

GOVERNANCE AND AUDIT COMMITTEE

**MEETING TO BE HELD AT 11.00 AM ON WEDNESDAY, 22 MARCH
2023
IN COMMITTEE ROOM 1, WELLINGTON HOUSE, 40-50 WELLINGTON
STREET, LEEDS**

A G E N D A

Please note that this meeting will be filmed for live or subsequent broadcast via the Combined Authority's internet site. At the start of the meeting the Chair will confirm if all or part of the meeting is being filmed. Generally, the public seating areas will not be filmed; however, by entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting. If you have any queries regarding this, please contact Governance Services on 0113 251 7220.

- 1. APPROVAL OF ANNUAL ACCOUNTS 2021/22**
(Pages 1 - 168)

Signed:



**Chief Executive
West Yorkshire Combined Authority**

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Audit Completion Report

West Yorkshire Combined Authority –
Year ended 31 March 2022

March 2023



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Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Authority are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.



Governance and Audit Committee
West Yorkshire Combined Authority
Wellington House
Leeds
LS1 2DE

16 March 2023

Dear Committee Members

Audit Completion Report – Year ended 31 March 2022

We are pleased to present our Audit Completion Report for the year ended 31 March 2022. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented in July 2022. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail, then please do not hesitate to contact me on 0113 394 5316.

Yours faithfully

Mark Dalton
Mazars LLP

Mazars LLP
5th Floor
3 Wellington Place
LS1 4AP

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Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report, we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Valuation of the net defined pension liability valuation;
- Valuation property, land and equipment; and
- First time adoption of Group Accounts..

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022. At the time of preparing this report, matters remaining outstanding are as outlined in section 2. We will provide an update to you in relation to these matters in a follow up letter, upon completion.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our draft audit opinion is included in the draft auditor's report in Appendix B.



Value for Money (VFM)

Our Value for Money work remains in progress and the results of this will be reported within our Auditor's Annual Report later in the year. At this stage we have not identified any significant weaknesses in relation to the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



Whole of Government Accounts (WGA)

We only received group instructions from the National Audit Office in respect of our work on the Authority's WGA submission in mid February 2023. Our work in response will be undertaken in the coming months.



Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and to consider any objection made to the accounts. No questions or objections have been received, from local electors.

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Section 02:

Status of the audit

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2. Status of the audit

Our work is substantially underway and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Movement in Reserves Statement		We are finalising our consistency checks of the Movement in Reserves Statement.
Pensions		We are finalising our work in this area.
Property plant and equipment		We have a small number outstanding queries with the valuer and we are also finalising our work on infrastructure assets, depreciation, reconciliation to the fixed asset register and capital commitments
Financial instruments		We are finalising our work in this area.
Whole of government accounts		Completion of audit procedures supporting the WGA return to the NAO.
Audit Quality Control and Completion Procedures		Completion of Manager and Engagement Lead review and Mazar’s quality control procedures. In addition, there are residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the audit report, obtaining final management representations and review of the final version of the Accounts and Annual Governance Statement.

- Likely to result in material adjustment or significant change to disclosures within the financial statements.
- Potential to result in material adjustment or significant change to disclosures within the financial statements.
- Not considered likely to result in material adjustment or change to disclosures within the financial statements.

We will provide the Governance and Audit Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor’s report.



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Section 03: **Audit approach**

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3. Audit approach

Changes to our audit approach

We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £18.25m (Single Entity) and £18.5m (Group) using a benchmark of 1.5% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements and qualitative information, is £16m (Single Entity) and £17m (Group) using the same benchmark.

Use of experts

Our audit approach in respect of management and auditor experts is consistent with that set out in our Audit Strategy Memorandum.

Item of account	Management's expert	Our expert
Defined benefit liability	AON Hewitt and Mercers	We reviewed the work of PwC, the consulting actuary, on behalf of National Audit Office
Property, plant and equipment valuation	Lambert Smith Hampton, Carter Jonas and Multiplight	We have taken into account relevant information which is available from third parties. We also consulted with our Mazars valuation team, regarding NPAS assets.
Financial instrument disclosures	Link Asset Services	We have reviewed Link Asset Services' methodology to gain assurance that the fair value disclosures of the Authority's financial assets and liabilities are materially correct.

There are no matters to report, regarding our consideration of the work of experts.

Service organisations

Our audit approach in respect of service organisations is consistent with that set out in our Audit Strategy Memorandum.

Items of account	Service organisation	Audit approach
Treasury management (affecting bank balances, investments and borrowing)	Leeds City and Wakefield Councils	We have obtained appropriate audit evidence from third parties.

There are no matters to highlight from our consideration of the work of the service organisation.



3. Audit approach

Group audit approach

The Authority’s group structure for 2021/22 includes the Chief Constable of West Yorkshire Police. In auditing the Authority’s Group financial statements, we obtained assurance over the transactions in the Group relating to the consolidated bodies.

Our approach reflected the size and complexity of the transactions from the consolidated bodies into the Authority’s Group financial statements. Our approach is outlined below.

Group component	Approach adopted	Key points or other matters to report
West Yorkshire Combined Authority	●	The Mazars audit team undertook the full audit of the Authority’s accounts, and subject to the items highlighted in Section 2 of this report has gained the planned assurance.
West Yorkshire Police	●	The Mazars audit team undertook the full audit of the Chief Constable’s accounts and have gained the planned assurance.

- Full audit**
 Performance of an audit of the component’s financial information prepared for group reporting purposes using component materiality
- Audit of balances and/or disclosures**
 Performance of an audit of specific balances and/or disclosures included in the component’s financial information prepared for group reporting purposes, using component materiality
- Specific audit procedures**
 Performance of specific audit procedures on the component’s financial information
- Review procedures**
 Review of the component’s financial information prepared for group reporting purposes using the component materiality assigned



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Section 04: **Significant findings**

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4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 16 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks

<p>Management override of controls</p>	<p>Description of the risk</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p> <hr/> <p>How we addressed this risk</p> <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements. <hr/> <p>Audit conclusion</p> <p>We have completed our work as planned and have no matters to report in respect of management override of controls.</p>
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4. Significant findings

Significant risks

Net defined benefit liability valuation

Description of the risk

The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Authority’s balance sheet. The Authority’s liability includes elements from West Yorkshire Pension Fund and the Police Pension Fund. The valuation of the pension scheme liabilities relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority’s overall valuation relating to both schemes. There are financial assumptions and demographic assumptions used in the calculation of the Authority’s valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should reflect the profile of the Authority’s employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in valuing the Authority’s pension obligations are not reasonable or appropriate to the Authority’s circumstances. This could have a material impact to the net pension liability in 2021/22.

How we addressed this risk

We addressed the risk by:

- critically assessing the competency, objectivity and independence of the Actuaries, Aon Hewitt and Mercers;
- liaising with the auditors of the West Yorkshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;
- reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and
- agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Authority’s financial statements.

Audit conclusion

Subject to the satisfactory completion of the work highlighted in section 2 of this report, we do not expect there to be any matters to report in respect of this significant risk. Based on the work completed to date, we have reported one unadjusted error in section 6 of this report.

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4. Significant findings

Significant risks

Valuation of property, land and equipment

Description of the risk

Land, buildings, infrastructure and NPAS assets £223.607 are the Authority's highest value assets accounting for £176.4 million of the Authority's £407.973 million Property, Plant and Equipment balance in 2021/22.

The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date.

Management engages its own valuers as an expert to assist in determining the fair value of land and buildings to be included in the financial statements, however there remains a high degree of estimation uncertainty associated with the valuation of Property, Plant and Equipment due to the significant judgements and number of variables involved.

How we addressed this risk

We have

- evaluated the design and implementation of controls which mitigate the risk of misstatement in regard to valuation of property, plat and equipment. This includes liaising with management to update our understanding on the approach taken by the Authority in its valuation of land and buildings;
- assessed the scope and terms of engagement with the Valuers;
- assessed the competence, skills and objectivity of the Valuer;
- assessed how management use the Valuers' report to property, plant and equipment included in the financial statements;
- tested the accuracy of the data used in valuations;
- challenged the Authority and Valuer's assumptions and judgements applied in the valuations;
- considered whether the overall valuation methodology is in line with industry practice, the CIPFA Code of Practice and the Authority's accounting policies;
- considered the reasonableness of the valuation by comparing the valuation output with market intelligence;
- consulted with our valuations team for those items of property, plant and equipment that are unusual or complex valuations; and
- considered the Authority's treatment for infrastructure assets, following the issue of CIPFA's infrastructure guidance in January 2023.

Audit conclusion

Subject to the satisfactory completion of the work highlighted in section 2 of this report, we do not expect there to be any matters to report in respect of this significant risk.

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4. Significant findings

Significant risks

First year adoption of Group Accounts

Description of the risk

In May 2021 the Combined Authority took responsibility for the Police and Crime Commissioner for West Yorkshire. This requires first time preparation of Group accounts, incorporating the Chief Constable for West Yorkshire Police into the Group. Errors in the consolidation process, could result in material misstatement.

How we addressed this risk

We have:

- reviewed accounting policies to ensure consistency between Group entities;
- reviewed the Group control environment;
- reviewed the Combined Authority’s own assessment of compliance with the requirements of chapter 9 (group accounts) of the CIPFA Code;
- considered the accounting treatment of non-coterminous year-ends for the purpose of balances brought forward;
- reviewed and understood the consolidation process; and
- completed full-scope audit procedures for the Chief Constable for West Yorkshire Police and consider their impact on the Group financial statements.

Audit conclusion

Subject to the satisfactory completion of the work highlighted in section 2 of this report, we do not expect there to be any matters to report in respect of this significant risk.

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4. Significant findings

Qualitative aspects of the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Authority circumstances.

Draft accounts were received from the Authority on 29 July 2022 and were of a good quality.

As part of our review of the Authority's accounting policies and our enquiries of management we noted that management has taken the judgement that it is appropriate not to accrue for the future obligation of annual leave, not taken by 31 March 2022, for non-police employees of the Combined Authority (totalling £364k), based on materiality. While we are satisfied the amount is not material, we recommend the management apply a consistent approach to both police and non-police employees, going forward.

Significant matters discussed with management

Accounting for infrastructure assets

The Authority holds £38.7m of infrastructure assets on its Balance Sheet as part of its overall balance of Property, Plant and Equipment. During 2022 a national technical issue arose in respect of accounting for infrastructure assets. Normal custom and practice for infrastructure assets is that derecognition does not affect asset balances because the assets are expected to have been fully used up before the replacement expenditure takes place; this does require that assets are properly depreciated in line with the requirements of the Accounting Code. This issue arises in part because of limitations on historical information relating to when the assets were first recorded on balance sheets in the early 1990s, and where there have been transfers of assets because of local authority reorganisations. It is also extremely difficult to clearly identify the parts of the assets which are being replaced.

In December 2022, the Department for Levelling Up, Housing and Communities (DLUHC) issued a statutory override allowing authorities to account for the replacement of infrastructure assets with the assumption that the replaced component is at nil value. CIPFA followed this up with disclosure guidance in January 2023. The Authority has taken the decision not to apply the statutory override and has not updated its disclosures in line with the CIPFA guidance. As at the time of writing this report and as detailed in section 2, we are considering whether the Authority has complied with the requirements of the existing Accounting Code without applying either the statutory override or the voluntary changes to disclosure requirements.

Group Accounts

In 2021/22, following the creation of the Mayoral Combined Authority in May 2021, West Yorkshire Police is consolidated into the Authority's financial statements for the first time. Throughout the audit we have discussed management's arrangements regarding the first-time adoption of group accounts, including the consolidation process and selection of accounting policies. As set out in Section 2 of this report, our work on the consolidation process is still ongoing, however, as at the time of reporting, our work has not highlighted any significant issues.

Escrow Account

As part of our review of cash and bank, we noted the Authority holds a non-material cash balance (totalling £5.6m), which is held in an escrow account. Enquiries of management confirm that this relates to a capital project where a third party has agreed to match fund a capital project upon the project's completion. The Authority has also included a creditor balance for the same amount, to reflect that while the cash is included in note 15 (cash and cash equivalents), the Authority can no longer draw down this cash balance. Management has confirmed that they are satisfied that this treatment reflects the substance of the transaction, and the amount remains payable to the third party. We have considered management's judgement and have nothing to report.

Impairment provision for doubtful debt

As part of our review of the impairment provision for doubtful debt provision, we highlighted to management that their current model does not comply with the Code or IFRS 9's requirement to calculate the provision on forward-looking expected credit loss (ECL) model. While our work has not highlighted a risk of material misstatement regarding this item of estimate, we have agreed with management that the ECL model will be applied going forward.

Significant difficulties during the audit

During the audit, we did not encounter any significant difficulties and we have had the full co-operation of management. We would like to thank the Finance Team for the quality of their supporting working papers and for being available throughout the audit work to answer our queries.

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4. Significant findings

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2021/22 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such questions or objections have been raised.

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Section 05: **Internal control recommendations**

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the adjacent categories.

We have also provided an update on the internal control recommendations made during 2020/21.

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1



5. Internal control recommendations

Significant deficiencies in internal control – Level 3

Description of deficiency

Impairment provision for doubtful debt - IFRS 9 replaced the existing incurred loss model with a forward-looking expected credit loss (ECL) model. Our review of the debtors impairment provision has confirmed the Authority has not considered historic, current and forward-looking in its assessment of its impairment provision. it is no longer appropriate for entities to wait for an incurred loss event to have occurred before credit losses are recognised. The current treatment does not comply with the Code or the Authority's accounting policies.

Potential effects

Non-compliance with IFRS9 and the CIPFA code in regard to the impairment provision and potential misstatement.

Recommendation

Management updates its model to comply with the requirement of the CIPFA Code and applies the expected credit loss (ECL) approach, when calculating the impairment provision on non-statutory debtors.

Management response

Management agree to apply the revised basis in future years.



5. Internal control recommendations

Follow up on previous internal control points

Description of deficiency

The Authority does not record 'yellow' bus values individually in the fixed asset register, the value is recorded as an aggregate balance. Whilst we have done sufficient work to gain assurance that this does not present a risk of material misstatement, it does require additional procedures when calculating proceeds from disposals and other capital charges.

Potential effects

During our testing of fixed asset disposals relating to yellow buses we were unable to trace individual disposal values to the fixed asset register to ascertain its net book value. As yellow buses are shown in the fixed asset register as an aggregate balance, it is a difficult and time-consuming process to obtain sufficient audit evidence to support disposals and other capital charges included in the accounts.

Recommendation

We recommend that this type of asset is recorded individually in the fixed asset register, to improve accuracy and reduce the time required to obtain audit evidence relating to this type of asset.

2021/22 management update

The Authority records 'yellow' buses individually in the fixed asset register.

Conclusion

No issues noted in the current year.



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Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the audit, above the trivial threshold for adjustment of £480k (single entity). The first table outlines the misstatements that were identified during our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the audit.

Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
23	1	Dr: Provisions	,	1,800	
		Cr: Long term provisions	,		1,800
As part of our review of provisions, we noted a classification error between current and long term provisions. Management has not adjusted for this error.					
	2	Dr: Fair value of plan assets		585	
		Cr: Return on plan assets			585
Being the adjustment in the updated actuary report received in September 2022 which resulted in an increase in WYCA's share of plan assets by £585k, reducing the pension fund liability and increasing the pension fund reserve by this amount.					
	3	Dr: Debtors		6,548	
		Cr: Transport Services expenditure	6,548		
As part of our testing of expenditure, we noted an item which included 6 months of expenditure (totalling £101k) for 2022-23, recorded in 2021-22. Management has confirmed a pre-payment has not been processed. The error in relation to transport services expenditure has been extrapolated and management has not adjusted for this error.					
Total		-	6,548	8,933	2,385

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6. Summary of misstatements

Adjusted misstatements

At the time of drafting this report we have no adjusted misstatement to report.

Disclosure amendments

The following disclosure amendments have been agreed with management:

- **Note 20 (members allowances)** – our testing highlighted that the Mayor’s allowance totaling £94k had not been disclosed;
- **Note 21 (officer remuneration)** :
 - an error in the number of employees in the £65k - £70k banding (it should be 5 not 7);
 - as part of our audit of West Yorkshire Police we noted the disclosures for the Assistance Chief Constable had been incorrectly pro-rated and has not been updated in the Group financial statements;
 - West Yorkshire Police has one employee in banding £185k-£189k, which was not included in the Group disclosure; and
 - The original Group disclosure erroneously included an employee in the range £135k- £140k. This has been amended to zero.
- **Note 22 (external audit costs)** - the disclosure did not reflect the actual fee payable to the predecessor auditor and the expected fee for 2021/22 audit.

The following errors have been discussed with management; however, it is management’s judgement based on materiality, not to update the financial statements:

- **Note 3 (assumptions about future and other sources of estimation uncertainty)** – the disclosure does not meet the requirements of the of the Code. For example, we would expect the note to include the carrying amount of the balance, information about the nature of the assumptions or estimations applied, and to include sensitivity analysis relating to carrying amounts. The disclosure should only be disclosures for to material items of account (for example it currently includes the insurance provision which is not material).
- **Note 14 (debtors)** – we noted two minor classification errors,.

Our review of the draft accounts highlighted several minor typographical, casting, formatting and cross referencing errors.



07

Section 07: **Value for Money**

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7. Value for Money

Approach to Value for Money

We are required to consider whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Authority plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Authority ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Authority has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Authority’s arrangements is the commentary on those arrangements that forms part of the Auditor’s Annual Report. We intend to issue the Auditor’s Annual Report within three months of issuing our audit opinion.

Status of our work

We are yet to complete our work in respect of the Authority's arrangements for the year ended 31 March 2022. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Authority's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Authority's arrangements. As noted above, our commentary on the Authority's arrangements will be provided in the Auditor's Annual Report within 3 months of issuing our audit opinion on the financial statements, consistent with NAO guidance.



Appendices

A: Draft management representation letter

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B: Draft audit report

C: Independence

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Appendix A: Draft management representation letter

To be provided to us on client headed note paper & include an appendix of unadjusted audit misstatements and disclosures

Mazars LLP
5th Floor
3 Wellington Place
LS1 4AP

[Date]

Dear Mark

West Yorkshire Combined Authority - audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of West Yorkshire Combined Authority ('the Authority') and its Group for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) and applicable law.

I confirm that the following representations are made based on enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority and Group you determined it was necessary to contact in order to obtain audit evidence.



Appendix A: Draft management representation letter

I confirm as the Authority’s Treasurer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Combined Authority and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority and Group’s financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Authority and Group in making accounting estimates, including those measured at current or fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired, or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no undisclosed contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.



Appendix A: Draft management representation letter

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Authority and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as the Authority's Treasurer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority and Group involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Authority and Group's related parties and all related party relationships and transactions of which I am aware.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.



Appendix A: Draft management representation letter

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Covid-19

I confirm that the Authority and Group has carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the Authority and Group, including the impact of mitigation measures and uncertainties, and that the disclosures in the Narrative Report fairly reflects that assessment.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Authority and Group, including the impact of mitigation measures and uncertainties.

Going concern

I confirm that I have carried out an assessment of the potential impact of the Covid-19 pandemic on the Authority and Group, including the impact of mitigation measures and uncertainties and am satisfied the going concern assumption remains appropriate and that no material uncertainty has been identified. To the best of my knowledge there is nothing to indicate that the Authority and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. All uncorrected misstatements are included in Appendix A.

Yours faithfully

Director, Corporate Services (s73 Officer).....



Appendix B: Draft audit report

Independent auditor’s report to the members of West Yorkshire Combined Authority

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of West Yorkshire Combined Authority (‘the Authority’) and its subsidiary (‘the Group’) for the year ended 31 March 2022, which comprise the Authority and Group Comprehensive Income and Expenditure Statements, the Authority and Group Movement in Reserves Statements, the Authority and Group Balance Sheets, the Authority and Group Cash Flow Statements, West Yorkshire Police Pension Fund, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31st March 2022 and of the Authority’s and the Group’s expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities section of our report. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.



Appendix B: Draft audit report

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the Annual Governance Statement and Narrative Report information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Chief Financial Officer is also responsible for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Chief Financial Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. The Chief Financial Officer is responsible for assessing each year whether or not it is appropriate for the Authority and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Appendix B: Draft audit report

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Chief Financial Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Governance and Audit Committee the policies and procedures regarding compliance with laws and regulations;
- **34** communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Authority and the Group which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Governance and Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Governance and Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.



Appendix B: Draft audit report

We are also required to conclude on whether the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have not completed our work on the Authority's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.

We will report the outcome of our work on the Authority's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Authority

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



Appendix B: Draft audit report

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of West Yorkshire Combined Authority, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.



Appendix B: Draft audit report

We have not been able to issue our certificate for 2020/21, as the National Audit Office has not confirmed which entities have been selected for full scope audits as part of their Group Audit Instructions.

Mark Dalton
Key Audit Partner
For and on behalf of Mazars LLP
Mazars LLP
5th Floor
3 Wellington Place
LS1 4AP

DATE



Appendix C: Independence

As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.



Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. Or detail significant matters identified.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	<p>We have not identified any evidence to cause us to disagree with the Chief Financial Officer that West Yorkshire Combined Authority will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications

Other communication	Response
Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Matters related to fraud 40	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and Governance and Audit Committee, confirming that</p> <ol style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.

Mark Dalton, Director – Public Services

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*where permitted under applicable country laws.

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Statement of Accounts

Audited figures

For the year ending 31 March 2022

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West Yorkshire Combined Authority Narrative Report to the Annual Accounts 2021/22

Welcome to the West Yorkshire Combined Authority's draft Annual Statement of Accounts for 2021/22. The statements have been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). This narrative report aims to provide information so that members of the public, Council Members, partners, stakeholders and other interested parties are able to have a full and understandable explanation of the overarching financial position of the Authority and the outturn for 2021/22.

This narrative report provides information about the Combined Authority, including the key issues affecting the Authority and its accounts. It also provides a summary of the financial position at 31 March 2022 and is structured as below:

- An Introduction to the West Yorkshire Combined Authority
- How the Combined Authority performed in 2021/22
- Financial Performance - Revenue and Capital Budget and Outturn 2021/22
- Outlook for the future
- Core Financial Statements

Introduction to the Combined Authority

The West Yorkshire Combined Authority has been the Local Transport Authority for West Yorkshire since 2014 and 2021/22 is the first year embedding the priorities of our new Mayor and welcoming significant newly devolved funding and functions into the organisation – in particular our adult education budget, Police and Crime teams.

The Combined Authority's vision is to create a West Yorkshire that is prosperous, well connected, safe, inclusive and a hotbed of creativity and sustainability. The West Yorkshire Combined Authority brings together the local authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield with the LEP. Working in partnership, we develop and deliver policies, programmes and services which directly benefit the people of West Yorkshire.

With regard to transport the Combined Authority fulfils the functions of the Local Transport Authority and is responsible for determining public transport policies in West Yorkshire, operating the concessionary travel scheme and producing the statutory Local Transport Plan.

With regard to the economy the Combined Authority is the accountable body for the Leeds City Region Local Enterprise Partnership (LEP). The LEP determines the policies and strategies to drive the economic growth and regeneration agenda with the Combined Authority ensuring funding is properly managed to ensure delivery of the interventions required to achieve the growth targets.

The Combined Authority has an important role to play in providing the vehicle for closer partnership working between the local authorities of West Yorkshire and York and the

LEP in order to ensure improved economic outcomes for local people. It focuses on the areas that make the most sense to deliver at the city region level.

Our work is led by the Combined Authority Board, chaired by our Mayor, and supported by the LEP Board and the thematic committees of the Combined Authority which focus on achieving our corporate objectives.

Devolution and the impact in 2021/22

Elected Mayor of West Yorkshire

In May 2021, Tracy Brabin was elected Mayor of West Yorkshire, representing the interests of 2.3 million people across the region. The Mayor is supported by an appointed Deputy Mayor for Policing and Crime, Alison Lowe OBE.

2021 saw the first Elected Mayor of West Yorkshire, Tracy Brabin, who took up this position on 10 May 2021, in addition to her role as the Police and Crime Commissioner, which is described later in this section, the Mayor is accountable to and representing the people of all 5 local authorities in West Yorkshire, steering the work of West Yorkshire Combined Authority, leading on issues such as the economy, transport, police and crime services, to ensure West Yorkshire is one of the best places in the world.

As the Chair of the Combined Authority, the Mayor works with the five Leaders of the West Yorkshire Local Authorities to deliver their policies to help make West Yorkshire even better. The Mayor is a strong champion for the region, making sure that the voice of the people of West Yorkshire is heard in Westminster. This makes West Yorkshire better able to influence Government policy on key matters such as the future of transport infrastructure and how to level up our communities.

Policing and Crime

The functions of the Police and Crime Commissioner (PCC) in West Yorkshire were transferred by Parliamentary Order, to the Authority with effect from 10 May 2021, with the Mayor taking on the functions of what was the Police and Crime Commissioner with all staff, properties, rights and liabilities transferring to the Authority.

The Mayor of West Yorkshire does not run the police, but is the voice of the people, sets strategic direction, and holds the Chief Constable to account. This helps to make the police answerable to the communities they serve and to provide stronger and more transparent accountability.

The Mayor and the police work in partnership with a range of agencies at local and national level to ensure there is a unified approach to preventing and reducing crime.

Other functions of the Mayor include commissioning services to support those harmed by crime and reduce reoffending, consulting the public to ensure that their views and priorities are taken into account, and strengthening links across the criminal justice system to support community safety and cohesion.

The Mayor issued her first Police and Crime Plan in March 2022, with the safety of women and girls at its heart.

The Combined Authority and the Combined Authority Group

With the Parliamentary order which transferred the Police and Crime Commissioner's powers to the Mayor, the Mayor is required under S21 of the Police Reform and Social Responsibility Act 2011 to keep a fund known as the Police Fund. The Combined Authority is the legal entity which is responsible for administering the Police Fund and executing the Mayor's decisions in her role as Police and Crime Commissioner.

