4,787)
(239,599)	Government Grants & Contributions	(213,065)
(4,837)	Other Income	(17,206)
(258,333)	**Total Income**	**(247,216)**
6,729	**(Surplus) / Deficit on the Provision of Services**	**(16,558)**

Re-conciliation of Income analysed by nature to Comprehensive Income and Expenditure Statement

2018/19	**£000**
Income as analysed by nature	**(247,216)**
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 CI&ES	**(137,678)**

2017-18	**£000**
Income as analysed by nature	**(258,333)**
Interest Investment Income	3,219
Taxation and Specific Grant Income and Other Operating Income	16,029
Elimination of Group Transactions	65,809
Income as part of (Surplus) / Deficit on Continuing Operations in the CI&ES	**(173,276)**

44. Group Segmental Income

Income received on a segmental basis is analysed below:

2018/19				
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	(1,671)	0	(45,396)	(47,067)
Transport for the North		0	0	0
Corporate	(210)	(4,685)	(16,984)	(21,879)
SYPTE	(10,499)	(102)	(84,551)	(95,152)
Total Income	**(12,380)**	**(4,787)**	**(230,050)**	**(247,216)**

2017/18				
Services:	**£000 Fees, Charges & Service**	**£000 Interest & Investment**	**£000 Grants & Contributions**	**£000 Total Income**
Transport Authority	0	0	(79,961)	(79,961)
Local Enterprise Partnership	(70)	0	(86,092)	(86,162)
Transport for the North	0	0	(1,850)	(1,850)
Corporate	0	(3,218)	(4,837)	(8,054)
SYPTE	(10,608)	(2)	(71,696)	(82,306)
Total Income	**(10,678)**	**(3,219)**	**(244,435)**	**(258,333)**

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.

45. Group Accounting Policies

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

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

XXII. Government Grants and Other Contributions

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

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

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

XXIII. Revenue Expenditure Funded from Capital under Statute

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

As the authority only became an employing body with effect from 1 April 2019, up to and including 2018/19 it has effectively accounted for pension contributions in the single entity accounts as if it were a defined contribution scheme.

In the Group accounts however, SYPTE's pensions are accounted for as a defined benefit scheme as required by IAS 19.

Detailed disclosures can be found in note 71 to the accounts.

IAS 19, together with IFRIC 14 requires that the limit on a defined benefit asset, minimum funding requirements and their interaction sets out the extent to which a pension scheme surplus can be recognised as an asset of SYPTE and also considers how a pension balance sheet asset or liability could be affected by statutory or contractual minimum funding requirements.

SYPTE is an employing authority within the South Yorkshire Pension Fund which is a funded pension scheme. The majority of employees participate in this scheme which provides defined benefits payable to members on and after their employment. Contributions made to the fund for both current and past services are charged to the revenue account as they are paid. Contribution levels are determined by the Fund. The Fund is a statutory body and the benefits are paid under the provisions of the Local Government Pension Scheme Regulations 1997.

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

The assets of the South Yorkshire Pension Fund attributable to SYPTE are included in the Balance Sheet at their fair value using the following measurement bases:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

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

- Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed costs.
- Net interest cost – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement- this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period-taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Operational Revenue Reserve balance to be charged with the amount payable by SYPTE to the pension fund, not the amount calculated according to the relevant accounting standards. Appropriations to and from the Pensions Reserve through movement in Reserves remove charges and credits for retirement benefits determined in accordance with IAS 19 so that the amount falling as a charge to revenue is the amount payable under local authority pension scheme regulations.

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.

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

In addition to those disclosed in Note 8 of the single entity accounts, SYPTE has identified the following items which could have a material impact:

Property, Plant & Equipment

The current economic climate and capital investment could impact on the asset lives and in turn their valuation. There also uncertainties around land and buildings valuations due to political factors including the development of HS2.

Pensions Liability

Estimating the net pension's liability depends on a number of complex judgements including the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The sensitivity of changes to these assumptions on the net pensions liability is disclosed in Note 71.

47. Group Adjustments between Accounting Basis and Funding Under Regulation

2018/19	General Fund Balance £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CI&ES:					
Capital grants and contributions credited to the CI&ES	69,041	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**
Application of grants and contributions to capital financing transferred to Capital Adjustment Account	0	0	0	0	**0**
Revenue expenditure funded from capital under statute	(66,890)	0	(66,890)	66,890	**0**
Finance costs	(120)	0	(120)	120	**0**
Other movements	8,561	(464)	8,097	(8,097)	**0**
Insertion of items not debited or credited to the CI&ES:					
Statutory provision for repayment of debt (MRP)	3,145	0	3,145	(3,145)	0
Employers contribution to Pension Scheme	1,583	0	1,583	(1,583)	0
Direct Revenue Financing	544	0	544	(544)	
Transfer year one pension prepayment	1,329	0	1,329	(1,329)	0
Capital Financing:					
Use of Capital Receipts Reserve to finance new capital expenditure	0	1,359	1,359	(1,359)	0
Other:					
Adjustment for the difference between fair value depreciation and historical cost	0	0	0	0	0
Transfer to Accumulating Absences Account	0	0	0	0	0
Grants received and receivable during the year	0	0	0	0	0
Grants released to Operational Revenue Reserve					0
Release to Revaluation Reserve	0	0	0	0	0
Other Movements	0	0	0	0	0
Total	**17,193**	**895**	**18,088**	**(18,088)**	**0**

