

**SOUTH YORKSHIRE MAYORAL
COMBINED AUTHORITY**

**STATEMENT OF ACCOUNTS
2023/24**

Unaudited

**For the period
1 April 2023 to 31 March 2024**

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Narrative Report by the Executive Director Resources and Investment

1. INTRODUCTION

Purpose of the Narrative Report

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

The Narrative Report also provides a summary of the MCA's financial performance and how it has secured economy, efficiency, and effectiveness (value for money) in the use of its resources over the course of the 2023/24 financial year in meeting its strategic aims as a Group.

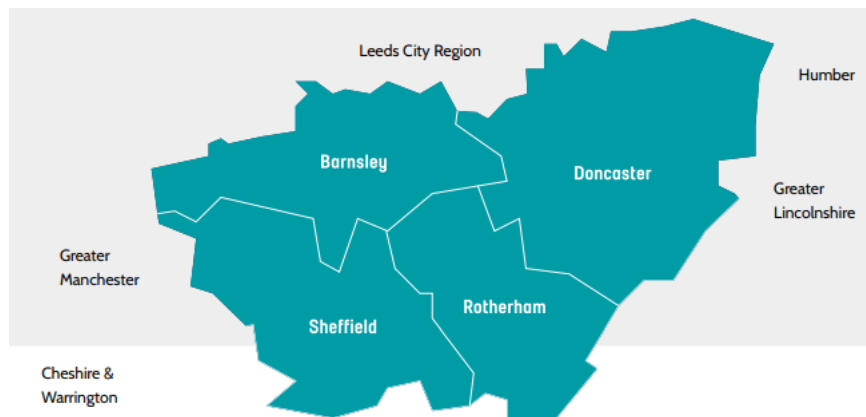
The MCA's group structure and governance arrangements continue to evolve. This report sets out the main changes during 2023/24 as well as plans for future changes.

2. ORGANISATION & CORPORATE OBJECTIVES

The South Yorkshire Mayoral Combined Authority and MCA Group

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

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



During the course of 2023/24, the MCA implemented the recommendations of a review into its governance arrangements. The Local Enterprise Partnership (LEP) Board was replaced by two new advisory boards: Business Advisory Board (BAB), and the Mayor's Economic Advisory Council (MEAC).

The Mayor and the Leaders of the four Councils form the MCA Board. The MCA Board is the principal decision-making body. Previously there were a number of thematic boards that

designed policy in their respective areas and exercised some delegated decision making functions. These boards have now ceased, and in their place a Cabinet-style portfolio model has been implemented.

Further details on the changes to the MCA's governance arrangements can be found in section 5 of this report.

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

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

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

The MCA's powers and functions are defined in statute, and include:

- £30m per annum over the next 30 years from 2020/21;
- control of the Adult Education Budget;
- powers over transport, skills, housing and regeneration;
- ability to borrow for all its competencies and functions.

In June 2023, the MCA began the process of transferring Police & Crime Commissioner (PCC) powers, after the Government's Levelling Up White Paper outlined a commitment to enable Mayors to take on public safety functions including PCCs. This process culminated in the Home Secretary passing legislation in February 2024 to transfer PCC functions for South Yorkshire to the Mayor. Consequently, a mayoral election was held in May 2024 and the successful candidate, Oliver Coppard, was re-elected to become the Mayor of South Yorkshire with PCC functions.

Economic Development

The MCA's SEP was revised in 2021, setting out a 20-year plan for economic growth, creating new jobs and businesses covering the period 2021 to 2041.

During the year, work which had originally started in 2022/23 has now been finalised to develop plans that reconcile the SEP activities with Mayoral Manifesto commitments. Four investment plans for each of the constituent local authorities – known as the Place Plans – have been produced, along with a region wide growth plan known as the Plan for Good Growth. The Place Plans will anchor the MCA into local priorities, with the regional Plan for Good Growth using those foundations to deliver transformational investment across South Yorkshire.

As set out in the SEP, the vision is to create a stronger, fairer, and greener South Yorkshire. The Plan for Good Growth sets out how the MCA and the four constituent local authorities will deliver this vision together. The supporting evidence base gives a detailed account of the South Yorkshire economy. As stated in the Plan, we will know

that it is working when we see:

1. increases in wages and disposable income across the distribution;
2. reducing income and spatial disparities across the region;
3. growth in high-paid jobs and business investment;
4. increase in social innovation, with an increase in the diffusion and adoption of knowledge and intellectual property (IP);
5. progress towards the net zero carbon target by 2040, including biodiversity net gain, environmental and ecological recovery, and greater use of nature-based solutions.

Transport

The start of the financial year 2023/24 marked the formal integration of SYPTE into the MCA, and also the first time in over a decade that the MCA Board voted in favour of increasing the transport levy. A new Executive Director of Transport joined the MCA in February 2024, the role having been covered on an interim basis up until that point.

As with the rest of the country, the MCA and transport operators continued to wrestle with the challenges arising from the longer term impact of Covid on patronage. Funding from DfT was extended, albeit with a different focus. For example, the Government agreed to extend the £2 fare cap for single tickets on bus. Bus Service Improvement Plan (BSIP) Phase 2 funding was announced in May 2023 to support levels of service which would otherwise not be commercially viable to allow for demand to recover and, as best as possible, services to return to a commercially sustainable level.

In July 2023, the MCA Board agreed to implement a financially sustainable approach to locally funded bus service (“tendered service”) provision for a period of around 2 years, highlighting policy changes for tendered services. These difficult policy options are a consequence of the cost of replacing all lost commercial services exceeding the local funding available. Amongst the measures approved by the MCA Board were: an increase in the child concessionary fare (for those aged under 18) on bus and tram journeys from 80p per trip to £1 per trip with effect from 1 November 2023; removal of the discretionary concessionary fare for persons aged 18 to 21 (Zoom Beyond) on bus and tram journeys with effect from 1 November 2023; continuing the fare cap on tram services in South Yorkshire (funded locally by the MCA) through to 31 October 2023 at £2.00, rising to £2.80 for around 1 year from 1 November 2023 until the end of November 2024.

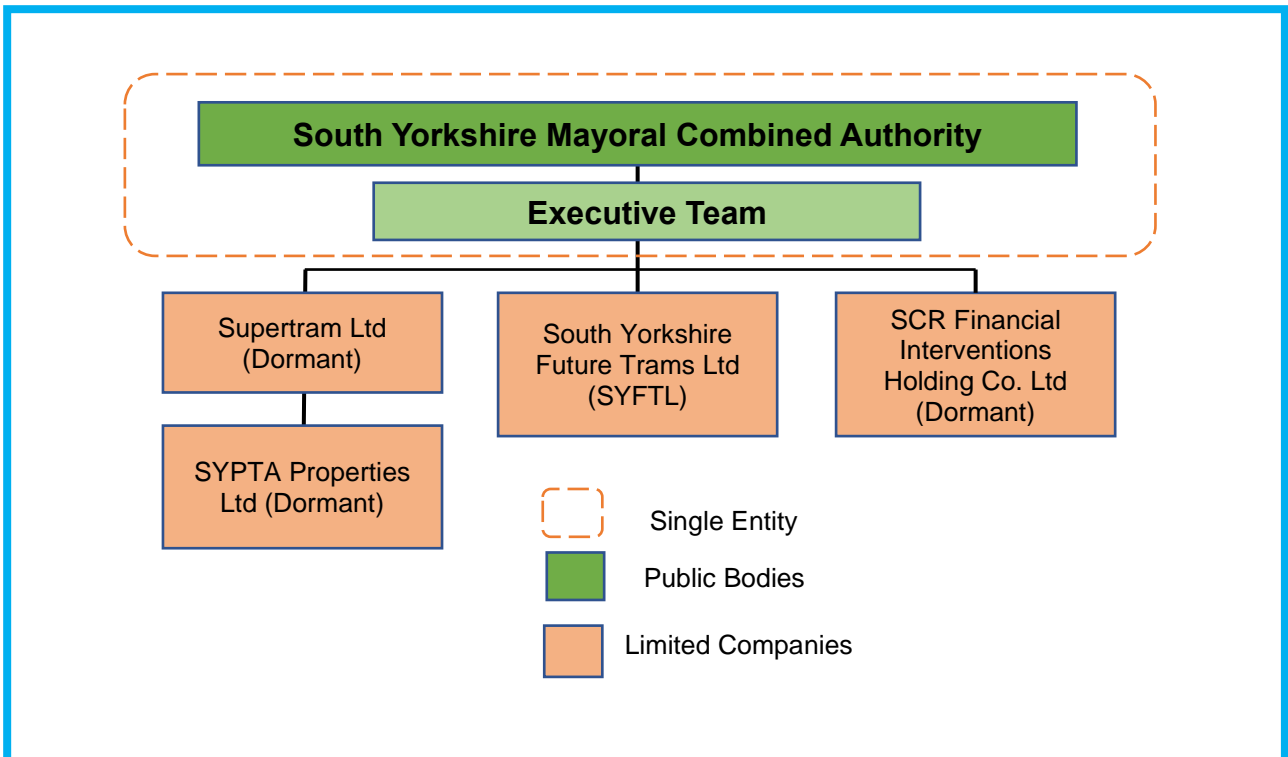
In keeping with the Mayor’s Manifesto Commitments, the MCA made significant progress with the following transport related priorities:-

1. Pursue the option to implement bus franchising and bring buses back under public control
2. Deliver on active travel targets
3. Recruit a new active travel commissioner and expand walking and cycling networks;

4. Review the ownership of tram operations and consider bringing tram back under public control at the end of the current concession in March 2024;
5. Lobby for government for better investment in rail across South Yorkshire and the North;
6. Lobby for government for increased investment in accessibility at railway stations;
7. Adopt a zero-tolerance approach to harassment on buses for passengers and staff and in taxis;
8. Support Doncaster bid to become the home of Great British Railways.

MCA Group Structure

The MCA Group comprised the following organisations during 2023/24:



South Yorkshire Future Trams Limited (SYFTL) was incorporated in October 2023 and started trading on 22 March 2024 when all staff employed by South Yorkshire Supertram Limited (SYSL) TUPE-transferred at the end of the 27-year long tram concession agreement.

The structure also shows the three dormant companies in 2023/24 as set out in the diagram.

3. KEY DEVELOPMENTS IN THE YEAR

This section highlights the key achievements and developments delivered by the MCA in 2023/24. During the year the MCA Board has:

Date of board	Key Achievements and Developments
June 2023	<ul style="list-style-type: none"> • Approved a new governance model for the MCA (see section 5 for further details) • Agreed to proceed with the next steps to enable the future transfer of PCC functions to the Mayor in South Yorkshire • Approved the Code of Corporate Governance, Annual Governance Statement and Governance Improvement Plan • Agreed to a set of key principles for SY underpinning the development of a new Pan Regional Partnership • Confirmed their support to defer any significant detrimental amendments to the bus network, fares and concessions initiatives to allow more considered decision making on the use of available funding • Approved the award of over £40m of Adult Education Budget for the 2023/24 academic year to a range of further education colleges, local authorities and independent training providers • Approved the award of up to £3.1m to the City of Doncaster Council to support the development of a financial viability assessment, the production of an outline business case, and associated professional service and legal fees re: Doncaster Sheffield Airport • Endorsed the Barnsley, Doncaster, and Rotherham Place Based Investment Plans • Endorsed the work programme and key lines of enquiry of the ‘Pathways to Work’ Commission being led by Barnsley MBC in partnership with the MCA.
July 2023	<ul style="list-style-type: none"> • Approved a two-year funding package in order to provide financial stability to locally funded bus service (“tendered service”) provision • Endorsed the final proposals enabling South Yorkshire to be announced as the first Investment Zone in the UK • Declared that it had met the full £33.6m defrayal target of the Government’s Getting Building Fund (GBF).
September 2023	<ul style="list-style-type: none"> • Supported taking forward a South Yorkshire Music Hubs proposal – with the MCA as accountable body • Agreed on the governance proposals around the Local Nature Recovery Strategy • Approved the progression to Full Business Case of a number of significant Brownfield Housing and Infrastructure schemes, including Cannon Brewery (£11.7m) • Agreed the proposal to enter into a Memorandum of Understanding with Aviva Capital Partners Ltd

<p>November 2023</p>	<ul style="list-style-type: none"> • Formally endorsed the proposals to transfer the PCC functions to the Mayor with effect from May 2024 • Requested further funding support from central government in the wake of Storm Babet to accelerate the delivery of flood defences, mitigation and resilience schemes across SY • Agreed to explore Level 4 Devolution • Supported the proposed approach to submitting the Tram Asset Renewal Outline Business Case to Department for Transport • Endorsed the updated Joint Regional Statement of Common Ground which assists local authorities in preparing Local Plans • Agreed to a rolling open call process to ensure the development of a robust pipeline of brownfield sites, and allow additional projects onto the current programme, including Canon Brewery, The Hive and Laurel Works
<p>January 2024</p>	<ul style="list-style-type: none"> • Approved the Supertram’s first Business Plan back in public ownership • Entered into a partnership agreement with SY Pension Authority in order to attract greater new private sector investment in support of economic growth and business development • Entered into a Strategic Place Partnership with Homes England
<p>February 2024</p>	<ul style="list-style-type: none"> • Agreed to the governance arrangements and interventions designed to support the implementation of the SY Investment Zone • Approved the progression of the South Yorkshire Airport City project to Full Business Case • Agreed to support the Crossed Wires Podcast Festival • Endorsed a number of innovative transport projects funded from £2.5m of treasury management income
<p>March 2024</p>	<ul style="list-style-type: none"> • Approved the Plan for Good Growth and the Skills Strategy • Agreed to proceed from the Assessment stage of Bus Franchising • Invested £2.2m of MCA funds into a Safe Space to Sleep Programme for children aged 0-5 • Signed off on the final claims for Year 2 of UK Shared Prosperity Fund, meaning the MCA achieved target spend • Approved the SY Destination Management Plan and the establishment of a Local Visitor Economy Partnership (LVEP) Advisory Forum • Endorsed the investments being made in cultural, creative and heritage schemes across SY, including the Children’s Capital of Culture, Harmony Works and the Castle Project • Endorsed its wholly-owned subsidiary SYFTL taking over tram operations on 22 March

	<ul style="list-style-type: none"> Agreed revisions to its Assurance Framework to aid business case development and improve the efficiency of the assurance process
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4. FINANCIAL PERFORMANCE

Overall Position

The outturn position notes the highest ever levels of investment into South Yorkshire through the capital programme and revenue budget and record income generated from treasury management activity.

Consolidated	Budget £000	Outturn £000	Variance £000
Transport & Environment	£243,748	£185,273	£58,475
Housing & Infrastructure	£37,442	£23,204	£14,238
Skills & Employment	£44,632	£45,904	−£1,272
Business Growth & Recovery	£9,350	£16,476	−£7,126
	£335,172	£270,857	£64,315
MCA Executive	£18,744	£17,006	£1,738
Mayoral Office	£589	£598	−£9
Project Feasibility Fund	£12,000	£11,136	£864
SPF Communities & Place	£7,706	£9,415	−£1,709
Debt & Finance	£12,650	£8,855	£3,795
Total	£386,861	£317,866	£68,995

The financial performance is notable over the course of the year for a number of issues:

- At c.£167m, the MCA has recorded its highest ever levels of revenue expenditure with a marginal variation of c. £500k against the base budget;
- At c.£150m, the MCA has again recorded its highest levels of capital expenditure, surpassing the previous total of £110m achieved in the prior year;
- Despite reaching record levels, the capital programme missed its base budget forecasts by c. £68m as a number of projects slipped delivery timelines;
- Income generated from treasury management activity reached £20.9m, £17.9m above forecast;
- Unexpected costs around the early Mayoral election (c.£3m) and an impairment to forecast Enterprise Zone income (c.£0.8m) were absorbed within the budget through redeployment of funding and reserves; and,
- Exceptional treasury income performance alongside a number of other unanticipated receipts has allowed for the MCA to deliver on its approved reserve strategy.

Further details on the 2023/24 outturn can be found in the reports pack published for the MCA Board on 4 June 2024.

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

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

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

The following table shows how the MCA’s surplus on the provision of services shown in the CIES of £30.648m reconciles to the Revenue Outturn reported to the MCA on 4 June 2024.