To fulfil these statutory requirements the Chief Constable's accounts will be consolidated into the accounts of the Combined Authority and a memorandum account will be prepared for the Mayoral Police Fund.

The Chief Constable for West Yorkshire Police is established as a separate legal entity. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the West Yorkshire Police area. The Mayor is elected by the public, and with regard to her policing functions, is required to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of their functions and those of persons under their direction and control.

This consolidated Group Accounts explain how the resources provided by the Mayor from 10 May 2021 have been used to deliver operational policing services.

The closing balance sheet of the Office of the Police and Crime Commissioner (OPCC) as at 9 May 2021 has been brought into the Authority's 2021/22 balance sheet as an in year transfer using the absorption accounting policy. The Authority's prior year comparative values will not be restated to include the those 2020/21 values.

Expenditure and income relating to Police and Crime functions within the Combined Authority's 2021/22 accounting statements are for an 10 months and 22 days period from 10 May 2021 to 31 March 2022.

Review of the year

Working for a better West Yorkshire

Everything the Combined Authority delivers involves working in partnership. With the Mayor of West Yorkshire as its directly-elected chair, the Combined Authority works wholly in partnership with the five West Yorkshire local authorities towards shared objectives, centred around the goal of improving the lives of the communities that we serve. Working together we can share expertise, maximise the impact of our funding, and ensure our programmes and investments meet the needs of communities and the region.

Beyond this, we work with a wide range of partners across the region and nationally including transport operators, businesses, universities, housing associations, and government agencies.

This is achieved by:

- Working in partnership with the Local Authorities, West Yorkshire Police, business and our network of suppliers and partners

- Knowing and understanding our customers, communities and places
- Putting 'outcomes for West Yorkshire' at the heart of everything we do
- Prioritising our work based on what's best for the collective whole
- Using data to make sure our projects and programmes impact the things that matter

Together, we are working hard to create a West Yorkshire that is prosperous, well connected, safe, inclusive, and a centre of creativity and sustainability.

Fulfilling the promise of devolution

In March 2020, our region's council leaders signed the landmark West Yorkshire devolution deal with government: the largest ever of its kind.

We now take decisions in West Yorkshire that were previously taken in London. As well as a directly-elected Mayor to champion our region, devolution has unlocked significant new funding and powers. It means that some decisions previously taken in London are now taken in West Yorkshire, by people who know and understand our region, and we are able to invest in better transport, skills, housing and regeneration.

Already, funding secured through the devolution deal is making a difference to the lives of people across West Yorkshire and fulfilling pledges made by the Mayor.

The Combined Authority has agreed to:

- Support local authority partners' COVID-19 recovery plans with £5 million in emergency funding
- Invest £13.5 million in skills, training and employment support
- Encourage a new generation of entrepreneurs and business leaders with a package of measures worth at least £6 million
- Invest up to £600,000 over three years to develop a Fair Work Charter for West Yorkshire
- A £500,000 fund to support the region's important creative and cultural sector as it recovers from the pandemic
- Invest up to £500,000 to develop a support package for people aged 16-30 to help improve skills and find good jobs in the green and digital sectors
- Make available up to £1 million to start the process of bringing buses back into local control through franchising

Our achievements so far

The Combined Authority and our partners across the region continue to deliver through a period of ongoing change as we adjust following the COVID-19 pandemic and adapt to a new way of operating.

We work to implement West Yorkshire's £1.8 billion devolution deal and with partners to agree how we will invest this funding against the priorities of our West Yorkshire Investment Strategy.

On top of this, we have had further funding successes, including £830 million through the City Region Sustainable Transport Settlement and an additional £22 million through the Brownfield Housing Fund. Alongside this, we are making changes to the Combined Authority's structure so we can operate as effectively as possible.

Corporate objectives

We want our region to be recognised globally as a place with a strong, successful economy where everyone can build great businesses, careers and lives supported by a sustainable environment and world-class infrastructure. To deliver on this ambition, the Combined Authority will focus on seven objectives:

- Empowering our communities, towns and cities to thrive
- Building a sustainable, nature rich and carbon neutral region
- Creating an accessible, clean and customer focussed transport system
- Supporting community safety and accountable, proactive policing
- Championing culture, sport and creativity
- Driving economic growth and innovation to enable good jobs
- Enabling a diverse, skilled workforce and accessible learning for all

1. Empowering our communities, towns and cities to thrive

Enabling resilient, well-designed, healthy, accessible and connected communities with good quality homes, in places where people want to live. Enhancing the sustainable vitality of cities and towns, accelerating delivery of flood risk management and protecting businesses.

In 2021-22 we have:

- Worked with local authorities and housing associations through the West Yorkshire Housing Partnership to set out an ambitious plan for 5,000 affordable sustainable homes. This will enable more people across West Yorkshire to access a home.
- Launched the first phase of the Points Cross housing scheme which will deliver 300 new sustainable homes in Leeds South Bank.
- Made significant progress on developing projects for the Brownfield Housing Fund, and entered into contracts to deliver 1,566 new homes.

2. Building a sustainable, nature rich and carbon neutral region

Achieving net-zero carbon by 2038, promoting climate resilience and green recovery and ensuring that the transition to net zero carbon is fair and equitable.

We are leading on this agenda, with our Mayor Tracy Brabin taking on the position of co-president of UK100 and plans to host the UK100 summit in July.

In 2021/22 we have:

- Published our Carbon and Environment Plan and provisionally allocated £40 million to deliver it.
- Secured a £5 million allocation from the Social Housing Decarbonisation Fund

3. Creating an accessible, clean and customer focussed transport system

Connecting communities, making it easier to get to work, do business and connect with each other. Reforming buses and creating a mass transit system to make the transport system easy to use so that sustainable travel becomes the natural choice.

In 2021/22 we have:

- Started the process of exploring bus reform and agreed an Enhanced Partnership with our operators to deliver better service to customers, including securing £70 million through Bus Service Improvement Plan funding.
- Secured £830 million from Government for sustainable transport through the City Regional Sustainable Transport Settlement and progressed our plans for mass transit.
- Secured funding for delivery of walking and cycling schemes to encourage a shift to more active travel.

4. Supporting community safety and accountable, proactive policing

Providing strong and transparent accountability of the police. Working with the Police and partners to ensure people and communities feel safe and putting the safety of women and girls at the heart of the Police and Crime Plan.

In 2021/22 we have:

- Launched our Policing and Crime Plan 2021-24 following comprehensive consultation, including with women's groups, focus groups and through face-to-face conversations. Our plan has safety of women and girls, equality diversity and inclusion, and early intervention and prevention at its heart.

5. Championing culture, sport and creativity

Ensuring that everyone has access to participate in and experience cultural and sporting opportunities in the region. Putting culture and sport at the heart of the region's recovery and economic growth.

In 2021/22 we have:

- Convened our region's experts through the new West Yorkshire Culture, Arts and Creative Industries Committee to drive our planning in this area.
- Launched the Creative Catalyst programme to drive growth in the creative sector.

6. Driving economic growth and innovation to enable good jobs

Supporting businesses to start up, scale up and invest in the region, in key sectors with growth and higher productivity potential. Promote resilience through leadership, innovation and digital transformation to drive sustainable economic growth and opportunities for all.

In 2021/22 we have:

- Refreshed our Economic Recovery Plan with a focus on ensuring a fair, just and lasting recovery from Covid.
- Launched our £6 million entrepreneurship programme to support businesses, West Yorkshire Innovation Network and Manufacturing Taskforce

7. Enabling a skilled workforce and accessible learning for all

Ensuring that our learners have the skills, confidence and connections to reach their full potential. Facilitating access to a diverse, confident and capable workforce for the region's employers, to support strong and sustainable economic growth.

In 2021/22 we have:

- Creation of a **Green Jobs Taskforce** which oversees the delivery of 1,000 Green Jobs in West Yorkshire) – over 600 jobs pledged to date.
- Delivery of the West Yorkshire Digital Skills Partnership, including development of a West Yorkshire Digital Skills Plan, with focus on provision of digital skills to all residents.
- Published and refreshed the Employment and Skills Framework, with focus on digital skills, youth unemployment and health at work.
- Delivery of the Adult Education Budget, managing £42 million of expenditure in 2021/22.

Financial Performance - Revenue Outturn 2021/22

The revenue outturn for the Combined Authority is reported and managed in two sections, the Combined Authority General Fund and Mayoral Police Fund.

The table below details the outturn against budget for the 2021/22 financial year:

	2021/22 Approved Budget	2021/22 Actual
	£m	£m
Funding		
Special Rail Grant	0.9	0.9
LEP General Funding	0.5	0.6
Growing Places Fund Interest	0.8	0.9
Enterprise Zone Receipts	3.2	3.2
Transport levy applied	92.2	92.2
Transfer from / (to) reserves	0.0	(2.8)
	97.7	94.9
Revenue Expenditure		
<u>Transport Services:</u>		
Concessionary Fares	53.8	49.5
Subsidised Bus Services	17.0	17.6
Passenger Services	7.3	7.5
Rail SRG spend	0.9	0.9
<u>Economic Services</u>		
<u>Strategy, Policy and Communications</u>	7.0	5.3
<u>Corporate</u>		
Pension&Financing Charges	6.8	7.0
Corporate and Commercial Services	3.8	5.8
	97.7	94.9

The table above reflects the format in which the original budget was approved by the Combined Authority and provides a useful analysis of expenditure for the users of the accounts. The transfer to reserves figure (£2.8m) is the revenue position for 2021/22. This net saving against budget set is mainly due to salary savings in excess of the vacancy target, alongside underspend within the concessions budget, driven by the slow recovery of bus patronage in the region. This is offset by overspends across subsidised bus services, also connected to changes in bus behaviours as a continuation of impacts resulting from Covid. Against the background of huge uncertainties of the sustainability of the bus industry the Combined Authority has agreed to set aside £2m savings above arising from public transport expenditure to a ring fenced transport reserve for future use.

The Police Fund is reported separately as it includes expenditure from West Yorkshire Police. The Police Fund net revenue spend for 2021/22 (from 10 May 2021) was £538m.

Revenue funding

The Combined Authority's expenditure was met by a levy on the five constituent West Yorkshire local authorities (Bradford, Calderdale, Kirklees, Leeds and Wakefield) and contributions from them and the other LEP local authorities for the economic activities. Funding is also received from government in support of LEP core costs and to fund business and skills activities, such as grants to businesses for apprentices. In 2021/22 grant income of £895k was received from Central Government to cover the administrative costs of managing the rail franchises. Since 1 April 2016 rail franchise payments have been paid via Rail North and not via the Combined Authority. Grants formerly received directly from central Government towards the costs of the English National Concessionary Travel Scheme and rural bus services are now paid to the local authorities as part of the revenue support grant. Income from the LEP Enterprise Zones

accrues to the Combined Authority and a sum of £3.2m has been accounted for in 2021/22, with this set to rise as more businesses locate to the Enterprise Zones.

In 2006/07 the government introduced free local bus travel for senior citizens and disabled passengers and funded this through increases to the revenue support grant provided to the constituent local authorities. There was an uneven distribution between local authorities and the levy was issued to adjust for this with any excess being returned to the local authorities. This agreement has subsequently been continued and the transport levy shown in the accounts for 2021/22 is the net amount.

Revenue expenditure

The 2021/22 net levy available for transport purposes remained the same level as the previous year as that paid to the Combined Authority. The annual amount set aside for the West Yorkshire plus Transport Fund (WY+TF) remained at the same level of approximately £5m. This is in addition to the amounts set aside in previous years for this purpose, demonstrating the local commitment to establishing the WY+TF.

Funding awarded for Economic Services comes from a range of different sources, including UK Government (e.g. Department for Business, Energy and Industrial Strategy and Department for International Trade and the Skills Funding Agency), from the European Union (European Social Fund, European Regional Development Fund and Interreg) and from local sources, such as the Leeds City Region Business Rates Pool. This focusses on helping existing businesses to grow, attracting new business investment to the City Region and addressing skills shortages at all levels.

During the year, there has been continued impact of the national pandemic on revenue budgets, though the final outturn improved as continued support grants have been received from government.

Police Fund revenue funding and expenditure

The transfer of the PCC functions to the Elected Mayor means that the Mayor is responsible for the formal oversight of West Yorkshire Police (WYP), including provision of all funding, budget-setting, performance scrutiny and strategic policy development, and for ensuring WYP is run efficiently and effectively. Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable.

The following table provides a high level comparison between the approved budget and actual expenditure for the Police Fund. The net outturn position has been contributed mainly from savings arising from staff vacancies, reimbursement for policing COP26 and over recoveries in other areas of income.

2021/22	Budget	Actual	Variation
	2021/22 from 10 May 2021	2021/22 from 10 May 2021	2021/22 from 10 May 2021
NET SERVICE EXPENDITURE	£'000	£'000	£'000
Net Cost of Police Services	430,532	402,491	28,041
PCC Corporate and Democratic Core	1,535	1,362	173
PCC Partnership Initiatives	4,628	3,829	800
Other Operating Costs	10,698	13,799	(3,101)
Net Cost of Police Services	447,393	421,481	25,913
Net Total Contributions to/(from) Earmarked Reserves	(860)	26,166	(27,026)
Transfer to/(from) General Reserve	(866)	(1,985)	1,119
TOTAL NET EXPENDITURE	445,667	445,662	6
FINANCING			
Police Grant	177,654	177,700	(46)
RSG	14,898	14,898	0
NNDR	131,111	131,111	0
Precept	122,004	121,952	52
TOTAL GROUP FINANCING	445,667	445,661	6

Capital Expenditure

Total capital expenditure in the year was £252.3m (please see note 24 page 99), funded through a combination of income streams but primarily grants from the Department for Transport and the Department for Housing, Levelling Up and Communities (in relation to the Getting Building Fund and Brown Field Housing Fund). These included the Local Transport Plan Integrated Transport block funding and highways maintenance grant totalling £49.6m which is then utilised by the Combined Authority and the constituent Local authorities, the £20m capital grants for Brown Field Housing and £123m for the Transforming Cities programme that commenced during the year.

The Transport Gainshare £30m alongside of the £20.4m City Deal Transport Fund received for 2021/22 have been applied to £72.9m of projects within the programme. An overspend in year on the Transport Fund programme has been accounted from the previous Growth Deal transport element of capital grants unapplied, with the balance of £15.3m being under the borrowing requirement in line with the budgeted capital financing requirement.

The significant capital schemes delivered in the year are set out in the above narrative and as well as these there have also been investments in bus station improvement, active travel, ICT, and contributions to highways schemes, car parks and further investment in clean bus technology.

The Combined Authority capital programme wholly related to investment in Transport infrastructure and Economic regeneration projects. The Police Fund capital programme covers police related schemes such as vehicles, police stations and investment in new information and communications technology. The capital programme for the Police Fund is recorded separately in accordance with legislation and is therefore excluded from the above figures. The capital programme funded by the Police Fund is as follows:

	Approved Budget £000	Actual Spend £000
Estates Schemes	19,061	3,244
Vehicles and Equipment	5,221	3,762
ICT Schemes	9,063	6,825
NPAS	11,215	7,732
Assets Under Construction		2,038
Total	44,560	23,601

The funding of the Police Fund capital programme was as follows:

Sources of finance	£000
Government grants and other contributions	(1,555)
Government grants and other contributions NPAS	(8,309)
<u>Sums set aside from revenue:</u>	
Financing from Reserves	(241)
Direct revenue contributions	(8,593)
Minimum revenue provision	(4,633)
<u>Borrowing requirement</u>	(271)
Total	(23,601)

In general capital expenditure is financed directly from one of the three following sources:

- Grants or contributions from external sources;
- Proceeds from the sale of capital assets or the repayment of capital loan advances;
- Direct funding from the revenue.

Capital expenditure not directly financed from the three sources above increases the Capital Financing Requirement and is charged in future years through the revenue budget over the life of the assets in line with the Minimum Revenue Provision policy.

Treasury management

The Combined Authority has continued to follow its approved treasury management policy. Changes to this policy have been made during the year to enable the Combined Authority to better manage its increasing cash balances. There has been significantly more income received in the year with the trend set to continue, as a result of the

devolution impact. This has resulted in short term investment of £440m being invested as at 31 March 2022.

The Combined Authority's long term borrowing remains at £75m at the end of 2021/22. The Combined Authority's borrowing requirement is increasing over coming years, reflecting the indicative capital programme approved on 3rd February 2022. This will be periodically reviewed as the West Yorkshire plus Transport Fund and other activities of the Combined Authority are further developed.

Following the transfer of the Police and Crime functions to the Combined Authority from 10 May 2021, similar arrangements with regards to policing funds have been adopted. These treasury management arrangements are administered by Wakefield Council and in line with the treasury management policies agreed by the former Office of the Police and Crime Commissioner, which generally align with those of the Combined Authority.

It is intended to bring together all the treasury management arrangements such that they will be administered by a single partner authority. An expression of interest for providing the treasury services will be progressed with partner authorities as early as possible in the new financial year.

The debt held by the former Office of the Police and Crime Commissioner transferred to the Combined Authority at the time of the Mayoral election in 2021 and responsibility for borrowing and debt management rests with the Mayor but with transactions undertaken through the legal entity of the Combined Authority. This was recognised in the updated treasury management strategy and policy that was approved by the Combined Authority in February 2022. As at 31st March 2022, short term investments were £77.6m being invested and the long term borrowing for the Police Fund were £73.7m.

Statement on the economy, efficiency and effectiveness of Combined Authority in its use of resources

The Combined Authority in line with other public sector bodies, has always been mindful of the requirement to demonstrate value for money in its activities. This value for money can be described in terms of the 'three Es' of economy i.e. careful use of resources to save expense, time or effort, efficiency i.e. delivering the same level of service for less cost, time or effort and effectiveness i.e. delivering a better service or getting a better return for the same amount of expense, time or effort.

The Corporate Business Plan and associated budgets are approved by the Combined Authority at the February meeting each year. Plans are underway to develop the medium term financial strategy that will identify spending and saving plans, funding streams and emerging financial risks.

Investment in infrastructure projects is driven by the Strategic Economic Framework (SEF) and all projects are subject to the Appraisal Framework which tests the robustness of each scheme in the pipeline to ensure the strategic fit along with a financial and economic appraisal. The Assurance Framework is reviewed annually by the Combined Authority. A comprehensive review of the Assurance Framework was carried out during 2020/21, as part of the required preparations for becoming a Mayoral Combined Authority and to comply with the revised National Local Growth Assurance Framework Guidance. The changes were considered and endorsed through internal

governance arrangements and submitted and approved by Central Government in February 2022.

The Corporate Business Plan is closely linked to the aims of the SEF and provides a vision, mission, objectives and outcomes for the coming years. Clear and measurable targets and outcomes for key priorities are identified, with key performance targets being measured regularly throughout the year.

Outlook for the future - Meeting the challenges and opportunities ahead

The general economic outlook continues to be difficult with the public sector continuing to face funding challenges. The revenue funding for many of the Combined Authority's activities comes from the West Yorkshire local authorities, with further contributions from them and for some of the economic activities. All areas of the budget are reviewed to ensure that resources are focussed on the organisational priorities. In setting its revenue budget the Combined Authority was mindful of these constraints on its partners and hence the transport levy for 2022/23 has remained at the same level as previous year. In support of the unchanged levy income the Combined Authority also sought to ensure that it had maximised its opportunities to increase income, reduce expenditure and demonstrate that it is operating as efficiently and effectively as possible.

For 2021/22 the Combined Authority still had significant capital funding through the Transforming Cities Fund, the Leeds Public Transport Infrastructure Programme (final year), Getting Building Fund and the Local Transport Plan funding amongst others and further work will continue to be undertaken during 2022/23 on many of these to ensure the most effective use is being made of all the capital and revenue income streams available to the Combined Authority, with the focus being the delivery of the objectives and outcomes as set out in the SEF.

2021-22 saw a return to face to face Board and Committee meetings. Office based staff continued to work from home for the majority of 2021/22. Staff could access all relevant systems and files and business continuity plans were invoked and adjusted internal controls introduced to key systems and processes. The overall impact of home working has been managed well since 2020/21 and the Combined Authority continued to deliver on its corporate plans to a large degree. This was managed through the dedication of staff, support from the Board and Senior Management and flexible working arrangements.

Looking forward, there are a number of significant challenges. Inflation is the most significant one, alongside of factors such as Covid, Brexit and the Ukraine crisis. The Combined Authority intends to update the budget forecast for 2022/23 at the end of Q1 and this will then be considered in the context of a three-year medium term financial strategy, noting that there are currently budget funding gaps in the next two years.

Beyond inflation, another significant challenge is the future funding for bus services. Since April 2020, Government has issued emergency funding to bus operators and Local Transport Authorities at pre-pandemic rates. Government has now made it clear that no further funding will be provided after October 2022.

Following the submission of its Bus Service Improvement Plan to the Government in October 2021, the Combined Authority has received an indicative award of £69m

revenue funding over three years to fund a reduction in fares and an enhancement of the bus network. Confirmation of this funding is pending at the time of preparing these statements.

As mentioned in the revenue outturn section above, in preparation for funding the ongoing difficulty of post Covid recovery in the bus service industry, a £2m ringfenced transport reserve has been set aside for public transport support in 2022/23 and beyond. Use of this will be considered alongside the submission for Bus Services Improvement Programme, the impact of inflation, and the conclusion of government funding for bus services.

The Combined Authority and our partners across the region have adapted rapidly to the ever-changing situation, bringing in new ways of working, introducing new support programmes and planning for the future beyond the pandemic. Over the coming year we are committed to continue delivering against our priorities and tackle the challenges emerged.

As we welcome our region's new Mayor, we are continuing to do all we can to build a stronger, more resilient economy and make sure everyone has the opportunity to lead the best possible life as our region recovers from the economic impact.

For the Policing services, The future financial climate also remains challenging with the cost of inflation and pay rises being absorbed within the grant settlement for 2021/22 and in the main for 2022/23. While additional funding was received for the Police Uplift Programme in 2021/22 and confirmation of continued funding for 2022/23, it requires specific targets for officer numbers being met, which essentially leaves a significant element of inflation, and pay rises to be funded from current budgets.

The Police force continued throughout 2021/22 to respond to the changing operational challenges associated with Covid-19 recovery, a key to maintain the confidence of the local communities.

The financial outlook is increasingly challenging, but the Mayor, Chief Constable and their respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services.

What's in the Statements of Accounts?

The accounts have been prepared in accordance with The Code of Practice on Local Authority Accounting UK 2020/21 which is based on approved International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards (IAS) Board. The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts consist of the following on Group basis:-

The Statement of Responsibilities for the Statement of Accounts, which sets out the requirements for the Combined Authority and the chief financial officer's responsibilities.

The Annual Governance Statement is not part of the Statement of Accounts but is required to be provided with them. It provides information regarding the system of

internal control during the financial year and covers the effectiveness of this for the Combined Authority.

The Accounting Policies which explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. This includes the basis of charges to revenue and the calculation of balance sheet items.

The Movement in Reserves Statement reconciles the outturn on the income and expenditure account to the balance on the General Fund that is established by complying with the relevant statutory provisions. It facilitates a full presentation of the financial performance of the Combined Authority for the year.

The Comprehensive Income and Expenditure Statement which shows the net cost for the current year of all the services for which the Combined Authority is responsible and demonstrates how that cost has been financed.

The Balance Sheet shows the Combined Authority and the Group's assets and liabilities.

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with other parties for revenue and capital purposes.

Expenditure and Funding Analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, precept and levy) by the Combined Authority in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

Notes to the Financial Statements

These include information required by the Code and additional material items of interest to assist the readers understanding of the reported figures.

Events after the reporting period and authorised for issue date

This summarises any major events that happened between the year end and the authorised for issue date. Events coming to light after the authorised for issue date will not be included in the financial statements.

Supplementary Statements:

Police Pension Fund Account

The Combined Authority Group's pension liabilities have significantly increased as a result of the transfer of the Police and Crime Commissioner functions to the Mayor. The Police Pensions scheme is unfunded and holds no assets, however, subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant.

The purpose of this account is to demonstrate the cash-based transactions taking place over the year and to identify the arrangements needed to balance the account.

Further Information

The Combined Authority's accounts can also be supplied in large print, Braille or audiotape. Anyone wanting these options should contact the Combined Authority on 0113 251 7227.

Further information on the Combined Authority is available on its website
www.westyorks-ca.gov.uk

Address: Wellington House, 40/50 Wellington Street, Leeds LS1 2DE

Telephone for general enquiries: 0113 251 7272

Metroline for travel enquiries etc: 0113 245 7676

LEP Growth Service for businesses seeking support to grow: 0113 348 1818

Statement of Responsibilities for the West Yorkshire Combined Authority

1. The Combined Authority's Responsibilities

The Combined Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In the Combined Authority, that officer was the Director, Corporate and Commercial Services who is designated as Chief Financial Officer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

2. The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Combined Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK ('the Code of Practice'), is required to present a true and fair view of the financial position of the Combined Authority at the accounting date and its income and expenditure for the period ended 31 March 2022.

In preparing this Statement of Accounts, I have selected suitable accounting policies and then applied them consistently, made judgements and estimates that were reasonable and prudent and complied with the Code of Practice.

I have also kept proper accounting records which were up to date and taken reasonable steps for the prevention and detection of fraud and other irregularities.

3. Certification of the Accounts

I certify that the unaudited Statement of Accounts present a true and fair view of the financial position of the West Yorkshire Combined Authority at 31 March 2022 and its income and expenditure for the period ended 31 March 2022.

A Taylor
Chief Financial Officer

29 July 2022

Annual Governance Statement 2021/22

This Annual Governance Statement reflects both the governance framework put in place for the Combined Authority (CA) and the Combined Authority Group (the Group) for the year ended 31 March 2022.

1. Scope of Responsibility

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

In discharging this overall responsibility, the Combined Authority is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions including arrangements for the management of risk. The Combined Authority annually approves a Code of Corporate governance consistent with the principles of CIPFA Solace framework "Delivering good governance in Local Government".