2017/18	General Fund Balance £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CI&ES:					
Capital grants and contributions credited to the CI&ES	100,182	0	100,182	(100,182)	**0**
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	0	0	0	0	**0**
Application of grants and contributions to capital financing transferred to Capital Adjustment Account	0	0	0	0	**0**
Revenue expenditure funded from capital under statute	(96,837)	0	(96,837)	96,837	**0**
Finance cost	70	0	70	(70)	**0**
Other movements	(2,512)	0	(2,512)	2,512	**0**
Insertion of items not debited or credited to the CI&ES:					
Statutory provision for repayment of debt (MRP)	3,107	0	3,107	(3107)	0
Employers contribution to Pension Scheme	5,523	0	5,523	(5,523)	0
Transfer year one pension prepayment	1,301	0	1.301	(1.301)	0
Capital Financing:					
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	(3)	3	0
Other:					
Adjustment for the difference between fair value depreciation and historical cost	0	0	0	0	0
Transfer to Accumulating Absences Account	0	0	0	0	0
Grants received and receivable during the year	(3,033)	6,542	3,509	(3,509)	0
Grants released to Operational Revenue Reserve					0
Release to Revaluation Reserve	0	0	0	0	0
Other Movements	0	0	0	0	0
Total	**7,802**	**6,542**	**14,341**	**(14,341)**	**0**

48. 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 2017 £000	Transfer Out 2017/18 £000	Transfer In 2017/18 £000	Total Movements £000	31 March 2018 £000	Transfer Out 2018/19 £000	Transfer In 2018/19 £000	Total Movements £000	31 March 2019 £000
Combined Authority:										
Revenue Grants and Contributions:										
- Apprenticeship Grant for Employers	59	**(682)**	575	0	**575**	**(107)**	0	0	**0**	**(107)**
- Transport for the North	59	**(9,843)**	9,843	0	**9,843**	**0**	0	0	**0**	0
Other Earmarked Revenue Reserves:										
- PFI Revenue Reserve	59	**(6,884)**	0	(1,491)	**(1,491)**	**(8,375)**	0	(1,435)	**(1,435)**	**(9,810)**
	59									
- Local Growth Fund	59	**(3,246)**	798	0	**798**	**(2,448)**	793	0	**793**	**(1,655)**
- Levy Reduction Reserve		**(31,754)**	2,190	0	**2,190**	**(29,564)**	4,473	0	**4,473**	**(25,091)**
Mayoral Elections		**0**	0	(1,355)	**(1,355)**	**(1,355)**	1,122	0	**1,122**	**(233)**
Other Reserves		**0**	0	(360)	**(360)**	**(360)**	360	(29)	**331)**	**(29)**
Properties Reserves		**0**	0	(1,474)	**(1,474)**	**(1,474)**	0	(16)	**(16)**	**(1,490)**
Skills Bank Reserves		**0**	0	0	**0**	**0**	0	(1,680)	**(1,680)**	**(1,680)**
Business Rate		**0**	0	0	**0**	**0**	0	(844)	**(844)**	**(844)**
SYPTE:										
Earmarked Revenue Reserve	**59**	**(8,528)**	3,418	0	**3,418**	**(5,110)**	118	0	**118**	**(4,991)**
Total		**(60,937)**	**16,824**	**(4,680)**	**12,144**	**(48,793)**	**6,866**	**(4,004)**	**2,863**	**(45,930)**

49. Group Financing and Investment Income and Expenditure

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

2017/18 £000		2018/19 £000
14,925	Interest payable and similar charges	13,232
(2,951)	Interest receivable and similar income	(2,923)
0	Reversal of impairment of short-term deposit	0
11,974		**10,309**
1,107	Pensions – Interest payable	935
13,081	**Total**	**11,244**

50. Group Taxation and Non-Specific Grant Income

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

2017/18 £000		2018/19 £000
	Non ring-fenced grants:	
(3,346)	DCLG-Capital grants	(16,984)
(1,491)	DCLG-PFI grant	(0)
(4,886)	Department for Transport	(4,012)
(2,567)	Better Bus Area	(2,057)
0	European Regional Development Fund / Other	0
(3,527)	Other	(1,067)
(15,816)	**Total**	**(24,120)**

The following table provides an analysis of Taxation Payable:

2017/18 £000		2018/19 £000
	SYITA Properties Ltd:	
106	UK Corporation Tax*	0
0	Deferred Tax	0
106	**Total**	**0**

*The business of SYITA merged with Mayoral Combined Authority on 04 November 2017, therefore no Tax paid during 2018-19

51. Group Intangible Assets

The following is an analysis of Intangible Assets:

2017/18 £000		2018/19 £000
	Cost or valuation:	
183	At 1 April - PTE	183
(61)	Amortisation (remaining life is 6 years) - PTE	(122)
946	Combined Authority	1,482
0	Amortisation - CA	0
1,068	**At 31 March**	**1,543**

PTE-Intangible assets represent £61k (£122k for 2017/18) for software associated with the development of the Yorcard project, which is being amortised over the remaining life of the licence agreement.