	2023/24
	£000
Surplus on Provision of Services in the CIES	(30,648)
Reversal of items not chargeable against revenue budget:	
IAS 19 pension costs - current service	(540)
IAS 19 pension costs - net pension interest	719
Capital grant income & contributions credited to Taxation & Non Specific Grant Income in the CIES	33,623
Capital grant income relating to REFCUS credited to net cost of continuing operations	112,473
Capital grant expenditure (REFCUS) charged to net cost of services within the CIES	(119,604)
PPE Depreciation charged to CIES	(7,173)
Intangible Assets amortisation charged to CIES	(765)
Revaluation loss on PPE surplus assets charged to CIES	(445)
Profit on disposal of assets held for sale	50
Revaluation gain on investment properties	100
Impairment of capital assets	(4,485)
Soft loan adjustments	24
Premium on early repayment of debt	(2,691)
Items chargeable against revenue budget not included in CIES:	
Statutory provision for repayment of debt (MRP)	3,830
Direct revenue financing from earmarked reserves	115

Less: grant income recognised in Period 13 not in the Outturn	
Unapplied Gainshare revenue transferred to reserves	1,632
Contributions to/from reserves charged to Outturn	
Contributions Approved during the course of the year	23,990
Contributions to distribute underspend at the year end	3,013
Draw down of reserves to fund revenue	(13,103)
Draw down of reserves to fund capital	(115)
Surplus reported in Outturn report to the MCA	0
Contribution to Bus Resilience reserve accounted for in Period 13	3,294
Net decrease in General Fund balance	3,294

Reserves

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

The MCA now holds reserves previously retained by SYPTE. The reserves are differentiated between capital and revenue, and those that are earmarked to specific activity or otherwise.

Revenue reserves are broadly categorised into:

- General Fund (c.£5.0m) – core reserves held to mitigate against financial shock.
- Capacity & Development Reserves (c.£16.0m) – these reserves have been generated in recent years to allow the MCA to invest for a sustained period into core capabilities and pilot activity, seeking to redress inequities in the MCA's funding environment. This money will be released over a sustained five-year period, but after this the MCA will need to rebalance its cost base back to an affordable envelope.
- Transport Reserves (c.£52.9m) – these include:
 - Levy Reduction Reserve (£13.1m) has sustained the SY Transport revenue budget in anticipation of repayments of expensive legacy debt that would allow the cost base to fall and use of reserves to be withdrawn;
 - PFI Reserve (£12.6m) is held for the purposes of meeting inflationary increases in the unitary charge payable to the contractor who operates and maintains Doncaster Frenchgate interchange;

- Bus Franchise Assessment (£1.2m) is held for the remaining costs of completing the audit and public consultation stages of the statutory process of the Assessment;
 - Bus Franchise Transition (£11.2m) comprises roughly half of the estimated resources required to move from Assessment to Implementation, should the MCA decide to proceed with franchising;
 - the new Bus Risk reserve (£10m) provides a buffer against the immediate exposure to the financial performance of the bus network the MCA will face, should it proceed with franchising;
 - Mass Transit Concession End (£0.7m) is held for the residual costs of closing out the project to transfer tram operations from Stagecoach to SYFTL;
 - Tram resilience (£1.4m) provides a buffer against the MCA's exposure to the commercial performance of SYFTL;
 - Transport Innovation Fund (£2.5m) was generated in-year from £2.5m of treasury management income in order to fund a number of innovative transport projects;
 - Tram Vision (£0.3m) covers the remaining costs of undertaking a range of studies into potential tram extensions.
- Programmes and Projects (c.£23.3m) – this comprises resource arising largely from timing differences in the receipt of funding and our readiness to incur expenditure on committed activity. Resource is held for programmes such as Skills Bank and projects such as Safe Place to Sleep. Resource is also held under this heading for key organisational changes and events such as the Mayoral Election and SYPTE/PCC integration.
 - Gainshare Projects (c.£14.1m) – reserves here are set aside for Business and Skills Renewal Action Plan projects, as well as the Project Feasibility Fund for local authorities to draw down.
 - Identified Risks – sums set aside to mitigate specific risks that have been identified and can be reasonably quantified.

As at 31 March 2024, the MCA held earmarked revenue reserves of £108.5m and a further £5.0m of uncommitted General Fund balances held to meet contingencies and unforeseen costs.

The MCA also held capital reserves of £68.3m consisting of grants unapplied and capital receipts.

The reserves strategy for 2024/25 approved by the MCA Board in March 2024 has been devised to address the following five issues:

1. The levy reduction reserve will now be exhausted by 2026/27, a year later than assumed previously;
2. A number of pandemic related reserves are no longer required, as the risks they supported have abated;

3. A number of other specific earmarked reserves can be decommitted as the risks they support have fallen away or can be moved against other funding;
4. Reserves previously committed to supporting bus services in 2024/25 can now be redeployed following the receipt of Government grant; and
5. Critically, the MCA needs to prepare now for the risks that may arise subject to future decisions on the move to a franchised model for bus services.

More detailed information on the reserves held by the MCA can be found in Note 15 of the accounts.

5. GOVERNANCE

Summary

During the year, a new governance model with ‘Cabinet’ style leadership, through the South Yorkshire Mayor and Local Authority Leaders taking portfolio responsibilities, has been implemented.

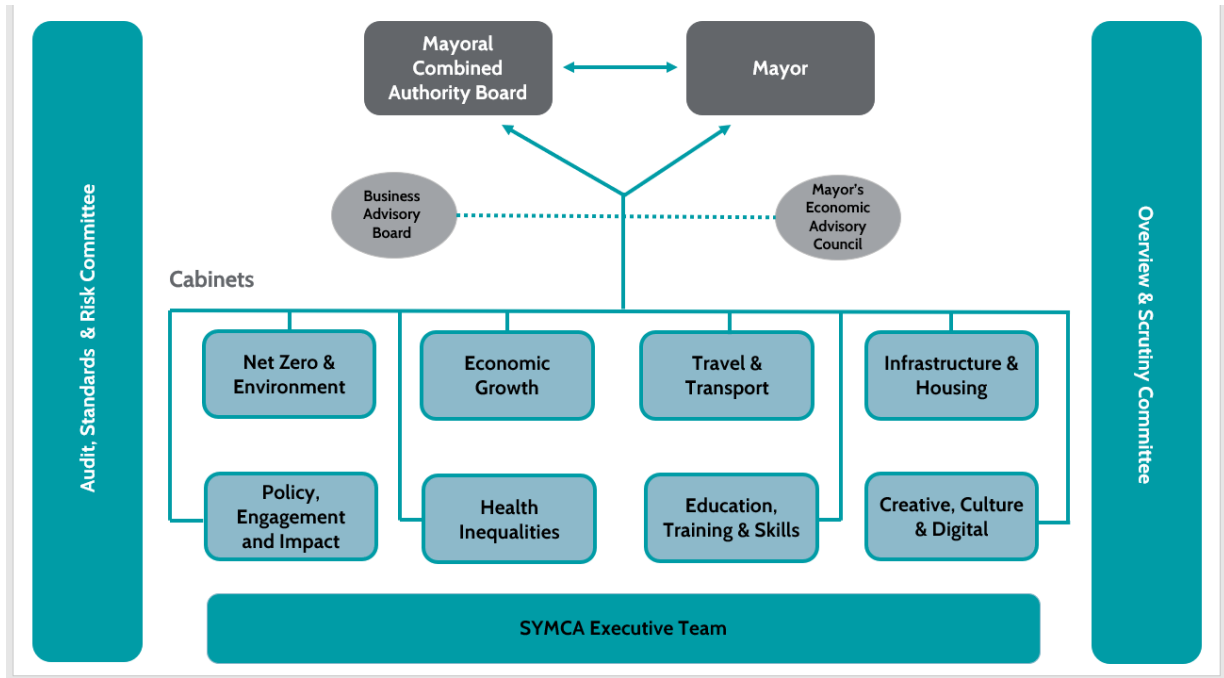
As noted in the Annual Governance Statement, this change has improved the pace of decision making, enhanced openness and transparency, and has strengthened business engagement through a Mayoral Economic Advisory Council and a new Business Advisory Board.

These arrangements have embedded well and whilst there have been no significant governance issues during the year, a number of factors have challenged and tested the MCA’s governance arrangements. This has included the concurrent management of several major change programmes dealing with the transfer of the tram system back into public ownership; preparation for the potential integration of the Office of the Police and Crime Commissioner and related election activity; and a programme of work to explore the option of bus franchising.

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

The MCA Board approved the new organisational governance structure in June 2023, and the MCA’s Constitution has been revised accordingly.

The structure in place during the year is shown in the following diagram below. The section thereafter summarises the key roles and responsibilities of each body or committee.



Mayoral Combined Authority

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

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

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

Cabinet-style Leadership Model

Under the new governance model, the thematic boards have been replaced with the Cabinet-style model, resulting in the South Yorkshire Mayor and Local Authority Leaders each taking portfolio responsibilities. The eight portfolios are set out in the diagram above.

Mayor’s Economic Advisory Council (MEAC)

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

- to ensure the Mayor and Local Authority Leaders have access to the best economic growth advice, and;

- to ensure the South Yorkshire narrative reaches the highest and most appropriate levels of decision making in central government and private investor platforms.

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

Business Advisory Board (BAB)

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

BAB replaces the existing Business Advisory Group, which was created as part of the Covid 19 response. This Board has sectoral, thematic, and geographical representation, with due consideration given to South Yorkshire's economic strengths and businesses of different sizes and levels of maturity, such as start-ups, SMEs, those of significant scale and corporates operating in international markets.

Audit Standards & Risk Committee

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

Membership of the ASRC is politically balanced as far as practicable and in 2023/24 consisted of 4 elected Councillors (or their nominated substitute) from the four South Yorkshire Local Authorities and two independent members.

In addition, the MCA has an established process for internal and external audit. Internal Audit is a contracted service (RSM Robson Rhodes with effect from 1 April 2023). We are in the process of transitioning from Ernst and Young (EY), the External Auditors appointed through the PSAA framework for the five years from 2018/19 – 2022/23, to KPMG. KPMG will audit the accounts for 2023/24.

Overview and Scrutiny Committee

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

Membership of the Overview and Scrutiny Committee is politically balanced and consists of 10 elected Councillors (or their nominated substitute) from the four Local Authorities in the region. The Overview and Scrutiny Committee has the authority to review and scrutinise a decision made, or action taken by the MCA and any of its Sub-

Boards. The Committee can, at their discretion, make recommendations for change or improvements.

Independent Assessment of Governance Arrangements

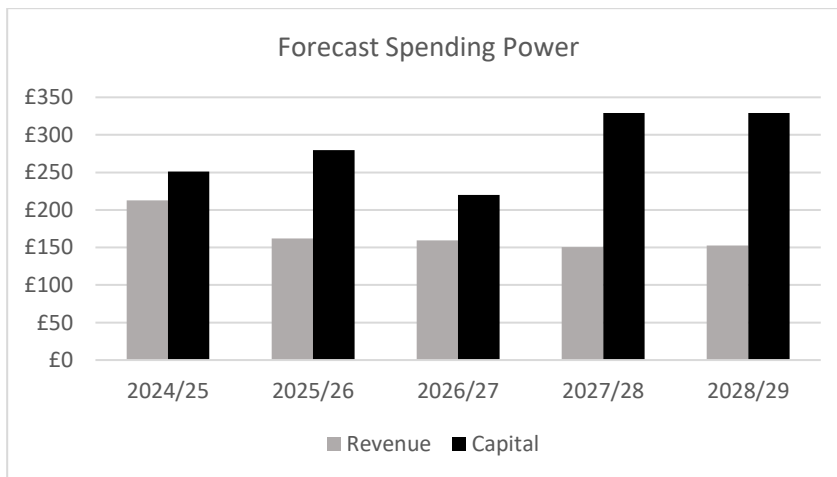
The MCA’s overall governance arrangements have been subject to independent assessment on an annual basis by External Audit and Internal Audit.

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

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

6. OUTLOOK

Forecasts of spending power in future years highlights the significant investment potential available to the MCA. The following chart shows the forecast level of expenditure to 2029 based on known funding streams and known expenditure requirements:



Capital funding is expected to grow from the current position as grant profiles and slipped activity coalesce in 2025/26. Significant amounts of Transforming Cities Fund (TCF) and City Region Sustainable Transport Settlement (CRSTS) are forecast to be delivered over the next few years.

By 2026/27 available capital resource is expected to fall as slipped activity is recovered whilst it is assumed that no new funding is made available to support the UK Shared Prosperity Fund programme and the Brownfield Housing Fund programme that both conclude in 2024/25.

By 2027/28, however, it is forecast that capital resource will grow significantly as the CRSTS2 programme arrives. This funding was initially announced at c. £0.9bn but was

subsequently increased to £1.45bn following the cancellation of the HS2 northern leg and the announcement of Network North activity. On an assumption that c. £300m p/a will be made available, the opportunities for the MCA to invest into core transport priorities is significant.

The reduction in revenue funding reflects a number of movements including the exhaustion of reserves for discrete projects and strategies. In the coming years, funding set aside for the Tram Concession end project; the Business and Skills Renewal Action Plan workstreams; the Safe Place to Sleep project; the Transport Innovation Fund; and budget stability reserves such as the Levy Reduction Reserve will all be exhausted with an assumption that those projects will have completed. Programmes like Skills Bank that have been maintained through recycled income will also begin to unwind. Key revenue funding streams such as Shared Prosperity Fund, Multiply, and Working Win are also only committed into the near-term and will end by 2026 unless decisions are taken by Government to extend them.

The key medium-term revenue challenges for the MCA remain:

1. Managing exposure to the financial performance of the tram network;
2. Dealing with the loss or reduction in Government bus funding when the current BSIP monies end in 2024/25;
3. Managing inflationary pressures when none of the MCA's funding streams are index-linked;
4. Managing exposure to commercial income performance, particularly Treasury Management activity;
5. Managing exposure to reserve contributions as earmarked and capacity reserves become exhausted; and,
6. Managing exposure to recharges as funded programmes reach their end points.

The medium-term forecasts will be updated with budget revisions presented to Board on a quarterly basis as further detail becomes available on potential new funding streams and investment plans.

Underpinning these six challenges, the risk, and the opportunity, is the MCA's reserve strategy. As referenced in section 4, this strategy sees the release of funding to deliver priority programmes and projects; but also the release of resource to enable us to manage change appropriately; to invest in ideation and thought leadership that will provide the innovation required to make meaningful change; and resource to manage identified risk.

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

In summary, 2024/25 will continue to see high levels of investment which will undoubtedly create new opportunities in the region but there remain many underlying challenges and changes for the MCA to address in order to meet its overall priorities and objectives.

Annual Governance Statement

Executive Summary

Scope of Responsibility

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

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

What do we mean by Governance?

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

What is ‘good governance’?

Fundamentally, good governance is about making sure we do the right things, in the right way, for the right people. Our commitment to good governance is set out in our Code of Corporate Governance. This Code, aligned the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016, has been in place for the year ending 31st March 2024, and describes how we will carry out our functions in a way that shows accountability, transparency, effectiveness, integrity, and inclusivity.

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

Summary of governance issues during 2023/24

During the year a new governance model with ‘Cabinet’ style leadership, through the South Yorkshire Mayor and Local Authority Leaders taking portfolio responsibilities, has been implemented. This change has improved the pace of decision making, enhanced

openness and transparency, and has strengthened business engagement through a Mayoral Economic Advisory Council and a new Business Advisory Board. These arrangements have embedded well and whilst there have been no significant governance issues during the year, a number of factors have challenged and tested our governance arrangements. This has included the concurrent management of several major change programmes dealing with the transfer of the tram system back into public ownership; preparation for the potential integration of the Office of the Police and Crime Commissioner and related election activity; and a programme of work to explore the option of bus franchising.

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

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

Based on the sources of assurance set out in this statement, we are satisfied that, throughout the year 2023/24, and up to the date of the approval of the accounts, a satisfactory system of internal control has facilitated good governance of the Authority's affairs and the effective exercise of its functions.