In accordance with the Accounts and Audit Regulations 2015 this Annual Governance Statement (AGS) considers compliance with the Corporate Governance Code and Framework, and sets out how the Combined Authority 'ensures that the financial management is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.'

The Mayor is the Chair of the Combined Authority and also holds the policing and crime functions for West Yorkshire, and has appointed the Deputy Mayor for Policing and Crime who has substantial delegated authority covering this area.

The functions of the West Yorkshire Police and Crime Commissioner transferred to the elected Mayor on 10 May 2021 and with regards to these functions the Mayor is held to account by the West Yorkshire Police and Crime Panel.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Combined Authority Group is directed and controlled and the activities through which it accounts to and engages with the community. The framework enables the Combined Authority to monitor the achievement of strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services for its customers.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an

ongoing process designed to identify and prioritise the risks to the achievement of the Combined Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically.

3. The governance framework

Our work is led by the Combined Authority and Leeds City Region Enterprise Partnership (the LEP). The LEP is a business-led local partnership which brings together representatives from the private and public sectors from across the Leeds City Region. The LEP provides strategic leadership through its LEP Board, to drive inclusive growth, increase prosperity and improve productivity in the Leeds City Region.

The Combined Authority works alongside the LEP in relation to devolved local growth funding and responsibilities. It is also the local transport authority for West Yorkshire. The Combined Authority as accountable body for the LEP is accountable for complying with conditions or requirements attached to funding allocated to the LEP. It also has oversight of the LEP's financial, and governance, transparency and accountability arrangements.

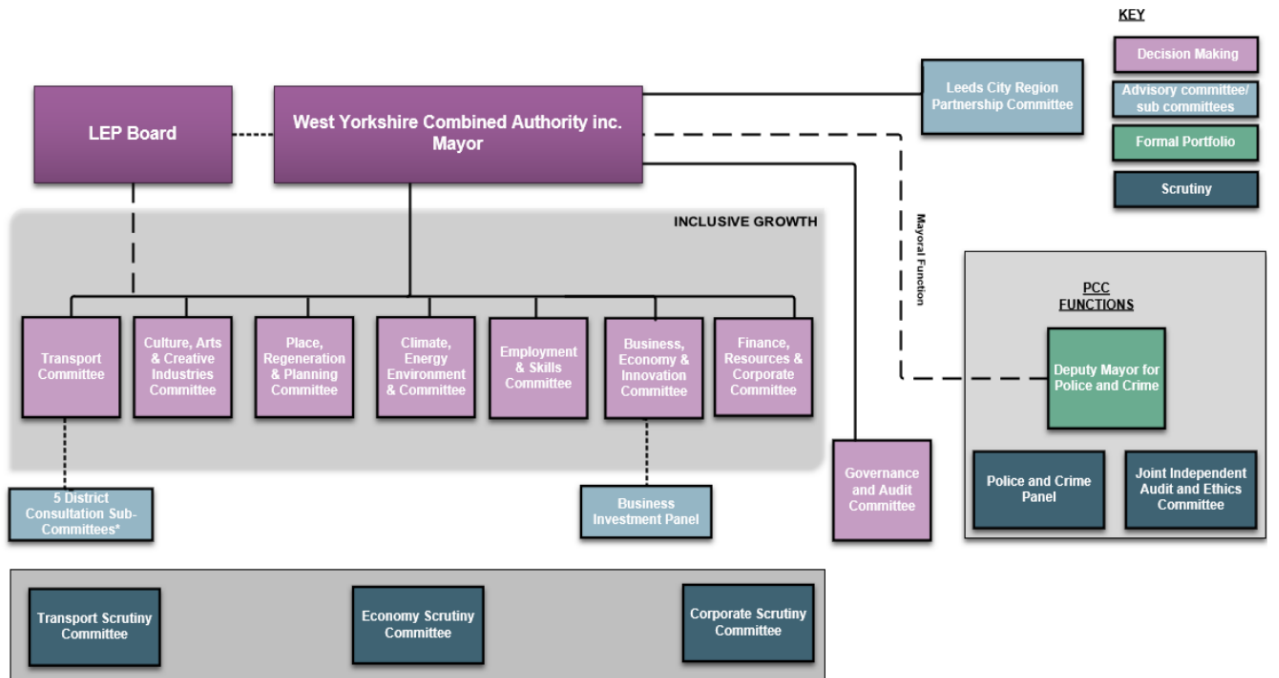
Corporate Policies and objectives are set and communicated by the Combined Authority. These are brought together in our business plans and Strategic Economic Framework (SEF) sets out how we will achieve our ambitions for West Yorkshire, through our key priorities and range of policies and strategies.

The functions of the West Yorkshire Police and Crime Commissioner (PCC) transferred to the elected mayor on 10 May 2021. The statutory powers of the PCC can be delegated to the Deputy Mayor for Policing, with the exception of the duty to set a budget, the duty to prepare a Police and Crime Plan, and the appointment and removal of a Chief Constable. The Mayor is held to account in respect of her police and crime functions by the Police and Crime Panel which consists of representatives from each district with crime and anti- social behaviour responsibilities plus independent members.

The former PCC formed a Partnership Executive Group (PEG) with a membership at strategic level from policing, community safety, the wider criminal justice system, victims and third sector organisations. The PEG plays a key role in developing this strategic vision and the Police and Crime Panel (PCP) were also consulted on the Plan.

The Mayor has published her Police and Crime Plan, which reflects a shared vision with partners and has the overall aim of ensuring that communities in West Yorkshire are safe. Local priorities have been set in consultation with individuals, organisations and community safety partnerships that sit within the Plan.

The Combined Authority Governance Structure



Municipal Year 2021-22 v1



Working in partnership with the

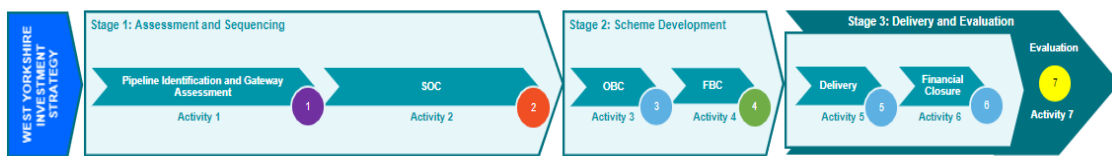


- a) The Strategic Economic Framework (SEF) sets out how we will achieve our ambitions for West Yorkshire, through our key priorities and range of policies and strategies. Demonstrating that we have a bold strategy for transformation across all facets of the economy, whilst acknowledging that we now have a greater role in the decisions that affect us. Following the election of the first West Yorkshire Mayor and the changes to powers and funding devolution has brought, the SEF is currently being reviewed and updated. This includes developing a new vision for West Yorkshire with partners and considering our targets and ambitions across all our areas of responsibility and influence.
- b) The SEF and our developing West Yorkshire Vision are based on a clear understanding of the key strengths and assets in the region, and a commitment to working in partnership to make full use of these assets, address long-term challenges, unlock opportunity and fulfil the region's exceptional potential. The SEF will guide investment decisions. The investment priorities within this investment strategy are derived from the wider suite of documents within the SEF. It has been designed to be flexible and agile, able to contain a range of policies and be easy to amend and expand. It brings together existing and subsequent policies and strategies under a single banner, ensuring greater alignment between our strategies, priorities and vision for the region. For full details of the policies, strategies and priorities within the SEF, please click [here](#).
- c) The Combined Authority publishes an annual State of the Region report, which reviews of the performance of West Yorkshire against key socio-economic and

environmental indicators, the reports are available [here](#). The report provides a stocktake of where West Yorkshire currently stands, using a basket of headline indicators developed as part of the Combined Authority's Strategic Economic Framework. It highlights areas of strength and positive trends in the local economy but also flags key issues and challenges that are priorities for future action. The report aims to provide a balanced and objective view of economic performance in the region and gives some insight into the difference being made through the combined action of all partners in West Yorkshire.

- d) The LEP panels (with their public and private sector representation) are integrated into the Combined Authority's decision making process as advisory committees, thus providing a consistent, accountable and transparent framework across both the LEP and the Combined Authority, so far as possible. The status of the advisory committees brings the panels under the statutory provisions relating to local authority meetings and the Combined Authority's Members' Code of Conduct.
- e) A review of LEP governance and transparency was carried out during 2017/18 which considered local arrangements and recommendations from the former MHCLG (now DLHC) Review of Local Enterprise Partnership Governance and Transparency. The review led to the adoption of a LEP constitution and associated procedures that have been in place since then and continuing through 2021/22. All documents were reviewed by the LEP, further to the publication by Government of the revised National Local Growth Assurance Framework guidance. All governance documents comply with the guidance published by Government. The outcome of the most recent Annual Conversation carried out by the Cities and Local Growth Unit confirmed that the LEP meets the standards for governance (the outcome for 2020/21 was either met or not met).
- f) The publication of the Levelling Up White Paper in February 2022 provided clarity on the integration of LEPs and their business boards into mayoral combined authorities (MCAs). The Combined Authority has already integrated the LEP into the Combined Authority, the WY Integration Plan has no major changes. Work is ongoing to finalise the Integration Plan and submit to government ahead of the deadline in July.
- g) The statutory Local Transport Plan (LTP) in place for 2021/22 was adopted by the Combined Authority in August 2017 and sets out a step change in the quality and performance of the transport system within West Yorkshire and its connections with the rest of the country. It sits within the policy framework of the Combined Authority, with the development of a Leeds City Region Industrial Strategy at its heart, targeted at placing the City Region on the front-foot with an ambitious policy platform that improves competitiveness and drives inclusive growth outcomes.
- h) A suite of supporting plans and strategies set out further detail on a range of priority areas, including housing and regeneration, digital infrastructure, green infrastructure, skills and trade and investment.

- i) The Leeds City Region Assurance Framework is in line with national best practice and is peer reviewed and has been updated on an annual basis building on existing good practice and reflecting any changes in both government guidance and improvements to the Combined Authority’s procedures. The Assurance Framework was comprehensively reviewed during 2020/21, as part of the required preparations for becoming a Mayoral Combined Authority and to comply with the revised National Local Growth Assurance Framework Guidance. The changes were considered and endorsed through internal governance arrangements and submitted and approved by Central Government in February 2022. The Assurance Framework supports decision making on projects and guides investment decisions across the full portfolio of capital interventions. It sets out the appropriate safeguards and processes to be put in place to ensure the proper use of public funds and that value for money is secured and outcomes are clearly agreed when investing in schemes. This includes the prioritisation process for identifying the schemes that are included for funding with a three stage approval process now in place to enable the prioritisation of schemes. As a minimum all projects will formally need to pass decision points 2 and 5 as set out in the diagram below, with the requirement to meet the intervening activities deemed on a project by project basis. The Combined Authority approves all schemes at decision point 2, with subsequent decisions delegated thereafter to the relevant thematic Committee and/or Managing Director (as appropriate).



- j) The Combined Authority’s scrutiny arrangements consist of politically balanced Overview and Scrutiny committees. The 2021/22 financial year saw the implementation of the newly expanded Scrutiny Function and it now consists of three committees each with 16 cross-party councillors from across West Yorkshire and York who are 'backbenchers' – that is, councillors who are not members of a local council's cabinet or executive. The three committees are: Corporate Scrutiny, Transport Scrutiny and Economy Scrutiny committees. This year the committees have scrutinised financial matters, particularly receiving detailed updates on budget and business planning. The committee members have attended workshops on budget planning and inward investment (including Channel 4) and focussed on behaviour change relating to the usage and service provision of public transport. The committees have also held three successful Mayor’s Question Times in which the Mayor was questioned on her direct and soft powers relating to each of the Committees’ pre-agreed topics.

In addition, the Combined Authority continues to assist and advise local Council scrutiny enquiries where the topics affect its sphere of activity. The District Consultation Sub-Committees in each partner council give a level of local involvement and allow an opportunity to obtain feedback on changes to transport policy and services.

- k) The Combined Authority’s Governance and Audit Committee is responsible for overseeing the effective operation of the systems of governance, risk

management, internal control (including internal audit) and treasury management. It has responsibility for the approval of the annual accounts. In accordance with changes in legislation there has been an independent Chair for the Committee during 2021/22. An officer Regulatory and Compliance Board chaired by the Director, Corporate and Commercial Services, provides an operational level management and review of internal control, risk, health and safety, information security and governance arrangements in place.

- l) Staff roles are defined and documented through role profiles. These set out clear competencies and accountabilities for each role and are key to making successful recruitment decisions. Appointments have been made to all the posts required by statute, including Head of Paid Service (which forms part of the Managing Director's role), s73 Officer (Director, Corporate and Commercial Services), and the Monitoring Officer (Head of Legal and Governance Services).
- m) Staff behaviours are guided by Combined Authority's values and its Code of Conduct and a similar Code exists for elected Members; both employees and Members are required to maintain a register of interests. A code of conduct for LEP Board members has been approved and all Board members completed registers of interest which are available for inspection on the Combined Authority website.
- n) The Combined Authority conforms to the requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2015)*. The Chief Financial Officer is the Director, Corporate and Commercial Services who is a key member of the leadership team and is responsible for the proper administration of the Combined Authority's financial arrangements through a suitably qualified and resourced finance function.
- o) An internal team provide the internal audit service to the Combined Authority. Public Sector Internal Audit Standards (PSIAS) require the purpose, authority and responsibility of the internal audit activity to be defined in an internal audit charter, consistent with the definition of Internal Auditing, the Code of Ethics and the Standards. The Internal Audit Charter establishes internal audit's position within the organisation, including the mandatory nature of the Head of Internal Audit role; functional reporting relationship with the management team; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
- p) Compliance with established procedures, laws and regulations is ensured by a system that requires all decisions to set out all legal and financial implications. Schemes of officer delegation ensure that decisions are made at the appropriate level within the Combined Authority. This includes, since the change to a Mayoral Combined Authority, the Mayor's approval of a revised Scheme of Delegation and Scheme of Consent to the Chief Constable, approved in the Mayor's first week in office. Procedures and policies are in place to ensure compliance with the Freedom of Information Act, Data Protection Act and Health and Safety requirements. A whistleblowing policy and guidance notes have been updated during the year and are available on the website. Regular reviews and exception reporting are conducted through the officer

Regulatory and Compliance Board and through the Member Governance and Audit Committee, including arrangements for risk management.

- q) Risk management is embedded in the activities of the Combined Authority. A Corporate Risk Management Strategy, including a risk policy and risk appetite statement, has been endorsed by the Governance and Audit Committee and sets out the way in which risks are identified, recorded and monitored. Regular review of the key strategic risks is undertaken by the Combined Authority, the LEP Board and the Governance and Audit Committee.
- r) Communication on transport operational matters has taken place with stakeholders through the District Consultation Sub-Committees and Operator Groups. Consultation events have taken place during the year on the Strategic Economic Plan, the Single Transport Plan, major schemes and the bus area network reviews which have successfully sought to contain costs but retain accessibility for bus users. In addition, youth engagement is now built in as we develop our bus and transport strategy.
- s) A system of formal procedures, Contracts Standing Orders and Financial Regulations protect the organisation. These are reviewed and approved annually. A revised Capital Strategy and Procurement Strategy were approved by the Combined Authority in May 2020 and in 2021 this was developed into the West Yorkshire Investment Strategy.
- t) External reviews carried out by auditors and other agencies to achieve Customer Service Excellence and other accreditations with any recommendations identified creating a work plan for future improvements.

The Policing Functions

- u) There are clear defined roles and responsibilities for the Police and Crime Commissioner function and West Yorkshire Police (WYP) and its senior officers, setting out clear delegation arrangements and protocols for effective communication and arrangements for challenging and scrutinising WYP activity.
- v) In addition to the CA Governance and Audit Committee, the Mayor has also established a Joint Independent Audit Committee (JIAC) which oversees the control environment of the Chief Constable and the Police and Crime functions, undertaking the functionalities of an Audit Committee in line with CIPFA guidance. The Committee receives regular reports from both internal and external audit.
- w) It provides independent assurance to both the Mayor and the Chief Constable on the adequacy of the corporate governance and risk management arrangements and the associated control environment.
- x) During 2021/22 the JIAC had been made up of three members. A new Chair has been appointed in May 2022 and additional members will be recruited throughout 2022. Members have access to training and events during the year

with unconscious bias training and a CIPFA update for Police Audit Committee Members being attended this year.

- y) The Mayor's Police and Crime Plan 2021-2024 was launched on 10 March 2022, and sets out the strategic vision for policing, community safety and joint working with the wider criminal justice system across West Yorkshire over a three-year period. In doing so they had regard to the Strategic Policing Requirement and the West Yorkshire Police Strategic Assessment, and the Plan was developed in close consultation with the public of West Yorkshire as well as a wide range of key stakeholders and partners.
- z) The Police and Crime Plan puts the safety of women and girls at its centre. Substantial on-line and social media engagement has been generated during the development of the Plan. During 2021 the Mayor's public survey attracted 2,433 responses, 950 people were spoken to face-to-face, a call for evidence on the safety of women and girls was launched and extensive partner consultation took place, supplemented by a detailed needs assessment, to inform the Mayor's first Police and Crime Plan.

4. Review of Effectiveness

The Combined Authority has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by the work of the Internal Audit section and that of management within the Combined Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by external auditors.

The Combined Authority has in place a system based on a framework of contract standing orders, financial regulations and administrative controls including codes of conduct and administrative policies and procedures. All key administrative controls and financial instructions are reviewed on a regular basis by the Combined Authority's management with internal audit undertaking reviews based on risk. Contract standing orders and financial regulations are updated as required and re-approved annually by the Combined Authority at its Annual Meeting. In terms of financial accounting the Combined Authority utilises a core financial system which is tested and evaluated annually by internal and external audit. During the last year, the Chief Financial Officer has provided to the Governance and Audit Committee a regular confirmation that key controls have been operating in the period. Regular reports are also provided to the Regulatory and Compliance Board that key controls have been operating in the period.

One of the key responsibilities within the Combined Authority is to determine, agree and monitor the annual budget. This responsibility involves setting an appropriate budget to fulfil the resource requirements of the Combined Authority in undertaking its transport, economic development and regeneration activities. This budget is an integrated one for the full breadth of the activities of the Combined Authority, including the bringing together of transport and economic policy funding. The organisational directorate ensures that the most effective arrangements are in place to enable delivery of the Combined Authority's objectives and the budget is defined to follow these arrangements.

The budget setting process requires a comprehensive budget report to be presented to the full Combined Authority which gives a detailed forecast outturn for the current financial year and the proposed budget for the forthcoming financial year. The budget process is overseen and scrutinised by Members through the Finance, Resources and Corporate Committee, Corporate Overview and Scrutiny Committee, Governance and Audit Committee and the Combined Authority and is shared with the LEP Board.

Regular review of revenue and capital budgets is undertaken by senior management with regular updates to the Finance, Resources and Corporate Committee, Combined Authority and other committees presented through the year.

Within the Combined Authority budgetary responsibility is devolved to Budget Holders and Controllers who are responsible for monitoring and controlling their assigned budget. Regular budget performance reports are prepared by the Finance team for those charged with governance to ensure ongoing budgetary control is achieved.

The Treasury Management function for the Combined Authority is undertaken in conjunction with Leeds City Council. Their internal audit section provide an annual certification confirming the work they have undertaken during the year and their conclusions reached.

An internal team provides the internal audit resource for the Combined Authority. The work of Internal Audit is informed by an assessment of risk and a strategic audit plan is devised based on these assessments. This plan and the audit reviews are submitted to the Combined Authority's Governance and Audit Committee for consideration and approval. Regular update reports are provided to the Governance and Audit Committee by the Head of Internal Audit, including progress made on the implementation of audit recommendations. Internal Audit maintain their own systems to monitor progress in implementing audit recommendations and report regularly to the directorate management teams and the officer Regulatory and Compliance Board.

From the work undertaken during the financial year 2021/22 and taking into account other sources of assurance, Internal Audit have reached the opinion that, overall, the Combined Authority's framework of control and governance is operating adequately.

The Combined Authority approves annual updates to the Assurance Framework, most recently in February 2022, with the previous approved version being effectively in use for 2021/22. As part of the Delivery Directorate, a Portfolio Management and Appraisal Office manages a three stage pipeline approval process, designed to support the Leeds City Region Assurance Framework. All partner authorities delivering schemes funded by the Combined Authority follow this framework and close working with partner authorities is key to successful delivery of the wide ranging portfolio.

Regular reports are provided to the Finance, Resources and Corporate Committee as well as the relevant thematic committee on progress with programmes and projects in the capital portfolio, including the projects within the West Yorkshire plus Transport Fund.

The Combined Authority has in place risk management arrangements that are continually reviewed and improved. Reviews of risk take place at directorate management team level, supported by guidance on the identification, assessment and

reporting of risk. An officer Regulatory and Compliance Board meets on a periodic basis to ensure consistency in the assessment and management of risk and to provide an overview of the process. The Combined Authority's strategic risk register has been regularly updated during the year and is considered regularly by the Governance and Audit Committee and reported to the Combined Authority and LEP Board meetings as part of the regular corporate performance management report.

Building on the work previously undertaken on risk management, work continued to consolidate all risk registers throughout the organisation and to ensure that risk is considered consistently in line with the principles set out in the revised Corporate Risk Management Strategy.

Internal Audit's Quality Assurance and Improvement Program ensures that activity is assessed against the requirements of professional standards, the definition of Internal Audit and the Code of Ethics as specified by the Institute of Internal Auditors.

An independent external quality review which assessed the Internal Audit function in relation to compliance with Public Sector Internal Auditing Standards (PSIAS) was considered by the Governance and Audit Committee in 2019/20. The conclusion was that the Internal Audit activity generally conforms to the definition of internal auditing, the Code of Ethics and the PSIAS. The action plan has been fully delivered and the next external review will be due in two years time.

The Combined Authority has reviewed its systems of internal control, including the internal audit function and concluded that it complies with the requirements of PSIAS and the Local Government Application Note.

A Value For Money self-assessment was undertaken by management for the year 2021/22 and forms part of the overall opinion by the external auditors for the annual accounts.

Reviewing the effectiveness of the governance framework for the Policing Functions

The Mayor has overall responsibility for the discharge of all the powers and duties placed upon her and has a statutory duty 'to maintain an efficient and effective police force'. The JIAC considers the adequacy of the governance framework, referring matters to the Mayor and/or Chief Constable as appropriate.

The Chief Constable has responsibility for conducting a review of the effectiveness of the governance framework within WYP at least annually. WYP's Internal Audit provided an independent opinion on the adequacy and effectiveness of the system of internal control and concluded that reasonable assurance can be given regarding the overall internal control environment in the last opinion provided.

In terms of the Mayor's Police and Crime Plan, governance arrangements to support the development and delivery of the Police and Crime Plan includes the Partnership Executive Group (PEG). PEG receives quarterly updates from the West Yorkshire Community Safety Forum, Third Sector Advisory Group and the Criminal Justice and Mental Health Forum and has strong links to the Local Criminal Justice Board and its Sub Boards, and the Mayor held regular strategic meetings with the Chief Officer Team (COT) to look at how WYP could best deliver on the priorities in the Plan.

The Mayor maintains a risk register focused on key risks associated with delivery of the Police and Crime Plan, and the working of the Policing and Crime Team. The Mayor also maintains strategic oversight of risk management arrangements in WYP through reports to the Joint Independent Audit Committee (JIAC). Strategic Risks are also considered at the Mayor's Good Governance Group which is attended by senior risk owners, officers from the Combined Authority and West Yorkshire Police and the chair of the Joint Independent Audit Committee. During 2021-22 the assurance framework put together by the Head of Internal Audit reported to the Mayor and the JIAC was further utilised to develop an audit planning process based on an 'Audit Risk Universe'. This helps to ensure that audit coverage provides sufficient assurance in relation to internal control, governance and risk management processes.

5. Programme of Improvement

The West Yorkshire Combined Authority became a Mayoral Combined Authority in January 2021. The MCA Ready Programmes set up in 2020/21 continued further work into 2021/22 in preparation for the arrival of the newly elected mayor and including a review of the internal governance arrangements to ensure they align to best effect with the revised committee and advisory panel arrangements and that delegations are exercised to best effect to enable transparent, accountable and effective decision making. Proposals to enhance the dedicated support for the scrutiny arrangements for 2021/22 were implemented by the formation of three Overview and Scrutiny Committees.

Building on the significant work undertaken in 2018 to ensure compliance with the requirements of the General Data Protection Regulation, work is continuing to ensure information security arrangements remain up to date and are regularly monitored and reported.

During 2022-23 a governance review will be undertaken of the police and crime accountability framework to ensure that the structures put in place in 2021/22 are suitably robust and enable the Mayor to discharge her responsibilities and deliver the new Police and Crime Plan.

The risk management arrangements for the Mayor's policing and crime functions are presently being reviewed to ensure that the risk policy aligns with that of the wider Combined Authority. In the interim the current arrangements will continue with the Senior Leadership Team of the Policing and Crime Team receiving regular risk management reports.

There is a specific officer code of conduct for staff in the Policing and Crime Team. Following transfer of the police and crime function to the Mayor in May 2021 the Managing Director of the Combined Authority became the statutory Head of Paid Staff, and the Director, Corporate and Commercial Services became the S73 Officer. The Monitoring Officer is the Head of Legal and Governance Services in the Combined Authority.

The S73 Officer works closely with the Assistant Chief Officer in West Yorkshire Police to retain an oversight of financial governance and the Monitoring Officer attends the Mayor's Good Governance Group. Both officers attend the Policing and Crime

Executive Team, and the Monitoring Officer is represented on the Joint Executive Group and Bilateral meetings with the Chief Constable.

6. Significant Governance Issues

This section considers any significant issues that have arisen during the year. This is by exception only.

Covid19

The Combined Authority closed its main offices in the week commencing 16th March 2020 in response to the Government 'lockdown' announcements.

Office based staff continued to work from home for the majority of 2021/22. Staff could access all relevant systems and files and business continuity plans were invoked and adjusted internal controls introduced to key systems and processes.