52. Group Property Plant and Equipment

Movements on Balances:

2018/19	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	**87,765**	**59,965**	**22,595**	**31,857**	**202,182**	**11,830**
Additions - programmed investment	0	5,365	826	11836	**18,028**	0
Reclassify Fixed Assets	(2,369)	31,856	19	(29,506)	**0**	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	660	0	0	0	**660**	250
De-recognition – disposals	0	0	0	0	**0**	0
At 31 March 2019	**86,056**	**97,186**	**23,440**	**14,187**	**220,870**	**12,080**
Accumulated Depreciation and Impairment:						
At 1 April 2018	**(292)**	**(37,144)**	**(19,882)**	0	**(57,318)**	**0**
Depreciation Charge	(384)	(4,266)	(391)	0	**(5,041)**	0
De-recognition – Disposals	0	0	(2)	0	**(2)**	0
De-recognition - other	0	0	0	0	**0**	0
Revaluation adjustments	0	0	0	0	**0**	0
At 31 March 2019	**(676)**	**(41,411)**	**(20,275)**	**0**	**(62,361)**	**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	**85,381**	**55,775**	**3,165**	**14,186**	**158,509**	**12,080**

2017/18	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 2017	**71,818**	**59,965**	**22,120**	**26,772**	**180,675**	**11,050**
Additions - programmed investment	7,566	0	1,570	5,085	**14,221**	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	9,533	0	(1,043)	0	**8,490**	780
De-recognition – disposals	0	0	(52)	0	**(52)**	0
At 31 March 2018	**88,917**	**59,965**	**22,595**	**31,857**	**203,334**	**11,830**
Accumulated Depreciation and Impairment:						
At 1 April 2017	**(3,449)**	**(35,492)**	**(19,510)**	0	**(58,451)**	**0**
Depreciation Charge	(97)	(1,652)	(424)	0	**(2,174)**	0
De-recognition – Disposals	0	0	52	0	**52**	0
De-recognition - other	0	0	0	0	**0**	0
Revaluation adjustments	2,103	0	0	0	**2,103**	0
At 31 March 2018	**(1,444)**	**(37,144)**	**(19,882)**	**0**	**(58,471)**	**0**
Net Book Value						
As at 1 April 2017	**68,369**	**24,473**	**2,610**	**26,772**	**122,224**	**11,050**
As at 31 March 2018	**87,473**	**22,820**	**2,713**	**31,857**	**144,863**	**11,830**

53. Group Investment Properties

The following is an analysis of Investment Properties:

2017/18		2018/19
£000	**Cost or valuation:**	**£000**
4,952	**At 1 April**	**4,482**
(470)	Revaluation	100
0	Disposals	0
4,482	**At 31 March**	**4,582**

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 2019 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
SYPTE	-	1,250	-	1,250
Combined Authority	-	3,332	-	3,332
Total	**-**	**4,582**	**-**	**4,582**

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

SYPTE utilised the services of Sanderson Weatherall, independent qualified Chartered Surveyors, to value those assets classified as Investment Property.

Valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

54. 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 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
Investments at amortised cost	60,000	68,000	65,967	125,001
Long term Debtors at amortised cost	16,477	19,101	0	0
Cash and cash equivalents	0	0	81,817	39,847
Borrowings at amortised cost	(187,293)	(187,305)	(4,620)	(10,695)
Other Liabilities - PFI	(11,019)	(11,246)	(227)	(208)

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

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

2017/18 Income, Expense, Gains and Losses	**Financial Liabilities** **Liabilities measured at amortised cost £'000**	**Financial Assets** **Investments and debtors £'000**	**Total** **£'000**
Interest expense – debt	(13,909)	0	(13,909)
Interest expense - PFI	(1,017)	0	(1,017)
Reductions in fair value	0	(20)	(20)
Impairment losses/(gains)	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	**(14,926)**	**(20)**	**(14,946)**
Interest income	0	2,727	2,727
Total income in Surplus or Deficit on the Provision of Services	**0**	**2,727**	**2,727**
Net gain/(loss) for the year	**(14,926)**	**2,707**	**(12,219)**

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

	2018/19		**2017/18**	
	Carrying value £'000	**Fair value £'000**	**Carrying value £'000**	**Fair value £'000**
PWLB	(166,375)	(205,990)	(176,410)	(245,118)
Market loans	(20,918)	(31,415)	(21,590)	(31,659)
Doncaster Interchange PFI	(11,246)	(11,246)	(11,454)	(11,646)
Short term borrowing / accrued interest	(4,620)	(4,620)		
Total Financial Liabilities	**(203,159)**	**(253,271)**	**(209,454)**	**(288,423)**