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

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On behalf of the South Yorkshire Region Mayoral Combined Authority

1. Identification of key governance arrangements

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

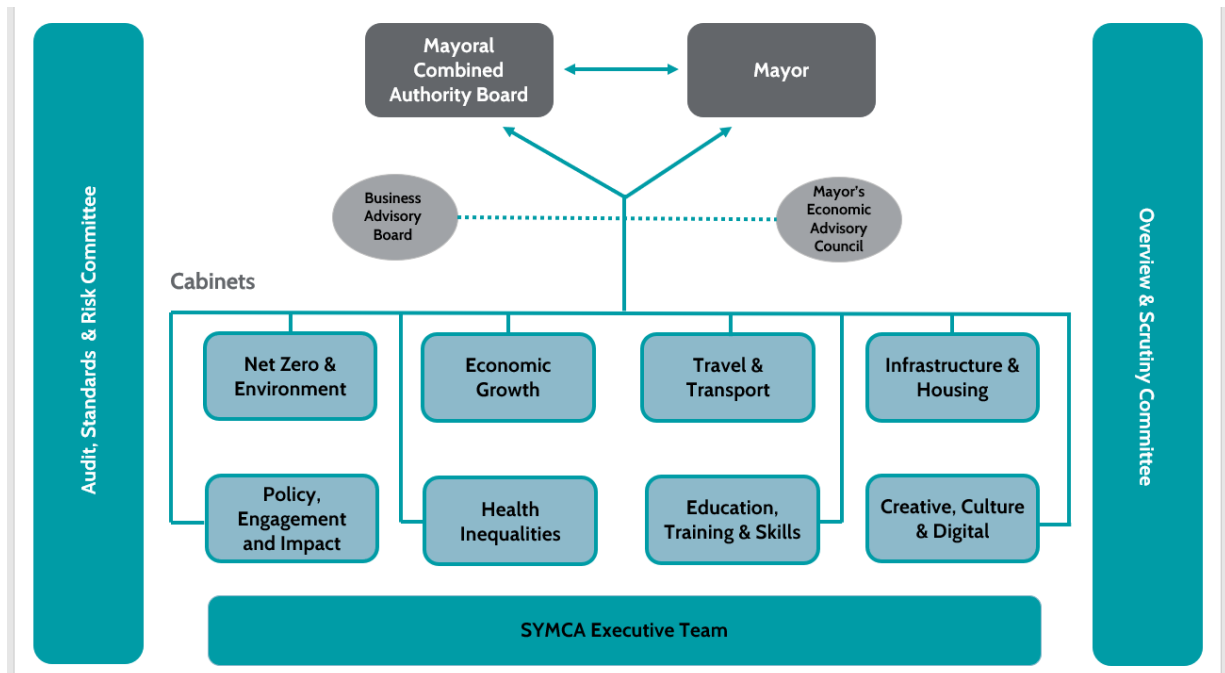


Fig 1: 2023/24 Governance Structure

The Authority's Constitution sets out the governance arrangements of the organisation, the structure is shown above. The Constitution defines the operating principles of the Authority and embraces a suite of policies including, but not limited to, Codes of Conduct, Whistleblowing, Anti-fraud and Bribery, Contract Procedure Rules, Finance Regulations, and the Code of Corporate Governance, including the Terms of Reference for the Business Advisory Board and the Mayors Economic Advisory Board.

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

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

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

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

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

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

Our Strategic Economic Plan 2021-41 sets out our vision and policy objectives to grow the economy at pace and at scale, ensuring that all people and places have a fair opportunity to contribute to, and benefit from prosperity. During the year work has been undertaken to develop a Plan for Good Growth. This Plan sets out a framework for regional economic development and a path to attracting more and better jobs that will raise living standards for those who live and work across South Yorkshire.

Over the last year we have also embedded several system level changes to our governance arrangements and processes to address any barriers to efficient programme performance. These changes have included:

- The implementation of the new MCA Governance model which has supported better engagement with partners, empowered members and officers, and simplified decision making.
- The establishment of the Business Advisory Board and the Mayor's Economic Advisory Council, strengthening business engagement and ensuring 'a strong, independent and diverse business voice' in policymaking.
- The development of a Programme Management Office at the MCA to support the development of and guide schemes through assurances processes, enabling a 'right first time' mentality, building stronger relationships and collaboration and culture of shared responsibility for delivery.
- The introduction of the Project Feasibility Fund to enable 'at risk' scheme development.
- The Assurance Framework was reviewed during the year with changes proposed to and adopted by the Board in March 23 the introduction of a one touch-point governance system, where most schemes only need to go to Board for approval at Outline Business Case.
- The introduction of the MCA's internal Programme Board to allow for speedy decisions and joined up activity within the MCA's Executive team.
- More regularised programme monitoring meetings with our Local Authorities at both the project delivery level and the director level through Place Liaison meetings.
- Simplifying procurement, better partnership working, and flexibilities have ensured devolved powers for the 19-24 Adult Education Budget are being used more effectively.

In addition, we have collaborated with academic, business, and public sector partners to share intelligence and explore ways of tackling complex problems. We have also engaged widely with the public on issues such as improvements to the public transport network through the Mayor’s campaign for a fair bus deal.

To support the delivery of MCA priorities and prepare the organisation for further stages of devolution, there has also been a strong focus on developing the corporate core of the organisation. This has included leadership development activity, improving talent acquisition, refining, and aligning business planning to corporate, team, and personal objectives as well as strengthening capital forecasting and developing performance monitoring.

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

The review of effectiveness has been informed by:

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

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

3. Head of Internal Audit Opinion

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

The Head of Internal Audit’s Annual Report for 2023/24 has included the following opinion:

“The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.”

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

4. CIPFA Code of Financial Management

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

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

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

5. Accountability and Action Plans

5.2 Audit Recommendations

- **External Audit**

2021/22 Accounts

EY concluded their audit of the 2021/22 accounts in October 2023 and issued an unqualified opinion immediately following formal adoption of the accounts by the MCA board on 14 November 2023. Their Annual Audit Letter confirmed that there were no matters to report on the Authority's value for money arrangements and that there were no significant weaknesses or issues that needed to be reported.

Due to delays in the audit process this audit concluded 12 months after the statutory deadline of November 2022.

2022/23 Accounts

Due to delays across the sector, initially due to the disruption caused by the Covid pandemic but also due to the external auditors struggling to resource the contract into which they had entered (referred to above), work on the 2022/23 accounts audit is bound up in the national consultation that is taking place on resetting local government audits to restore more timely reporting. At present, the auditors are conducting a review of the Authority's 2022/23 value for money arrangements and have confirmed that they will not audit the financial statements for 2022/23. Consequently, instead of giving an audit opinion on the financial statements they will issue a disclaimer. The exact form and timing of the disclaimer is subject to guidance emerging from the national consultation, but the external auditor confirmed to the Audit Standards and Risk Committee that the form of wording will reflect no fault on behalf of the MCA.

2023/24 Accounts

From 2023/24, KPMG have been appointed as external auditors. They are currently conducting their planning and risk assessment which will inform their 2023/24 audit plan. Their intention, subject to guidance, is to present an indicative 2023/24 audit plan, setting out their approach to the audit of the 2023/24 financial statements, to the July Audit, Standards and Risk Committee.

- **Internal Audit**

The Internal Audit Plan for 2023/24 has resulted in two audits receiving a ‘substantial assurance’ opinion and five receiving a ‘reasonable assurance’ opinion. One audit, on Cyber Security, received a ‘partial assurance’ opinion. Whilst the maintenance of Cyber Essentials Plus accreditation was acknowledged at the outset of the audit, this piece of work was commissioned due to the heightened level of threat of cyber-attack and in recognition of the planned and anticipated changes in the Authorities operating environment i.e., tram operations and a potential election and transfer of Police and Crime Commissioner functions and responsibilities. This audit confirmed the Authority could be partially assured that suitably designed, consistently applied or effective controls were in place to manage cyber risk, but additional or enhanced controls were needed due to the high risks around cyber. Good progress has been made in implementing the recommendations from the audit, which were largely around documenting the technical controls already verified by the Cyber Essentials Plus accreditation. A follow up will take place in the autumn.

6. Risk Management

During the year the Risk Management Framework has continued to be embedded, strengthening the Authority’s approach to the management of risk, and progressing the risk maturity journey. Regular reporting to the Executive Leadership Board and the Audit, Standards and Risk Committee has ensured effective oversight of risks presenting the highest level of threat to the achievement of the Authority’s objectives.

At year end the highest scoring corporate/strategic risks were:

Table 1: High and medium/high corporate risks and their year-end position.

Residual Score	Risk Description	Year End Position
Net Zero, Sustainability/ Climate Change		
20	Due to an inability to galvanise the required level of support, consensus, and leadership across the region, from partners and stakeholders both private and public, there is a risk that the approach is fragmented,	Significant progress has been made on developing a coherent strategy for the region, however the scale and nature of the issues we face will always mean that the response could be viewed as inadequate. The delivery of a Citizens' Assembly on the climate emergency during 2023 will give

	resulting in a failure to achieve the net zero target, by 2040.	further opportunity for creating the regional consensus and spur action.
Tram Services		
15	Due to a delay in concluding future operating model for tram services beyond the current operating concession and then completing transition, there is a risk that the MCA is exposed to operational transport provision and financial risks, resulting in financial, capability and capacity pressures as well disruption to tram services.	Tram Services successfully transferred from the operator (SYSL) to a wholly owned subsidiary of SYMCA (SYFTL) on 22 nd March 2024.
Ability to Deliver CRSTS Programme		
15	Due to the award of the CRSTS programme funding which will provide related regional capital funds for five years from April 2022 and will be closely monitored by DfT there is a risk that the capacity and capability in the region is insufficient to deliver extensive projects in the programme within timescale resulting in potential damage to the reputation of the MCA and Mayor.	Delivery partners continue to utilise CRSTS revenue funding to build capacity and enable project development. The Programme Management Office meets regularly with each delivery partner to assess progress, risk and to support partners in identifying mitigations.
Inability to Fund the Cost of the Tram Asset Renewal		
15	Due to not being able to secure suitable funding sources, e.g. DfT release of earmarked £100m which is subject to DfT approval, to renew the life-expired trams assets there is a risk that tram infrastructure and vehicles cannot be life-extended or replaced and that ongoing asset management requirements will be unsupported resulting in deterioration in service and/or potential unplanned disruption to service.	To date £100m of CRSTS funding has been identified. In May 2024 the Department for Transport's Investment Portfolio Decision Committee approved the Outline Business Case (OBC) for this project and agreed to the early release of c. £20m ahead of Full Business Case approval. This funding will be deployed to support urgent renewal works.
The BSIP and EP Scheme Delivery		
15	Due to insufficient funding through BSIP there is a risk our aspirations for growing the bus market are undermined resulting in no meaningful service improvements and continued decline.	Many of the aspirations in the current EP Plan and Scheme cannot be delivered due to lack of government funding, and the ability and capacity of partners to deliver specific commitments. The 2024 BSIP Refresh as required by DfT (due to be submitted 12 June 2024) will support some of our aspirations.
Doncaster Sheffield Airport Closure		
12	Due to the cessation of aviation operations, there is a risk that the area will be subject to direct and indirect job losses, resulting in a drag on the regional	In June 2023 the MCA Board approved the investment of £3.1m to support City of Doncaster Council in assessing the case for compulsory purchase. An Outline Business Case detailing Doncaster City Council's

	economy and the area becoming less desirable for inward investment.	vision for a South Yorkshire Airport was considered by the MCA Board in February 2024 and approved the progression to Full Business Case. Officers from CDC and the MCA continue to work on the development of a Full Business Case in parallel with works to secure a long-term lease on the land and the procurement of a potential airport operator.
Tram Infrastructure and Tram Vehicle Failure		
12	Due to increased wear and age of assets there is a risk that the tram infrastructure or vehicles will fail resulting in service disruptions, health and safety incidents and increased financial exposure.	Submission of the Mass Transit Outline Business Case was made to DfT at the end of March 2024. The DfT has agreed to release c. £20m for immediate renewal activity having approved the OBC.
Successful Management of Concurrent Major Change Programmes		
12	Due to competing demands on organisational capacity and capabilities there is a risk that business change activity is not delivered successfully and there is a displacement of focus from core activity resulting in an impact on business as usual delivery, regulatory non-compliance, reputational damage, low workforce morale.	The Major Projects Oversight Board has met regularly during the year to provide high level oversight of the Tram Transfer Programme and the integration of the Office of the Police and Crime Commissioner.
Investment Zones Readiness		
12	Due to the timescales and volume of work required to be ready for delivery of IZ from April 2024, there is a risk that SYMCA is unable to effectively target its interventions resulting in a reduced impact, reputational damage and/or impact on future devolution conversations	Surge resource has been put in place to help the development of the IZ programmes, including active engagement from Local Authority partners. With IZ funding now secured, a team will be established to manage delivery.

7. Progress against our Governance Improvement Plan for 2023/24

Although no significant issues were identified in the previous financial year, we identified areas for improvement and put in place a Governance Improvement Plan. The plan, and our progress against, has been monitored by the Audit, Standards and Risk Committee during the year. The Committee agreed to the conclusion of the plan at their meeting in March 2024, requesting that the flowing actions, that had not been completed, be rolled over into the 2024/25 plan.

- Reviewed and consolidated HR policies.
- Reviewed Information Governance policies and training delivered.
- Reviewed and updated Information Asset Registers.
- Corporate Document Management Process implemented.

Table 2: Progress against our Governance Improvement Plan for 2023/24

	Improvement Action	Status at year end
1	Reviewed and updated officer scheme of delegation.	Constitutional changes including changes to the Scheme of Delegation were agreed by the MCA Board in July 2024.
2	Implemented Revised Assurance Framework.	The 2023 Assurance Framework was implemented during the year and the Governance Improvement Plan action was marked as complete in December. Subsequently, the 2024 Assurance Framework has also been reviewed and updated to reflect changes to governance structure, powers as well as clarifications and refinements on the assurance process. A Draft Assurance Framework was presented to the MCA Board for endorsement on 12 th March and included on the ASR Committee March agenda. The Framework has also been submitted to Government departments for approval and sign-off.
3	Reviewed governance decision making process and implementation of any agreed changes.	This action was marked as complete in December. For information: the internal audit on the implementation of the Governance changes undertaken in March 2024 concluded a substantial assurance opinion.
4	Reviewed and consolidated HR policies.	The tabling of legislation to bring forward the 2026 Mayoral election to May 2024 has led the MCA to move parts of the harmonisation exercise to after May. Whilst teams will continue to develop proposals and liaise with the union, moving engagement with the workforce to after the election has allowed for more meaningful engagement with teams who have been involved in delivering priority time bound activity.
5	Induction for new elected members.	This action was marked as complete in December however, another induction session has been scheduled for the new municipal year as well as timetable of briefing sessions and training.
6	Programme of knowledge development sessions for members.	This action was marked as complete in December however, another induction session has been scheduled for the new municipal year as well as timetable of briefing sessions and training.
7	Embedded Risk Management Framework.	Work has continued to embed risk management practice and the risk management internal audit undertaken during the year has concluded a 'reasonable assurance' opinion.
8	Cyber Essentials Plus attainment.	The Authority received re-accreditation for Cyber Essentials Plus in April 2023 and again in April 2024.
9	Reviewed Information Governance policies and training delivered.	Documentation is awaiting Union and HR review. In line with action 4, approval of these policies will be sought after May 2024. This action will be rolled over into the

		2024/25 Governance Improvement Plan and monitored until complete.
10	Reviewed and updated Information Asset Registers.	New asset registers are being tested and a timetable for completion has been rolled out. This action will be rolled over into the 2024/25 Governance Improvement Plan and monitored until complete.
11	Corporate Document Management Process implemented.	Work continues to populate the library. Corporate Delivery Team members have agreed a process for reviewing documentation. As with action 4, approval of the totality of policies and processes stored with the Corporate Document Library will be sought after May 2024. This action will be rolled over into the 2024/25 Governance Improvement Plan and monitored until complete.

8. Governance Improvement Plan for 2024/25

Although no significant issues have been identified as a result of this year’s evaluation, we are committed to continually strengthening and improving our governance arrangements and, during 2024/25, will particularly focus on the following key actions.

Table 3: Governance Improvement Plan for 2024/25

	Improvement Action	Deliverable	Outcome
1	Develop a Consultation and Engagement Framework.	A Consultation and Engagement Framework document.	How we listen, consult, and involve the people of South Yorkshire in our plans, decisions and services will be improved and aligned to best practice.
2	Introduce a consolidated customer complaints and feedback process.	A consolidated Customer Complaints and Feedback Process.	We will have a consistent, effective, and efficient approach to managing customer complaints and providing a comprehensive view of service improvement requirements.
3	Develop and embed our approach to management information monitoring and reporting.	A Power BI system to collect and analyse data and a quarterly reporting cycle implemented.	Our stakeholders will be assured that our outcomes are being achieved and corporate functions are working effectively.
4	Further develop and enhance the way we use evidential data and intelligence.	A programme to improve our business cases; core briefs to give us one version of the truth; further analytical work targeted at priorities.	Our funding asks and SY narrative will be stronger.