The overall impact of home working has been managed well since 2020/21 and the Combined Authority continued to deliver on its corporate plans to a large degree. This was managed through the dedication of staff, support from the Board and Senior Management and flexible working arrangements. Additionally, financial support from Government, following representation from the Leaders, minimised the overall financial impact to manageable levels. The formal committee meetings continued during the year by using technologies such as Zoom.

From May 2021 there was a return to face to face Board and Committee meetings.

At the reporting date for these accounts, all controls have worked well and business as usual is prevalent through the organisation.

Other than the Covid 19 issue, no other significant issues have arisen in the year.

We are satisfied that an effective system of internal control has been in place throughout the financial year and is ongoing.

Throughout 2021/22 the Combined Authority has demonstrated an ongoing commitment to best practice and good corporate governance consistent with the principles of the CIPFA/SOLACE Framework in Local Government and this is clearly demonstrated by the adoption of an updated Corporate Governance Code and Framework which captures and summarises these updated principles. We are also satisfied with the improvements that are continuing under the guidance of the Governance and Audit Committee.

Tracy Brabin

B Still

Mayor and Chair

Managing Director

Single Entity Financial Statements For West Yorkshire Combined Authority

The functions of the West Yorkshire Police and Crime Commissioner (PCC) were transferred by Parliamentary Order to the elected Mayor of West Yorkshire with effect from 10 May 2021. The transfer of the PCC functions to the Elected Mayor means that the legal entity known as the Police and Crime Commissioner for West Yorkshire ceased to exist as of 10 May 2021. Under the Order, all functions and decisions relating to such properties, rights and liabilities are to be exercised and made by the Mayor. Any receipts arising from such properties, rights and liabilities are to be paid into the Police Fund kept by the mayor by virtue of section 21 of the Police Reform and Social Responsibility Act 2011. As the functions of the PCC will continue the accounts have been prepared on a going concern basis.

Comprehensive Income and Expenditure Statement (CIES)

The Comprehensive Income and Expenditure statement shows the accounting cost for the Combined Authority in the year of providing services with generally accepted accounting practices, rather than the amount to be funded from transport levy or taxation. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

As the functions of the West Yorkshire Police and Crime Commissioner (PCC) were transferred by Parliamentary Order to the Elected Mayor of West Yorkshire with effect from 10 May 2021. For the in year transferred in services the Comprehensive Income and Expenditure Statement for the year 2021/22 cover 10 months and 22 days (10 May 2021 to 31 March 2022). The comparator year 2020/21 cover 12 months (1 April 2020 to 9 May 2021) including only the continued CA services. Subsequent financial years will be 12 months 1 April to 31 March.

The notes to the single entity statements are disclosed within the Group Statements. The single entity Balance Sheet and Cash flow for the Combined Authority can be found within the Group Statements on page 33-36.

Comprehensive Income and Expenditure Statement

West Yorkshire Combined Authority Single Entity

2020/21			2021/22			Notes
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
349,903	(27,013)	322,890	282,920	(23,539)	259,381	
64,832	(10,215)	54,617	103,022	(48,306)	54,715	
2,081	(266)	1,815	2,287	(467)	1,820	4.2
4,580	(593)	3,987	6,650	(1,812)	4,838	4.2
7,063	(6,722)	341	5,024	(3,999)	1,025	
14,473	(4,383)	10,090	20,023	(6,346)	13,677	
Total Costs of WYCA Continuing Services			419,925	(84,469)	335,456	
<u>Transferred Service to the CA:</u>						
			21,139	(185,849)	(164,711)	
			646,012	0	646,012	
Total Costs of Mayoral Police Fund Services			667,151	(185,849)	481,301	
442,932	(49,192)	393,740	1,087,076	(270,319)	816,757	
Total Costs of Services						
		7			258	7
		2,203			12,674	8
		(470,901)			(963,371)	9
		(74,951)			(133,681)	
		(277)			(21,032)	
		(1,751)			(29,340)	
		(2,028)			(50,371)	
Other Comprehensive (Income) and Expenditure						
Total Comprehensive (Income) and Expenditure			(184,052)			

Movement in Reserves Statement

With the Parliamentary order which transferred the West Yorkshire Police and Crime Commissioner's powers to the Mayor, the Mayor is required under S21 of the Police Reform and Social Responsibility Act 2011 to keep a fund known as the Police Fund. The Combined Authority is the legal entity which is responsible for administering the Police Fund and executing the Mayor's decisions in her role as Police and Crime Commissioner. The Police Fund balances in the Movement in Reserves Statement for the year 2021/22 cover 10 months and 22 days (10 May 2021 to 31 March 2022). The comparator year 2020/21 cover 13 months (1 April 2020 to 9 May 2021) including only the continued CA balances. Subsequent financial years will be 12 months 1 April to 31 March.

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Combined Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves'. The category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold); and reserves that hold timing differences (for example the Capital Adjustment Account). The net surplus on provision of service shows the economic cost of providing the Combined Authority's services and the provision of grants to fund the introduction of capital assets, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Movement in Reserves Statement West Yorkshire Combined Authority (Single Entity)

	Revenue Reserves				Capital Reserves		Total Usable Reserves	Total Unusable Reserves	Total Group Reserves
	CA General Fund Reserve	Earmarked CA General Fund Reserves	Police Fund General Reserve	Earmarked Police Fund Reserves	Usable Capital Receipts Reserve	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000			
Balance at 1 April 2021	12,951	68,405	0	0	27,408	140,372	249,135	(61,069)	188,066
Transfer of balances 10 May 2021			15,763	49,264	6,492	2,348	73,867	91,671	165,538
Movement in Reserves during year								0	
Surplus or (deficit) on the provision of services	106,506	0	27,175	0	0	0	133,681	0	133,681
Other Comprehensive Income and Expenditure								52,274	52,274
Total Comprehensive Income and Expenditure	106,506	0	27,175	0	0	0	133,681	52,274	185,955
Adjustments between accounting basis & funding basis under regulations (note 5)	(78,011)	(1)	(3,231)	0	656	67,495	(13,092)	13,092	0
Net Increase/Decrease before Transfers to Earmarked Reserves	28,495	(1)	23,944	0	656	67,495	120,589	65,366	185,955
Transfers (to)/from Earmarked Reserves (Note 6)	(27,820)	27,820	(25,926)	25,926	0	0	0	0	0
Increase/Decrease in year	675	27,819	(1,982)	25,926	656	67,495	120,589	65,366	185,955
Balance at 31 March 2022 C/fwd	13,626	96,224	13,781	75,190	34,556	210,215	443,592	95,968	539,559

	Revenue Reserves				Capital Reserves		Total Usable Reserves	Total Unusable Reserves	Total Group Reserves
	CA General Fund Reserve	Earmarked CA General Fund Reserves	Police Fund General Reserve	Earmarked Police Fund Reserves	Usable Capital Receipts Reserve	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000			
Comparator year 2020-21									
Balance at 1 April 2020	8,173	39,435	0	0	18,247	110,838	176,693	(65,605)	111,088
Movement in Reserves during year	0	0	0	0	0	0	0	0	
Surplus or (deficit) on the provision of services	74,951	0	0	0	0	0	74,951	0	74,951
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	2,028	2,028
Total Comprehensive Income and Expenditure	74,951	0	0	0	0	0	74,951	2,028	76,979
Adjustments between accounting basis & funding basis under regulations (note 5)	(41,333)	130	0	0	9,161	29,534	(2,508)	2,508	0
Net Increase/Decrease before Transfers to Earmarked Reserves	33,618	130	0	0	9,161	29,534	72,443	4,536	76,978
Transfers (to)/from Earmarked Reserves (Note 6)	(28,840)	28,840	0	0	0	0	0	0	0
Increase/Decrease in year	4,778	28,970	0	0	9,161	29,534	72,443	4,536	76,979
Balance at 31 March 2021	12,951	68,405	0	0	27,408	140,372	249,135	(61,069)	188,066

Statements for the West Yorkshire Combined Authority Group

The Chief Constable for West Yorkshire Police (WYP) is to be included in the Combined Authority's group accounts from 10 May 2021. The Mayor is responsible for the formal oversight of WYP, including provision of all funding, budget-setting, performance scrutiny and strategic policy development, and for ensuring WYP is run efficiently and effectively.

Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable. Under the legislative framework and local arrangements, the Combined Authority under sole instruction from the Mayor, is responsible for the finances of the Mayoral Police Fund including assets, liabilities and reserves. The Combined Authority has responsibility for entering into contracts under which the Chief Constables officers and staff operate. The Combined Authority receives all income and funding and makes all the payments for the policing activity from the Mayoral Police Fund.

Expenditure, income and reserve balances related to the Police Fund included in the Combined Authority's group accounts are for an 10 months and 22 days period from 10 May 2021 to 31 March 2022. Subsequent financial years will be 12 months 1 April to 31 March.

Group Comprehensive Income and Expenditure Statement (CIES)

The Group CIES shows the consolidated income, funding and expenditure of the whole Group.

Comprehensive Income and Expenditure Statement West Yorkshire Combined Authority Group

2020/21				2021/22			Notes
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
349,903	(27,013)	322,890	Transport Services	282,920	(23,539)	259,381	
64,832	(10,215)	54,617	Economic Services	103,022	(48,306)	54,715	
2,081	(266)	1,815	Strategy and Communications	2,287	(467)	1,820	4.2
4,580	(593)	3,987	Policy & Development	6,650	(1,812)	4,838	4.2
7,063	(6,722)	341	Delivery	5,024	(3,999)	1,025	
14,473	(4,383)	10,090	Corporate Services	20,023	(6,346)	13,677	
			Total Costs of WYCA Continuing Services	419,925	(84,469)	335,456	
			<u>Transferred Service to the CA:</u>				
			Crime and Policing Services	723,930	(185,849)	538,080	
442,932	(49,192)	393,740	Total Costs of Services	1,143,855	(270,319)	873,536	
		7	Other operating (income) and expenditure			258	7
		2,203	Financing and investment (income) and expenditure			146,021	8
		(470,901)	Taxation and non-specific grant (income) and expenditure			(963,371)	9
		(74,951)	(Surplus) or Deficit on Provision of Services			56,445	
		(277)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(21,032)	
		(1,751)	(Surplus)/Deficit on Remeasurement of net defined benefit liability / (asset)			(299,583)	
		(2,028)	Other Comprehensive (Income) and Expenditure			(320,614)	
		(76,979)	Total Comprehensive (Income) and Expenditure			(264,168)	

Movement in Reserves Statement West Yorkshire Combined Authority and Group

	Revenue Reserves				Capital Reserves		Total Usable Reserves	Total Unusable Reserves	Total Group Reserves
	CA General Fund Reserve	Earmarked CA General Fund Reserves	Police Fund General Reserve	Earmarked Police Fund Reserves	Usable Capital Receipts Reserve	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	12,951	68,405	0	0	27,408	140,372	249,135	(61,069)	188,066
Transfer of balances 10 May 2021			15,763	49,264	6,492	2,348	73,867	(7,143,805)	(7,069,938)
Movement in Reserves during year							0	0	
Surplus or (deficit) on the provision of services	106,506	0	(162,951)	0	0	0	(56,445)	0	(56,445)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	331,752	331,752
Total Comprehensive Income and Expenditure	106,506	0	(162,951)	0	0	0	(56,445)	331,752	275,307
Adjustments between accounting basis & funding basis under regulations (note 5)	(78,011)	(1)	186,895	0	656	67,495	177,035	(177,035)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	28,495	(1)	23,944	0	656	67,495	120,590	154,717	275,307
Transfers (to)/from Earmarked Reserves (Note 6)	(27,820)	27,820	(25,926)	25,926	0	0	0	0	0
Increase/Decrease in year	675	27,819	(1,982)	25,926	656	67,495	120,590	154,717	275,307
Balance at 31 March 2022 C/fwd	13,626	96,224	13,781	75,190	34,556	210,215	443,592	(7,050,157)	(6,606,565)

Balance Sheet for West Yorkshire Combined Authority Single Entity and Group

The balance sheet is the key statement of the Combined Authority's financial position at the year-end. It shows its balances and reserves, and the values of its long term and current assets and liabilities. Under the legislative framework and local arrangements, the Combined Authority under sole instruction from the Mayor, is responsible for the finances of the Mayoral Police Fund including assets, liabilities and reserves, other than liabilities relating to staff within the employment of the Chief Constable

The Combined Authority has responsibility for entering into contracts under which the Chief Constable's officers and staff operate. The Authority receives all income and funding and makes all the payments for the policing activity from the Mayoral Police Fund.

All payments for the Group are made by the Combined Authority from the Police Fund and all income and funding is received by Combined Authority. The Combined Authority also has a statutory responsibility for Treasury Management, and the management of cash and cash equivalents.

As the functions of the West Yorkshire Police and Crime Commissioner (PCC) were transferred by Parliamentary Order to the Elected Mayor of West Yorkshire with effect from 10 May 2021, the assets and liabilities related to the Police Fund included in the Balance Sheet for the year 2021/22 cover 10 months and 22 days (10 May 2021 to 31 March 2022). The comparator year 2020/21 cover 13 months (1 April 2020 to 9 May 2021) including assets and liabilities for those continued CA services only. Subsequent financial years will be 12 months 1 April to 31 March.

Balance Sheet West Yorkshire Combined Authority Single Entity and Group

WYCA				WYCA	Group
31 March 2021				31 March 2022	31 March 2022
£000		GROUP		£000	£000
		Notes			
86,435	Property, Plant & Equipment	11		407,973	407,973
0	Intangible Assets	11		5,596	5,596
0	Long Term Investments	12		0	0
19,465	Long Term Debtor	14.2		16,798	16,798
105,900	Total Long Term Assets			430,367	430,367
345,972	Short Term Investments	12		518,440	518,440
0	Assets Held for Sale	11		0	0
0	Inventories	13		1,099	1,099
27,224	Short Term Debtors	14.1		84,929	84,929
35,260	Cash and Cash Equivalents	15		71,237	71,237
408,456	Total Current Assets			675,705	675,705
0	Cash and Cash Equivalents	15		(3,460)	(3,460)
(1,049)	Short Term Borrowing	12		(1,731)	(1,731)
(134,964)	Short Term Creditors	16.1		(207,653)	(222,693)
(13,097)	Deferred Income	16.2		(27,966)	(27,966)
0	Short Term PFI Finance Lease Liability	26		(2,863)	(2,863)
(211)	Provisions	17		(6,772)	(6,772)
(149,321)	Total Current Liabilities			(250,445)	(265,485)
0	Long Term Creditors	16.1		(311)	(311)
(424)	Long Term Provisions	17		(2,500)	(2,500)
(75,000)	Long Term Borrowing	12		(148,761)	(148,761)
0	Long Term PFI Finance Lease Liability	26		(81,882)	(81,882)
(10,199)	Capital Grant Receipt In Advance	16.3		(5,661)	(5,661)
(91,346)	Other Long Term Liabilities	27		(76,949)	(7,208,033)
(176,969)	Total Long Term Liabilities			(316,064)	(7,447,148)
188,066	Net Assets			539,564	(6,606,561)
249,135	Usable Reserves	18		443,594	443,594
(61,069)	Unusable Reserves	19		95,968	(7,050,156)
188,066	Total Reserves			539,563	(6,606,562)

Cash Flow Statement West Yorkshire Combined Authority Single Entity and Group

The cash flow statement shows the changes in cash and cash equivalents of the Combined Authority Group during the reporting period. The statement shows how the Group generates and uses cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from the operating activities is a key indicator of the extent to which the operations of the Combined Authority and Combined Authority Group are funded by way of precepts, levies, contributions and grant income. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to 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 Combined Authority and Combined Authority Group.

Cash Flow Statement West Yorkshire Combined Authority Single Entity and Group

WYCA		GROUP	WYCA	
2020/21		2021/22	2021/22	
£000		£000	£000	Notes
	<u>Operating activities :</u>			
74,591	Net surplus or (deficit) on the provision of services	(56,445)	133,681	
0	Adj on net (surplus) or deficit on the provision of services	0	(190,126)	
4,835	Depreciation	27,110	27,110	11
(437)	Write down of loans	(185)	(185)	19
55,892	Increase/(decrease) in creditors	(16,081)	(16,081)	16
8,650	(Increase)/Decrease in debtors	46,361	46,361	14
4,061	Transfer to the Pension Reserve	212,117	212,117	27
430	Provisions	2,251	2,251	17
367	(Profit)/Loss from disposal of assets	804	804	7
0	Items included that are Financing Activities	(1,699)	(1,699)	8
0	Inventories	2,210	2,210	13
0	Other adjustment	(11)	(11)	
148,389	Net Cash flows from Operating Activities	216,434	216,434	
	<u>Cash flows from investing activities:</u>			
(18,382)	Purchase of property, plant & equipment,	(42,894)	(42,894)	11
0	Purchase of short term and long term investment	(975,535)	(975,535)	12
0	New long term debtor loans advanced	(125)	(125)	14.2
(159,000)	Short term investment	(95,500)	(95,500)	12
	Proceeds from short term and long term investment	951,128	951,128	
0	Proceeds from the sale of property, plant & equipment	546	546	11
	Capital Grants	9,864	9,864	9
(177,382)	Net cash flows from investing activities	(152,516)	(152,516)	
	<u>Cash flows from financing activities:</u>			
	Receipt of new loans	38,586	38,586	
	Repayment of loans	(55,589)	(55,589)	
	Repayment of PFI finance lease	(2,516)	(2,516)	26
8,976	Receipt of Debtor Loan repayments	3,288	3,288	14.2
	Other	(8,769)	(8,769)	
8,976	Net cash used from financing activities	(25,000)	(25,000)	
(20,017)	Net Increase or (decrease) in cash and cash equivalents	38,918	38,918	
55,277	Cash and cash equivalents at the beginning of the reporting period	28,858	28,858	
35,260	Cash and cash equivalents at the end of the reporting period	67,777	67,777	15

BS Cash total

WYCA	The deficit on the provision of service includes the following items:	GROUP	WYCA
2020/21		2021/22	2021/22
£000's		£000's	£000's
3,214	Interest paid	12,027	3,229
(2,984)	Interest received	(1,222)	(1,124)

NOTES TO THE ACCOUNTS

Where the Notes for the CA single entity Accounts differ to that of the Groups, single entity detail will be included within the Group Note, otherwise the single entity Note is the same as the Group Note.

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1. ACCOUNTING POLICIES

1. General Principle and Accounting Concepts

The Statement of Accounts summarises the Combined Authority and the Combined Authority Group's transactions and its position for the year end of 31 March 2022. The Combined Authority and Combined Authority Group are required to prepare annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, following the appropriate accounting standards as required by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code). The Code constitutes a "proper accounting practice" under the terms of section 21(2) of the Local Government Act 2003. The Code is based on approved accounting standards, supported by International Financial Reporting Standards (IFRS).

Convention

These financial statements have been prepared on a going concern basis, under the historical cost convention modified to account for the revaluation of certain categories of non-current assets and financial instruments.

Going Concern

The accounts are prepared on the basis that the organisation will continue in its service provision for the foreseeable future. This is a requirement of the Code, which reflects the fact that since the management of a statutory local authority does not have the power to cease operations and wind up the entity, a statutory local authority will always be a going concern as defined by IAS1 (Presentation of Financial Statements).

Accruals

The financial statements, other than the cash flow information, are prepared on an accrual basis. This means that expenditure and income are recognised in the accounts in the period in which they are incurred or earned, not as money is paid or received. Similarly, assets and liabilities are recognised when they meet the relevant recognition criteria set out in the Code.

The West Yorkshire Combined Authority Group

The Combined Authority is required to produce group accounts where it has interests in subsidiaries, associates and/or joint ventures unless interest is considered not material. The group boundary is dependent upon the extent of the Authority's control or significant influence over the entity, which is based on the requirements of IFRS10, IFRS11 and IAS 28.

Inclusion in the group is dependent upon the extent of the Combined Authority's interest and power to influence an entity. The Combined Authority is considered to control an entity if it has power over the entity, exposure or rights to variable returns from its interest with the entity and the ability to use its power to affect the level of returns. The determining factor for assessing the extent of interest and power to influence is either through ownership of an entity, or representation on an entity's board of directors.

An assessment of all the Combined Authority's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included within the Combined Authority's group accounts.

The functions of the Police and Crime Commissioner (PCC), in West Yorkshire, were transferred by Parliamentary Order (The West Yorkshire Combined Authority (Election of Mayor and Functions) order 2021), to the Elected Mayor of West Yorkshire with effect from 10 May 2021. The transfer of the PCC functions to the Elected Mayor mean that all staff, properties, rights and liabilities transfer to the West Yorkshire Combined Authority (WYCA).

The identification of PCC, the Mayor of WYCA, as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities given to her under the Police Reform and Social Responsibility Act 2011.

As such, in 2021/22 group accounts have been prepared for the Combined Authority to include the Chief Constable for West Yorkshire Police. Both bodies are required to prepare a separate Statement of Accounts. Within this report there are two sets of financial statements, representing the accounts of:

- The West Yorkshire Combined Authority (the parent)
- The West Yorkshire Combined Authority and Chief Constable for West Yorkshire Police Group

The financial statements cover single entity:

- WYCA - from 1 April 2021 to 31 March 2022
- The Mayoral Crime and Policing function – from 10 May 2021 to 31 March 2022

Group accounts covers:

- WYCA - from 1 April 2021 to 31 March 2022
- The Mayoral Crime and Policing function – from 10 May 2021 to 31 March 2022
- The Chief Constable for West Yorkshire Police – from 10 May 2021 to 31 March 2022

The term '**The Group**' is used to indicate the aggregated transactions and policies of the WYCA and WYP.

Accounting Principles

2. **Balance Sheet**

Statutory and local arrangements and practice determine that WYCA holds and maintains direct control of all the assets, liabilities and reserves at the balance sheet date. Therefore, all assets, liabilities and reserves are disclosed on WYCA's Balance Sheet except special arrangements in relation to the employee related liabilities (pension and accumulated absences) which are under the direction and control of

the Chief Constable for WYP, which, in line with CIPFA guidance, are shown in the Chief Constable's balance sheet. although ultimate responsibility for the liability remains with the Combined Authority Group.

All payments for the Group are made by WYCA from the Police Fund and all income and funding is received by WYCA, who also has the responsibility for managing the financial relationships with third parties and has legal responsibility for discharging the contractual terms and conditions of suppliers. In addition, WYCA also has a statutory responsibility for Treasury Management, and the management of cash and cash equivalents. As a result, working capital balances are shown on the balance sheet of WYCA.

3. Comprehensive Income and Expenditure Statement (CIES)

Under the Police Reform and Social Responsibility Act 2011, the Chief Constable is responsible for the day to day provision of the policing functions, including direction and control of police officers. To facilitate this, the Mayor has delegated certain powers over authorisation of revenue expenditure within the agreed budget.

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that expenditure related to the Cost of Police Services will be shown in the Chief Constable's comprehensive income and expenditure statement, funded by an equal and opposite credit from WYCA's Police Fund. All income and funding and expenditure directly controlled by the Mayor (which is largely that expenditure which occurs below Cost of Police Services in the Group CIES) will be shown in WYCA Single Entity CIES.

The Group CIES shows the consolidated income, funding, and expenditure of the whole Group.

4. Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. The Combined Authority General Fund Balance and Mayoral Police Fund Reserve are accounted for separately for such purposes. Reserves are created by appropriating amounts from the General Fund or Police Fund in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to revenue as part of the Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Movement in Reserves Statement, so that there is no net charge against transport levy or council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and do not represent usable resources – these reserves are explained elsewhere in the relevant Accounting Policies and notes to the financial statements.

5. Changes in accounting policies and prior period adjustments

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

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.

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

6. Accrual of expenditure and Income

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

- Employee costs are charged to the accounts of the period within which the employees worked. Accruals have been made for wages earned but unpaid at the year-end.
- Interest payable on external borrowings and interest receivable 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.
- Expenditure on supplies and services is accrued and accounted for in the period during which they are consumed or received. Accruals have been made for all material sums unpaid at the year end for goods or services received or work completed.
- Revenue from contracts is recognised when the Combined Authority and the Group satisfies a performance obligation under a contract, at the transaction price relating to that performance obligation. This means that revenue from the sale of goods is recognised when the purchaser obtains control of the goods from the Combined Authority and the Group. Revenue from on-going services provided over time is recognised over time by measuring the progress towards complete satisfaction of a performance obligation, to the extent that the Combined Authority and the Group can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority and the Group.
- Revenue from the sale of goods is recognised when the Combined Authority and the Group when the goods are transferred to the customer and the customer obtains control and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority and the Group.
- Revenue from the provision of services is recognised when the Combined Authority and the Group can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority and the Group.
- 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 debtors, which are not financial instruments, the carrying amount has been adjusted by an impairment provision for doubtful debts, which should be provided for, and known uncollectable debts have been written off in full. For financial instrument debtors, the carrying amount is adjusted by an allowance for expected credit losses.

7. Employee Benefits and Pension Costs

7.1. The Combined Authority and the Group account for employee benefits in accordance with the requirement of IAS19. Accrual for short term employee benefits are those due to be settled within twelve months of the year end. This may include wages and salaries, paid annual leave and paid sick leave and non-monetary benefits for current employees and are recognised as an expensed for services in the year. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end.

7.2. Pension Costs

The Combined Authority Group participates in four pension schemes administered by:

- The West Yorkshire Pension Fund for Officers and Police Staff Pensions, and
- XPS for Police Officer Pensions.

7.3. The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefits scheme. Both employer and employees pay pension contributions based on a percentage of pensionable pay into the scheme.

Contributions made to the fund for both current and past services are charged to the revenue account as they are paid. Contribution levels are determined by the Fund. The Fund is a statutorily established pension fund and the benefits are paid under the provisions of the Local Government Pension Scheme Regulations 2014.

The Combined Authority has a continuing responsibility for payments to the Fund in respect of all staff who were transferred to Yorkshire Rider Limited (now First West Yorkshire) because of the Transport Act 1985. The annual cost of this responsibility is to be charged to the revenue account.