The fair value of the liabilities is higher than the carrying amount because the Authority'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 £'000	**31 March 2018 £'000**
Less than one year	**(4,620)**	**(10,695)**

Between one and two years	**(53,000)**	**(33,000)**
Between two and five years	**(66,375)**	**(55,975)**
More than five years	**(67,918)**	**(98,330)**
	(191,913)	**(198,000)**

55. Group Short Term Debtors

The following is an analysis of Debtors:

31 March 2018 £000 Restated		31 March 2019 £000
4,283	Trade Customers	3,225
318	Receivables from Related Parties	150
81	Prepayments	0
5,462	Other Entities and Individuals	19,020
10,144	**Total**	**22,395**

56. Group Cash & Cash Equivalents

31 March 2018 £'000		31 March 2019 £'000
	Cash:	
(12,280)	Combined Authority	(11,220)
(279)	PTE	299
0	FIHC	9,599
(12,559)		**(1,322)**
	Cash Equivalents:	
40,127	Combined Authority	78,861
2,296	PTE	4,278
9,983	FIHC	0
52,405		**83,139**
	Cash & Cash Equivalents:	
27,847	Combined Authority	67,641
2,017	PTE	4,577
9,983	FHIC	9,599
39,847	**Total**	**81,817**

57. Group Short Term Creditors

The following table shows an analysis of Short Term Creditors:

31 March 2018 £000		31 March 2019 £000
(31,973)	Trade Creditors	(11,831)
(6,997)	Related Parties Creditors	(17,338)
(4,871)	Deferred Incomes	(4,120)
(17,425)	Other Creditors	(14,047)
(61,266)	**Total**	**(47,336)**

58. Group Provisions

The Mayoral Combined Authority maintains the following Provisions:

31 March 2018 £000		31 March 2019 £000
(1,846)	Opening Balance	(2,551)
(705)	Charge to Income and Expenditure Account during the year	(867)
(2,551)	**Total**	**(3,418)**
	Split by:	
(382)	Combined Authority	(1,460)
(2,169)	SYPTE	(1,958)
(2,551)	**Short Term**	**(3,418)**
0	Combined Authority	0
0	SYPTE	0
0	**Long Term**	**0**

59. Group Usable Reserves

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

31 March 2019	Combined Authority £000	SYPTE £000	Total £000
General Fund	(7,657)	0	(7,657)
Earmarked Reserves	(40,938)	(4,991)	(45,929)
Capital Receipts Reserve	(4,304)	(1,021)	(5,325)
Capital Grants Unapplied	0	(7,245)	(7,245)
Operational Revenue Reserve	0	(1,826)	(1,826)
Total	**(52,899)**	**(15,083)**	**(67,982)**

31 March 2018– Comparative Information			
	Combined Authority	**SYPTE**	**Total**
	£000	**£000**	**£000**
General Fund	(7,139)	0	(7,139)
Earmarked Reserves	(43,683)	(5,110)	(48,793)
Revenue Grants Reserve	0	0	0
Capital Receipts Reserve	(5,453)	(1,150)	(6,603)
Capital Grants Unapplied	0	(5,315)	(5,315)
Operational Revenue Reserve	0	(1,661)	(1,661)
Total	**(56,275)**	**(13,236)**	**(69,511)**

60. Group Unusable Reserves

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

31 March 2019			
	Combined Authority	**SYPTE**	**Total**
	£000	**£000**	**£000**
Capital Adjustment Account	56,749	0	56,749
Financial Instruments Account	834	0	834
Deferred Capital Grants and Contributions	0	(100,724)	(100,724)
Pension Reserve	0	41,706	41,706
Revaluation Reserve	0	(31,928)	(31,928)
Accumulated Absence Reserve	0	67	67
Total	**57,584**	**(90,880)**	**(33,296)**

31 March 2018 – Comparative Information			
	Combined Authority	**SYPTE**	**Total**
	£000	**£000**	**£000**
Capital Adjustment Account	61,254	0	61,254
Financial Instruments Account	714	0	714
Deferred Capital Grants and Contributions	0	(87,532)	(87,532)
Pension Reserve	0	38,617	38,617
Revaluation Reserve	0	(31,268)	(31,268)
Accumulated Absence Reserve	0	57	57
Total	**61,968**	**(80,126)**	**(18,158)**

61. Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2017/18 £000		2018/19 £000
2,548	Interest Received	3,060
(14,856)	Interest Paid	(10,099)
(12,308)	**Total**	**(7,039)**