5	Develop and improve our approach to monitoring our transport tendered services.	A contract-monitoring process which is future-proofed for franchising.	Optimum value for money will be obtained for public funding.
6	Embed our Valuing Individual Performance process.	Valuing Individual Performance documentation completed by every employee, reviewed at mid and end of year. Development plans in place where required.	Personal objectives will be linked to corporate and business objectives, and to our values and behaviours. Individual performance will be evaluated, and development requirements considered.
7	Agree our Digital Strategy.	A Digital Strategy document and costed delivery plan.	We will have a roadmap for the implementation and adoption of new digital initiatives and technologies to ensure business processes and operational models are modernised to enhance how we work in an evolving digital landscape and our ambitions of leveraging technology for economic advancement will be supported.
8	Review and consolidate HR policies.	A single set of HR policies.	There will be clarity on the responsibilities of both employer and employee. Workplace culture and values will be reinforced, and employees will be empowered.
9	Review Information Governance policies and deliver training.	Up to date Information Governance Policies and clear guidance to support employees in meeting their obligations.	Employees will be clear on their responsibilities relating to information law and for information assets of the authority.
10	Review and update Information Asset Registers	Up to date Information Asset Registers.	We will better understand and manage our information assets, the risks to them and how to protect and exploit them.
11	Implement the Corporate Document Management Process	A populated Corporate Document Library where documents have clear ownership and are reviewed on a regular basis.	Employees will be able to access all corporate policies and procedures and be clear of their accountabilities.

Statement of Accounts

Statement of Responsibilities

The Mayoral Combined Authority's Responsibilities

The Mayoral Combined Authority is required to:

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

The Responsibilities of the Executive Director Resources and Investment

The Executive Director Resources and Investment is responsible for the preparation of the Mayoral Combined Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Executive Director Resources and Investment has:

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

The Executive Director Resources and Investment has also:

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

- used the going concern basis of accounting on the assumption that the functions of the Mayoral Combined Authority will continue in operational existence for the foreseeable future, and
- maintained such internal control as determined is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

I hereby certify that the Statement of Accounts on pages 34 -117 gives a true and fair view of the financial position of South Yorkshire Mayoral Combined Authority at 31 March 2024 and of its income and expenditure for the year ended 31 March 2024.

Gareth Sutton
Executive Director Resources and Investment
Section 73 Officer
31 May 2024

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.

South Yorkshire Mayoral Combined Authority – Statement of Accounts 2023/24

2023/24						
		General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Note	28	28	28	28	28
Balances at 1 April 2023		(8,294)	(91,306)	(18,584)	(52,632)	(170,816)
Adjustment to opening balances				670	0	670
Movement in reserves during 2023/24:						
(Surplus)/deficit on provision of services	CIES	(30,648)	0	0	0	(30,648)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	0	0
Total Comprehensive (Income) and Expenditure		(30,648)	0	0	0	(30,648)
Adjustments between accounting basis and funding basis under regulations	14	16,733	0	2,609	(360)	18,982
Net (increase)/decrease before transfers to earmarked reserves		(13,915)	0	2,609	(360)	(11,666)
Transfers (to)/from earmarked reserves	15	17,209	(17,209)	0	0	0
(Increase)/decrease in year		3,294	(17,209)	2,609	(360)	0
Balance at 31 March 2024		(5,000)	(108,515)	(15,305)	(52,992)	(181,813)

South Yorkshire Mayoral Combined Authority – Statement of Accounts 2023/24

2022/23						
		General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Note	28	28	28	28	28
Balances at 1 April 2022		(7,232)	(82,734)	(14,411)	(51,537)	(155,914)
Adjustment to opening balances						
Movement in reserves during 2022/23:						
(Surplus)/deficit on provision of services	CIES	(3,471)	0	0	0	(3,471)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	0	0
Total Comprehensive (Income) and Expenditure		(3,471)	0	0	0	(3,471)
Adjustments between accounting basis and funding basis under regulations	14	(4,963)	0	(4,254)	(3,829)	(13,047)
Net (increase)/decrease before transfers to earmarked reserves		(8,434)	0	(4,254)	(3,829)	(16,518)
Transfers (to)/from earmarked reserves	15	7,371	(8,573)	80	2,735	1,613
(Increase)/decrease in year		(1,064)	(8,573)	(4,174)	(1,094)	(14,905)
Balance at 31 March 2023		(8,294)	(91,306)	(18,584)	(52,632)	(170,816)

South Yorkshire Mayoral Combined Authority – Statement of Accounts 2023/24

2023/24									
		Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve £000	Accumulated Absences Reserve (PTE) £000	Total Unusable Reserves £000	Total Reserves £000
	Note								
Opening Balances as at 1 April 2023		85,989	49	(88,382)	(43,425)	(10,519)	99	(56,192)	(227,008)
Adjustment to opening balance		(89,052)		88,382			(99)	(769)	(99)
Movement in reserves during 2023/24:									
(Surplus)/deficit on provision of services	CIES	0	0	0	0	0	0	0	(30,648)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	31,319	10,698	0	42,017	42,017
Total Comprehensive (Income) and Expenditure		0	0	0	31,319	10,698	0	42,017	11,369
Adjustments between accounting basis and funding basis under regulations	14	(22,603)	2,666	0	1,134	(179)	0	(18,982)	0
Net (increase)/decrease before transfers to earmarked reserves		(22,603)	2,666	0	1,134	(179)	0	(18,982)	0
Transfers (to)/from earmarked reserves		0	0	0	0	0	0	0	0
(Increase)/decrease in year		(22,603)	2,666	0	32,453	10,519	0	23,035	11,369
Balance at 31 March 2024		(25,667)	2,715	0	(10,973)	0	0	(33,925)	(215,738)

South Yorkshire Mayoral Combined Authority – Statement of Accounts 2023/24

2022/23									
	Note	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve £000	Accumulated Absences Reserve (PTE) £000	Total Unusable Reserves £000	Total Reserves £000
Opening Balances as at 1 April 2022		81,596	73	(91,755)	(41,283)	27,193	99	(24,077)	(179,991)
Movement in reserves during 2022/23:									
(Surplus)/deficit on provision of services	CIES	0	0	0	0	0	0	0	(3,471)
Other Comprehensive (Income) and Expenditure	CIES	0	0	0	(2,973)	(40,561)	0	(43,534)	(43,534)
Total Comprehensive (Income) and Expenditure		0	0	0	(2,973)	(40,561)	0	(43,534)	(47,005)
Adjustments between accounting basis and funding basis under regulations	14	5,176	(24)	3,373	831	2,849	0	12,205	(842)
Net (increase)/decrease before transfers to earmarked reserves		5,176	(24)	3,373	(2,142)	(37,712)	0	(31,329)	(47,847)
Transfers (to)/from earmarked reserves		(783)	0	0	0	0	0	(783)	830
(Increase)/decrease in year		4,393	(24)	3,373	(2,142)	(37,712)	0	(32,112)	(47,017)
Balance at 31 March 2023		85,989	49	(88,382)	(43,425)	(10,519)	99	(56,189)	(227,008)

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Comprehensive Income and Expenditure Statement

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

2022/23				2023/24			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
152,304	(155,159)	(2,855)	Transport Authority	177,070	(164,457)	12,613	
108,126	(104,123)	(4,003)	Economic Development	108,776	(101,682)	7,094	
260,430	(259,282)	1,148	(Surplus)/Deficit on Continuing Operations	285,846	(266,139)	19,707	
		(8)	Other Operating Income and Expenditure			(50)	
		0	Gains on disposal of non-current assets			0	
		(1,534)	Financing and Investment Income and Expenditure	16		(15,050)	
		(3,077)	Taxation and Non-Specific Grant Income	17		(35,255)	
		<u>(3,471)</u>	(Surplus)/Deficit on Provision of Services			<u>(30,648)</u>	
		(2,973)	(Surplus)/Deficit on revaluation of non-current assets			31,319	
		0	Surplus/deficit on revaluation of available for sale financial assets			0	
		(40,561)	Actuarial (gains)/losses on pensions assets/liabilities	41		10,698	
		<u>(43,534)</u>	Other comprehensive income and expenditure			<u>42,017</u>	
		<u><u>(47,005)</u></u>	(Surplus)/Deficit for the Year			<u><u>11,369</u></u>	

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.

South Yorkshire Mayoral Combined Authority – Statement of Accounts 2023/24

As at 31 March 2023 (as restated)		Notes	As at 31 March 2024
£000			£000
3,579	Investment Property	19	0
765	Intangible Assets	20	111
161,771	Property, Plant and Equipment	18	156,374
98,000	Long-Term Investments	21	133,450
10,317	Long-Term Debtors	23	0
274,432	Total Long-Term Assets		289,935
190,075	Short-Term Investments	21	161,160
7,028	Short-Term Debtors	24	19,219
164,094	Cash and Cash Equivalents	25	135,962
1,516	Assets Held for Sale		0
362,713	Current Assets		316,341
637,145	Total Assets		606,276
(51,696)	Short-Term Borrowing	21	(4,440)
(77,922)	Short-Term Creditors	26	(107,753)
(637)	Short-Term Provisions	27	(718)
(317)	PFI/PPP Finance Lease Liability	43	(345)
(212,222)	Capital Grants Receipts In Advance	37	(224,729)
(342,794)	Current Liabilities		(337,985)
294,351	Total Assets less Current Liabilities		268,291
(67,866)	Long-Term Borrowing	21	(43,000)
(9,898)	PFI Finance Lease Liability	43	(9,553)
10,519	Net Pension (Liability)/Asset	41	0
(67,244)	Long Term Liabilities		(52,553)
227,107	Net Assets/(Liabilities)		215,738
(170,146)	Usable Reserves	28	(181,813)
(56,961)	Unusable Reserves	29	(33,925)
(227,107)	Total Reserves		(215,738)

The unaudited Statement of Accounts for the South Yorkshire Mayoral Combined Authority was approved and authorised for issue by the Executive Director Resources and Investment, in accordance with the Accounts and Audit (England) Regulations 2015 on 31 May 2024.

Gareth Sutton
 Executive Director Resources and Investment
 Section 73 Officer
 31 May 2024

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.

2022/23		Notes	2023/24
£000			£000
3,471	Net surplus or (deficit) on the provision of services		30,648
90,572	- Adjustment to surplus or (deficit) on the provision of services for non-cash movements	30	43,792
0	- Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	30	(26,789)
94,043	Net cash flow from operating activities		47,651
(147,136)	Investing activities	31	(2,282)
(8,291)	Financing activities	32	(73,501)
(61,384)	Net increase/(decrease) in cash and cash equivalents		(28,132)
225,478	Cash and cash equivalents at 1 April	25	164,094
164,094	Cash and cash equivalents at 31 March	25	135,962

Notes to the Core Financial Statements

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

1. Business Combination

Business Combination (integration of South Yorkshire Mayoral Combined Authority and South Yorkshire Passenger Transport Executive on 1 April 2023)

Up to and including 2022/23, the South Yorkshire Passenger Transport Executive (SYPTe) was a wholly owned subsidiary of the South Yorkshire Mayoral Combined Authority. Both entity's produced their own financial statements and the Authority produced group accounts for the Authority and SYPTe combined.

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

Accordingly, a business combination has taken place, resulting in the Authority and SYPTe being integrated into a single combined entity with effect from the start of the 2023/24 financial year.

The Local Authority Accounting Code of Practice offers two options to account for business combinations – absorption accounting and merger accounting.

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

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

Indicators that the substance of the functions that the combined entity performs remains largely unchanged following the business combination include:

- the management structure of the combined entity is (substantially) unchanged
- the functions of the future operation of the combined entity remain (substantially) unchanged, and
- those charged with governance are reasonably able to approve the accounts of the combined entity

In the case of the MCA, the MCA Group comprising the MCA and SYPTE in 2022/23, performed the same functions as the post integration MCA, was managed on the same unified basis, had a single set of governance arrangements, and reported and budgeted on a group basis using a common set of accounting policies consistent with the Local Authority Accounting Code of Practice.

Accordingly, the view reached by management is that merger accounting is the method that best presents reliable and relevant information to support a true and fair view of the MCA's financial position and performance.

Merger accounting requires that;

- the results and cash flows of combining entities are brought into the accounts from the beginning of the financial year in which the combination occurred;
- comparatives are restated to combine the results of the combining entities for the previous period, and
- comparatives are adjusted where necessary to achieve uniformity of accounting policies and consistency of presentation for the entities that have combined

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

As integration took place on 1 April 2023, the financial performance for 2023/24 represents those of the combined entity from the start of the financial year.

The comparatives provided in the 2023/24 accounts are from the 2022/23 Group Accounts and therefore represent the financial performance and financial position for the two entities combined for the preceding financial year.

In general, closing balances reported in the 2022/23 Group accounts have been brought forward as opening balances in 2023/24 without adjustment.

However, some adjustments have been necessary to reflect the fact that SYPTE is not a local authority for the purposes of the Local Authorities (Capital Finance and Accounting) Regulations. The application of these Regulations to SYPTE's closing balances on integration has led to:

- £88.382m of deferred capital grants in SYPTE’s 2022/23 closing balances being transferred to the Capital Adjustment Account
- An adjustment of £1.113m to the amounts charged to revenue in respect of Doncaster Interchange PFI scheme to realign the amount charged to what it would have been under statutory guidance on Minimum Revenue Provision (MRP) applicable to local authority accounting, and
- A legacy SYPTE capital financing requirement crystallising part funded by the application of £1.783m of resources (the legacy capital financing requirement stems from a major restructure of capital financing across the Group in 2013/14 and 2014/15)

A minor change has also been made to:

- Disapply SYPTE’s accounting policy for short term accumulated absences (holiday pay accrual) which is not material in the context of the integrated entity, and

The impact of these changes on opening balances is summarised below:

Balance Sheet item	Closing balances	Adjustment on integration				Opening balances (restated)
	2022/23 Accounts	Deferred Capital Grants	Doncaster Interchange PFI	Funding applied to SYPTE CFR	Holiday Pay Accrual	2023/24 Accounts
	£000	£000	£000	£000	£000	£000
Short term creditors	(78,021)				99	(77,922)
Usable Reserves						
General Fund	(8,296)		(1,113)	1113		(8,296)
Earmarked reserves	(91,307)					(91,307)
Capital receipts reserve	(18,585)			670		(17,915)
Unusable Reserves						
Capital adjustments account	85989	(88,382)	1113	(1,783)		(3,063)
Short term accumulated absences account	99				(99)	0
Revaluation reserve	(43,425)					(43,425)
Deferred Capital Grants	(88,382)	88382				0

2. Expenditure and Funding Analysis Note (EFA)

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

2022/23			Notes	2023/24		
Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
(8,770)	5,915	(2,855)	Transport Authority	(14,843)	27,456	12,613
(2,164)	6,167	4,003	Economic Development	944	6,150	7,094
(10,935)	12,083	1,148	Net Cost of Services	(13,899)	33,606	19,707
2,108	(6,727)	(4,619)	Other Income & Expenditure	(17)	(50,338)	(50,355)
(8,827)	5,356	(3,471)	(Surplus)/Deficit	(13,915)	(16,733)	(30,648)
(89,965)			Opening General Fund Balance	(99,604)		
(8,827)			Surplus/Deficit on General Fund in year	(13,915)		
(812)			Other adjustments	3		
(99,604)			Closing General Fund Balance at 31 March	(113,516)		

3. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

2023/24				
Adjustments from General Fund to arrive at the CIES Amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustments £000
Transport Authority	(3,705)	0	31,161	27,456
Economic Development	2,955	547	2,647	6,149
Net Cost of Services	(750)	547	33,808	33,605
Other Income & Expenditure from the Expenditure & Funding Analysis	0	179	(50,517)	(50,338)
Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	(750)	726	(16,709)	(16,733)

2022/23				
Adjustments from General Fund to arrive at the CIES Amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustments £000
Transport Authority	370	1,607	3,938	5,915
Economic Development	3,067	1,100	2,001	6,168
Net Cost of Services	3,437	2,707	5,939	12,083
Other Income & Expenditure from the Expenditure & Funding Analysis	0	142	(6,869)	(6,727)
Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on Provision of Services	3,437	2,849	(930)	5,356

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.