The liabilities of the pension fund attributable to the Combined Authority are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employees turnover rates, etc., and estimates of projected earnings for current employees. As unfunded schemes, the police pension schemes have no assets.

7.4. The assets of the pension fund attributable to the Combined Authority are included in the Balance Sheet at their fair value. The change in the net pension's liability is analysed into seven components:

Service costs:

Current service costs - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked;

Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the service costs;

Net interest expense on the defined benefit obligation - the interest on the present value of liabilities and interest on the net changes in those liabilities during the year calculated using the discount rate at the start of the period debited to the Pensions interest expense/income on the net liability in the Comprehensive Income and Expenditure Statement.

Remeasurements:

Interest income on assets - the interest income applied to the asset and net changes in the asset during the year - credited to the Pensions interest expense/income on the net liability in the Comprehensive Income and Expenditure Statement;

Actuarial gains or losses on settlements and curtailments - the result of actions to relieve the Combined Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the service costs;

Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve; and

Contributions paid to the pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to the retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Combined Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable that are unpaid at the year-end. The balance that arises on the Pensions Reserve thereby measures the beneficial position to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

7.5. Police Officer Pension Schemes

There are three Pension Schemes for Police Officers:

- The 1987 Police Pension Scheme for Police Officers (PPS). This scheme was closed to new recruits from April 2006 when a new scheme was introduced with different contribution rates.
- The 2006 New Police Pension Scheme for Police Officers (NPPS). The 2006 scheme was closed to new recruits from April 2015 when a new scheme was introduced.
- The 2015 Police Pension Scheme for Police Officers.

All three Police Officer Pension Schemes are unfunded schemes meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Following funding changes introduced on 1 April 2006 the Combined Authority Group pays an employer's pension contribution into the Pension Fund Account in respect of all the three schemes above.

8. Leases

The Combined Authority and the Group have classified leases as either finance or operating leases based on the extent to which the risks and rewards incidental to ownership lie with the lessee or lessor.

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred 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. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

Arrangements that do not have the legal status of a lease but convey the 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. This would include Private Finance Initiative (PFI) contracts.

8.1. The Group as Lessee

Finance Lease

Assets acquired under finance leases, where substantially all the risks and rewards of ownership of the assets have passed to the Combined Authority and the Group, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. Premiums paid are applied to write down the

lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

The Combined Authority and the Group are not required to raise transport levy or council tax to cover depreciation, or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory guidance. Depreciation and revaluation and impairment losses are therefore replaced by the revenue contribution in the General Fund or Police Fund accordingly, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operational Lease

Rentals payable under operating leases (where the risks and rewards incidental to ownership remain with the lessor), are charged to the Comprehensive Income and Expenditure Statement as an expense to the service benefitting from their use. Charges are made on a straight-line basis over the term of the relevant lease. When the lease becomes onerous full provision is made of the expected discounted future cost of the lease.

Benefits receivable as an incentive to enter into an operating lease are included within deferred income and recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease term.

9. Investments

Investments are shown on the Balance Sheet at amortised cost less expected credit loss, where appropriate, for loss in value. Investment income is credited to the revenue account when it falls due.

10. Provisions

A provision is recognised in the Balance Sheet when the Combined Authority and the Group:

- Has a present legal or constructive obligation as a result of a past event
- It is probable that an outflow of economic benefits will be required to settle the obligation
- 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 revenue account and are included in either long term or short-term liabilities on the Balance Sheet as appropriate. When expenditure is incurred to which the provision relates, it is charged directly to the provision.

Where a material contingent loss cannot be accurately estimated or an event is not considered sufficiently certain, or where a material contingent gain is identified it is not accrued for within the accounting statements, these are disclosed in the explanatory notes.

11. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred by the Combined Authority and the Group that may be capitalised under statutory provisions but does not result in the creation of a non-current asset is charged to the Comprehensive Income and Expenditure account. The Combined Authority and the Group meets this expenditure from existing capital resources with capital grants reversed against the expenditure charged to revenue so there is no impact on the revenue account.

12. Government Grants and Contributions

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

- The Combined Authority and the Group will comply with the conditions attached to the payments
- The grants or contributions will be received

Amounts recognised as due to the Combined Authority and the Group are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as deferred income. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or General government grants (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Grants to fund capital expenditure from government and other bodies are credited to the Comprehensive Income and Expenditure Statement (CIES) where the grant conditions have been met. In order to recognise that the capital grants are provided to finance capital expenditure the grants are subsequently transferred from the General Fund or Police Fund to the Capital Adjustment Account. If expenditure has not been incurred at the balance sheet date the grant is transferred to the Capital Grants Unapplied Account.

The Comprehensive Income and Expenditure Statement will recognise capital grants to the extent that they offset capital expenditure charged directly to revenue.

13. Recognition of capital expenditure (de-minimis policy)

In accordance with International Accounting Standard 16 (IAS16), the Combined Authority recognises non-current assets as:

- Assets where it is expected that future economic benefit will flow to the Combined Authority.
- Assets where the cost can be measured reliably and expected to be used for more than one financial period.

The de-minimis for recognition of capital expenditure is set as £10,000 (inclusive).

Expenditure below this level is deemed to be non-enhancing unless funded by a Capital grant, and therefore is charged to revenue as it is incurred. This includes initial recognition of assets and subsequent asset expenditure. Any expenditure above £10,000 will be treated as capital expenditure as the amount is significant enough to increase the useful life of an asset.

14. Property, Plant and Equipment

Tangible non-current assets are assets that have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes that are expected to be used for more than one financial year.

14.1. Recognition of assets

All expenditure on the acquisition, construction or enhancement of property, plant and equipment, as defined by the Code is capitalised on an accrual basis, providing the asset brings benefit to the Combined Authority for a period of more than one year. This includes both economic benefit and benefits derived from service potential.

14.2. Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet at current value. If there is no market-based evidence of current value, it is estimated using a depreciated replacement cost approach.

Land and buildings are re-valued at a minimum every five years in accordance with the Practice statements in the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. Any material changes to asset valuations are adjusted in the interim period as they occur. Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement to reverse any previous charges made for related impairment losses.

Infrastructure Assets, such as bus stations are measured at depreciated historical cost, net of accumulated impairment losses. Cost includes professional fees and for assets constructed by the Combined Authority, any related works to the extent that these are directly attributable to the acquisition or construction of the asset.

Vehicles, plant and equipment are held at historic cost less depreciation.

Capital spend on land and property assets is included in the carrying value of an asset until such time as it is revalued. Where material capital spend has occurred on an asset, a revaluation is carried out in the year in which work is completed. Where construction or major enhancement work to an asset spans more than one year, any financing costs incurred during the construction period are included in the capital cost of the acquisition or enhancement.

At revaluation, any gains are credited to the revaluation reserve. Any revaluation losses are firstly written down against any previous revaluation gains or where there are no previous revaluation gains, such losses are charged to the Comprehensive Income and Expenditure Account in accordance with the Accounting Code of Practice. Where revaluation losses which have been charged to the income and expenditure account are reversed by subsequent events, the reversing revaluation gains are credited to 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.

14.3. Impairment

Assets are assessed at each year-end as to whether there are indications that an asset may be impaired. Where reliable indications exist and 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 on a re-valued asset, the loss shall be recognised in the Revaluation Reserve to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset (i.e., up to the historical cost of the asset) and thereafter in the Surplus or Deficit on the Provision of Services.

Where an impairment loss is charged to the Comprehensive Income and Expenditure Statement but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

14.4. 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 assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Infrastructure assets – straight-line allocation over the useful life of the assets as estimated by the Combined Authority.
- Buildings – straight-line allocation over the useful life of the property as estimated by a qualified valuer; and
- Vehicles, plant and equipment – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer.

Freehold land, either at cost or valuation, is not depreciated. Management regularly considers whether there are any indications of impairment to carrying values of property, plant and equipment. The values of each category of assets and material individual assets are reviewed at the end of each financial year for evidence of reductions in value.

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Freehold and Long Leasehold Buildings between 5 and 50 years
- On-street Furniture and Bus Shelters between 5 and 20 years
- Vehicles Between 4 and 16 years
- Plant and Equipment Between 4 and 10 years
- Office Furniture and Equipment Between 4 and 10 years
- Helicopters - straight line allocation over 15 years.

14.5. Asset Disposal

When an asset is disposed of or decommissioned, the gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Sale proceeds in excess of £10,000 are categorised as Capital Receipts. Receipts are credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the CA's underlying need to borrow (the Capital Financing Requirement). Receipts are transferred to the Reserve from the movement in reserves statement. The value of the asset is transferred to the Capital Adjustment Account via the Movement in Reserves Statement. Sale proceeds of £10,000 and below are credited straight to the Comprehensive Income and Expenditure Statement.

14.6. Assets under construction

Progress payments for capital assets or schemes not yet completed are held in Work In Progress. The assets are transferred to the appropriate category and are subject to depreciation when they become available for use. The Combined Authority writes out directly attributable costs on capital schemes where no tangible asset exists to reflect a true and fair view of the asset base.

14.7. Discontinued Operations and Non-current Assets Held for Sale

Discontinued operations and Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Discontinued operations and current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This is the case, when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and the sale is considered to be highly probable. A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan has been initiated.

14.8. Donated Assets

Donated assets are assets that have been transferred to the Combined Authority at nil value or acquired at less than fair value. Donated assets are initially recognised at fair value at the date of acquisition. After initial recognition the donated assets will be revalued and depreciated in accordance with the Combined Authority's revaluation and depreciation policy. A Donated Assets account recognises the benefit received from these assets where conditions apply to the assets use.

15. Intangible Assets

Intangible Assets are identifiable non-monetary assets without physical substance. They must be controlled by the Combined Authority and the Group as a result of

past events (e.g. software licences), and future economic or service benefits must be expected to flow from the intangible asset to the Combined Authority and the Group.

Expenditure on intangible assets is capitalised when it brings benefits to the Group for more than one financial year.

Internally generated assets are only recognised once it can be demonstrated that:

- The technical feasibility of completing the asset so it is available for sale;
- An intention to complete the asset;
- The ability to use or sell the asset;
- How the asset generates probable future economic benefit or service potential;
- The availability of adequate resources to complete the asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are measured initially at cost. Amounts are only revalued where the current value of the assets held can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the appropriate General Fund. Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

16. Private Finance Initiatives (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive the services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. The Combined Authority is deemed to control the services that are provided under PFI schemes, and ownership of the property, plant and equipment will pass to the CA at the end of the contract for no additional charge. The CA carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment), was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Combined Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair Value of the services received during the year: This is debited to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance Cost: an interest charge of 7.2% on the outstanding Balance Sheet liability is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Contingent Rent: increases in the amount to be paid for the property arising during the contract are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payment towards liability: applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs: The proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

17. Fair value measurement of non-financial assets

The Combined Authority and the Group's accounting policy for fair value measurement of financial assets is set out in section 20.3. The CA and the Group also measures some of its non-financial assets such as surplus assets, investment properties and financial instruments at fair value at each reporting date. This 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 measured date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

Measurement of fair value is on the basis that a market participant's ability to generate economic benefits by using the asset in its highest and best use.

Appropriate valuation techniques are used for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of hierarchy for inputs to valuations for fair value assets:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, whether directly or indirectly.

- Level 3 - unobservable inputs for the asset or liability.

18. Capital Receipts

Capital receipts from the disposal of assets are treated in accordance with the provisions of the Local Government Act 2003. Capital receipts must be used to fund capital expenditure, to repay debt, or to fund credit arrangements, subject to the de minimis level set out in the relevant regulations (currently £10k). Capital receipts realised from the sale of land and buildings are fully usable.

19. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term 'financial instrument' covers both financial assets and financial liabilities, which can be straightforward financial instruments (e.g. trade payables and receivables) or more complex.

19.1. Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Financing and Investment Income line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, when repurchase 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.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact to the appropriate General Fund Balance to be spread over future years. Where a rescheduling exercise attracts premiums/discounts which are matched as part of a package, in order to be prudent, both premiums and discounts are written off to the Comprehensive Income and Expenditure Statement over the same period.

Where a rescheduling package attracts only premiums or only discounts, then they are written off over the longest period allowed, subject to a consideration of long term affordability, sustainability and prudence in each case.

19.2. Financial Assets

Financial assets can be classified as cash and cash equivalents (short term deposits) trade receivables and loans receivable. Financial assets are initially recognised at fair value and subsequent measurement depends on their classification as follows: -

Cash and cash equivalents consist of funds placed with banks and other institutions with deposit terms of 3 months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

Loans and receivables are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income line of the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), with the exception of soft loans where a present value calculation of future cashflows discounted at the higher effective interest rate is undertaken. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment income line of the Comprehensive Income and Expenditure Statement.

Trade and other receivables: recognised and carried at invoice or contract value less an allowance for any amounts which may not be collectable. Should an amount become uncollectable, it is written off to the income statement in the period in which it is recognised.

Impairment of financial assets: Impairment losses are calculated to reflect the prospect that expected future cash flows might not take place due to default. If risk has increased significantly between initial recognition and the balance sheet date, impairment is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. A simplified approach is applied to trade receivables.

19.3. Fair Value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the authority's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Fair Value Through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received are solely principal and interest but they are held to collect cash and have the ability sell the assets (e.g. money market funds).

The interest received on these assets is measured using the Effective Interest Rate model. All gains and losses due to changes in the fair value of these assets are accounted for through an unusable reserve (the Financial Instruments Revaluation Reserve) and charged to Other Comprehensive Income and Expenditure.

The cumulative gain or loss is debited or credited to the surplus/deficit on provision of services when an asset is disposed of.

Fair Value through Profit of Loss (FVPL)

These assets relate to financial instruments where the amounts received are not principal and interest (e.g. equity investments). Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to the Capital Adjustment Account, which is an unusable reserve.

An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g. a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

20. Cash and cash equivalents

The Combined Authority's Cash Flow Statement reflects the movements in cash and cash equivalents during the year. Cash is represented by cash in hand and the net balance on the CA's operational bank accounts, including any overdrawn

balances. Cash equivalents include those investments that are held for treasury management purposes and are readily convertible to known amount of cash which insignificant risk of change in value. This includes any Call accounts.

21. Foreign Currency Transaction

All foreign currency income and expenses are translated at the rate ruling on the day of the transaction with the resultant profit or loss recognised immediately in the revenue account. All foreign currency assets and liabilities in the balance sheet are translated at the balance sheet date.

22. Value Added Tax (VAT)

Value Added Tax is included within the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure as appropriate.

23. Interests in Companies and Other Entities

The Authority is required to produce group accounts where it has interests in subsidiaries, associates and/or joint ventures unless interest is considered not material. The group boundary is dependent upon the extent of the Authority's control or significant influence over the entity, which is based on the requirements of IFRS10, IFRS11 and IAS 28.

An assessment of all the Combined Authority's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included within the Authority's group accounts. As such, in 2021/22 group accounts have been prepared for the Combined Authority to include West Yorkshire Police.

24. Contingent Assets and Liabilities

A contingent liability arises where an event has taken place that gives the Combined Authority and the Combined Authority Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or 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.

25. Exceptional Items

Exceptional items are items, which in management's judgement, need to be disclosed by virtue of their size and incidence in order for the user to obtain a proper understanding of the financial information. The determination of which items are separately disclosed as exceptional items requires a significant degree of judgement.

26. Events after the Balance Sheet Date

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

2. **CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies, the CA has to make certain judgements about complex transactions or those involving uncertainty about future events. The following are significant management judgements made in applying the accounting policies in the Statement of Accounts.

Transfer of functions:

The functions of the Police and Crime Commissioner (PCC), in West Yorkshire were transferred by Parliamentary Order (The West Yorkshire Combined Authority (Election of Mayor and Functions) order 2021), to the Elected Mayor of West Yorkshire with effect from 10 May 2021. The transfer of the PCC functions to the Elected Mayor mean that the legal entity known as of the Office of the Police and Commissioner (OPCC) ceased to exist as of 9 May 2021 and all staff, properties, rights and liabilities transferred to West Yorkshire Combined Authority. As the functions of the OPCC will continue, the accounts have been prepared on a going concern basis.

These Statement of Accounts cover the Police Fund elements from 10 May 2021 to 31 March 2022, a period of 10 months and 22 days. In preparing the Balance Sheet as at 31 March 2022 the following critical judgements were adopted by management:

- Private finance initiative (PFI) schemes. The CA and Group have evaluated its current PFI scheme under the requirements of the Code and concluded that all assets provided under the scheme are recognised on the balance sheet as its assets.
- A judgement has been made of the expenditure allocated between the Mayor and the Chief Constable to reflect the financial resources consumed at the request of the Chief Constable.

The Combined Authority is the lead local body for the National Police Air Service (NPAS) and regional collaborative working in partnership with the Yorkshire and Humber Forces to deliver a number of specific specialist services on a regional basis.

The lead force arrangement has been reviewed against IFRS11 on joint arrangements and it has been determined that they fall outside the scope of a joint operation.

The closing Balance Sheet of the former OPCC will be brought into the Combined Authority's 2021/22 balance sheet as an in year transfer using the absorption accounting policy. The Authority's prior year comparative values will not be restated to include the 2020/21 values.

Expenditure and income relating to Policing functions within the Combined Authority's 2021/22 accounting statements will be for an 10 months and 22 days period from 10 May 2021 to 31 March 2022.

Group Accounts Considerations

A review of the entities related to the Combined Authority in 2021/22 has taken place and the conclusions are provided below:

The Chief Constable for West Yorkshire Police (WYP) is included in the Combined Authority's Group Accounts from 10 May 2021. The Mayor is responsible for the formal oversight of WYP, including provision of all funding, budget-setting, performance scrutiny and strategic policy development, and for ensuring WYP is run efficiently and effectively. Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable.

Under the legislative framework and local arrangements, the Authority under sole instruction from the Mayor, is responsible for the finances of the Mayoral Police Fund including assets, liabilities and reserves. The Authority has responsibility for entering into contracts under which the Chief Constable's officers and staff operate. The Authority receives all income and funding and makes all the payments for the policing activity from the Mayoral Police Fund.

Expenditure and income included in the Chief Constables 2021/22 accounting statements and the Authority's group accounts will be for an 10 months and 22 days period from 10 May 2021 to 31 March 2022.

3. ASSUMPTIONS ABOUT FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. Estimates and associated assumptions are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Items in the Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Property revaluation: The Combined Authority (CA) has Property, Plants and Equipment of £407.973m as at 31 March 2022. The CA carries its land and buildings at current value. Professional valuations of all land and property assets is obtained in accordance with Accounting Guidance. In practice, a full revaluation is carried out by an external surveyor at no more than a five years' period. Between independent surveys, desk top based annual reviews are carried out by qualified surveyors. The carrying value of assets is also reassessed when capital expenditure has been incurred on them. Such valuations and any attached estimates are subject to some judgement.
- Retirement benefit obligations: the cost of defined benefit pension plans is determined using an independent actuarial valuation, involving the use of assumptions about discount rates, returns on assets, future salary increases, mortality rates, inflation and future pension increases. Such assumptions are reviewed at each period end, and determined jointly between the pension fund management and the actuaries.

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 judgements in respect of the performance of the underlying assets which the LGPS pension scheme invests in (it should be noted that the Police Officer Pension Scheme does not hold any assets). A firm of consulting actuaries is engaged to provide the CA with expert advice in respect of the forecasts to be applied.

The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £143m for Police Officers and a reduction of £31m for Police Staff. Further details of the effect of accounting assumptions can be found within Note 27.

The pension fund investments are spread over a number of asset classes within public and private financial markets. There is always an element of uncertainty inherent within the valuation of private assets.

- Insurance provisions (£9.2m): The CA and the Group's former insurer's MMI ceased trading in 1992 where there was a Scheme of Arrangement in case of insolvency involving a claw back of claims paid. It is difficult to predict the final outcome of claims until they are actually settled however, no levies have been paid during 2021/22.

There is a risk that existing claims are settled at higher or lower figures than estimated. In addition, since insurance claims develop over time, the requirement to make provisions could be increased by the identification in future years of additional liabilities incurred but not yet reported. The position with regard to MMI Ltd is being kept under review by the administrators and there may be further levies announced in future.

4. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CI&E) and EXPENDITURE AND FUNDING ANALYSIS (EFA)

- 4.1. IFRS15 Revenue from Contracts with Customers has been adopted in the accounts. The Combined Authority (CA) administers a prepaid ticket scheme. The CA receives revenues from prepaid ticket sales which are then pooled and distributed to operators based on passenger journey and usage data collected. Under IFRS15 the net income from the scheme is included in the CA's revenue account within Transport Services. The total payment to operators was £20.3m in 2021/22 (£8.2m in 2020/21). There was a significant increase in payment to operators in 2021/22 in comparison to the previous year, reflecting the fact that there has been a partial recovery from the impact due to Covid-19 in the previous year.
- 4.2. The directorate of Strategy, Policy and Communications has been split into two directorates, Strategy, Communication and Policing and Policy Development during 2021/22. The prior year comparative gross expenditure and gross income were restated in line with the new structure. This has no impact on the overall net costs of services. Policing Services form part of the Policing fund which are disclosed separately, this only applies from 2021/22 onwards.
- 4.3. The objective of the Expenditure and Funding Analysis (EFA) is to demonstrate how the funding available to the CA for the year has been used in providing services in comparison with those resources consumed in accordance with general accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the CA's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding Analysis

West Yorkshire Combined Authority (Single Entity)

2020/21				2021/22		
Net Expenditure Chargeable to General Fund and Police Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to General Fund and Police Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES (1) £000
74,193	248,697	322,890	Transport Services	73,933	185,448	259,381
599	54,018	54,617	Economic Services	1,196	53,519	54,715
1,668	147	1,815	Strategy and Communications	1,458	362	1,820
3,681	306	3,987	Policy & Development	4,020	818	4,838
(55)	396	341	Delivery	(2)	1,028	1,026
6,704	3,386	10,090	Corporate Services	3,831	9,844	13,675
		-	Mayoral Crime and Policing Services	412,818	68,484	481,302
86,790	306,950	393,740	Net Cost of Services	497,254	319,503	816,758
	7	7	Other Operating Expenditure		258	258
6,218	(4,015)	2,203	Financing and investment Net expenditure	16,609	(3,933)	12,675
(97,786)	(373,116)	(470,902)	Taxation and General Grant Income	(538,476)	(424,894)	(963,371)
(91,568)	(377,124)	(468,692)	Other (Income) and Expenditure	(521,867)	(428,569)	(950,438)
(4,778)	(70,174)	(74,951)	(Surplus) or Deficit	(24,614)	(109,066)	(133,681)

General Fund	Total		General Fund	Police Fund	Total
(8,173)	(8,173)	Reserve Balance brought forward	(12,951)		(12,951)
		Police Fund Reserve Transferred in 10 May 2021		(65,030)	(65,030)
(4,778)	(4,778)	(Increase) / decrease for the year	(675)	(23,941)	(24,614)
(12,951)	(12,951)	Reserve Balance carried forward	(13,626)	(88,971)	(102,597)

Note to the Expenditure and Funding Analysis

West Yorkshire Combined Authority (Single Entity)

2020/21					2021/22			
Net Change in the Capital Purposes £000	Adjustments in the Pensions £000	Other Differences £000	Total Adjustments £000		Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
48,177	(520)	0	(248,697)	Transport Services	184,203	1,244	0	185,447
53,685	(333)	0	(54,018)	Economic Services	52,545	974	0	53,519
0	(147)	0	(147)	Strategy, Communications and Policing	0	362	0	362
0	(306)	0	(306)	Policy & Development	0	819	0	819
0	(396)	0	(396)	Delivery	0	1,028	0	1,028
(1,253)	(2,358)	225	(3,386)	Corporate Services	1,240	3,080	5,526	9,846
0			0	Mayoral Crime and Policing Services	8,801	73,890	(14,207)	68,484
03,115	(4,060)	225	(306,950)	Net Cost of Services	246,789	81,397	(8,681)	319,503
			0	Intra group adjustment				0
(7)			(7)	Other Operating Expenditure	258			258
		4,015	4,015	Financing and investment Net Expenditure			(3,933)	(3,933)
44,500		28,616	373,116	Taxation and General Grant Income	(321,588)		(103,305)	(424,894)
41,378	(4,060)	32,856	70,174	Difference Between General Fund and Police Fund Surplus or Deficit and CIES (Surplus) or Deficit on the Provision of Services	(74,541)	81,397	(115,919)	(109,066)

Expenditure and Funding Analysis

West Yorkshire Combined Authority Group

2020/21				2021/22		
Net Expenditure Chargeable to General Fund and Police Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to General Fund and Police Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES (1) £000
74,193	248,697	322,890	Transport Services	73,933	185,448	259,381
599	54,018	54,617	Economic Services	1,196	53,519	54,715
1,668	147	1,815	Strategy, Communications and Policing	1,458	362	1,820
3,681	306	3,987	Policy & Development	4,020	818	4,838
(55)	396	341	Delivery	(2)	1,028	1,026
6,704	3,386	10,090	Corporate Services	3,831	9,844	13,675
		0	Mayoral Crime and Policing Services	412,818	125,263	538,081
86,790	306,949	393,740	Net Cost of Services	497,254	376,282	873,537
(91,568)	(377,123)	(468,691)	Other (Income) and Expenditure WYCA	16,609	(3,675)	12,933
		0	Other (Income) and Expenditure CC	0	133,347	133,347
		0	Movement from Reserves to General Fund	(538,476)	(424,894)	(963,371)
(91,568)	(377,123)	(468,691)	Other (Income) and Expenditure	(521,867)	(295,222)	(817,091)
(4,778)	(70,174)	(74,951)	(Surplus) or Deficit	(24,614)	81,059	56,445

General Fund	Police Fund	Total		General Fund	Police Fund	Total
(8,173)		(8,173)	Reserve Balance brought forward	(12,951)		(12,951)
			Police Fund Reserve Transferred in 10 May 2021		(65,030)	(65,030)
(4,778)		(4,778)	(Increase) / decrease for the year	(675)	(23,941)	(24,614)
(12,951)	0	(12,951)	Reserve Balance carried forward	(13,626)	(88,971)	(102,597)

Note to the Expenditure and Funding Analysis

West Yorkshire Combined Authority Group

2020/21				Adjustments Between Funding and Accounting Basis	2021/22			
Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Adjustment from General Fund and Police Fund to arrive at the CIES	Adjustments for Capital Purposes (2) £000	Net Change in the Pensions Adjustments (3) £000	Other Differences (4) £000	Total Adjustments £000
(248,177)	(520)	-	(248,697)	Transport Services	184,203	1,244	0	185,447
(53,685)	(333)	-	(54,018)	Economic Services	52,545	974	0	53,519
-	(147)	-	(147)	Strategy, Communications and Policing	0	362	0	362
-	(306)	-	(306)	Policy & Development	0	819	0	819
-	(396)	-	(396)	Delivery	0	1,028	0	1,028
(1,253)	(2,358)	225	(3,386)	Corporate Services	1,240	3,080	5,526	9,846
-	-	-	0	Mayor's Office	0	0	0	0
-	-	-	0	Mayoral Crime and Policing Services	8,801	130,668	(14,207)	125,263
(303,115)	(4,060)	225	(306,950)	Net Cost of Services	246,789	138,175	(8,681)	376,282
344,493	0	32,631	377,124	Other (income) and expenditure from the Expenditure and Funding Analysis	(321,330)	133,347	(107,238)	(295,222)
41,378	(4,060)	32,856	70,174	Difference Between General Fund and Police Fund Surplus or Deficit and CIES (Surplus) or Deficit on the Provision of Services	(74,541)	271,522	(115,920)	81,059

- (1) Net Expenditure in the CI&S - This column shows income and expenditure recognised in accordance with the IFRS can be seen in the Comprehensive Income and Expenditure Statement on page 32 (Single Entity) & 36 (the Group).
- (2) Adjustment for Capital Purposes – relates to adjustments to meet the IFRS, this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
 - **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in year and those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- (3) Net Charge for the Pensions Adjustment - These adjustments relate to net charge for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
 - **For services** this represents the removal of the employer pension contributions made by the CA (for the CA general services) and the Mayor (for Policing and Crime services) as allowed by statute and the replacement with current service costs and past service costs.
 - For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.
- (4) Other Differences - These adjustments relate to gains/losses on the disposal of non-current assets (within the other operating expenditure), and statutory charges for capital financing within the net cost of service and other movement between earmarked reserves.

5. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION FOR WYCA AND GROUP

The Comprehensive Income and Expenditure Statement (CI&E) shows the CA's income and expenditure for the year on the basis of International Financial Reporting Standards. However, the amounts actually chargeable to the CA's General Fund reserve and the Police Reserve are controlled by legislation and include a number of statutory adjustments and transfers to specific reserves. The statutory adjustments which are required largely relate either to the arrangements for the funding of the CA's capital expenditure or to the timing with which some items are charged or credited to the General Fund and Police Fund.

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Combined Authority Group in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the CA to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Usable 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 finance historical capital expenditure. However, in the 2015 spending review these rules were relaxed, to allow Local Authorities to spend up to 100% of their non-current asset receipts on the revenue costs of reform projects to deliver more efficient and sustainable services. The balance on the reserve shows the resources that have yet to be applied for at the year-end.

Capital Grants Unapplied

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

Usable Reserves	Usable Reserves						
	General Fund Balance	Police Fund Balance	CA Capital Receipts Reserve	CA Capital Grants Unapplied	Police Fund Capital Receipts Reserve	Police Fund Capital Grants Unapplied	Movement in Usable Reserves
The following adjustments are for 2021/22	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources							
Amounts by which income and expenditure included in the CIES and differs from revenue for the year							
Pension costs (to or from the Pensions Reserve)	(7,785)		0	0			(7,785)
Financial instruments (to or from FIAA)	273	21	0	0			294
Council tax and NDR (to or from the Collection Fund AA)		2,200	0	0			2,200
Officer remuneration (to or from the Accumulated Absences AA)	0		0	0			0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	62,447	(13,002)				738	50,183
Total Amendments to Revenue Resources WYCA and GROUP	54,935	(10,781)	0	0	0	738	44,892
Pension costs (to or from the Pensions Reserve)		(204,333)	0	0			(204,333)
Officer remuneration (to or from the Accumulated Absences AA)		14,208	0	0			14,208
Total Amendments to Revenue Resources CC and GROUP	0	(190,125)	0	0	0	0	(190,125)
Total Amendments to Revenue Resources GROUP	54,935	(200,906)	0	0	0	738	(145,233)
Adjustments to the Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve		545		0	(545)		0
Statutory provision for the repayment of debt (from the Capital AA)	3,660	4,633	0	0			8,293
Capital expenditure funded from revenue under statute (to the Capital AA)	(232,907)						(232,907)
Transfer of capital grants and contributions to capital grants unapplied				(68,233)			(68,233)
Capital expenditure financed from revenue balances (to the Capital AA)		8,834	0	0			8,834
Transfer of capital loan repayments to usable capital receipts reserve			(111)				(111)
Adjustments to the Revenue and Capital Resources WYCA and GROUP	(229,247)	14,012	(111)	(68,233)	(545)	0	(284,124)
Adjustments to Capital Resources							
Use of the Capital Reserve to finance capital expenditure	252,323		0	0			252,323
Total Adjustments to Capital Resources WYCA and GROUP	252,323	0	0	0	0	0	252,323
Total Adjustments WYCA	78,011	3,231	(111)	(68,233)	(545)	738	13,092
Total Adjustments CC	0	(190,125)	0	0			(190,125)
Total Adjustments GROUP	78,011	(186,894)	(111)	(68,233)	(545)	738	(177,035)

Comparator year

Usable Reserves	Usable Reserves				
	General Fund Balance	Police Fund Balance	CA Capital Receipts Reserve	CA Capital Grants Unapplied	Movement in Usable Reserves
The following adjustments are for 2020/21	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources					
from revenue for the year calculated in accordance with statutory requirements					
Pension costs (to or from the Pensions Reserve)	(4,061)		0	0	(4,061)
Financial instruments (to or from FIAA)	187		0	0	187
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	25,012		(313)	0	24,699
Total Amendments to Revenue Resources	21,138	0	(313)	0	20,825
Total Amendments to Revenue Resources	21,138	0	(313)	0	20,825
Adjustments to the Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(7)		7	0	0
Statutory provision for the repayment of debt (from the Capital AA)	3,515		0	0	3,515
Capital expenditure funded from revenue under statute (to the Capital AA)	(298,280)				(298,280)
Transfer of capital grants and contributions to capital grants unapplied				(29,534)	(29,534)
Capital expenditure financed from revenue balances (to the Capital AA)	0		0	0	0
Transfer of capital loan repayments to usable capital receipte reserve			(8,875)		(8,875)
Adjustments to the Revenue and Capital Resources WYCA	(294,772)	0	(8,868)	(29,534)	(333,174)
Adjustments to Capital Resources					
Use of the Capital Reserve to finance capital expenditure	314,837		20	0	314,857
Total Adjustments to Capital Resources WYCA	314,837	0	20	0	314,857
Total Adjustments WYCA	41,203	0	(9,161)	(29,534)	2,508

6. MOVEMENTS IN EARMARKED RESERVES FOR WYCA AND GROUP

This note sets out the amounts set aside by the WYCA and Group from the General Fund and Police Fund balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and Police Fund expenditure in 2021/22.

	Balance at 1 April 2020 £000	Transfer In 2020/21 £000	Transfer Out 2020/21 £000	Balance at 31 March 2021 £000	Transfer In 10 May 2021 2021/22 £000	Transfer In 2021/22 £001	Transfer Out 2021/22 £000	NET Transfer 2021/22 £000	Balance at 31 March 2022 £000
The CA General Fund Reserves:									
Rail Reserve	297			297			(1)	(1)	296
New Generation Transport Reserve	971			971				0	971
WY Transport fund Reserve	38,297	6,176	(3,249)	41,224		6,176		6,176	47,400
Gainshare Reserve		28,500	(2,587)	25,913		28,500	(8,855)	19,645	45,558
Transport Reserve						2,000		2,000	2,000
Transferred in Police Fund Reserves:									
Revenue Pressures Reserve					3,131	4,789		4,789	7,920
Capital Financing Reserve					0	10,662		10,662	10,662
Viper Reserve					4,967	409		409	5,376
PFI Reserve					13,241			0	13,241
Regional Working Reserve					198	5,348		5,348	5,546
Dilapidations Reserve					530			0	530
PNLD Reserve					264		(264)	(264)	0
Organisational Change Fund					10,660	820	(10,660)	(9,840)	820
Partnership Executive Group						174	(174)	0	0
Community Safety Fund					2,150	22	(404)	(382)	1,768
Local Council Tax Support Reserve					0	3,816	(815)	3,001	3,001
ESN Reserve						2,486		2,486	2,486
Energy Reserve						3,365		3,365	3,365
Operational Reserve					1,103		(969)	(969)	134
Wellbeing Reserve					160	625	(72)	553	713
Police Uplift Programme Reserve					2,400	1,134	(110)	1,024	3,424
Safeguarding Reserve					500	415		415	915
Income Loss Reserve					1,213		(404)	(404)	809
COVID Reserve					2,104		(145)	(145)	1,959
NPAS					5,000	2,065		2,065	7,065
NPAS Operational Reserve					1,643	3,813		3,813	5,456
Total	39,565	34,676	(5,836)	68,405	49,264	76,619	(22,873)	53,746	171,415

7. OTHER OPERATING INCOME AND EXPENDITURE FOR WYCA AND GROUP

The following table gives a breakdown of the figures for other operating income and expenditure shown within the Comprehensive Income and Expenditure Statement.

2020/21 £000		2021/22 £000
	Flexible attachment	(1)
7	(Gains) / losses on the disposal of non-current assets	259
7	Total	258

8. FINANCING AND INVESTMENT INCOME AND EXPENDITURE FOR CA AND GROUP

The following table gives a breakdown of the figures for financing and investment income and expenditure shown within the CA and the Group Comprehensive Income and Expenditure Statements.

2020/21 £000		2021/22 £000
3,214	Interest payable and similar charges	12,027
(2,984)	Interest receivable and similar income	(1,222)
0	Impairment loss / (reversal) of impairment loss	(36)
1,973	Pensions net interest cost expense	1,905
2,203	Sub-total CA	12,674
0	Pensions net interest cost expense CC	133,347
2,203	Total Group	146,021

9. GENERAL GOVERNMENT GRANTS FOR THE CA AND GROUP

The table below analyses the grants included within the General Government Grants figure in the Comprehensive Income and Expenditure Account 2021/22. These are grants which do not relate to any specific service.

2020/21 £000		2021/22 £000
	Credited to Taxation and Non Specific Grant Income	
	<u>Combined Authority General Fund Services:</u>	
97,901	Transport Levy	97,901
38,000	Devolution GainShare Funding	28,500
100,338	Local Growth Fund	-
41,098	Capital Integrated Transport Block/Maintenance Grant	33,471
88,761	Leeds Public Transport Package Funding	-
21,944	Capital Flood Resilience/Pothole Fund	16,212
39,995	Transforming City Fund - Department for Transport	123,248
26,300	Getting Buidling Fund	26,300
600	Brownfield Housing Fund	20,000
	Transport Fund	30,000
	British Library North	25,000
	City Deal Transport Fund	20,450
10,027	Emergency Active Travel Fund - Department for Transport	7,010
5,937	Other Capital grants and Contributions (under £10m)	18,865
470,901	Total Grants - Combined Authority Servcies	446,957
	<u>Mayoral Crime and Policing Services:</u>	
	Council tax income:	
	Bradford Metropolitan District Council	26,896
	Calderdale Council	11,796
	Kirklees Council	22,719
	Leeds City Council	43,357
	Wakefield Council	19,383
	Non domestic rates	131,111
	Police Grant	177,726
	Revenue Support Grant	14,898
	Police Pension Top Up	59,402
	Capital grants and contributions	983
	Capital grants and contributions NPAS	8,142
0	Total Grants - Police Fund	516,414
470,901	Grand Total	963,371

The Combined Authority and the Group credited the following grants and contributions to the Comprehensive Income and Expenditure Statement against the appropriate provision of services:

2020/21 £000		2021/22 £000
	<u>Corporate and Commercial Services:</u>	
	Mayoral Capacity Funding	1,250
	<u>Transport Services:</u>	
895	Special Rail Grant (SRG)	895
2,063	Bus Service Operator Grant	2,063
5,458	Covid Bus Service Support Grant	2,471
3,091	Covid Dedicated Home to School and College Transport grant	1,647
1,923	Other Grants	1,230
	<u>Economic Services</u>	
621	AEB	38,564
3,228	Business Support and Skills Grants	3,379
6,409	ESIF & ERDF	5,685
408	<u>Policy and Development:</u>	1,754
	<u>Crime and Policing Services:</u>	
	Counter Terrorist Unit Grant	30,119
	Coronavirus	197
	Disclosure Bureau Services	1,503
	PFI Grant	11,046
	Home Office Special Grant	4,150
	Pension Grant	4,681
	Regional Crime Grant	7,586
	Violence Reduction Grant	3,832
	Ministry of Justice Grant	3,901
	Home Office Safer Street and other specific grants	1,637
	Local Council Tax Support Grant	3,508
	Recruitment Uplift Grant	4,249
	Other Small Grants	771
24,096	Total	136,118

10. EXPENDITURE AND INCOME ANALYSED BY NATURE FOR WYCA AND GROUP

A disclosure on the nature of expenses is presented as recommended by the Code. The following tables gives breakdown by type of the external income and expenditure within the Combined Authority's and the Group's overall results for the year.

Expenditure and Income Analysed by Nature (Single Entity)

2020/21 £000	WYCA	2021/22 £000
	Expenditure	
26,176	Employee benefits expenses	30,723
	Premises related expenditure	4,455
	Supplies and services	1,208
	Transport related expenditure	(3)
412,248	Other service expenses	421,416
4,835	Depreciation, amortisation and impairment	5,082
1,973	Pension related expenditure	1,905
3,214	Interest payments	12,116
7	(Gain)/losses on the disposal of assets	258
	Intra Group Funding	646,013
448,453	Total expenditure	1,123,172
	Income	
(29,268)	Fees, charges and other service income	(150,890)
(2,984)	Interest and investment income	(1,222)
(94,901)	Income from levy, precepts, non-domestic rates	(368,061)
(396,251)	Government grants and contributions	(736,680)
(523,404)	Total income	(1,256,853)
(74,951)	Surplus or Deficit on the Provision of Services	(133,681)

Expenditure and Income Analysed by Nature (Group)

2020/21 £000	GROUP	2021/22 £000
	Expenditure	
26,176	Employee benefits expenses	591,212
	Premises related expenditure	20,181
	Supplies and services	69,064
	Transport related expenditure	26,804
412,248	Other service expenses	453,329
4,835	Depreciation, amortisation, impairment	5,082
1,973	Pension related expenditure	135,252
3,214	Interest payments	12,116
7	Gain on the disposal of assets	258
448,453	Total expenditure	1,313,297
	Income	
(29,268)	Fees, charges and other service income	(150,890)
(2,984)	Interest and investment income	(1,222)
(94,901)	Income from lecy, precepts, non-domestic rates	(368,061)
(396,251)	Government grants and contributions	(736,680)
(523,404)	Total income	(1,256,853)
(74,951)	Surplus or Deficit on the Provision of Services	56,445

11. PROPERTY, PLANT AND EQUIPMENT FOR WYCA AND GROUP

11.1 Balance sheet value

This note analyses the movement in the balance sheet value of the Combined Authority's land, building and other non-current assets. The balance sheet value is made up of the cost or valuation, less any accumulated depreciation and impairment.

Cost or valuation is the historical cost or revalued amount of assets at the beginning of the year, plus any additions and revaluations (both positive and negative) during the year. The cost or revalued amount of assets disposed of during the year is written out to give the year end balance.

The deterioration of an asset between formal revaluations is measured by depreciation and impairment due to asset deterioration. The accumulated depreciation for an asset is written out when the asset is revalued, and all accumulated depreciation and impairment values are written out when an asset is disposed of.

The following tables show a breakdown of the carrying value of non-current assets on the balance sheet, and the movements in the carrying value during the year, for each category of non-current assets.

Movement In 2021/22	Land and Buildings	Infrastructure Assets	Vehicles	Plant, Furniture & Equipment	Donated Assets	Assets Under Construction	NPAS Assets	NPAS Equipment	PFI Land and Buildings	Total property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION										
At 1 April 2021	17,713	81,109	14,521	28,246	2,143	20,555	0	0	0	164,287
Transferred in on 10 May 2021	117,454	0	20,252	46,934	0	5,656	30,593	51,345	81,616	353,850
Additions	7,331	0	5,266	6,633	0	15,319	0	7,732	24	42,305
Revaluation increases/(decreases) in the Revaluation Reserve	2,194	0	0	0	70	0	1,098	0	10,253	13,615
Revaluation increases/(decreases) in the CIES	3,851	0	0	0	0	0	(686)	0	(309)	2,856
De-recognition - disposals	0	0	(7,156)	0	0	(360)	0	(1,993)	0	(9,509)
Assets reclassified (to)/from Held for Sale	(100)	0	0	0	0	0	0	0	0	(100)
Assets reclassified from Assets Under Construction	5,439	0	0	314	0	(5,753)	0	0	0	0
Other Movement	0	0	0	15	0	0	0	19	0	0
At 31 March 2022	153,882	81,109	32,883	82,127	2,213	35,417	31,005	57,084	91,584	567,303
ACCUMULATED DEPRECIATION AND IMPAIRMENT										
At 1 April 2021	0	(39,587)	(13,627)	(24,218)	(420)	0	0	0	0	(77,852)
Transferred in on 10 May 2021	(301)	0	(12,967)	(27,828)	0	0	(440)	(28,702)	(232)	(70,470)
Depreciation charge in year	(2,829)	(2,798)	(3,334)	(7,909)	(45)	0	(1,649)	(6,666)	(1,932)	(27,162)
Depreciation written out to the Revaluation Reserve	2,884	0	0	0	0	0	2,089	0	2,163	7,136
Impairment (losses)/reversals recognised in the CIES	0	0	(68)	0	0	0	0	0	0	(68)
Downward revaluation taken to Revaluation Reserve	242	0	0	0	39	0	0	0	0	281
De-recognition - disposals	0	0	6,812	0	0	0	0	1,993	0	8,805
Other Movement	0	0	0	(15)	0	0	0	(19)	0	0
At 31 March 2022	(4)	(42,385)	(23,184)	(59,955)	(426)	0	0	(33,375)	(1)	(159,330)
NET BOOK VALUE										
At 31 March 2021	17,713	41,522	894	4,028	1,723	20,555	0	0	0	86,435
At 31 March 2022	153,878	38,724	9,699	22,172	1,787	35,417	31,005	23,709	91,583	407,973

Comparator Year: Movements in 2020/21	Land and Buildings	Infrastructure Assets	Vehicles	Plant, Furniture & Equipment	Donated Assets	Assets Under Construction	NPAS Helicopters	NPAS Equipment	PFI Land and Buildings	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION										
At 1 April 2020	9,591	80,016	14,419	26,447	2,143	15,212	0	0	0	147,828
Additions	8,139		102	986		7,249				16,476
Revaluation increases/(decreases) in the Revaluation Reserve	(17)									(17)
Revaluation increases/(decreases) in the CIES										0
De-recognition - disposals										0
Assets reclassified (to)/from Held for Sale										0
Assets reclassified from Assets Under Construction		1,093		813		(1,906)				0
At 31 March 2021	17,713	81,109	14,521	28,246	2,143	20,555	0	0	0	164,287
ACCUMULATED DEPRECIATION AND IMPAIRMENT										
At 1 April 2020	0	(36,786)	(13,245)	(22,866)	(415)	0	0	0	0	(73,312)
Depreciation charge	(255)	(2,801)	(382)	(1,352)	(44)	0				(4,833)
Depreciation written out to the Revaluation Reserve										0
Impairment (losses)/reversals recognised in the CIES										0
Downward revaluation taken to Revaluation Reserve	255				39					293
De-recognition - disposals										0
At 31 March 2021	0	(39,587)	(13,627)	(24,218)	(420)	0	0	0	0	(77,852)
NET BOOK VALUE										
At 31 March 2020	9,591	43,230	1,174	3,581	1,728	15,212	0	0	0	74,516
At 31 March 2021	17,713	41,522	894	4,028	1,723	20,555	0	0	0	86,435

In compliance with legislation the Police Fund is accounted for in the group accounts of the Combined Authority in the interests of transparency the statements below set out assets deployed for delivering policing services in 2021/22:

Property, Plant and Equipment Deployed for Policing Services

	Land and Buildings	Vehicles	Plant, Furniture & Equipment	Donated Assets	Assets Under Construction	NPAS Airframes	NPAS Equipment	PFI Land and Buildings	Total property, Plant and Equipment
	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION									
Transferred in at 10 May 2021	117,454	20,252	46,934	0	5,656	30,593	51,345	81,616	353,850
Additions	3,220	3,762	6,236		2,038	0	7,732	24	23,012
Revaluation increases/(decreases) in the Revaluation Reserve	9,057	0				1,098		10,253	20,408
Revaluation increases/(decreases) in the CIES	3,851	0				(686)		(309)	2,856
De-recognition - disposals	0	(1,720)					(1,993)	0	(3,713)
Assets reclassified (to)/from Held for Sale	(100)							0	(100)
Assets reclassified from Assets Under Construction	0							0	0
Other Movement	0		15				19	0	34
At 31 March 2022	133,482	22,294	53,185	0	7,694	31,005	57,103	91,584	396,347
ACCUMULATED DEPRECIATION AND IMPAIRMENT									
At 10 May 2021	(301)	(12,967)	(27,828)		0	(440)	(28,702)	(232)	(70,470)
Depreciation charge	(2,587)	(2,832)	(6,414)			(1,649)	(6,666)	(1,932)	(22,080)
Depreciation written out to the Revaluation Reserve	2,884	0				2,089	0	2,163	7,136
Impairment (losses)/reversals recognised in the CIES	0	(68)					0		(68)
Downward revaluation taken to Revaluation Reserve	0	0					0		0
De-recognition - disposals	0	1,720					1,993		3,713
Other Movement			(15)				(19)		(34)
At 31 March 2022	(4)	(14,147)	(34,258)	0	0	0	(33,394)	(1)	(81,803)
NET BOOK VALUE									
At 10 May 2021	117,153	7,285	19,106	0	5,656	30,153	22,643	81,384	283,380
At 31 March 2022	133,478	8,147	18,927	0	7,694	31,005	23,709	91,583	314,542

11.2 REVALUATIONS

The CA and Group carries out an annual revaluation assessment on certain classes of Property, Plant and Equipment to ensure an appropriate and materially accurate valuation is maintained in the accounts.

As at 31st March 2022, a desk top revaluation of the Combined Authority's land and buildings was carried out by an MRICS qualified valuer of Lambert Smith Hampton,

a firm of external Chartered Surveyors. The desk top revaluation was on fair value basis in accordance with IAS16. Management has also considered the value of assets not included in the valuer's report, such as the On-street furniture assets under IFRS code were reclassified as infrastructure assets and valued at depreciated historical costs, and have concluded that asset values are materially accurate.

Valuations of Police Fund Assets were also carried out in accordance with the methodologies and basis for estimations set out in the professional standards of the Royal Institution of Chartered Surveyors, by external Chartered valuers from Carter Jonas, Leeds. Valuations of helicopters are based on current prices where there is an active second-hand market or latest list price adjusted for the condition of the asset. Other classes of vehicles, plant and equipment are carried at depreciated historic cost as a proxy for current value.

11.3 IMPAIRMENTS

The Combined Authority and Group have also considered the impairment of non-current assets in accordance with IAS 36 and after taking into account factors since external surveyors reviewed the property portfolio can identify no circumstances or events that would affect the carrying values of the assets.

During 2021/22, the CA and Group has recognised a total impairment loss of £3.5m across a number of properties in its estate.

11.4 Assets Held For Sale

The Combined Authority has no asset held for sale as at 31 March 2022, movement in year as set out in the table below:

	Current		Non-Current	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Balance outstanding at start of year	0	0	0	0
Revaluation increase/(decrease) in the CIES			0	0
Assets newly classified as held for sale:				
Property, Plant and Equipment	100	0	0	0
Assets declassified as held for sale:				
Property, Plant and Equipment		0	0	0
Assets sold				
Property, Plant and Equipment	(100)	0	0	0
Balance outstanding at year-end	0	0	0	0

11.5 Donated Assets Account

The CIPFA code introduces the concept of Donated Assets where assets have been acquired for less than their fair value. The code stipulates that the difference between the fair value of the asset and the consideration paid shall be recognised immediately in the Comprehensive Income and Expenditure Statement as income, or in the event that the transfer has conditions, recognised in the Donated Assets Account until such time as the conditions have been met. Two of the Combined Authority's bus stations (Deregulation 1986) and land in Apperley Bridge station meet the criteria of Donated

Assets with conditions attached, as failure to fulfil the conditions on an on-going basis would result in the assets being returned to the relevant local authorities. These assets were received at little or no cost but are recognised on the balance sheet at fair value to reflect the true benefit of these assets with a corresponding reserve created in the form of a Donated Assets Account. The Donated Assets Account also recognises revaluation gains arising before conversion to historical cost basis as at 1 April 2007. After initial recognition Donated Assets are categorised as either Infrastructure Assets and are valued at historical cost or for Non-Current Assets are valued at current value.

	2021/22 £000	2020/21 £000
Balance at start of the year	1,723	1,728
Adjustment of depreciation	(44)	(44)
Other movement in year	109	39
Balance at end of the year	1,788	1,723

11.6 INTANGIBLE ASSETS

Intangible Assets are identifiable non-monetary assets without physical substance. They must be controlled by the Group as a result of past events (e.g. software licences), and future economic or service benefits must be expected to flow from the intangible asset to the Group.