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

2017/18 £000		2018/19 £000
2,235	Depreciation	5,102
1,149	Impairment and downward valuations	0
12,610	Amortisation	5,201
(16)	Increase / (decrease) in impairment for bad debts	(3)
9,047	Increase / (decrease) in creditors	(10,933)
12,833	Increase / (decrease) in debtors	14,332
0	Increase / (decrease) in inventories	0
(6,997)	Movement in pension liability	809
1,030	Other non-cash items charged to the net surplus or deficit on the provision of services	3,149
31,891	**Total**	**17,657**

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

2017/18 Restated £000		2018/19 £000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(13,192)
(113,551)	Any other items for which the cash effects are investing or financing cash flows	(41,852)
(113,551)	**Total**	**(55,044)**

62. Group Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2017/18 Restated £000		2018/19 £000

(26,407)	Purchase of property, plant and equipment, investments property and intangible assets	(23,764)
(168,459)	Purchase of short-term and long-term investments	(195,318)
(2,850)	Other payments for investing activities	(15,965)
173,959	Proceeds from short-term and long-term investments	262,818
126,791	Other receipts from investment activities	41,734
(103,034)	**Total**	**69,505**

63. Group Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2017/18 **£000**		**2018/19** **£000**
(192)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(207)
(11,518)	Repayments of short and long-term borrowing	(6,500)
(11,710)	**Total**	**(6,707)**

64. Group Officers' Remuneration

Under the Accounts and Audit Regulations 2011, Local Authorities are required to disclose information on their employees' remuneration in two sections.

The first section must contain the 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 must include a disclosure of the numbers of other staff whose total remuneration (i.e. salary plus overtime and allowances, etc.) is above £50,000.
The remuneration paid to the Combined Authorities senior employees is shown in the table below:

2018/19					
Post Holder Information	**Salary - including Fees and Allowances** **£**	**Expenses Allowances** **£**	**Compensation for Loss of Office** **£**	**Pension Contributions** **£**	**Total Remuneration including Pension Contributions** **£**
Deputy Managing Director (CA)	103,528	0	0	15,214	118,742
Director of Programme Commission	95,997	0	0	14,112	110,109

(CA)					
Dr Dave Smith- Managing Director (Director of paid service (CA))	192,449	0	0	0	192,449
Executive Director (PTE)	104,050	0	0	13,943	117,993
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**

2017/18 Comparative information- Restated					
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 (CA)	175,189	0	0	0	175,189
Deputy Managing Director (CA)	99,501	0	0	14,627	114,128
Director of Programme Commission (CA)	92,001	0	0	13.524	105,525
Executive	102,010	0	0	13,057	115,067

Director (PTE)					
Director Of Customer Services (PTE)	80,800	0	0	10,342	91,142
Head of Financial Services (PTE)	29,465	0	0	3,772	33,237
Director of Public Transport (PTE)	80,800	525	0	10,342	91,667
Interim Head of Financial Services (PTE)	33,307	79	0	4,263	37,649
Principal Solicitor & Secretary (PTE)	77,691	86	0	9,944	87,721
Total	**770,764**	**690**	**0**	**79,871**	**851,325**

PTE- Head of Financial Services – to 16 September 2017
PTE- Interim Head of Financial Services – from 11 September 2017

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

2017/18 Total	**Remuneration Band**	**2018/19 Total**
7	£50,000 - 54,999	**6**
6	£55,000 - 59,999	**8**
2	£60,000 - 64,999	**4**
0	£65,000 - 69,999	**0**
0	£70,000 - 74,999	**0**
0	£75,000 - 79,999	**0**
0	£75,000 - 79,999	0
0	£100,000 - 104,999	**0**
15	**Total**	**18**

65. Group Termination Benefits

There were no exit packages in 2018/19 or 2017/18.

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

2017/2018					2018/19			
Number of Compulsory Redundancies	**Number of Other Departures**	**Total number of exit packages by cost band**	**Number of Compulsory Redundancies**	**Exit Package cost band (including special payments)**	**Number of Compulsory Redundancies**	**Number of Other Departures**	**Total number of exit packages by cost band**	**Total cost of exit packages in each band £000**
0	0	0	0	£0 - £20,000	0	0	0	0
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**	**0**	**0**	**0**

66. Group External Audit Fees

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

2017/18 £000		2018/19 £000
64	Combined Authority	29
36	South Yorkshire Passenger Transport Executive	28
100	**Total**	**57**

The costs were in relation to the following services provided by the External Auditors:

2017/18 £000		2018/19 £000
95	Fees payable with regard to external audit services carried out by the appointed auditor	57
5	Additional work carried out	0
100	**Total**	**57**

67. Group Grant Income

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

2017/18 £000		2018/19 £000
	Credited to Services:	
(703)	Department for Business Innovation and Skills	0
(101,062)	Department for Communities and Local Government	(33,680)
(4,683)	Department for Transport	(26,639)
0	Skills Funding Agency	(2,063)
0	Department for Business, Energy & Industrial Strategy	(625)
0	Careers Enterprise Company	(160)
0	Department for Health	(3,966)
0	Department for International Trade	0
(60,321)	English Local Government	(60,797)
(86)	Cabinet Office	(323)
(1,048)	Other	(261)
(167,903)		**(128,514)**
	Credited to Taxation and Non Specific Grant Income:	
	Non-ring fenced Government Grants:	
(4,837)	Department for Communities and Local Government	(16,984)
(7,453)	Department for Transport	(6,069)
(3,527)	European Regional Development Fund / Other	(1,067)
(15,816)		**(24,120)**
(183,719)	**Total**	**(152,634)**