4. Expenditure and Income Analysed by Nature

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

2022/23		2023/24
£000		£000
	Expenditure:	
16,415	Employee Benefits Expenditure	18,291
233,119	Other Service Expenses	263,445
(1,193)	Support Service Recharges to capital	(2,833)
14,159	Depreciation, Amortisation, Impairment	8,283
7,913	Interest Payments	6,643
270,413	Total Expenditure	293,829
	Income:	
(12,550)	Fees, charges & other service income	(12,791)
(11,517)	Interest & Investment Income	(23,034)
(249,817)	Government Grants & Contributions	(288,602)
0	Other Income	(50)
(273,884)	Total Income	(324,477)
(3,471)	(Surplus)/Deficit on the Provision of Services	(30,648)

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

2023/24	£000
Income as analysed by nature	(324,477)
Interest & Investment Income	23,034
Taxation and Specific Grant Income and Other Operating Income	35,305
Income as part of (Surplus)/Deficit on Continuing Operations in the CIES	(266,138)

2022/23	£000
Income as analysed by nature	(273,884)
Interest & Investment Income	11,517
Taxation and Specific Grant Income and Other Operating Income	3,085
Income as part of (Surplus)/Deficit on Continuing Operations in the CIES	(259,282)

5. Segmental Income

Income received on a segmental basis is analysed below:

2023/24				
Services:	£000 Fees, Charges & Service	£000 Interest & Investment	£000 Grants & Contributions	£000 Total Income
Transport Authority	(11,360)	0	(153,097)	(164,457)
Economic Development	(1,431)	0	(100,251)	(101,681)
Corporate	(50)	(23,034)	(35,255)	(58,339)
Total Income	(12,841)	(23,034)	(288,602)	(324,477)

2022/23				
Services:	£000 Fees, Charges & Service	£000 Interest & Investment	£000 Grants & Contributions	£000 Total Income
Transport Authority	(13,655)	(4)	(207,929)	(221,588)
Economic Development	(24)	0	(104,099)	(104,123)
Corporate	0	(11,513)	(3,240)	(14,753)
Total Income	(13,679)	(11,517)	(315,268)	(340,464)

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

6. Accounting Policies

I. General Policies

The Statements summarise the transactions of the Authority, for the 2023/24 financial year and its position at the year end of 31 March 2024. 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 2023/24 (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.

In setting out the Authority's Accounting Policies regard has been had to the Amendments to IAS 1 which clarify that accounting policies only need to be disclosed where they give rise to items which are material to a user of the accounts. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

Going Concern

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), the Accounts have been prepared on the going concern basis.

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

Notwithstanding this, management have carried out an assessment that the going concern basis is appropriate by reference to the period to the end of the 2024/25 financial year having regard to forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

As set out in the 2024/25 budget report, there are a number of key risks facing the Authority, predominantly around sustaining the public transport network commensurate with patronage and the level of continuing national support from Government. These risks include being able to support commercially unviable bus services for the benefit of local communities, the move towards bus franchising to support the core network, increased exposure to risk from bringing tram operations back under public control, the ability to fund programme management and administration as the cycle of Government funding ebbs and flows, and, the ability to absorb cost increases when most of the Authority's external funding is not index linked.

In order to address these risks, a number of earmarked reserves have been created or enhanced, largely from the exceptional performance on treasury management activity. This has enabled the Authority to fund non recurrent activity and provide resilience to strengthen core MCA functions.

The assessment is that the amounts set aside and steps being taken are sufficient to mitigate the potential risks to income and expenditure over the period to 2025/26 without impacting on the level of unearmarked General balances.

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

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

II. Accruals of Income and Expenditure

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

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

III. Acquisitions and Discontinued Operations

As described, in Note 1 Business Combination, the Authority and South Yorkshire Passenger Transport Executive (SYPTTE) were formally integrated on 1 April 2023.

The view taken by management is that this business combination should be accounted for using merger accounting.

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

Accordingly, there has been no need to distinguish the financial performance relating to the former SYPTE separately in the 2023/24 Comprehensive Income and Expenditure Statement.

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

IV. Cash and Cash Equivalents

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

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

Cash and cash equivalents are shown net of bank overdrafts.

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

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

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

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

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

VI. Events After the Reporting Period

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

There are two types of event:

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

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

VII. Financial Instruments

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

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

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

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

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

Financial Assets

Financial assets are classified into the following categories:

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

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

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

The value of financial assets at amortised cost are determined using the effective interest rate. This is the rate of interest that will discount all the cash flows that will

take place throughout the expected life of a financial instrument down to the fair value of the liability calculated at initial measurement.

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

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

Financial Liabilities

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

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

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

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

VIII. Government Grants and Other Contributions

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

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

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

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

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

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

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

IX. Leases

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

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

Operating Leases

The Authority as Lessee

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

The Authority as Lessor

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

X. Overheads and Support Services

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

XI. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as

income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

Contingent Liabilities

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

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

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

Contingent Assets

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

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

XII. Charges to Revenue for the Repayment of Debt

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

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

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

XIII. Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund. When the expenditure to be financed from a reserve is incurred, it is charged to

the relevant service line in the Comprehensive Income and Expenditure Statement and financed by an appropriation from reserves.

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

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

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

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

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

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

XV. Value Added Tax (VAT)

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

Irrecoverable input VAT is charged as an expense.

XVI. Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

XVII. Property, Plant and Equipment

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

Recognition

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

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

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

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

Disposals and Non-Current Assets Held for Sale

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

Depreciation is not charged on Assets Held for Sale.

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

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

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

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

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

Infrastructure Assets

In November 2022, CIPFA issued an Update to the 2021/22 Code of Practice on Local Authority Accounting. This Update allows for the movement between the opening and closing balance of infrastructure assets to be presented on a net book value (rather than gross cost/accumulated depreciation) basis for a temporary period of 4 years

from 2021/22 up to and including 2024/25. This is in recognition that authorities do not typically hold sufficiently detail regarding historical expenditure on their infrastructure assets in order to account for derecognitions on an accurate basis.

Furthermore, an amendment to the Local Authorities (Capital Finance and Accounting) Regulations was laid in November 2022 which permits local authorities, when they replace a component of an infrastructure asset, to determine the carrying amount to be derecognised in respect of that replaced component as nil. This statutory override applies retrospectively to Statement of Accounts not yet certified by the auditor at the time the Regulations came into force and subsequent years thereafter. (In the case of the Authority it applies to Statement of Accounts for the financial year 2021/22 onwards)

The Authority has adopted both of these overrides.

XVIII. Employee Benefits

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

Benefits Payable During Employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

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

As a defined benefit scheme:

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

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

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

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

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

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

XIX. Business (Non-domestic) Rates

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

The income is recognised by the Authority in accordance with Collection Fund accounting rules. Namely, income is recognised in year based on the business rates

estimates submitted by the billing authorities to DLUHC before the start of the financial year in their NNDR 1. The surplus or deficit arising against the estimate is recognised in the following year once the NNDR 3 outturn has been submitted by billing authorities to DLUHC.

XX. Interests in Companies and Other Entities

As a consequence of the integration of the Authority and South Yorkshire Passenger Transport Executive (SYPTe) on 1 April 2023 (see Note 1 Business Combination for further detail), the MCA Group that previously existed comprising the Authority and SYPTe ceased. Hence, there has been no requirement to produce consolidated Group accounts for the Authority and SYPTe combined in 2023/24.

On the 22 March 2024, tram operations were brought back under public control with its operations being conducted through a wholly owned subsidiary of the Authority called South Yorkshire Future Trams Limited (SYFTL). The tram operations for the period from 22 March 2024 to 31 March 2024 are not material in the context of the Authority as a whole. Hence, there has been no need to produce consolidated Group accounts comprising the Authority and SYFTL in the 2023/24 financial year.

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

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

XXI. Private Finance Initiative (PFI) transactions

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

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

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

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.

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

Lease Accounting IFRS 16

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

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

CIPFA have confirmed that the date for mandatory implementation is 1 April 2024.

Under the transitional arrangements prescribed by the Local Authority Accounting Code of Practice, any adjustments required will be presented as a restatement of opening balances through movements in reserves in the 2024/25 financial statements. There will be no need to go back retrospectively and produce a restated balance sheet at 1 April 2023 and no need to restate comparative information.

An impact assessment of the implications of implementing IFRS 16 is currently underway.

Other Accounting Standards

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

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

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

8. Critical Judgements in Applying Accounting Policies

There are several areas where critical judgements have been applied in presenting the financial performance and financial position in 2023/24

Business combination of the South Yorkshire Passenger Transport Executive and Authority on 1 April 2023

As explained in Note 1, the business combination of the South Yorkshire Passenger Transport Executive and Authority that took place on 1 April 2023 by Statutory Order, has been accounted for using merger accounting. This is considered the best method to present a true and fair view of the Authority's financial performance compared to the preceding year given that the Order merely put into legal effect what in substance was the case in practice, namely, that SYPTE and the Authority have been operated and managed on a unified basis in both 2022/23 and 2023/24.

Reclassification of public transport infrastructure network assets

The Authority has a statutory responsibility for providing bus stations and shelters, and for planning and funding new public transport facilities, such as light rail systems and new stations, in accordance with the policies set by the Authority.

The public transport infrastructure network in South Yorkshire connects key regional economic centres (Sheffield, Barnsley, Doncaster, Rotherham) and surrounding areas through a strategic transport network.

This network includes the principal transport interchanges, mini-interchanges, park & ride sites, bus shelters and passenger information displays, and other public transport related assets which all serve to provide integrated public transport across the region.

Up to and including 2022/23 these were held in the balance sheet as operational property, plant and equipment assets, and, therefore, in accordance with the Code of Practice for Local Authority Accounting in the UK (the Code) carried at current value.

Following the integration of SYPTE and the Authority on 1 April 2023, Management have reviewed the presentation of these assets within the balance sheet.

In management's view, treating the transport interchanges, mini interchanges, park & ride sites, bus shelters and passenger information displays as interconnected components of a public transport infrastructure network is a fairer presentation of their purpose than to treat them as a series of separate operational property, plant and equipment assets.

Accordingly, they have been reclassified at the start of the 2023/24 financial year, as Infrastructure. The consequence of re-classifying them as infrastructure is that the basis of measurement at which they are carried in the Balance Sheet has changed from current value to depreciated historic cost. This has resulted in a reduction in their carrying value by £32.285m

Reclassification of investment properties

In 2022/23, there were £3.579m of assets classed as investment property.

The definition of an investment property is that it is held solely to earn rentals or for capital appreciation, or both.

Management have reviewed the presentation of investment property within the balance sheet and concluded that they do not meet the definition above.

Accordingly, they have been re-classified as surplus assets within property, plant and equipment.

Pensions Asset

The actuary provides an annual estimate of the Authority's surplus or deficit in any defined benefit scheme in which the Authority participates, which in the case of the Authority is the South Yorkshire Local Government Pension Scheme administered by South Yorkshire Pensions Authority.

Where there is a surplus giving rise to a pensions net asset, the extent to which it is recoverable is determined by the "asset ceiling" which represents the economic benefits in the form of refunds from the Scheme or reductions in future contributions.

The "asset ceiling" calculation originally used in 2022/23, involved a methodology in which the primary contribution was reduced to the secondary rate in perpetuity.

However, the methodology has been revised in 2023/24 to a more prudent approach in which the primary contribution has been reduced to the secondary rate over the much shorter funding time horizon of 16 years. Using the revised methodology, the 2023/24 surplus determined by the actuary of £19.17m has been capped at an "asset ceiling" of £nil.

Management have selected the more prudent methodology as the basis for determining the pensions asset disclosed in both the 2022/23 and 2023/24 financial statements.

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

The high inflation and high interest rate environment in which the 2022/23 accounts were prepared has largely stabilised over the course of the 2023/24 which means that their impact, whilst still tangible, is less of an issue.

The potential impact has also been substantially mitigated by the reclassification of public transport infrastructure network assets and revised methodology for determining the pensions "asset ceiling".

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Plant Property and Equipment	<p>Specialised properties use Depreciated Replacement Cost as a proxy for current value in use. Increases in materials and labour costs will impact on cost information used to prepare DRC measurements as the starting point for such measurements is current Gross Replacement Cost. DRC measurements have been provided by a professionally qualified valuer for all material Land & Buildings measured on this basis. Following the reclassification of public transport infrastructure network assets as infrastructure at the start of the 2023/24, the Authority's risk exposure to fluctuations in asset value is much reduced in this area.</p> <p>Significant Surplus assets and Assets Held for Sale carried at Market Value are valued by a professionally qualified valuer at the prevailing market rate at the date of valuation.</p> <p>Property, Plant and Equipment is depreciated over useful economic lives that are dependent on assumptions made by the Authority and its Valuers.</p>	<p>A change in either the Market Value or assumed asset lives will impact on their carrying value in the Balance Sheet.</p>
Financial instruments	<p>The market expectation of higher interest rates has led to higher borrowing costs and higher investment income on variable rate debt and investments, and, therefore the Fair Value of outstanding long term debt and investments which would be expected to fall.</p> <p>The Authority does not hold any long term debt at Fair Value but it does impact on the Fair Value disclosure of borrowing and investments carried at amortised cost in the Financial Instruments Note (Note 21) provided by the Authority's treasury advisors.</p>	<p>A change in the prevailing interest rate impacts Fair Value disclosure but has no impact on their carrying value in the Balance Sheet</p>
Pensions Asset	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>The marked increase in high quality corporate bond yields from which the discount rate used to calculate the current value of pension liabilities is determined seen in 2022/23 has been sustained in 2023/24. This has continued to reduce the present value of future pension and given rise the Authority again being in surplus in 2023/24, as was the case in 2022/23.</p> <p>However, the revised more prudent methodology that has been adopted by the actuary in determining the "asset ceiling" means that the pensions surplus of £19m has been capped at £nil. This reduces the risk exposure from changes to assumptions.</p>	<p>The sensitivity analysis shown in the Pensions Note (Note 41) shows that small changes to key actuarial assumptions can have a significant impact on the net pensions' asset.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>A firm of Actuaries (Hymans Robertson LLP) is engaged to provide annual pensions estimate and “asset ceiling” calculation and the assumptions on which they are based.</p> <p>Ultimately, as explained in Accounting Policy XVIII, the amount chargeable to the General Fund is determined by Local Government Pension Regulations not IAS 19 pension costs which provides certainty on the amount chargeable following each triennial valuation.</p>	

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

10. Prior Period Adjustments

None.

11. Events After the Reporting Date

The unaudited Statement of Accounts was authorised for issue by the Executive Director Resources and Investment (Section 73 Officer) on 31 May 2024.

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 2024, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 7 May 2024, the Office of the South Yorkshire Police and Crime Commissioner (PCC) became part of the South Yorkshire Mayoral Combined Authority with all Police and Crime Commissioner functions being transferred to the Mayor of South Yorkshire. This means that from this date, the Mayor has assumed responsibility for securing and maintaining an efficient and effective police force across the totality of policing in South Yorkshire.

This does not have a bearing on the financial performance and financial position of the Authority reported in the 2023/24 financial statements, but it will mean that the functions transferred from the PCC will be combined with the Authority’s existing functions in reporting the Authority’s financial performance and financial position in 2024/25.

12. Material Items of Income and Expense

Capital Grants (Revenue Expenditure Funded by Capital Under Statute)

The Authority awarded capital grants of £119.6m in furtherance of its strategic objectives of which £87.8m were Transport and £31.8m Economic Development (£109.9m in 2022/23 of which £73.4m Transport and £36.5m Economic Development).

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

Government capital Grant funding of £116.5m received in relation to the REFCUS expenditure has been credited to continuing services as income - £87.7m Transport and £28.8m Economic Development (2022/23 £106.9m of which £73.4m was Transport and £33.5m Economic Development).

Government capital Grant funding of £29.6m received in relation to the purchase of property, plant and equipment and other non current assets has been recognised within Taxation & Non-Specific Grant (2022/23 £3.2m)

13. Acquired and Discontinued Operations

On 1 April 2023 all of the South Yorkshire Passenger Transport Executive's functions, property, rights and liabilities were transferred to the Authority.