The CA and Group accounts for its software and intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets may include both purchased licences and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the CA and Group.

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

The movement on Intangible Asset balances during the year is as follows:

	2021/22 (from 10 May 2021)		2020/21	
	Other Assets £000	Total £000	Other Assets £000	Total £000
Balance at start of the year				
- Gross carrying amounts	16,092	16,092	0	0
- Accumulated amortisation	(8,350)	(8,350)	0	0
- Derecognition - Disposals	0	0		0
Net carrying amount at start of year	7,742	7,742	0	0
Additions:				
- Purchases	589	589	0	0
Impairment losses recognised in the CIES	(3)	(3)	0	0
Amortisation for the Period	(2,735)	(2,735)	0	0
Other changes	3	3	0	0
Net carrying amount at the end of year	5,596	5,596	0	0
Comprising:				
- Gross Carrying amounts	16,684	16,684	0	0
- Accumulated amortisation	(11,088)	(11,088)	0	0
	5,596	5,596	0	0

12. FINANCIAL INSTRUMENTS FOR CA AND GROUP

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity. Non exchange transactions, such as those relating to local taxation and government grants, do not give rise to financial instruments.

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

	Long-Term		Current		Total	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
<u>Financial Assets at Amortised Cost</u>						
Short term Investments	-	-	518,440	345,972	518,440	345,972
Cash held by the Group	-	-	71,237	35,260	71,237	35,260
Cash equivalents	-	-		0	0	0
Total Investments	-	-	589,677	381,232	589,677	381,232
<u>Debtors</u>						
Debtors	-	-	63,185	27,224	63,185	27,224
Long term Debtors- Soft Loans Advanced	9,474	9,289			9,474	9,289
Long term Debtors- Commercial Loans Advanced	4,066	6,459			4,066	6,459
Long term Debtors- Other	3258	3,718			3,258	3,718
Total Debtors	16,798	19,466	63,185	27,224	79,983	46,690
Total Financial Assets	16,798	19,466	652,862	408,456	669,660	427,922
<u>Financial Liabilities at Amortised Cost</u>						
Borrowings repayable within one year			(1,731)	(1,048)	(1,731)	(1,048)
Bank Overdraft			(3,460)		(3,460)	0
Long term Borrowing	(148,761)	(75,000)			(148,761)	(75,000)
Total Borrowings	(148,761)	(75,000)	(5,191)	(1,048)	(5,191)	(76,048)
<u>Other Long Term Liabilities</u>						
Private Finance Initiative	(81,882)		(2,863)		(84,745)	0
Total Other Long Term Liabilities	(81,882)	0	(2,863)	0	(84,745)	0
<u>Creditors</u>	0	0	(205,010)	(148,061)	(205,010)	(148,061)
Total Creditors	0	0	(205,010)	(148,061)	(205,010)	(148,061)
Total Financial Liabilities	(230,643)	(75,000)	(213,064)	(149,109)	(294,946)	(224,109)

Note: The short term debtors line on the Balance Sheet includes short term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

The short term creditors line on the Balance Sheet includes short term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

12.1 Soft Loans

The CA has provided a number of loans to third parties at less than market rates. The nominal value of these loans is £9.4m. A fair value adjustment has been made in the CIES of £0.185m which recognises the loss on interest receivable on loans outstanding.

12.2 Income, Expenses, Gains and Losses

The following table summarises gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments.

	2021/22			2020/21		
	Financial Liabilities measured at amortised cost	Financial Assets measured at FVPL	Total	Financial Liabilities measured at amortised cost	Financial Assets Loans and Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	12,026	0	12,026	3,214	0	3,214
Fee expense	1	0	1	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	12,027	0	12,027	3,214	0	3,214
Interest income	(1,322)	0	(1,322)	(2,984)	0	(2,984)
Total income in Surplus or Deficit on the Provision of Services	(1,322)	0	(1,322)	(2,984)	0	(2,984)
Net (gain)/loss for the year	10,705	0	10,705	230	0	230

12.3 Fair Values of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans, creditors and trade receivables and short-term debtors which are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments.

The Combined Authority is required to disclose the fair value and carrying value for those financial instruments whose carrying value is not a reasonable approximation for fair value. Only the Combined Authority's loan portfolio and short term investment fall into this category.

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value, which includes accrued interest as at the balance sheet date, therefore we have included accrued interest in the fair value calculation.

Fair value is determined by calculating the Net Present Value of future cash flows, thus estimating the value of future payments in today's terms. This is a widely accepted and commonly used valuation technique. The discount rates used for the evaluation were obtained by the CA from our Advisors Link Asset Services. Link Asset Services is a leading and independent provider of capital financing, treasury advisory and strategic advisory consulting services to the public sector.

The fair value of borrowing from the PWLB and other loans payable has been estimated on the basis of PWLB new borrowing rates matching the remaining duration of the loans.

The fair value for long term debtors has been estimated using the PWLB's interest rates for new fixed rate loans with the most appropriate maturity and repayment profile as at 31st March 2022.

Trade and other receivables are non-interest-bearing financial instruments. The short-term nature of these instruments means there is no material difference between the carrying value and fair value.

The fair values calculated are as follows:

	2021/22		2020/21	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Assets				
Fixed term Investments	518,440	517,040	345,972	346,314
Long term Debtors- Soft Loans Advanced	9,474	9,363	9,289	9,298
Long term Debtors- Commercial Loans Advanced	4,066	4,690	6,459	7,019
Total Financial Assets	531,980	531,093	361,720	362,631
Financial Liabilities at Amortised Cost				
PWLB Long term Borrowing	(116,135)	(161,836)	(50,728)	(77,801)
Non - PWLB Long term Borrowing	(34,348)	(49,756)	(25,320)	(41,093)
Private Finance Initiative	(84,746)	(84,746)		
Total Financial Liabilities	(235,229)	(296,338)	(76,048)	(118,894)

The CA has determined that for PFI scheme liabilities, the carrying value represents the best estimate of fair value, as the carrying value is based on the effective interest rate of the contract, which reflects the unique risks associated with that contract. For the remaining financial instruments in the above table, fair value has been estimated using observable data on market rates for similar instruments, and the fair values disclosed therefore fall within Level 2 of the fair value hierarchy.

The fair value is greater than the carrying amount because the CA and Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

12.4 Management of Risk Arising from Financial Instruments for the CA and Group

There are a number of risks associated with financial instruments to which the Combined Authority (CA) is necessarily exposed. However, the Combined Authority monitors and seeks to manage these risks in order to minimise the potential for losses to occur.

Credit risk

Credit risk is the risk that amounts due to the Combined Authority (CA) and the Group may not be received. Amounts due to the CA from financial assets can arise either from loans and investments made, or from income receivable for goods or services provided by the CA and Group.

Almost all of the CA's loans and investments are made for treasury management purposes, to generate income from available balances. The parameters within which these investments are made are set out within the approved Treasury Management

Policy. The effect of this policy is to restrict as far as is practicable the CA's exposure to risk from the failure of a financial institution. It ensures that deposits are placed only with limited numbers of financial institutions whose credit rating is independently assessed as being sufficiently secure. The term and maximum deposit is also restricted to reduce risk exposure.

The Code requires that no impairment allowance is recognised for deposits with the government or with other local authorities. The CA's remaining financial assets held for treasury management purposes have been reviewed for impairment, using available market data on default rates for similar instruments. As a result, the CA has concluded that the level of impairment allowance required would be immaterial and so no impairment allowance has been recognised. Historically, the CA has not experienced any defaults on its treasury investments. The CA has considered the expected credit loss allowance under IFRS 9 and concluded that the impact will not be material.

Considering the Covid-19 pandemic, the credit risk on the CA's investments has been assessed as low. This is due to the fact all its fixed deposit investments have been made with local government bodies. The CA is managing its counterparty risk by keeping funds relatively short up to two years but the majority within one year and placing fixed deposits only with other Local authorities. Additionally a maximum of £15m can be lent to any one counterparty with the exception of the call account held with Nat West (one of the CA's bankers). Although under the approved investment strategy adopted the CA can lend to a range of excellent rated banks, this activity has been restricted for the foreseeable future until the economic environment improves.

The Combined Authority has exposure to credit risk on the Debtor Loans advanced to third parties. The Growing Places Fund Loans are riskier commercial loans with the interest rate reflective of the borrower's credit status and security provided. The financial status and credit score of the companies are regularly reviewed and monitored in order to minimise the instances of loss. As at 31 March 2022, there were four GPF loans outstanding, two of which were loans issued to local government backed housing investment initiatives.

The Local Growth Fund loans are to Local Authorities who are deemed to be low risk on the basis they are backed by government and required by law to make provision for loan repayments.

The table below shows the gross amounts due to the CA and Group from its financial assets, and the amounts which have been impaired due to expected level of uncollectability. The net carrying value which is shown on the balance sheet represents the maximum credit risk to which the CA and Group is exposed.

	2021/22			2020/21		
	Gross Value	Impairment Value	Net Value	Gross Value	Impairment Value	Net Value
	£'000	£'000	£'000	£'000	£'000	£'000
Deposit with Financial Institutions	71,237	0	71,237	35,260	0	35,260
Long term debtors	16,798	0	16,798	3,718	0	3,718
Long term loans	13,540	0	13,540	15,748	0	15,748
Short term debtors	27,332	(690)	26,642	27,877	(653)	27,224
Total	101,575	0	101,575	82,603	0	54,726

Table analyses the movement in the impairment provision for trade debtors:

	2021/22	2020/21
	£'000	£'000
Opening	653	179
Impairment allowance raised	144	516
Impairment allowance applied	(28)	(42)
Other movements	(79)	0
Total	690	653

Liquidity Risk

Liquidity risk is the risk that the Combined Authority may not have sufficient cash available to meet its day to day obligations to meet payments.

The Combined Authority has access to borrowing from the Public Works Loans Board and commercial lenders to meet long term spending and shorter term cashflow requirements and these arrangements provide the appropriate level of finance to support the Combined Authority's current and future requirements. Given the ongoing availability of PWLB funding as a lender of last resort, the CA considers that it has limited liquidity risk, so far as it can foresee. However there is a consequent risk that the CA may be forced to borrow at a time of unfavourable interest rates (please see below).

Refinancing and Maturity risk

The CA and Group maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the CA and Group relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Actual 31 March 2022 £000	Actual 31 March 2022	Actual 31 March 2021 £000	Actual 31 March 2021
Less than one year	675	0%		
Between one and two years	0	0%		
Between two and five years		0%		
Between five and ten years	4,949	3%		
More than ten years	143,812	96%	75,000	100%
Total	149,436	100%	75,000	100%

Interest Risk

Interest rate risk is the risk that future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Combined Authority's long term lending is at fixed interest rates but it also borrows some of its money in the form of fixed rate loans. This mix of lending assists the Authority in taking advantage of changes to interest rates and it constantly reviews the potential for refinancing debt at more favourable rates.

The Combined Authority is also affected by fluctuations in shorter term interest rates as this impacts on the interest that can be earned in the year on deposits. This is particularly true after the recent base rate rises. The short term interest rate is carefully monitored and opportunities to secure advantageous interest rates are considered.

The Combined Authority is required to disclose the impact that a hypothetical change in market interest rates during the year would have had on its recognised gains and losses. It should be noted that had interest rates been different then in practice different decisions would have been taken in relation to rescheduling of debt and new borrowing and investment undertaken. It is not possible to quantify the likely impact of such different decisions. The Combined Authority's interest payable and receivable would have varied by a net £4,174k if interest rates varied by 1% in the year.

Other Market Risk

There are two other forms of market rate risk which could potentially affect a local authority's financial instruments – currency risk and price risk.

Currency risk is the risk that gains or losses will be incurred because of changes in foreign currency exchange rates. The Combined Authority is not exposed to any material currency risk.

Price risk is the risk that the value of a financial instrument will change as a result of market fluctuations. At 31st March 2022 the CA is not exposed to any material price risk.

13. INVENTORIES FOR THE CA AND GROUP

10 May 2021 to 31 Mar 2022	Opening Balance £000	Purchases £000	Expense in Year £000	Write Offs £000	Closing Balance £000
Clothing	1,990	342	(2,330)	0	0
Police Support Unit	327	62	(389)	0	(0)
Fuel	45	2,299	(2,247)	0	97
IT	448	349	(602)	0	195
Other	401	2,262	(2,183)	0	480
NPAS Fuel	101	1,479	(1,425)	0	155
Regional Stores Stock	0	174	0	0	174
Total	3,309	6,967	(9,176)	0	1,099

14. DEBTORS FOR THE CA AND GROUP

As the balance sheet represents the position at the end of the financial year, there are monies owed to the Combined Authority (CA) and Group at that date which are yet to be received as cash. The following analysis shows the amounts owed to the CA and group which had not been received at 31st March 2022.

The CA and Group also makes loss allowance for outstanding monies which it is anticipated may not be recovered. These amounts are then deducted from the total value of debtors shown in the balance sheet. An analysis of this impairment allowance for bad and doubtful debts is included below.

Trade and other receivables are non-interest-bearing financial instruments. There is no material difference between the carrying value and the fair value of trade and other receivables.

14.1 Short Term Debtors

	31 March 2022 £000	31 March 2021 £000
Central government bodies	31,670	6,257
Local authorities	8,993	13,790
Police forces	13,986	
Other entities and individuals	30,970	7,830
Total current debtors	85,619	27,877
Loss allowance for doubtful debt	(690)	(653)
Total debts	84,929	27,224

14.2 Long Term Debtors

	31 March 2022 £000	31 March 2021 £000
<u>Soft Loans</u>		
Balance at 1 April	9,289	9,108
Effective interest to write back to carrying value	185	181
Soft Loans balance at 31 March	9,474	9,289
<u>Other Loans Advanced</u>		
Balance at 1 April	6,459	15,297
Change in category	(1,423)	37
Loans repaid	(970)	(8,875)
Other Loans balance at 31 March	4,066	6,459
<u>Other long term debtor</u>		
Balance at 1 April	3,718	3,718
Change in category	1,423	37
Loans advanced during the year	125	-
Loans repaid	(2,318)	-
Total Other Long Term Debtor	2,947	3,755
Total CA Long Term Debtor	16,487	19,503
<u>Police Fund LT Transferred in 10 May 2021</u>		
Loans transferred	2,623	-
Loans repaid	(2,312)	-
Total Police Fund Long Term Debtor	311	-
Total Long Term Debtor	16,798	19,503

The majority of loans were made under the Governments Growing Places Fund initiative which was set up in 2015 to support key infrastructure projects designed to unlock wider economic growth, create jobs and build houses in England. The fund is an important boost for local economies and provides a major opportunity for local enterprise partnerships and local authorities to identify and prioritise the infrastructure they need for growth. The range of projects being supported include site access/site clearance, transport infrastructure and refurbishment of buildings.

15. CASH AND CASH EQUIVALENTS FOR THE CA AND GROUP

The balance of Cash and Cash Equivalents is made up of the following elements:

	2021/22 £000	2020/21 £000
Cash held by the Group	71,237	35,260
Short-term deposits with banks	0	0
Total	71,237	35,260
Bank current accounts	(3,460)	-
Total Cash and Cash Equivalents	67,777	35,260

Cash balances above include £5.6m the CA held on behalf of third parties at the end of 2021/22 (£5.6m in 2020/21). The liability to repay these amounts is included under Trade and Other Payables.

Cash at bank and short-term deposits earn interest at floating rates based on bank deposit rates. There is no material difference between the carrying value and fair value of cash and cash equivalents.

16. CREDITORS FOR THE CA AND GROUP

Since the CA's Balance Sheet represents the financial position at the end of the financial year, there are monies owed by the CA and Group at that date which have yet to be paid. There are also amounts which the CA and group have received before the end of the financial year which relate to services which have not yet been provided, or are to fund revenue schemes which have not yet taken place (Deferred Income). This analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31st March 2022.

	31 March 2022 £000	31 March 2021 £000
Central government bodies	37,573	1,342
Local authorities	91,576	105,250
Police forces	7,133	0
Other entities and individuals	86,411	28,372
Current creditors CA	222,693	134,964
Other entities and individuals WYP	(15,040)	0
Total current creditors CA and GROUP	207,653	134,964
Long term creditors CA and GROUP	311	0
Total creditors Group	207,964	134,964

16.1 Deferred Income

	31 March 2022 £000	31 March 2021 £000
Central government bodies	25,955	10,431
Local authorities	1,328	1,467
Bodies external to Government	683	1,199
Deferred Income CA and GROUP	27,966	13,097
Bodies external to Government WYP	0	0
Total Deferred Income GROUP	27,966	13,097

16.2 Capital Grant Received in Advance

	31 March 2022 £000	31 March 2021 £000
Central government bodies	1,619	7,366
Bodies external to Government	4,042	2,833
Total Capital Grant Receipt in Advance	5,661	10,199

Notes

- Central government deferred income relates to revenue grants received in advance where conditions have not been met at the year end.
- Other Local Authorities deferred income relates to contributions to small revenue projects that have not yet been completed and conditions remain outstanding.

- Central government capital grant received in advance relates to capital grants received in advance where conditions have not been met at the year end.
- Capital receipts in advance from bodies external to Government relates to capital contributions to small infrastructure projects that have not yet been completed and conditions remain outstanding.
- Trade and other payables are non-interest-bearing financial instruments. There is no material difference between the carrying value and the fair value of trade and other payables. Included above is also a small amount of accrued leaves from CA employees.

17. PROVISIONS for the CA and GROUP

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain. Provisions during the year are analysed as follows:

	Police Fund Provision				General Fund Provision	Total £000
	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Insurance £000	Other Provisions £000	Other Provisions £000	
Balance at 1 April 2021					635	635
Balance transferred in 10 May 2021	2,295	515	3,576	0		
Additional provisions made in 2021/22	556	882	361	386	1,788	3,973
Amounts used in 2021/22	(272)	(820)	(629)	0		(1,721)
Balance at 31 March 2022	2,579	577	3,307	386	2,423	9,272

The Combined Authority as at 31 March 2022 has provided for liabilities relating to the now insolvent company Mutual Municipal Insurance Ltd representing the potential clawback of claims made by the former West Yorkshire Passenger Transport Executive in previous years. Provision is also made Under Part I of the Land Compensation Act 1973 relating to one of the highway capitals scheme.

Outstanding Legal Cases

The amount provided of £2.579m in respect of outstanding legal claims is made up of £0.295m for employment tribunals and £1.046m for litigated insurance claims, and £1.182m for other legal cases.

Injury Compensation Claims

All of the injury compensation claims are individually insignificant. They relate to personal injury sustained where the CA and Group is alleged to be at fault. Provision is made for those claims where it is deemed probable that the CA and Group will have to make a settlement, based on past experience of court decisions about liability and the amount of damages payable. The CA and Group may be reimbursed by its insurers, but until claims are actually settled no income is recognised.

Insurance Provision

The CA and Group has a provision to meet certain claims made against it. The provision currently bears the first £750,000 of any claim arising from the following policies:

- (i) Public/Products Liability
- (ii) Liability to Employees
- (iii) Motor Vehicles (Third Party Liability, £750,000 excess)
- (iv) Libel and Slander
- (v) Officials Indemnity

The CA and Group, on the advice of its insurance brokers, has provided £225k, a reduction from 15% to 10% in respect of the anticipated clawback of previous claims settlements under the Municipal Mutual Insurance (MMI) Scheme of Arrangement. MMI was a mutual insurance provider which became technically insolvent in 1992. All other provisions are individually insignificant.

18. USABLE RESERVES FOR THE CA AND GROUP

The Combined Authority's reserves have been split between usable and unusable reserves, and between the CA general fund reserve, the Police Fund Reserve and capital reserves. Usable revenue reserves and usable capital reserves are the only amounts within total reserves which are available to fund future expenditure. Usable capital reserves can only be used to fund capital expenditure, but revenue reserves can be used to fund either revenue or capital expenditure. Movements in usable reserves are detailed in the Movement in Reserves Statement.

2020/21 £000		2021/22 £000
12,951	General Fund Balance	13,626
	Police Fund Balance	13,781
27,408	Capital Receipts Reserve	34,556
140,372	Capital Grants Unapplied Account	210,216
	<u>Earmarked CA Fund Reserves</u>	
1,268	Rail Reserve & New Generation Transport Reserve	1,267
41,224	WY Transport fund Reserve	47,400
25,912	Gainshare Reserve	45,558
	Transport Reserve	2,000
	<u>Earmarked Police Fund Reserves</u>	
	Viper Reserve	5,376
	PFI Reserve	13,241
	Regional Working Reserve	5,546
	Dilapidations Reserve	530
	Organisational Change Fund	820
	Community Safety Fund	1,768
	ESN Reserve	2,486
	Energy Reserve	3,365
	Operational Reserve	134
	Wellbeing Reserve	713
	Revenue Pressures Reserve	7,920
	Police Uplift Programme Reserve	3,424
	Safeguarding Reserve	915
	Income Loss Reserve	809
	COVID Reserve	1,959
	NPAS	7,065
	NPAS Operational Reserve	5,456
	Local Council Tax Support Reserve	3,001
	Capital Financing Reserve	10,662
249,135	Total Usable Reserves	443,594

19. UNUSABLE RESERVES FOR THE CA AND GROUP

Unusable revenue reserves are those established by statute in order to adjust the timing with which certain items affect the tax payers. For example, the largest statutory revenue reserve relates to pensions liabilities measured under IAS19. The government has determined that tax payers should only be charged with the actual level of pension fund contributions payable by the CA, and thus the level of the pensions reserve reflects the extent to which pension liabilities already earned at the balance sheet date will be paid for through future pension fund contributions and income earned from pension fund assets. The reserves of the CA and Group have been presented to show a clear distinction between accounting reserves that are unusable and cannot be used to support expenditure and usable reserves.

2020/21 £000		2021/22 £000
14,507	Revaluation Reserve	108,553
15,535	Capital Adjustment Account	65,565
(1,488)	Financial Instruments Adjustment Account	(1,500)
0	Collection Fund Adjustment Account	(1,488)
(91,346)	Pensions Reserve	(76,949)
1,723	Donated Asset Reserve	1,787
(61,069)	Total Unusable Reserves WYCA	95,968
0	Pensions Reserve CC	(7,131,084)
0	Accumulated Absences Adjustment Account CC	(15,040)
0	Total Unusable Reserves WYCA and GROUP	(7,146,124)
(61,069)	Total Unusable Reserves GROUP	(7,050,156)

Revaluation Reserve

The revaluation reserve contains gains made on the increases in the value of Property Plant and Equipment. The balance on the reserve is only available for use when assets with accumulated gains are, revalued downwards or impaired, disposed of and when gains are used in the provision of services and gains are consumed through depreciation.

2020/21 £000	Revaluation Reserve	2021/22 £000
14,269	Balance at 1 April	14,507
	Balance Transfer In at 10 May 2021	75,825
238	Surplus/(deficit) on revaluation	20,923
0	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	
238	Surplus on revaluation of non-current assets not charged to the Surplus/Deficit on the Provision of Services	20,923
	Amount written off on disposal	(76)
	Difference between fair value depreciation and historical cost depreciation	(2,627)
0	Amount written off to the Capital Adjustment Account	(2,702)
14,507	Balance at 31 March	108,553

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of capital investment, the depreciation charge and impairment losses, and credited with capital grants and contributions receivable and amounts set aside by the Combined Authority as finance for the costs of acquisition, construction and enhancement.

Note 5 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2020/21 £000	Capital Adjustment Account	2021/22 £000
9,108	Balance at 1 April	15,535
	Balance transfer at 10 May 2021	28,900
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
(4,791)	Charges for depreciation of non-current assets	(27,117)
	Charges for impairment of non-current assets	2,788
	Amortisation of intangible assets	(2,735)
	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(804)
(4,791)		(27,868)
0	Adjusting amounts written out of the Revaluation Reserve	2,702
(4,791)	Net written out amount of the cost of non-current assets consumed in the year	(25,166)
	Capital financing applied in the year:	
20	Use of the Capital Receipts Reserve to finance new capital expenditure	0
314,837	Capital grants and contributions credited to the CIES that have been applied to capital financing	253,306
	Capital grants and contributions credited to the CIES that have been applied to capital financing NPAS	8,142
	Application of grants to capital financing from the Capital Grants Unapplied Account	738
3,515	Statutory provision for the financing of capital investment charged against the General Fund	8,293
(298,280)	Revenue Expenditure Funded from Capital under Statute	(232,907)
(8,875)	Adjusting repayments of capital loan	(111)
	Capital expenditure charged against the Police Fund Balance	8,834
11,217		46,295
15,535	Balance at 31 March	65,565

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Combined Authority uses the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums/discounts are debited/credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. The Financial Instruments Adjustment Account also recognises the impact of writing down soft loans using the effective interest rate method based on PWLB rates to discount soft loans.

2020/21 £000	Financial Instruments Adjustment Account	2021/22 £000
(1,675)	Balance at 1 April	(1,488)
	Transfer Premium and Discount on loans at 10 May 2021	(306)
	Movement during the year:	
181	Effective Interest rate adjustment- Soft Loans	185
6	Premium & Discounts amortised to General Fund during year	88
	Premium & Discounts amortised to Police Fund during year	21
187	Amount by which finance costs charged to the CIES different from finance costs chargeable in the year in accordance with statutory requirements	294
0	Premium and Discount on loans (Police Fund) c/fwd	(285)
0	Premium and Discount on loans (General Fund) c/fwd	(1,215)
(1,488)	Balance at 31 March	(1,500)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory requirements for paying across amounts to the Police Fund from the Collection Funds of the Billing Authorities.