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 2018 £000		31 March 2019 £000
	Revenue Grants Receipts in Advance:	
(282)	Department for Business Innovation and Skills	(330)
(1,945)	Department for Transport	(474)
0	Cabinet Office	0
0	Department for Communities and Local Government	(791)
(1,788)	ESFA	(1,185)
(667)	LGA	0
(8)	None departmental government bodies	(286)
(181)	NHS UK	(1,054)
(4,870)	**Total**	**(4,120)**
	Capital Grants Receipts in Advance:	
(7,039)	Department for Transport	(10,225)
(8,661)	Department for Communities and Local Government	(5,591)
(15,700)	**Total**	**(15,816)**

68. 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.

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

Members

During 2018/19 and 2017/18 no works or services were commissioned from companies in which any members had an interest.

Officers

There have been no pecuniary interests involving the Head of Paid Service, the Chief Financial Officer or the Monitoring Officer to the Mayoral Combined Authority.

Significant Transactions:

2018/19							
	Note	**Receipts**	**Payments**	**Net Payments**	**Receivables**	**Payables**	**Net Assets**
Related Party		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Sheffield City Council	**1**	(25,584)	17,897	(7,687)	4	(725)	(722)
Barnsley Metropolitan Borough Council	**2**	(11,271)	16,605	5,335	0	(6,557)	(6,557)
Doncaster Metropolitan Borough Council	**3**	(12,866)	10,258	(2,608)	2	(5,683)	(5,681)
Rotherham Borough Council	**4**	(12,299)	5,181	(7,118)	0	(1,957)	(1,957)
Bolsover District Council		(4)	0	(4)	0	0	0
Bassetlaw District Council	**6**	(233)	765	532	0	0	0
North East Derbyshire District Council		(4)	0	(4)	0	0	0
Chesterfield Borough Council	**8**	(1,695)	416	(1,283)	0	0	0
Derbyshire Dales District Council		(4)	0	(4)	0	0	0
Totals		**(63,960)**	**51,122**	**(12,841)**	**6**	**(14,922)**	**(14,917)**

Notes – relating to significant transactions

1 Income:£23m Transport Levy , £0.4m LEP subscription and £0.5m Enterprise Zone fees. Expenditure, £4.8m loan to SCC for Parkwood Ski Village

2 Income,£10m Transport Levy income, £0.2m LEP subscription

3 Income: £12m Transport Levy, £0.26m LEP subscription

4 Income,£10.5m Transport Levy income, £0.9m EZ rates, £0.2m LEP subscription

6 Income; £0.04m LEP subscription, £0.22m, Reclaim overpaid SCRIF project grant

8 Income:£1.6m Enterprise Zone fees

2017/18 – Comparative Information

Related Party	Note	Receipts £000	Payments £000	Net Payments £000	Receivables £000	Payables £000	Net Assets £000
Sheffield City Council	**1**	(27,734)	27,126	**(608)**	0	(6,067)	**(6,067)**
Barnsley Metropolitan Borough Council	**2**	(11,462)	15,194	**3,733**	495	(573)	**(79)**
Doncaster Metropolitan Borough Council	**3**	(13,013)	25,387	**12,374**	0	0	**0**
Rotherham Borough Council	**4**	(11,487)	5,794	**(5,693)**	83	(3)	**79**
Bolsover District Council		(4)	0	**(4)**	0	0	**0**
Bassetlaw District Council		(4)	1,622	**1,618**	225	0	**225**
North East Derbyshire District Council		(4)	0	**(4)**	0	0	**0**
Chesterfield Borough Council		(1,112)	7,475	**6,362**	0	0	**0**
Derbyshire Dales District Council		(4)	0	**(4)**	0	0	**0**

Notes – relating to significant transactions

1 Income: £23.8m Transport Levy: £0.4m LEP subscriptions and £1.6m Enterprise Zone fees: Expenditure, £3m STEP: £3.9m Knowledge gateway & £1m SRQ payment.

2 Income: £10.0m Transport Levy income: £1m EZ rates.

3 Income: £13m Transport Levy: Expenditure, £3m for Urban markets, £4.5m for St Sepulchre west & £0.5m.

4 Income: £10.9m Transport Levy income: £0.5m EZ rates & Subscription: Expenditure, £0.4m LTP, £0.3m Sustainable access travel.