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

14. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2023/24						
	General Fund Balance £000	Capital Receipt Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CIES:						
Capital grants and contributions credited to the CIES	146,096	0	0	146,096	(146,096)	0
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve			(360)	(360)	360	0
Application of grants and contributions to capital financing transferred to Capital Adjustment Account						
Revenue expenditure funded from capital under statute	(119,604)	0	0	(119,604)	119,604	0
Finance costs	(2,666)	0	0	(2,666)	2,666	0
Other movements	(12,718)	0	0	(12,718)	12,718	0
Insertion of items not debited or credited to the CIES:						
Statutory provision for repayment of debt (MRP)	3,830	0	0	3,830	(3,830)	0
Employers' contribution to Pension Scheme	179	0	0	179	(179)	0
Direct Revenue Financing	116			116	(116)	0
Voluntary repayment of debt	1,500			1,500	(1,500)	0
Capital Financing:						
Use of Capital Receipts Reserve to finance new capital expenditure		2,609	0	2,609	(2,609)	0
Other:						
Adjustment for the difference between fair value depreciation and historical cost						
Transfer to Accumulating Absences Account						
Grants received and receivable during the year						
Grants released to Operational Revenue Reserve						
Release to Revaluation Reserve						
Other Movements						
Total	16,733	2,609	(360)	18,982	(18,982)	0

2022/23						
	General Fund Balance £000	Capital Receipt Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CIES:						
Capital grants and contributions credited to the CIES	110,093	0	(3,240)	106,853	(106,853)	0
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve						
Application of grants and contributions to capital financing transferred to Capital Adjustment Account						
Revenue expenditure funded from capital under statute	(109,920)	0	0	(109,920)	109,920	0
Finance costs	24	0	0	24	(24)	0
Other movements	(5,679)	0	(589)	(6,268)	6,256	(12)
Insertion of items not debited or credited to the CIES:						
Statutory provision for repayment of debt (MRP)	3,367	0	0	3,367	(3,367)	0
Employers' contribution to Pension Scheme Direct Revenue Financing	(2,849)	0	0	(2,849)	2,849	0
Transfer year one pension prepayment						
Capital Financing:						
Use of Capital Receipts Reserve to finance new capital expenditure		(4,254)	0	(4,254)	4,254	0
Other:						
Adjustment for the difference between fair value depreciation and historical cost						
Transfer to Accumulating Absences Account						
Grants received and receivable during the year						
Grants released to Operational Revenue Reserve						
Release to Revaluation Reserve						
Other Movements						
Total	(4,963)	(4,254)	(3,829)	(13,047)	13,047	(12)

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15. Transfers (To)/From Earmarked Reserves

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

	31 March 2022 £000	Transfers Out 2022/23 £000	Transfers in 2022/23 £000	Total Movements £000	31 March 2023 £000	Transfers Between 2023/2024 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Total Movements £000	31 March 2024 £000
Capacity and Development Reserves										
Capacity and Capability	0	0	(3,754)	(3,754)	(3,754)	(850)	270	(7,150)	(7,730)	(11,484)
Project Feasibility	(3,600)	0	0	0	(3,600)	(400)	215	0	(185)	(3,785)
Mayoral Capacity Fund	(951)	208	(162)	46	(905)	0	152	0	152	(753)
Transport Reserves										
Levy Reduction Reserve	(13,411)	1,991	(434)	1,557	(11,854)	0	0	(1,255)	(1,255)	(13,109)
PFI reserve	(10,686)	0	(1,058)	(1,058)	(11,744)	0	0	(877)	(877)	(12,621)
Protection of Priority Services	(6,998)	0	(2,000)	(2,000)	(8,998)	4,465	4,533	0	8,998	0
Bus Resilience	0	0	0	0	0	(6,665)	0	(3,335)	(10,000)	(10,000)
Bus Franchise Transition	0	0	0	0	0	(7,200)	0	(4,000)	(11,200)	(11,200)
Bus Franchise Assessment	(3,000)	168	0	168	(2,832)	0	1,658	0	1,658	(1,174)
Mass Transit Concession End	(3,000)	445	0	445	(2,555)	0	1,847	0	1,847	(708)
Tram Resilience	0	0	0	0	0	0	0	(1,350)	(1,350)	(1,350)
Transport Innovation Fund	0	0	0	0	0	0	0	(2,500)	(2,500)	(2,500)
Tram Vision	0	0	0	0	0	0	241	(500)	(259)	(259)
£2 fare cap	0	0	(500)	(500)	(500)	0	500	0	500	0

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18-21 Concessions (Gainshare)	(3,220)	2,701	0	2,701	(519)	0	519	0	519	0
Projects and Programmes										
Skills Bank	(10,477)	474	0	474	(10,003)	0	734	0	734	(9,269)
Business Sinking Fund	(2,121)	25	(281)	(256)	(2,377)	0	70	0	70	(2,307)
Safe Place to Sleep	0	0	0	0	0	0	0	(3,000)	(3,000)	(3,000)
Food Security	0	0	(150)	(150)	(150)	0	150	0	150	0
Apprenticeship Grant for Employers	(107)	0	0	0	(107)	0	0	(282)	(282)	(389)
Pathways to Work	0	0	0	0	0	0	0	(250)	(250)	(250)
Asset Management	(1,840)	0	0	0	(1,840)	0	1,615	(1,084)	531	(1,309)
Mayoral Election Reserve	(1,007)	892	(600)	292	(715)	0	104	(4,274)	(4,170)	(4,885)
SYPT/OPCC Integration	(2,352)	123	0	123	(2,229)	0	308	0	308	(1,921)
Other Gainshare Projects										
Gainshare - contingency	(834)	834	0	834	0	0	0	0	0	0
Business Renewal Action plan	(6,205)	885	0	885	(5,320)	0	605	0	605	(4,715)
Skills Renewal Action Plan	(7,210)	97	0	97	(7,113)	0	129	0	129	(6,984)
Prospectus for Growth	0	0	(1,600)	(1,600)	(1,600)	1,600	0	0	1,600	0
Project Feasibility (MCA)	0	0	(200)	(200)	(200)	200	0	0	200	0
Project Feasibility (SY LAs)	0	0	(725)	(725)	(725)	0	725	(1,632)	(907)	(1,632)
Monitoring and Evaluation	(474)	0	0	0	(474)	0	0	0	0	(474)
Debt Financing	0	0	(650)	(650)	(650)	650	0	0	650	0
Destination Management	0	0	(250)	(250)	(250)	0	177	(250)	(73)	(323)
Protection of Priority Services	0	0	(2,735)	(2,735)	(2,735)	2,735	0	0	2,735	0
Identified Risks										
Income Resilience Reserve	(3,582)	0	0	0	(3,582)	3,582	0	0	3,582	0
Redundancy	(574)	0	0	0	(574)	0	164	(190)	(26)	(600)
Pensions Smoothing	(834)	0	(432)	(432)	(1,266)	0	0	0	0	(1,266)
IT renewals	(249)	0	0	0	(249)	0	0	0	0	(249)
Woodburn Road Tunnel	0	0	(1,883)	(1,883)	(1,883)	1,883	0	0	1,883	0
Total	(82,732)	8,844	(17,413)	(8,569)	(91,304)	0	14,716	(31,929)	(17,213)	(108,516)

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

Capacity and Development Reserves

- These reserves have been generated in recent years to allow the MCA to invest for a sustained period into core capabilities and pilot activity, seeking to redress inequities in the MCA's funding environment. This money will be released over a sustained five-year period, but after this the MCA will need to rebalance its cost base back to an affordable envelope
- Project Feasibility Fund - the reserve has been created to provide sustainable revenue funding for the early-stage development of capital projects.
- Mayoral Capacity Fund - the Fund's primary purpose is to build capacity and expertise to support the Elected Mayor in discharging his responsibilities and developing specific policy areas aligned to the Mayors' commitments set out in his manifesto.

Transport Reserves

- Levy Reduction Reserve - The reserve is being used to bridge the funding shortfall between the baseline transport revenue budget and transport levy to sustain levy reductions until the cost base falls as expensive legacy debt is repaid.
- Private Finance Initiative Reserve - The PFI reserve is to meet future liabilities relating to Doncaster Interchange up until the end of the PFI scheme and to meet residual liabilities beyond the end of the scheme. It has been established by virtue of the fact that fixed annual amount of Government funding is higher than the unitary payment to the PFI provider in the early years of the scheme. The reserve will then be drawn down in later years to meet the rising costs of the PFI scheme as the unitary payment is indexed for inflation.
- Protection of Priority Services - the reserve was created to enable an orderly transition from the current heavily subsidised public transport system model to a commercially sustainable post-pandemic network and to protect school routes. This reserve has now been closed and the balance transferred to the Bus Franchise Transition reserve
- Bus Franchise Assessment – is held for the remaining costs of completing the audit and public consultation stages of the statutory process of the Assessment
- Bus Franchise Transition - comprises roughly half of the estimated resources required to move from Assessment to Implementation, should the MCA decide to proceed with franchising
- Bus Resilience - provides a buffer against the immediate exposure to the financial performance of the bus network the MCA will face, should it proceed with franchising
- Mass Transit Concession end - is held for the residual costs of closing out the project to transfer tram operations from Stagecoach to SYFTL
- Tram Resilience - provides a buffer against the MCA's exposure to the commercial performance of SYFTL
- Transport Innovation Fund – monies set aside in order to fund a number of innovative transport projects
- Tram Vision – held to covers the remaining costs of undertaking a range of studies into potential tram extensions

Projects and Programmes Reserves

- Skills Bank Reserve - The reserve is ring-fenced to support future Skills Bank delivery and sustainability
- Business Sinking Fund – This reserve is being used to support Business Growth related revenue activity.
- Safe Place to Sleep – monies set aside to run a pilot Safe Space to Sleep Programme for children aged 0 to 5
- Mayoral Election Reserve - The reserve is being built up to provide funding towards the cost of staging the Mayoral election which took place in May 2024 and thereafter towards the next mayoral election in 2029.
- SYPTE/OPCC Integration - The MCA has set aside funding to manage the complex integration exercises associated with the transfer of the powers, functions, competencies and assets and liabilities of the former South Yorkshire Passenger Transport Executive and the former Office for Police & Crime Commissioner into the MCA. This enables the MCA to exploit efficiencies and effectively manage transition exercises
- Pathways to Work – monies set aside to support a programme being run in partnership with Barnsley MBC into helping those furthest from the labour market in Barnsley to achieve pathways to employment
- Asset Management - the MCA retains a reserve to support planned and reactive interventions associated with the management of its estate. This reserve allows the MCA to invest-to-save and manage shock without impact on the annual budget.

Other Gainshare Reserves

- South Yorkshire Renewals Fund - Resource is held in reserve to undertake a number of projects in support of the MCA's skills and business growth aspirations. Moving funding to reserves reflects timing differences between the receipt of grants and its application

16. Financing and Investment Income and Expenditure

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

2022/23		2023/24
£000		£000
7,912	Interest payable and similar charges	6,643
(9,527)	Interest receivable and similar income	(20,874)
(716)	(Surplus) or deficit of trading undertakings	57
16	Property Management – Investment income	(157)
0	Revaluation gains	0
(2,315)		(14,331)
781	Pensions – Interest cost	(719)
(1,534)	Total	(15,050)

17. Taxation and Non- Specific Grant Income

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

2022/23		2023/24
£000		£000
	Non-ring-fenced grants:	
0	Department of Levelling Up, Communities and Housing	(5,682)
163	Department for Transport	(29,573)
(3,240)	Other	(0)
(3,077)	Total	(35,255)

18. Property, Plant and Equipment (PPE)

Movements on Balances:

2023/24	Other land and buildings	Vehicles, plant, furniture, and equipment	Surplus Assets	Assets under Construction	Total Property, plant and equipment
Cost or Valuation:					
At 1 April 2023	110,956	101,958	0	2,273	215,187
Other movements	(346)	0	0	0	(346)
Additions - programmed investment	0	11,069	0	9,549	20,618
Revaluation increases / (decreases) recognised in the Revaluation Reserve	966	0	0	0	966
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services	(445)	0	0	0	(445)
De-recognition – disposals	0	0	0	0	0
De-recognition – other	0	0	0	0	0
Reclassification and transfers	(87,529)	0	3,745	0	(83,784)
At 31 March 2024	23,602	113,027	3,745	11,822	152,196
Accumulated Depreciation and Impairment					
At 1 April 2023	(689)	(70,733)	0	0	(71,422)
Depreciation charge	(2,096)	(356)	0	0	(2,452)
Other movements	346	0	0	0	346

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Impairment (losses) / reversals recognised in the Revaluation Reserve	0	0	0	0	0
Impairment (losses) / reversals recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0
De-recognition – disposals	0	0	0	0	0
De-recognition – other	0	0	0	0	0
Reclassification and transfers	9	0	0	0	9
At 31 March 2024	(2,430)	(71,089)	0	0	(73,519)
Net Book Value					
At 31 March 2024	21,172	41,938	3,745	11,822	78,677
At 31 March 2023	110,267	31,225	0	2,273	143,765

2023/24	Infrastructure Assets	Other Property, plant, and equipment	Total Property, plant and equipment	PFI Assets included in Infrastructure Assets
Net book value - 1 April 2023	18,006	143,765	161,771	11,980
Other movements	0	0	0	0
Additions - programmed investment	9,177	20,618	29,795	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(32,285)	966	(30,973)	(2,879)
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services	0	(445)	(445)	0
De-recognition – disposals	0	0	0	0
De-recognition – other	0	0	0	0
Reclassification and transfers	87,520	(83,775)	3,745	0

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Depreciation charge	(4,721)	(2,452)	(7,173)	(285)
At 31 March 2024	77,697	78,677	156,374	8,816

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

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

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

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Depreciation

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

Capital Commitments

The Authority had the following significant capital commitments as at 31 March 2024 in respect of direct delivery schemes on assets forming part of the Authority's estate.

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

Capital Commitments 2024/25 (MCA directly delivered schemes)	£000
A61 Highway Works	5,230
Magna Park and Ride	6,700
Rail Station Improvements	1,100
Electric Community Transport Minibus Project	830
BSIP Bus Improvements	2,150
Bus Lane Review Implementation	420
Integrated Strategic Public Transport	2,270
Other Transport Schemes	60
Mass Transit (Tram)	43,109
Penistone Park and Ride	500
Meadowhall Interchange Mobility Hub	750
Total	63,119

Revaluations

Revaluations of Land and Buildings and surplus assets have been carried out by a professionally qualified Valuer in 2023/24.

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

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000
Carried at Historical Cost	0	41,938	245	11,822	54,005
Valued at Current Value as at					
31 March 2024	21,172	0	2,400	0	23,572
31 March 2023	0	0	1,100	0	1,100
31 March 2022	0	0	0	0	0
31 March 2021	0	0	0	0	0

31 March 2020	0	0	0	0	0
31 March 2019	0	0	0	0	0
31 March 2018	0	0	0	0	0
31 March 2017	0	0	0	0	0
31 March 2016	0	0	0	0	0
Total Cost or Valuation	21,172	41,938	3,745	11,822	78,677

19. Investment Properties

Properties that were previously classified as Investment Properties have been re-classified as Surplus Assets and disclosed within Property, Plant and Equipment.

2022/23		2022/23
£000	Cost or Valuation	£000
3,379	Balance At 1 April	3,579
0	Additions	0
200	Revaluations	100
0	Reclassifications – to surplus assets	(3,679)
3,579	Balance at 31 March	0

20. Intangible Assets

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

2022/23		2023/24
£000	Cost or Valuation:	£000
1,531	Cost or Valuation:	1,531
0	Additions	111
(766)	Amortisation	(1,531)
765	At 31 March	111

21. Financial Instruments

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

	Long Term		Current	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£000	£000	£000	£000
Investments at Amortised Cost	98,000	133,000	187,000	155,000
Equity Instrument – Fair Value through Other Comprehensive income	0	450	0	0
Investments – Accrued interest			3,074	6,160
Cash and Cash Equivalents			164,094	135,962
Borrowings at Amortised Cost	(67,866)	(43,000)	(50,400)	(4,000)

Borrowings - Accrued Interest			(1,296)	(440)
Other Liabilities - PFI	(9,898)	(9,553)	(317)	(345)

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

	Financial Liabilities	Financial Assets	Total
2023/24	At amortised cost	At amortised cost	
Income, Expense, Gains and Losses	£000	£000	£000
Interest expense – debt	2,967		2,967
Interest expense - PFI	892		892
Premium on early repayment of debt	2,784		2,784
Changes in fair value	0		0
Impairment losses/(gains)	0		0
Total expense in Surplus or Deficit on the Provision of Services	6,643		6,643
Interest income		(20,874)	(20,874)
Total income in Surplus or Deficit on the Provision of Services			(20,874)
Net charge/(credit) for the year			(14,231)

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

Expected Credit Losses

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a

crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

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

The impairment loss allowances made in 2023/24 are summarised in Note 22.