Transactions with Other Public Bodies

The UK government exerts significant influence over the Mayoral Combined Authority through legislation and grant funding. Grant funding received is detailed in the notes to the consolidated income and expenditure account. There are no significant transactions with other public bodies during 2018-19:

2018/19

Related Party	Notes	Receipts £000	Payments £000	Net Payments £000	Receivables £000	Payables £000	Net Assets £000
West Yorkshire Combined Authority	**1**	0	0	**0**	0	0	**0**
Greater Manchester CA	**2**	0	0	**0**	0	0	**0**

Notes Relating to Significant Transactions

2017/18 – Comparative Information							
	Notes	**Receipts**	**Payments**	**Net Payments**	**Receivables**	**Payables**	**Net Assets**
Related Party		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
West Yorkshire Combined Authority	**1**	0	5,137	**5,137**	0	0	**0**
Greater Manchester CA	**2**	(784)	11,641	**10,856**	79	0	**79**

Notes Relating to Significant Transactions

1. £5.1m 1st grant claim paid.
2. £9.8m Earmarked reserves relating to previous years & £1.8m grant received in advance now paid back to GMCA.

SYPTE

SYPTE has one subsidiary, Supertram Assets Ltd which is non-trading. Certain SYPTE Directors and Officers are also Directors of Supertram Assets Limited, but do not receive any remuneration from the company.

At 31 March 2017 the Executive had a Joint Venture with Yorcard Ltd. This is a trading company which was incorporated in England on 2 March 2007. As the Joint Venture is not material to SYPTE it has not consolidated Yorcard Ltd into its accounts.

69. Group Leases

SYPTE and Mayoral Combined Authority as Lessee

Finance Leases

The Group has not classified any leases as Finance Leases other than the Private Finance Initiative (note 70).

Operating Leases

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

2017/18 £000		**2018/19 £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**

SYPTE and Mayoral Combined Authority 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:

2017/18 £000		2018/19 £000
560	Not later than one year	598
1675	Later than one year and not later than five years	1,492
1338	Later than five years	1,470
3,573	**Total**	**3,560**

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.

70. Group Private Finance Initiative (PFI)

SYPTE has one operational PFI scheme. Under agreement, SYPTE is contracted to pay an annual sum to the operator, known as a unitary charge, and receives PFI credits via the CA to partially offset these costs. SYPTE is required to provide details about the outstanding payments in relation to this scheme. Due to changes in SYPTE's accounting policy, the assets and liabilities associated with this scheme are now reflected on SYPTE's Balance Sheet.

SYPTE's PFI contract, Doncaster Interchange was signed on 3 December 2003 with Teesland Property Company (Northern) Limited and involved the construction of a new Bus Station. It 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 2019 is £12.1m (£11.8m at 31 March 2018).

In 2018/19 unitary charge payments of £2.5m (£2.4m in 2017/18) were paid. Unitary charge payments over the whole life of the contract will total £91.1m 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 Mayoral Combined Authority receives income (PFI credits) quarterly for Doncaster Interchange from the Department of Communities and Local Government (DCLG). This is granted to the SYPTE. Timing differences between income received and expenditure paid is managed by the Mayoral Combined Authority in the PFI Earmarked Reserve (see note 14).

The Mayoral Combined Authority received income of £3.9m (£3.9m in 2018/19). Total contributions towards the SYPTE unitary charge payments granted by the Mayoral Combined Authority to SYPTE for 2018/19 were £2.4m (2017/18 £2.4m).

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

2018/19	**Repayment of Liability**	**Interest Charge**	**Contingent/ Rental**	**Service Charge**	**Lifecycle Costs**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£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**

2017/18 – Comparative Information	**Repayment of Liability £000**	**Interest Charge £000**	**Contingent/ Rental £000**	**Service Charge £000**	**Lifecycle Costs £000**	**Total £000**
Within 1 year	208	1,000	-	1,074	121	2,403
Within 2 -5 years	1,032	3,802	-	4,685	527	10,046
Within 6 - 10 years	1,885	4,158	-	6,839	769	13,651
Within 11 - 15 years	2,864	3,178	-	8,123	914	15,079
Within 16 - 20 years	4,353	1,689	-	9,648	1,085	16,775
Within 21 – 25 years	1,111	97	(983)	2,137	240	2,602
Total	11,453	13,924	(983)	32,506	3,656	60,556

2018 Doncaster Interchange PFI Assets £'000		**2019 Doncaster Interchange PFI Assets £'000**
	Net book value:	
11,050	As at 1 April	11,830
780	Revaluations	250
0	Depreciation	0
11,830	**As at 31 March**	**12,080**

2018 Doncaster Interchange PFI Liability Restated £'000		**2019 Doncaster Interchange PFI Liability Restated £'000**

11,645	As at 1 April	11,453
(1,229)	Lease repayments	(1,266)
1,017	Interest Charge	1,000
20	Contingent rentals	58
11,453	**As at 31 March**	11,245

71. Group Post-Employment Benefits

As part of the Terms and Conditions of Employment of its employees, SYPTE 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

Transactions Relating to Post-Employment Benefits

SYPTE 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.