Fair Value of Assets and Liabilities

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

The fair value of assets and liabilities carried at amortised cost has been assessed by calculating the net present value (NPV) of the cash flows that take place over the remaining life of the instruments which provides an estimate of the value of payments in the future in today's terms. The calculations have been made using the following assumptions:

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

Fair Value of Financial Liabilities

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

	2022/23		2023/24	
	Carrying value £000	Fair value £000	Carrying value £000	Fair value £000
PWLB	(97,400)	(98,616)	(47,000)	(46,653)
Market loans	(20,000)	(19,989)	0	0
Doncaster Interchange PFI	(10,215)	(10,215)	(9,898)	(9,898)
Short-term borrowing/accrued interest	(1,296)	(1,296)	(440)	(446)
Market Loans interest adjustment	(866)	(866)	0	0
Total Financial Liabilities	(129,777)	(130,982)	(57,338)	(56,997)

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

	2022/23		2023/24	
	Carrying value £000	Fair value £000	Carrying value £000	Fair value £000
PWLB	(97,400)	(101,257)	(47,000)	(48,651)
Market loans	(20,000)	(23,535)	0	0
Doncaster Interchange PFI	(10,215)	(10,215)	(9,898)	(9,898)
Short-term borrowing/accrued interest	(1,296)	(1,296)	(440)	(446)
Market Loans interest adjustment	(866)	(866)	0	0
Total Financial Liabilities	(129,777)	(137,169)	(57,338)	(58,995)

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

The difference between the carrying value of debt of £47m and Fair Value of £48.651m is a measure of the premium that would be incurred to terminate loans early as at the balance sheet date.

Fair Value of Financial Assets Carried at Amortised Cost

	2022/23		2023/24	
	Carrying value £000	Fair value £000	Carrying value £000	Fair value £000
Long term investments	98,000	94,248	133,000	132,211
Short term investments	190,74	190,074	161,160	161,160
Total Financial Assets	288,074	284,323	294,160	293,371

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

Soft Loans

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

- £1.39m to 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 2023 £000	31 March 2024 £000
Opening Balance	1318	1342
New Loans Granted	0	0
Less Fair Value Adjustment on Initial Recognition	0	0
Less Discounted Amount	0	0
Less Other Adjustments	0	0
Less Dividend Payment	0	0
Unwinding of discount	24	24
Balance Carried Forward	1,342	1,366
Nominal Value	1,390	1,390

22. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

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

Overall Procedures for Managing Risk

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

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

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

The prudential indicators are set annually before the start of the financial year as part of the Treasury Management Strategy, monitored and reported on to Members quarterly during the year, and in an end of year annual report on treasury performance.

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

Credit Risk

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

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

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

As at 31 March 2024, the Authority held short- and long-term investments carried at amortised cost of £288m representing fixed term deposits and £128.706m classified as cash and cash equivalents (see Note 25) comprising £40m bank deposits, and £88.706m Money Market Funds. The default risk associated with these investments at the balance sheet date ranged between 0% and 0.012%.

No impairment loss allowances have been made during the year in respect of these investments as the very low default risk would only require an immaterial impairment loss allowance of c.£5k.

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

The table below shows the credit rating of counterparties other than local authorities held at 31 March 2024:

31 March 2024				
	Financial Institution	Rating of Counterparty	Country	Amount £000
	Money Market Funds	AAA	UK	88,706
	Barclays Bank plc	A+	UK	20,000
	Santander UK plc	A	UK	20,000

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

Other financial assets held at the year-end comprised:

- £5.857m of capital loans advanced to third parties in furtherance of the Authority’s economic development objectives - see Note 23.
- £13.362m of short- term debtors (excluding capital loans) – see Note 24.
- An Equity Investment of £0.450m representing a minor interest in a joint venture company working in partnership with the universities of Leeds, Manchester, and Sheffield with the aim of matching long-term capital to the commercial opportunities being generated from intellectual property from the universities and regions. As the Authority only holds a minority interest it is being carried in the balance sheet at cost

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

Liquidity Risk

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

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

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

Refinancing and Maturity Risk

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

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

	31 March 2023 £000	31 March 2024 £000
Less than one year	(51,266)	(4,440)
Between one and two years	(4,000)	(4,000)
Between two and five years	(30,000)	(30,000)
More than five years	(33,000)	(9,000)
	(118,266)	(47,440)

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

2022/23			2023/24			
Principal	Accrued Interest	Principal plus Interest		Principal	Accrued Interest	Principal plus Interest
£000	£000	£000		£000	£000	£000
187,000	3,074	190,074	Under 1 year	155,000	6,160	161,160
45,000	0	45,000	Between 1 and 2 years	118,000		118,000
53,000		53,000	Between 2 and 5 years	15,000		15,000
			Between 5 and 10 years			
			More than 10 years			
285,000	3,074	288,074	Total	288,000	6,160	294,160

Market Risk

Interest Rate Risk

Interest rate risk arises on borrowings and investments as follows:

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

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

Borrowing

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

Investments

The investment portfolio comprises fixed term deposits with Local Authorities and other low risk counterparties, bank deposits and Money Market Funds whose principal amount and interest rate are fixed.

Sensitivity analysis

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

	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	0
Decrease in fair value of fixed rate investment assets (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	2,055
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(1,896)
Notes:	
* The change in Fair Value of fixed rate investments and fixed rate borrowing is based on a 1% increase in interest rates above the market rates prevailing at the balance sheet date. The approximate impact of a 1% fall in interest rates would be the same but with the movements being reversed.	

Foreign Exchange Risk

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

23. Long Term Debtors

The following is an analysis of Long-Term Debtors:

31 March 2023 £000		31 March 2024 £000
1,341	Other Local Authorities	1,366
8,976	Others	4,491
	Reclassified as short-term debtors	(5,857)
10,317	Total	0

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

The carrying value of £5.857m comprises the nominal value of loans £11.559m less soft loan adjustment of £0.025m less expected credit losses of £5.677m.

As the loans are repayable within the next financial year they have been re-classified as short-term debtors.

24. Short-Term Debtors

The following is an analysis of Short-Term Debtors:

31 March 2023 £000		31 March 2024 £000
3,155	Trade Customers	2,112
3,221	Receivables from Related Parties	6,973
0	Prepayments	0
652	Other Entities and Individuals	4,277
0	Reclassified from long term debtors	5,857
7,028	Total	19,219

The debtors balance (excluding capital loans reclassified from long term debtors) comprises gross debtors of £14.863m less an allowance for impairment losses and refund of business rates on appeal of £1.501m.

25. Cash and Cash Equivalents

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

31 March 2023 £000		31 March 2024 £000
9,328	Cash: Cash at bank	7,256
0	Bank overdraft	0
9,328		7,256
114,766	Cash Equivalents: Money Market Funds	88,706
40,000	Bank deposits	40,000
154,766		128,706
164,094	Total Cash and cash Equivalents	135,962

26. Short-Term Creditors

The following is an analysis of Short-Term Creditors:

31 March 2023 £000		31 March 2024 £000
(6,140)	Trade Creditors	(36,200)
(31,248)	Related Parties Creditors	(36,927)
(33,002)	Revenue Grant Received in Advance	(34,626)
(7,631)	Other Creditors	(0)
(78,021)	Total	(107,753)

27. Provisions

The Authority has the following Provisions:

31 March 2023 £000		31 March 2024 £000
(2,721)	Opening Balance	(637)
2,552	Charge to Income and Expenditure Account during the year	0
0	Unused amounts reversed in the year	169
(468)	Created in the year	(250)
(637)	Total	(718)

All of the provisions are disclosed as current as the expectation is that they will be settled in the following financial year.

28. Usable Reserves

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

These are analysed in more detail in the tables below:

31 March 2024		Total £000
General Fund		(5,000)
Earmarked Reserves		(108,515)
Capital Receipts Reserve		(15,305)
Capital Grants Unapplied		(52,992)
Total		(181,813)

31 March 2023		Total £000
General Fund		(8,296)
Earmarked Reserves		(91,306)
Capital Receipts Reserve		(17,913)
Capital Grants Unapplied		(52,631)
Total		(170,146)

General Fund Balance

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

Earmarked General Fund Reserves

Details on the movements in year and purpose of each earmarked reserve are contained in Note 15.

Capital Receipts Reserve

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

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

31 March 2023 £000		31 March 2024 £000
(14,412)	Balance at 1 April	(17,913)
(8,521)	Capital loan repaid and receipts	(1,500)
0	Reclassification from capital grants unapplied	(3,240)
5,020	Capital receipt applied during the year	7,348
(17,913)	Total	(15,305)

£1.877m of the capital receipts reserve balance has been placed in a Corporate Asset Management Fund the purpose of which is to maintain the Authority's assets through ongoing capital investment.

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

Capital Grants Unapplied Account

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

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

31-Mar 2023 £000		31-Mar 2024 £000
(44,502)	Balance at 1 April	(52,631)
(9,558)	Capital Grant credited in year	(4,050)
783	Capital grant applied for financing in year	449
646	Transfer to earmarked reserves/capital receipts reserve	3,240
(52,631)	Total	(52,992)

£36.447m of the balance at 31 March 2024 represents unapplied Gainshare capital. This has been earmarked to meet forthcoming commitments under the South Yorkshire Renewal Fund to support South Yorkshire's recovery post Covid 19. The South Yorkshire Renewal Fund will support immediate economic recovery through investment in key infrastructure and flood defences, and, further ahead, development of a much wider programme of investment in places including transport and infrastructure.

£5.906m is held in a Capacity Development Fund that is unearmarked at present.

The remaining £10.639m represents recycled / unapplied capital grant that is being held for re-investment purposes.

29. Unusable Reserves

The following table summarises the Unusable Reserves balances:

31 March 2024		Total £000
Capital Adjustment Account		(25,667)
Financial Instruments Account		2,715
Deferred Capital Grants and Contributions		0
Pension Reserve		0
Revaluation Reserve		(10,973)
Accumulated Absence Reserve		0
Total		(33,925)

31 March 2023		Total £000
Capital Adjustment Account		(3,065)
Financial Instruments Account		49
Deferred Capital Grants and Contributions		0
Pension Reserve		(10,519)
Revaluation Reserve		(43,425)
Accumulated Absence Reserve		0
Total		(56,960)

Capital Reserves

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

Capital Adjustment Account

The Capital Adjustment Account comprises differences between how charges for the use of Property, Plant & Equipment and their financing are accounted for under proper accounting practice and the amounts that are statutorily required to be charged under Local Government financing regulations in determining the amount to be met by local taxpayers. Note 14 provides further detail in this regard.

2022/23 £000		2023/24 £000
81,595	Balance at 1 April	85,989
0	Opening balance adjustment	(89,054)
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
606	Depreciation of Non-current assets	7,173
	Impairment of capital assets	4,485
(424)	Revaluation losses	445
(95)	Movements in fair value of Investment Properties	(100)
	Movements in fair value of Donated Asset Account	
383	Amortisation of Intangible assets	765
109,920	Revenue expenditure funded from capital under statute	119,604
0	Non-Current assets written off on disposal	(50)
855	Other	0
	Adjusting amounts written out of the Revaluation Reserve:	
(102)	Difference between fair value depreciation and historical cost depreciation	(1,134)
0	Accumulated gains on assets sold or scrapped	0
0	Other	0
192,738	Net written out amount of the cost of non-current assets consumed in the year	128,123
	Capital financing applied in the year:	
(4,267)	Use of the Capital Receipts Reserve to finance new capital expenditure	(2,609)
8,521	Capital loan repaid	0
(106,853)	Capital grants and contributions credited to the CIES including REFCUS Income	(146,096)
0	Application of grants and contributions from the Capital	0
(783)	Grants Unapplied Account	360
(3,367)	Statutory provision for the repayment of debt	(3,830)
0	Voluntary provision for the repayment of debt	(1,500)
0	Direct Revenue Financing	(115)
(106,749)		(153,790)
85,989	Balance at 31 March	(25,667)

Financial Instruments Adjustment Account

2022/23 £000		2023/24 £000
73	Balance at 1 April	49
(24)	Soft Loan Amortisation & Premium paid on early repayment of loan	2,666
49	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	2,666
49	Balance at 31 March	2,715

30. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2022/23 £000		2023/24 £000
6,916	Interest Received	17,788
(8,034)	Interest Paid	(8,365)
(1,118)	Total	9,423

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

2022/23 £000		2023/24 £000
7,951	Depreciation	7,173
(848)	Revaluation gains and losses credited / charged to CIES	345
6,863	Amortisation	765
43,086	Increase/(decrease) in capital grant received in advance	12,507
	Impairment of capital assets / unwinding of soft loan adjustment on capital loans	4,460
22,090	Increase/(decrease) in creditors	29,832
10,586	(Increase)/decrease in debtors (excluding capital loans)	(6,336)
2,849	Movement in pension liability – IAS 19	(179)
(2,084)	Increase/(decrease) in provisions	81
	Short term investments / short term borrowing – accrued interest	(4,809)
79	Other non-cash items charged to the net surplus or deficit on the provision of services	(46)
90,572	Total	43,792

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

2022/23	2023/24
£000	£000
0 Other receipts from investing activities – capital grants	(29,573)
0 Premium on early repayment of debt	2,784
0 Any other items for which the cash effects are investing or financing cash flows	0
0 Total	(26,789)

31. Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2022/23	2023/24
£000	£000
(3,044) Purchase of property, plant and equipment, investments property and intangible assets	(29,907)
(6,480) Other payments for investing activities	0
(137,612) Purchase of short-term and long-term investments	(3,448)
0 Proceeds from short-term and long-term investments	0
0 Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,500
0 Other receipts from investment activities	29,573
(147,136) Total	(2,282)

32. Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2022/23	2023/24
£000	£000
(291) Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(317)
(8,000) Repayments of short and long-term borrowing	(70,400)
0 Premium on early repayment of debt	(2,784)
(8,291) Total	(73,501)

33. Trading Operations

AMP Technology Centre Operation

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

2023/24					
	Income	Expenditure	Operating (Surplus)/ Deficit	Accounting Adjustments	Accounting (Surplus)/ Deficit
	£000	£000	£000	£000	£000
AMP Technology Centre Operation	(1,984)	2,041	57	0	57

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

The AMP achieved an overall trading surplus of £0.229m in 2023/24 against its cash limited budget.

This has been adjusted in the performance reported in the table above by charging depreciation of £0.241m and other items required to comply with local authority accounting rules for reporting performance in the financial accounts.

34. Officers' Remuneration and Members Allowances

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

2023/24	Salary	Expenses	Exit Payments	Pension Contribution	Total
	£	£	£	£	£
Current					
Martin Swales – Interim Chief Executive (Head of Paid Service) – Note 6	276,887	0	0	0	276,887
Executive Director Resources and Investment (S.73 officer)	124,656	0	0	14,211	138,867
Director of Law and Governance (Monitoring Officer)	100,745	0	0	11,371	112,116
Executive Director Policy and Strategic Development	124,656	0	0	14,211	138,867
Corporate Director Growth Business and Skills – Note 1	98,152	0	0	15,954	114,106
Director of Corporate Delivery – Note 5	63,294	0	0	7,342	70,636

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Executive Director of Transport – Note 2	17,241	0	0	1,966	19,207
Non current					
Interim Executive Director Infrastructure and Place – Note 3	34,200	0	0	0	34,200
Acting Executive Director of Transport – Note 4	79,548	0	0	8,663	88,211
Sub Total	867,161	0	0	66,376	933,537
Elected Mayor – Oliver Coppard	79,000	0	0	0	79,000
Total	946,161	0	0	66,375	1,012,537

Notes

1. The Corporate Director Growth, Business & Skills was on secondment from HM Treasury from 1.3.24 until becoming a permanent employee on 02.11.23
2. Executive Director Transport in post from 19.02.24
3. Interim Executive Director Infrastructure and Place from 1.4.23 to 30.5.23
4. Acting Executive Director of Transport from 06.06.23 to 16.02.24
5. Director of Corporate Delivery in post from July 2023
6. The MCA's Head of Paid Service is currently contracted through an agency, with the MCA not incurring costs related to holiday and pension entitlements, nor employers' national insurance. The costs of this engagement are broadly comparable to the gross costs of similar employed individuals in peer authorities.