Contributions made to the Fund in respect of current and past service (including in respect of South Yorkshire Transport Limited and SYITA Properties Ltd) are charged to the Comprehensive Income and Expenditure Statement.

Pension Reserve

The Unusable Reserve – Pension Reserve represents the accounting for the Net Pension Liability in the Balance Sheet. The Pension Reserve is greater than the Liability by £1.358m due to the advance payment of the deficit recovery contribution made in April 2017.

Contributions made to the Fund in respect of current and past service are charged to the Comprehensive Income and Expenditure Statement.

2017/18 £000		2018/19 £000
	Comprehensive Income and Expenditure Statement	
1,405	Current Service Cost	1,457
1,107	Financing Investment Income and Expenditure	935
(5,438)	Re-measurements in other Comprehensive Income and Expenditure	3,609
(2,926)	**Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement**	6,001

2017/18 £000		2018/19 £000
	Movement in Reserves Statement	
(2,512)	Reversal of net charges made to the (Surplus) / Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(2,392)
1301	Transfer of year one contribution	1,583
	Actual amount charged against the General Fund Balance for pensions in the year:	
5,523	Employers contributions payable to scheme*	1,329

*SYPTE prepaid £4M contributions for the three year period 2017/18 to 2019/20 on 3 April 2017.

Assets & Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities:

2017/18 £000		2018/19 £000
(161,538)	Opening Balance at 1 April	(152,539)
(1405)	Current Service Cost	(1,457)
(3,953)	Interest cost	(3,883)
(306)	Contributions by Scheme Participants	(338)
7,514	Re-measurements	(7,357)
0	Curtailments	0
7,149	Benefits paid	6,806
0	Business Combinations	0
(152,539)	**Closing Balance at 31 March**	**(158,768)**

Reconciliation of fair value of the scheme (plan) assets:

2017/18 £000		2018/19 £000
113,171	Opening Balance at 1 April	116,609
2,863	Interest on Plan Assets	2,968
1,912	Re-measurements	3,748
(17)	Administration expenses	(20)
0	Business Combinations	0
5,523	Contributions by Employer	1,583
306	Contributions by Scheme (plan) Participants	338
(7,149)	Benefits Paid	(6,806)
116,609	**Closing Balance at 31 March**	**118,420**

Pension Scheme Assets Comprised:

2017/18 £000		2018/19 £000
65,149	Equities	60,217
	Bonds:	
16,232	Government Bonds	18,580
8,606	Other Bonds	8,798
10,658	Property	11,451
15,964	Other	19,374

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

	2017/18 £000	2018/19 £000
Present Values of Liabilities	(152,539)	(158,768)
Fair Value of Scheme Assets	116,609	118,420
Surplus / (Deficit) in the scheme	**(35,930)**	**(40,348)**

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:

2017/18		2018/19
	Mortality assumptions:	
	Longevity at age 65 for current pensioners:	
23.0 years	Men	23.1 years
25.80 years	Women	25.9 years
	Longevity at age 65 for future pensioners:	
25.2 years	Men	25.3 years
28.1 years	Women	28.3 years
	Financial assumptions:	
2.1%	Rate of CPI inflation	2.2 %
3.4%	Rate of increase in salaries	3.5 %
2.2%	Rate of increase in pensions	2.3 %
2.6%	Discount rate	2.4 %

The estimation of the defined benefit obligations 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**
		+ 0.1% p.a. discount	**+0.1% p.a. inflation**	**+0.1% p.a. pay growth**	**1 year increase in life expectancy**
	£000	**£000**	**£000**	**£000**	**£000**
Disclosure item					
Liabilities	158,768	156,265	161,310	158,998	161,972
Assets	(118,420)	(118,420)	(118,420)	(118,420)	(118,420)
Deficit/(Surplus)	40,348	37,845	42,890	40,578	43,552
Projected Service Cost for next year	1,600	1,551	1,651	1,600	1,634
Projected Net Interest Cost for next year	949	926	1,021	966	1,037

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 2018	**31 March 2019**
	%	**%**
Differences between the expected and actual return on assets	1.6	3.2
Experience gains and losses on liabilities	4.9	4.6

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	A pension or other retirement benefit scheme into which an

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

	or legal rights. The two broad types of intangible non-current assets applicable to local authorities are goodwill and other intangible assets. Examples of other intangible assets might be patents or software licences.
International Financial Reporting Standards (IFRS)	Accounting standards developed by the International Accounting Standards Board which determine the standards to be adopted in the preparation and presentation of the Mayoral Combined Authority's accounting records.
Inventories	Inventories are assets: • in the form of materials or supplies to be consumed in the production process or consumed or distributed in the rendering of services • held for sale or distribution in the ordinary course of operations • in the process of production for sale or distribution
Investment Property	Property held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations.
Materiality	Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.
Net Book Value	The amount at which non-current assets are included on the Balance Sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.
Net Current Replacement Cost	The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current position of the existing asset.

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

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

Independent Auditor's Report

To be included in the final audited Statement of Accounts.