2022/23	Salary	Expenses	Exit Payments	Pension Contribution	Total
	£	£	£	£	£
Current					
Martin Swales – Interim Chief Executive (Head of Paid Service) – Note 1	200,700	0	0	0	200,700
Interim Executive Director Infrastructure & Place – Note 2	144,400	0	0	0	144,400
Executive Director Resources and Investment (S.73 officer)	109,863	20	0	15,491	125,374
Director of Law and Governance (Monitoring Officer)	96,019	0	0	15,747	111,766
Executive Director Policy and Strategic Development – Note 3	76,968	0	0	11,514	88,482
Corporate Director Growth Business and Skills – Note 4	7,500	0	0	1,125	8,625
Director of Public Transport Development	96,019	0	0	15,747	111,766
Director of Public Transport Operations	96,019	0	0	14,200	110,219
Non current					
Dr Dave Smith – Chief Executive (Head of Paid Service) – Note 5	44,956	0	0	0	44,956
Deputy Chief Executive – Note 6	78,510	15	59,037	11,070	148,632
Interim Director of Transport, Housing & Infrastructure – Note 7	56,032	0	0	0	56,032

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Interim Corporate Director of Business & Skills – Note 8	145,113	0	0	0	145,113
SYPTE Executive Director – Note 9	84,663	0	55,480	13,885	154,028
Sub Total	1,236,762	35	114,517	98,779	1,450,093
Elected Mayor – Oliver Coppard (Note 10)	70,718	0	0	0	70,718
Elected Mayor – Dan Jarvis	8,282	0	0	0	8,282
Sub Total	79,000	0	0	0	79,000
Total	1,315,762	35	114,517	98,779	1,529, 093

Notes

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

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

Remuneration Band	2022/23 Total	2023/24 Total
£50,000 - £54,999	14	19
£55,000 - £59,999	4	17
£60,000 - £64,999	3	8
£65,000 - £69,999	8	6
£70,000 - £74,999	0	7
£75,000 - £79,999	0	1
£80,000 - £84,599	1	0
£85,000 - £89,999	0	0
£90,000 - £94,999	0	1
£95,000 - £99,999	0	1
£100,000 - £104,999	1	0
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 and above	0	0
	31	60

The increase in the number of employees earning more than £50,000 is primarily due to the pay award in 2023/24 which resulted in a significant cohort of employees moving from a salary of just under £50,000 to a salary of just over £50,000.

The increase is also due to:

- An increase in the size of the workforce over the course of the year from 278 FTE in April 2023 to 309 FTE in March 2024, and
- The compensation for loss of office received by 9 employees (as disclosed in Note 35) which has resulted in some of these employees receiving remuneration of £50,000 or more which wouldn't otherwise have been the case

Elected Members Allowance:

In 2023/24, the total amount of expenses paid to members of the MCA and its Committees amounted to £Nil (2022/23 £Nil).

35. Termination Benefits

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

Number of Compulsory Redundancies	Number of Other Departures	2022/23		Exit Package cost band (including special payments)	Number of Compulsory Redundancies	Number of Other Departures	2023/24	
		Total number of exit packages by cost band	Total cost of exit packages in each band £000				Total number of exit packages by cost band	Total cost of exit packages in each band £000
0	0	0	0	£0 - £20,000	2	2	4	54
0	0	0	0	£20,001 - £40,000	0	2	2	61
0	3	3	159	£40,001 - £60,000	1	2	3	126
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	3	3	159	Total	3	6	9	241

36. External Audit Fees

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

2022/23 £000		2023/24 £000
57	Scale fee	114
0	Fee Variation	0
57	Total	114

The fees all relate to external audit services carried out by the appointed Auditor. The fees have yet to be finalised by the national body responsible for the appointment of external auditors to local government bodies, the Public Sector Audit Appointments (PSAA). This is pending guidance emerging on the reset of local government audit.

In addition to the above, the PSAA have during the course of 21/22 agreed to a fee variation of £51K in respect of the 2021/22 audit

37. Grant Income

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

2022/23 £000 Restated		2023/24 £000
Credited to Services:		
(61,895)	Department of Levelling up, Communities and Housing	(41,724)
(86,736)	Department for Transport	(98,427)
(34,988)	Department for Education and Skills Funding Agency	(41,358)
(1,349)	Department for Business, Energy & Industrial Strategy	(9,687)
(340)	Careers Enterprise Company	(270)
(2,795)	Department for Health and Social Care	(2,829)
0	Department for Culture, Media & Sport	(55)
(58,004)	English Local Government	(58,545)
(8)	Cabinet Office	(88)
	Department for Environment, Food and Rural Affairs	(356)
(625)	Other	(8)
(246,740)		(253,347)
Credited to Taxation and Non- Specific Grant Income:		
<i>Non-ring- fenced Government Grants:</i>		
(3,240)	Department of Levelling up, Communities and Housing	(5,682)
163	Department for Transport	(29,573)
0	European Regional Development Fund / Other	0
(3,077)		(35,255)
(249,817)	Total	(288,602)

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 2023		31 March 2024
£000		£000
	Revenue Grants Receipts in Advance:	
(272)	Department for Business, Energy & Industrial Strategy	(515)
(13,298)	Department for Transport	(11,306)
(2,360)	Department of Levelling up, Communities and Housing	(1,695)
(16,734)	Department for Education and Skills Funding Agency	(19,026)
(123)	Cabinet Office	(34)
(52)	English Local Government	(1,425)
(130)	Non-Departmental Government Bodies	(395)
(33)	Department for Environment, Food and Rural Affairs	(153)
0	Department for Health & Social Care	(78)
(33,002)	Total	(34,627)
	Capital Grants Receipts in Advance	
(190,967)	Department for Transport	(205,709)
(21,255)	Department of Levelling up, Communities and Housing	(18,802)
	Department for Environment, Food and Rural Affairs	(218)
(212,222)	Total	(224,729)

38. Related Party Disclosures

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

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

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

MCA Members

During 2023/24 no disclosure is required in respect of works or services commissioned from companies in which members had an interest or with the members themselves (£nil 2022/23).

Senior Officers

During 2023/24, Senior Officers had no pecuniary interests requiring disclosure (£nil 2022/23).

Material Transactions with Related Parties

Income

2023/24				
	Transport Levy	EZ business rates	Local Authority subscriptions	Total
	£000	£000	£000	£000
Sheffield City Council	23,088	520	488	24,906
Barnsley Metropolitan Borough Council	9,722	804	206	10,732
Doncaster Metropolitan Borough Council	12,257	0	264	12,521
Rotherham Borough Council	10,384	959	226	11,569

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

Expenditure

2023/24				
	Programme Delivery - capital	Project Feasibility Funding	Programme Delivery – revenue	Total
	£000	£000	£000	£000
Sheffield City Council	20,052	1,610	3,925	25,587
Barnsley Metropolitan Borough Council	28,218	1,400	4,613	34,231
Doncaster Metropolitan Borough Council	25,904	2,465	5,117	33,486
Rotherham Borough Council	25,427	1,500	1,924	28,851

Programme Delivery - revenue expenditure incurred in 2023/24 includes commissions made under the Adult Education Budget and the UK Shared Prosperity Fund.

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

Group Subsidiaries

South Yorkshire Future Trams Limited (SYFTL)

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

The purpose of SYFTL is to undertake the operation and maintenance of the tram network following the end of the 27-year long tram concession agreement.

The company commenced trading on 22 March 2024.

The MCA incurred £1.8m of costs in support of the transition to the new operator.

As set out in Accounting Policy XX the tram operations for the period from 22 March 2024 to 31 March 2024 are not material in the context of the Authority as a whole.

Hence, there has been no need to produce consolidated Group accounts comprising the Authority and SYFTL in the 2023/24 financial year.

Transactions between the Authority and SYFTL are therefore disclosed as intercompany items in the Authority's 2023/24 accounts. These comprise:

- An intercompany revenue loan of £6.5m from the Authority to SYFTL as part of the general financing arrangements for the new company

39. Capital Expenditure and Capital Financing

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

2022/23		2023/24
£000		£000
	Capital Investment	
23	Assets under Construction	9,549
0	Property, Plant and Equipment	1,853
0	Equity Investment	450
0	Intangible Assets	111
0	Infrastructure assets	18,393
109,920	Revenue Expenditure Funded from Capital Under Statute	119,604
1,969	Capital loans	0
111,912	Total	149,960
	Sources of Finance	
106,852	Government Grants and Other Contributions	142,047
783	Capital Grant Unapplied	449
4,268	Capital Receipts	7,349
0	Direct Revenue Financing/Earmarked Reserves	115
9	Borrowing Requirement	0
111,912		149,960
	Capital Financing Requirements	
109,880	Opening Balance	106,521
9	Borrowing requirement for the year	0
0	Adjustment upon integration	6,819
(3,368)	Statutory/Voluntary Provision for repayment of debt (MRP)	(3,513)
106,521	Closing Balance	109,827
(97,400)	PWLB Borrowing	(47,000)
(20,000)	Other Borrowing	0
(117,400)		(47,000)
(10,879)	CFR (less than) / in excess of debt	62,827

40. Leases

As Lessor

Finance Leases

The Authority has not classified any leases as Finance Leases.

Operating Leases

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

2022/23 £000		2023/24 £000
297	Not later than one year	1,691
850	Later than one year and not later than five years	3,215
786	Later than five years	304
1,933	Total	5,210

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.

As Lessee

Finance Leases

The Authority has not classified any leases as Finance Leases.

Operating Leases

The Authority has no significant future minimum lease payments under non-cancellable leases.

41. Post-Employment Benefits

Local Government Pension Scheme

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

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

The Authority also continues to be responsible for payments to the Fund in respect of service for all staff formerly employed by SYPT, 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.

Comprehensive Income and Expenditure Statement		
	2022/23	2023/24
	£000	£000
Current Service Cost	3,593	2,340
Financing Investment Income and Expenditure	781	(719)
Remeasurement in other Comprehensive Income and Expenditure	(40,561)	(8,472)
Remeasurement in other Comprehensive Income and Expenditure – Asset Ceiling	0	19,170
Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(36,187)	12,319

Movement in Reserves Statement		
	2022/23	2023/24
	£000	£000
Reversal of Net Charges Made to the (Surplus)/Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	(4,374)	(1,621)
Actual Amount Charged Against the General Fund		
Balance for Pensions in the Year:		
Employer's Contributions Payable to Scheme	1,525	1,800
Transfer of Year Pension Deficit Contribution	0	0

Assets & Liabilities in Relation to Post-Employment Benefits		
	2022/23	2023/24
	£000	£000
Reconciliation of Present Value of the Scheme Liabilities:		
	2022/23	2023/24
	£000	£000
Opening Balance at 1 April	(166,561)	(120,749)
Current Service Cost	(3,593)	(2,281)
Interest Cost	(4,487)	(5,424)

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Contributions by Scheme Participants	(664)	(801)
Re-measurements	48,679	(314)
Past Service cost (gain)	0	(59)
Benefits Paid	5,877	6,363
Business combination – impact of integration	0	4,903
Closing Balance at 31 March	(120,749)	(118,362)

Reconciliation of Fair Value of the Scheme (Plan) Assets:		
	2022/23	2023/24
	£000	£000
Opening Balance at 1 April	139,368	131,268
Interest on Plan Assets	3,706	6,143
Re-measurements	(8,118)	3,883
Contributions by Employer	1,011	1,307
Contributions by Scheme (plan) Participants	664	801
Benefits Paid	(5,363)	(5,870)
Business combination – impact of integration	0	0
Closing Balance at 31 March	131,268	137,532

Pension Scheme Assets Comprised:	2022/23	2023/24
	£000	£000
Equities	73,244	63,243
Bonds		
Government Bonds	489	0
Other Bonds	22,562	20,651
Property	11,115	10,964
Other	23,858	42,674

Scheme History		
	2022/23	2023/24
	£000	£000
Present Values of Liabilities	(120,749)	(118,362)
Fair Value of Scheme Assets	131,268	137,532
Surplus/(Deficit) in the Scheme before Asset Ceiling	10,519	19,170
Asset Ceiling	0	(19,170)
Surplus/(Deficit) in the Scheme after Asset Ceiling	10,519	0

Basis for Estimating Assets and Liabilities		
	2022/23	2023/24
The pension fund liabilities have been assessed by the actuaries, Hyman Robertson LLP. The main assumptions used in their calculations are as follows:		
Mortality Assumptions		
Longevity at Age 65 for Current Pensioners:		
Men	20.5 years	20.6 years
Women	23.7 years	23.6 years
Longevity at Age 65 for Future Pensioners:		

Men	21.5 years	23.6 years
Women	25.2 years	25.0 years

Financial Assumptions		
Rate of increase in Salaries	3.55%	3.35%
Rate of increase in Pensions (CPI)	2.95%	2.75%
Discount Rate	4.75%	4.85%

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

	% Approximate Increase in Defined Benefit Obligation	Approximate Value
	%	£000
Disclosure item		
0.1% decrease in real discount rate	2%	2,140
1 year increase in member life expectancy	4%	4,734
0.1% increase in salary increase rate	0%	175
0.1% increase in pensions increase rate (CPI)	2%	2,004

42. Contingent Liabilities/Contingent Assets

Contingent Asset

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

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

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

43. Private Finance Initiative (PFI)

The MCA has one PFI scheme.

This is a PFI contract for the construction of a new bus station at Doncaster Interchange signed on 3 December 2003 with Teesland Property Company (Northern) Limited. The new bus station became operational 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.

Under the PFI agreement, the MCA is contracted to pay an annual sum to the operator, known as a unitary charge. In 2023/24 unitary charge payments of £2.983m (£2.8m in 2022/23) were paid to the PFI provider by SYPTE. The latest forecast Unitary charge payments over the whole life of the contract total £109.5 m which will be recovered in the form of PFI credits. The actual level of payments will depend on inflation rates and the satisfactory contract performance by the operator.

The Authority receives fixed PFI grant of £3.9m pa to meet the cost of the unitary charge over the lifetime of the PFI scheme. Timing differences between the amount of PFI grant received and unitary charge payment is held in a PFI Earmarked Reserve in the Authority's balance sheet to meet future liabilities as explained in Note 15.

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

2023/24						
	Repayment of Liability	Interest Charge	Contingent/ Rental	Service Charge	Lifecycle Costs	Total
	£000	£000	£000	£000	£000	£000
Within 1 year	345	864	419	1,374	155	3,157
Within 2-5 years	1,705	3,129	1,676	5,498	618	12,626
Within 6-10 years	3,115	2,928	2,095	6,872	773	15,783
Within 11-15 years	4,733	1,309	2,095	6,872	773	15,782
Within 16-20 years*	0	0	0	0	0	0
Total	9,898	8,230	6,285	20,616	2,319	47,348

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

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

2023		2024
PFI		PFI
Assets		Assets
£000		£000
	Net book value:	
11,440	As at 1 April	11,980
887	Revaluations	(2,879)
(347)	Depreciation	(285)
11,980	As at 31 March	8,816

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2023		2024
PFI		PFI
Liability		Liability
£000		£000
10,505	As at 1 April	10,215
(1,444)	Lease repayments	(1,538)
918	Interest Charge	892
236	Contingent rentals	329
10,215	As at 31 March	9,898

Group Accounts

There are no group accounts this year as the subsidiary company SYPTE has now been integrated with SYMCA with effect from 01-04-2023.

Glossary

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

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

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

	or legal rights. The two broad types of intangible non-current assets applicable to local authorities are goodwill and other intangible assets. Examples of other intangible assets might be patents or software licences.
International Financial Reporting Standards (IFRS)	Accounting standards developed by the International Accounting Standards Board which determine the standards to be adopted in the preparation and presentation of the Mayoral Combined Authority's accounting records.
Inventories	Inventories are assets: <ul style="list-style-type: none"> • in the form of materials or supplies to be consumed in the production process or consumed or distributed in the rendering of services • held for sale or distribution in the ordinary course of operations • in the process of production for sale or distribution
Investment Property	Property held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations.
Materiality	Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.
Net Book Value	The amount at which non-current assets are included on the Balance Sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.
Net Current Replacement Cost	The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current position of the existing asset.

Net Realisable Value	The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses incurred in realising the asset.
Operating Lease	A lease other than a Finance Lease. An agreement in which the Mayoral Combined Authority derives the use of an asset in exchange for rental payments, though the risks and rewards of ownership of the asset are not substantially transferred to the Mayoral Combined Authority.
Private Finance Initiative (PFI)	A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset. Payments are made for the provision of service, which is linked to availability, performance, and levels of usage.
Property, Plant and Equipment	Tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.
Provisions	Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.
Prudence Concept	Requires that revenue is not anticipated until realisation can be assessed. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.
Public Works Loan Board (PWLB)	A government agency, which provides loans to authorities at favourable rates.
Related Party	The definition of a related party is dependent upon the situation, though key indicators of related parties are if: <ul style="list-style-type: none"> • One party has direct or indirect control of the other party • One party has influence over the financial and operating policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests.

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

Independent Auditor's Report

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