2020/21 £000	Collection Fund Adjustment Account	2021/22 £000
0	Balance at 1 April	0
	Balance transfer at 10 May 2021	(3,688)
0	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,200
0	Balance at 31 March	(1,488)

Pensions Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for employment benefits as per IAS19 and for funding such benefits in accordance with statutory requirements. The debit balance on the pension reserve recognises the shortfall in resources set aside to meet the benefits earned by past and current employees. The statutory arrangements will ensure that sufficient funding will be set aside to meet these benefits by the time they are due to be paid.

2020/21 £000	Pensions Reserve West Yorkshire Combined Authority	
(89,036)	Balance at 1 April	(91,346)
	Balance transfer at 10 May 2021	(9,060)
1,751	Actuarial gains or losses on pensions assets and liabilities	31,242
(8,522)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(12,617)
	Net increase in liability on disposal/acquisition	0
4,461	Employer's pensions contributions	4,832
(91,346)	Balance at 31 March	(76,949)

2020/21 £000	Pensions Reserve GROUP	2021/22 £000
(89,036)	Balance at 1 April	(91,346)
1,751	Balance transfer at 10 May 2021	(7,215,289)
(8,522)	Actuarial gains or losses on pensions assets and liabilities	310,720
	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(356,899)
	Net increase in liability on disposal/acquisition	0
4,461	Employer's pensions contributions and direct payments to pensioners payable in the year	144,781
(91,346)	Balance at 31 March	(7,208,033)

Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account represents the value of the future obligation of the CA and Group to pay Police officers and Police staff in respect of unused accumulated absences not taken in the year, e.g. annual leave entitlement carried forward at 31 March 2022. Statutory arrangements require that the impact on the Police Fund Balance is neutralised by transfers to or from the Account. There was a small amount of accrued holiday pay (£364k) for CA staff which has been included in Note 16 Creditors.

2020/21 £000	Accumulated Absences Adjustment Account GROUP	2021/22 £000
0	Balance at 1 April	0
	Balance transfer at 10 May 2021	(29,248)
0	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	14,208
0	Balance at 31 March	(15,040)

Donated Asset Account

Donated assets are those that were received at little or no cost to the Combined Authority but are recognised on the balance sheet at fair value to reflect the true benefit of these assets. The Donated Asset account is a corresponding reserve that recognises the true value of the asset (see note 11.5).

2020/21 £000	Donated Asset Account WYCA and Group	2021/22 £000
1,728	Balance at 1 April	1,723
39	Surplus/(deficit) on revaluation	109
(44)	Depreciation	(45)
1,723	Balance at 31 March	1,787

20. MEMBERS ALLOWANCES FOR THE CA AND GROUP

The Combined Authority and Group paid the following amounts to their members during the year.

	2021/22 £000	2020/21 £000
Allowances CA Members	250	139
Total CA and Group	250	139
Allowances Police Joint Independent Audit Committee Members	11	0
Total Group	261	139

21. OFFICER REMUNERATION FOR THE CA AND GROUP

The Accounts and Audit Regulations 2015 requires the CA and Group to disclose Information on their employees' remuneration in three sections. Full details are required for senior employees who have a role in the overall management of the CA or who occupy certain statutory posts, and whose annual salary is above £50,000. Those senior officers whose salary is above £150,000 are required to be named. In addition remuneration for the Mayor and Deputy Mayor for Police and Crime are disclosed.

The remuneration paid to the CA senior employees and senior officers in the table below includes remuneration for the financial year 2021/22. The remuneration paid to senior police staff and senior police officers includes remuneration for the financial year 2021/22 for the period of 10 months and 22 days.

		Salary, Fees and Allowances	Expenses Allowances	Pension Contribution	Total
		£	£	£	£
WYCA as at 31 March 2022					
Mayor of West Yorkshire	10.05.21- 31.03.22	93,710	286	0	93,996
Deputy Mayor for Police and Crime	30.06.21- 31.03.22	51,100	155	8,789	60,044
Managing Director - (Ben Still)	01.04.21- 31.03.22	166,926	18	28,711	195,655
Director, Transport Services	01.04.21- 31.03.22	116,380	0	20,017	136,397
Director of Delivery	01.04.21- 31.03.22	116,380	0	20,017	136,397
Director of Corporate & Commercial Services- S73 Officer	01.04.21- 31.03.22	116,380	0	20,017	136,397
Director of Policy Development	19.04.21- 31.03.22	95,484	0	16,423	111,907
Director of Strategy and Communications and Policing	01.04.21- 31.03.22	116,380	0	20,017	136,397
Director of Economic Services	01.04.21- 31.03.22	111,090	0	19,107	130,197
Head of Legal & Governance Services	01.04.21- 31.03.22	85,906	0	14,776	100,682

**West Yorkshire Police 10/05/2021 to
31/03/2022**

Chief Constable (J Robins)	10.05.21 - 31.03.22	193,083	0	56,721	249,804
Deputy Chief Constable (R Foster)	10.05.21 - 31.03.22	145,939	0	42,220	188,158
Assistant Chief Constable (People)	10.05.21 - 30.09.21	51,262	0	14,505	65,767
Assistant Chief Constable (People)	28.06.21 - 31.03.22	92,546	0	26,775	119,322
Assistant Chief Constable (Specialist Crime)	10.05.21 - 31.03.22	104,429	0	29,646	134,075
Assistant Chief Constable (Specialist Operations)	10.05.21 - 31.03.22	112,434	0	32,984	145,419
Assistant Chief Constable (Local Policing and Safeguarding)	10.05.21 - 31.03.22	104,389	0	31,594	135,984
Assistant Chief Constable (Local Policing and Safeguarding)	06.09.21 - 19.12.21	30,818	0	8,168	38,986
Assistant Chief Constable (Regional Specialist Crime)	06.09.21 - 31.03.22	63,099	0	16,104	79,203
Assistant Chief Constable (NPAS)	10.05.21 - 31.03.22	101,735	0	25,384	127,119
Assistant Chief Officer (Business Operations)	10.05.21 - 31.03.22	105,087	0	15,028	120,115

		Salary, Fees and Allowances	Expenses Allowances	Pension Contribution	Total
		£	£	£	£
WYCA as at 31 March 2021					
Managing Director (B Still)	01.04.20 - 31.03.21	164,056	0	28,218	192,274
Director, Transport Services	01.04.20 - 31.03.21	114,378	0	19,673	134,051
Director of Delivery	01.04.20 - 31.03.21	114,378	0	19,673	134,051
Director of Corporate & Commercial Services- S73 Officer	01.04.20 - 31.03.21	114,378	0	19,673	134,051
Director of Strategy, Policy and Communications	01.04.20 - 31.03.21	109,179	122	18,779	128,080
Director of Economic Services	01.04.20 - 31.03.21	103,980	0	17,885	121,865
Head of Legal & Governance Services	01.04.20 - 31.03.21	84,428	0	14,522	98,950

The number of other employees and senior police officers, not disclosed in the table above, receiving more than £50,000 remuneration (excluding employer's pension contributions) are included in the table below. The impact of the shorter year end of 10 months and 22 days for 2021/22 has resulted in fewer Police employees being captured in this table.

WYCA Remuneration Band	Number of Employees		WYCA Remuneration Band	Number of Employees	
	2021/22	2020/21		2021/22	2020/21
£50,000 - £54,999	13	11	£95,000 - £99,999	0	0
£55,000 - £59,999	15	12	£100,000 - £104,999	0	0
£60,000 - £64,999	3	6	£105,000 - £109,999	0	0
£65,000 - £69,999	7	8	£115,000 - £119,999	0	0
£70,000 - £74,999	11	3	£120,000 - £124,999	0	0
£75,000 - £79,999	0	0	£125,000 - £129,999	0	0
£80,000 - £84,999	0	3	£130,000 - £134,999	0	0
£85,000 - £89,999	1	0	£145,000 - £149,999	0	0
£90,000 - £94,999	0	1	£185,000 - £189,999	0	0
	50	44		0	0

GROUP Remuneration Band	Number of Employees		GROUP Remuneration Band	Number of Employees	
	2021/22	2020/21		2021/22	2020/21
£50,000 - £54,999	43	11	£95,000 - £99,999	1	0
£55,000 - £59,999	46	12	£100,000 - £104,999	0	0
£60,000 - £64,999	45	6	£105,000 - £109,999	1	0
£65,000 - £69,999	26	8	£115,000 - £119,999	0	0
£70,000 - £74,999	18	3	£120,000 - £124,999	0	0
£75,000 - £79,999	6	0	£125,000 - £129,999	0	0
£80,000 - £84,999	12	3	£130,000 - £134,999	0	0
£85,000 - £89,999	5	0	£145,000 - £149,999	0	0
£90,000 - £94,999	2	1	£185,000 - £189,999	1	0

Note: The Chair of Leeds City Region Enterprise Partnership (LEP) is an independent member and an annual fee of £60k was paid to the Chair on IR35 (off-payroll working rules) basis.

Costs of redundancies and other leavers

The number of exit packages for the Group with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Packages WYCA	Compulsory Redundancies	Other Departures	Total	Exit Packages WYCA	Compulsory Redundancies	Other Departures	Total
2021/22	£	£	£	2021/22	No	No	No
£0-£20,000	0	20,000	20,000	£0-£20,000	0	1	1
£20,001-£40,000	24,596	0	24,596	£20,001-£40,000	1	0	1
£40,001-£60,000	0	0	0	£40,001-£60,000	0	0	0
£60,001-£80,000	0	0	0	£60,001-£80,000	0	0	0
£80,001-£100,000	0	0	0	£80,001-£100,000	0	0	0
£100,001-£150,000	0	0	0	£100,001-£150,000	0	0	0
£150,001-£200,000	0	0	0	£150,001-£200,000	0	0	0
	24,596	20,000	44,596		1	1	2

Exit Packages GROUP	Compulsory Redundancies	Other Departures	Total	Exit Packages GROUP	Compulsory Redundancies	Other Departures	Total
2021/22	£	£	£	2021/22	No.	No.	No.
£0-£20,000	5,827	20,000	25,827	£0-£20,000	3	1	4
£20,001-£40,000	24,596	0	24,596	£20,001-£40,000	1	0	1
£40,001-£60,000	0	0	0	£40,001-£60,000	0	0	0
£60,001-£80,000	0	0	0	£60,001-£80,000	0	0	0
£80,001-£100,000	0	0	0	£80,001-£100,000	0	0	0
£100,001-£150,000	0	0	0	£100,001-£150,000	0	0	0
£150,001-£200,000	0	0	0	£150,001-£200,000	0	0	0
	30,423	20,000	50,423		4	1	5

Exit Packages WYCA	Compulsory Redundancies	Other Departures	Total	Exit Packages WYCA	Compulsory Redundancies	Other Departures	Total
2020/21	£	£	£	2020/21	No	No	No
£0-£20,000	0	8,936	8,936	£0-£20,000	0	3	3
£20,001-£40,000	0	0	0	£20,001-£40,000	0	0	0
£40,001-£60,000	56,323	0	56,323	£40,001-£60,000	1	0	1
£60,001-£80,000	0	0	0	£60,001-£80,000	0	0	0
£80,001-£100,000	0	0	0	£80,001-£100,000	0	0	0
£100,001-£150,000	0	0	0	£100,001-£150,000	0	0	0
£150,001-£200,000	0	0	0	£150,001-£200,000	0	0	0
	56,323	8,936	65,259		1	3	4

The Code requires the Combined Authority and Group to disclose any costs it has incurred as a result of compulsory and voluntary redundancies. Termination benefits were paid by the CA and Group arising from the termination of employment incurring liabilities of £50,423 in 2021/22 (£65,259 in 2020/21). The exit package payable included voluntary redundancy payments and enhanced pension benefits payable arising from the re-structuring and rationalisation of specific business areas. There were no severance payments identified as being due for the Group. During the year, total costs to the Group paying the pension strain on those employees who accepted early retirement were £154k. Pension strain is a payment made to the pension fund to reflect the additional cost to the fund of the employees retiring early. It is not a payment to the individual.

22. EXTERNAL AUDIT COSTS FOR THE CA AND GROUP

The Group has incurred the following costs in relation to the audit of the Statement of Accounts.

	2021/22 £000	2020/21 £000
Fees payable to Mazars with regard to external audit services for West Yorkshire Combined Authority	37	37
Total WYCA	37	37
Fees payable to Grant Thornton with regard to external audit services for the Chief Constable	25	
Fees payable to Mazars with regard to external audit services for the Chief Constable	17	
Total WYCA and Group	79	37

23. RELATED PARTIES FOR THE CA AND GROUP

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

In this context related parties include Central Government, Members, the Chief Constable for West Yorkshire, Key Management Personnel including Senior Officers and Close Family Members of Key Management Personnel, Other Public Bodies.

Central Government

Central Government has significant influence over the general operations of the Combined Authority and Group – it is responsible for providing the statutory framework within which the Group operates, providing the majority of funding in the form of grants to the Combined Authority and to the Mayor regarding Policing function, and prescribes the terms of many of the transactions with other parties.

The Chief Constable for West Yorkshire

Under the legislative framework and local arrangements, the Combined Authority under sole instruction from the Mayor, is responsible for the finances of the Mayoral Police Fund including assets, liabilities and reserves. The Combined Authority receives all income and funding and makes all the payments for the Policing activity from the Mayoral Police Fund. The Combined Authority also has responsibility for entering into contracts under which the Chief Constables officers and staff operate. Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable.

Members

Members of the Authority - the Mayor and members of the West Yorkshire local Councils and LEP nominee - have direct control over the Combined Authority's financial and operating policies.

The Combined Authority requires Members to complete a declaration of members' disclosable pecuniary interests, and a financial year end related party transaction declaration covering their close family. Information of both declarations are used to prepare this note.

All members have at least two roles under the Local Government Act 1985 in that they are members of one of the five constituent levying local authorities or City of York Council and are appointed to the Combined Authority or co-opted to one or more of its committees.

The Combined Authority has a number of financial transactions with related parties. The significant revenue transactions, not separately disclosed elsewhere or covering basic areas of expenditure such as rates and other service charges are:

- The UK Government exerts significant influence through legislation and the grant funding it provides to the Combined Authority. Government grant funding received is disclosed in Note 9.
- The Combined Authority receives financing through its Levy and contributions to the economic activities of the City Region from the local authorities.
- The Combined Authority provides agency services for Education transport for which they are paid fees.
- The Combined Authority received Local Transport Block Funding of which an allocation was paid to the local authorities.

The total transactions with the five constituent councils during 2021/22 are:

	2021/22	2021/22	2020/21	2020/21
	Expenditure	Income	Expenditure	Income
	£m	£m	£m	£m
Bradford City Council	32.4	(24.6)	42.6	(24.3)
Calderdale MDC	30.3	(9.6)	19.7	(9.6)
Kirklees MDC	22.5	(19.2)	22.5	(18.8)
Leeds City Council	175.4	(33.3)	114.9	(34.6)
Wakefield MDC	18.6	(18.5)	22.6	(17.8)
Total	279.2	(105.2)	222.3	(105.1)

In 2021/22, there was a total of £1.7m (£1.97m in 2020/21) of transactions with York City Council.

During the year, one of the Transport Committee members is also an employee of First Group, of which the CA has had transactions throughout the year of 2021/22 totalling £987k (£1.2m in 2020/21).

A Combined Authority member is also the Board member at Leeds City College. The total value of the transactions the CA had with the college during the year is £9.7m (nil in 2020/21). Leeds City College partakes in the Adult Education Budget Programme, along with many other education providers. The majority of the £9.7m transaction value is related to the Adult Education Budget Programme, except for £6.4k (nil in previous year).

Officers - Key Management Personnel

As in the case of members, there is a code of conduct governing the disclosure of interests held by officers. Under s117 of the Local Government Act 1972, senior officers are required to disclose any pecuniary interests they hold, in addition to the financial yearend related party transaction declaration covering their close family.

The Managing Director is a board member of Transport for the North and also a board director for Urban Transport Group. Transactions with the two related parties were £208k and £106k respectively during 2021/22 (£204k and £106k in 2020/21 respectively).

Yorcard Ltd is a Joint Venture trading company operated in conjunction with South Yorkshire Passenger Transport Executive (SYPTTE). The Director of Transport and Property Services of the Combined Authority is a board director of Yorcard Ltd. Transactions with Yorcard during the year totalled £506k (£590k in 2020/21).

West Yorkshire Ticketing (TICCO) Ltd administers and develops a range of multi-operator, multi-modal tickets. The Director of Transport Services of the Combined Authority is a Director of TICCO Ltd. During the year ended 31 March 2022, there was a total of £180k (£180k in 2020/21) transaction between TICCO and the Combined Authority.

During the year, two CA officers (now left the organisation) have close family members that are employed at Softcat Ltd and Balfour Beatty Construction Services. The value of the total transactions between the related parties and the Combined Authority are £1.6m and £7.4m (£1.1m and £1.6m in 2020/21) respectively.

Key Management personnel for the Chief Constable are also required to complete a voluntary declaration of any transactions in which they have a pecuniary interest. No interests were declared in 2021/22.

Payments to Operators

The Combined Authority makes significant payments to operators funded from the transport levy. These payments to operators fall into the two main categories of concessionary fares and subsidised bus services.

Payments for concessionary fares are made in accordance with the Combined Authority's concessionary fares scheme which is based on the reimbursement guidance issued by the Department for Transport. The Combined Authority has entered into three year agreements with the major bus operators within the framework of this guidance which removes an element of financial risk for all parties.

Subsidised bus services are secured by the Combined Authority, within the overall framework of the Combined Authority's policies, where they are considered to be socially necessary and no commercial service or adequate commercial service exists. All licensed operators are eligible to submit tenders for services required.

In accordance with its overall policies the Combined Authority administers a prepaid ticket scheme. The Combined Authority receives revenues from prepaid ticket sales which are then pooled and distributed to operators based on passenger journey and usage data collected by the Combined Authority. The total payment made to operators in 2021/22 was £20.4m (£8.2m in 2020/21).

24. CAPITAL EXPENDITURE AND CAPITAL FINANCING FOR THE CA AND GROUP

The Combined Authority has a statutory obligation to make adequate provision to meet its liabilities in respect of capital expenditure financed by external borrowing. For 2021/22 the amount is £3.6m for the Combined Authority and £4.6m for the Police Fund.

The provision has been charged to service revenue accounts as a depreciation charge for non-current assets related to that service. The balance has been transferred from the Capital Adjustment Account to the General Fund and Police Fund Balance respectively to ensure that the charge to the amount met from funding equates to the Minimum Revenue Provision (MRP).

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 is to be financed in future years by charges to revenue as assets are used by the Combined Authority and Group, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically by the Combined Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	Total	Police Fund	CA	CA
	2021/22 £000	2021/22 £000	2021/22 £000	2020/21 £000
Opening Capital Financing Requirement	77,594		77,594	75,041
Transferred in 10 May 2021	186,397	186,397	0	0
Capital investment				
Property, Plant and Equipment	42,305	23,012	19,292	16,476
Growing Places Fund/Other Loans	125	0	125	100
Revenue Funded from Capital under Statute	232,907	0	232,907	298,280
Intangible Assets	589	589	0	0
Sources of finance				
Capital Receipts	0	0	0	110
Government grants and other contributions	(253,878)	(1,555)	(252,323)	(314,967)
Government grants and other contributions NPAS	(8,309)	(8,309)	0	0
New Borrowing	20,140	0	20,140	6,068
Sums set aside from revenue:				
Financing from Reserves	(241)	(241)	0	0
Direct revenue contributions	(8,593)	(8,593)	0	0
Minimum revenue provision	(8,293)	(4,633)	(3,660)	(3,515)
Closing Capital Financing Requirement (CFR)	280,743	186,668	94,074	77,594
Explanation of movements in year				
Increase in underlying need to borrowing (supported)	25,044	4,904	20,140	6,068
Provision for Debt Repayment (MRP)	(8,293)	(4,633)	(3,660)	(3,515)
Increase/(decrease) in Capital Financing Requirement (CFR)	16,751	271	16,480	2,553

The capital financing requirement increased in 2021/22 by the level of provision for the repayment of debt as there was an increase in the requirement to borrow to fund capital expenditure.

Capital Commitment

The Combined Authority (CA) plans to spend over £900m in its capital programme over the next three financial years. Outstanding capital commitments at the balance sheet date for the CA's capital programme totaled £273m. This includes the £1 billion Transport Fund programme which has been ongoing since 2015 with spend up to the end of 2021/22 of over £326 million and outstanding commitments of almost £120 million. The other programme with significant commitments of almost £60 million is the Transforming Cities Fund where, in its second year of operation, activity continues on development of projects.

For the Police Fund capital programmes, as at 31 March 2022 capital commitments were £44.3m, including NPAS (2020/21 capital commitments were £8.65m). The major commitments were:

- New Kirklees DHQ £37.3m
- Vehicle Replacement £1.9m
- Dog Section and Kennels £1.0m
- Infrastructure Upgrade £0.5m
- Estates DFU £0.4m
- New Recruit Vehicles £0.4m

25. LEASES FOR THE CA AND GROUP

Finance Leases

The CA and Group has acquired a number of properties under finance leases. The asset acquired under each lease is carried as Property, Plant and Equipment (PPE) in the Balance Sheet at the following net amounts.

	10 May 21 to 31 Mar 22
	£000
Land and Buildings (PPE)	10,850
PFI Infrastructure (PPE)	91,583
Total	102,433

The CA and Group is committed to making minimum lease payments under the PFI lease comprising settlement of the long-term liability for the interest in the asset acquired by the CA and Group and finance costs that will be payable in future years while the liability remains outstanding.

In relation to the non PFI lease, a premium was paid at the inception of the lease and therefore there is no outstanding commitment to make future payments in respect of those leases. The minimum lease payments in respect of the PFI lease are made up of the following amounts:

	10 May 21 to 31 Mar 22
	£000
Finance lease liabilities (net present value of minimum lease payments)	
Current	2,863
Non-current	81,882
Finance costs payable in future years	64,500
Minimum lease payments	149,245

The minimum lease payments will be paid over the following periods:

	Minimum Lease Payments	Finance Lease Payments
	10 May 21 to 31 Mar 22 £000	10 May 21 to 31 Mar 22 £000
Not later than 1 year	8,944	2,863
Later than one year and not later than five years	35,348	13,110
Later than five years	104,953	68,772
Minimum lease payments	149,245	84,745

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. In 2021/22 £1.2m (2020/21 £1.5m) contingent rents were payable by the CA and Group. Further information on PFI can be found in Note 26.

Operating Leases

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

	10 May 21 to 31 Mar 22 £000
No later than one year	343
Later than one year and not later than five years	954
Later than five years	2,310
Total	3,607

The Combined Authority has had a number of contracts for the operation of Mybus school services that are operated as service concession arrangements under IFRIC12. The Combined Authority has awarded the contract to operators to provide a service for the public regulating the level of service, price and infrastructure provided. The school buses that form the infrastructure to deliver the service are initially recognised on the balance sheet at fair value. The service element of the arrangement is expensed through the Comprehensive Income and Expenditure Statement and the minimum lease payments are scheduled as table below:

Bus Operator Payments - IFRIC 12

	2021/22 £000's	2020/21 £000's
Minimum lease payments under IFRIC 12 recognised in the year :	-	-
	5,312	5,703
Within 1 year	-	776
Within 2-5 years	-	-
Beyond 5 years	-	-

26. PRIVATE FINANCE INITIATIVES (PFI) FOR THE CA AND GROUP

PFI and similar contracts

The PFI is a source of funding used for long term major projects, involving a private sector entity for constructing or upgrading property used in the provision of a public service, and operating and maintaining that property for a specified period of time.

In May 2012 the former Police Authority entered into a Private Finance Initiative (PFI) scheme to provide three new operational buildings within West Yorkshire. Payment to the contractor, the unitary payment, began in November 2013 with the opening of the first building and commencement of the service. The second building became operational in February 2014, and the final building became operational in April 2014. The contractor will operate and service the buildings for 25 years after which

ownership will revert to the CA at nil cost. The unitary payment will be met from revenue and a PFI grant awarded by the Home Office.

Property Plant and Equipment

The buildings are recognised on the CA single entity Balance Sheets. Movements in their value over the year are detailed in the analysis of movements in Property Plant and Equipment in Note 11.

Payments

The Group makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2022 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Service Charge £000	Lifecycle Costs £000	Interest Costs £000	Finance Liability £000	Total Unitary Payment £000
Future payments:					
Payable in 22/23	2,289	301	6,081	2,863	11,534
Between 2 to 5 years	9,034	1,753	22,238	13,110	46,135
Between 6 to 10 years	11,323	2,370	21,735	22,241	57,669
Between 11 to 15 years	11,323	2,905	12,725	30,716	57,669
Between 16 to 18 years	4,681	819	1,721	15,815	23,036
Total	38,650	8,148	64,500	84,745	196,043

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the service they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

	10 May 21 to 31 Mar 22 £000
Balance outstanding at start of year	87,263
Capital expenditure incurred in the year	0
Payments during the year	(2,516)
Balance Outstanding at year-end	84,747
Current liabilities	2,863
Long Term Liabilities	81,882
Total Liability	84,745

Financial transactions in the year have been as follows:

	10 May 21 to 31 Mar 22 £000
PFI grant receipts (in advance)	(11,045)
PFI grant applied	11,045
Balance contributed to PFI reserve	0
Unitary charge	11,525
Penalties imposed/(Compensation)	(205)
Total Payment	11,320

The unitary charge is split into service elements and a construction element. The service element is charged to revenue as it is incurred and the construction element is accounted for as if it were a finance lease.

The unitary payment has been split as follows:

	10 May 21 to 31 Mar 22
	£000
Fair value of services	1,812
Lifecycle replacement	156
Contingent rent	1,224
Finance lease interest charges	5,612
Lease redemption	2,516
Unitary Payment	11,320

27. DEFINED BENEFIT PENSION SCHEME FOR THE CA AND GROUP

The CA and Group participates in four pension schemes administered by the West Yorkshire Pension Fund for staff employee pensions and XPS for Police Officer Pensions.

- The Local Government Pension Scheme (LGPS) for Group Staff employees is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

There are three Pension Schemes for Police Officers :-

- The 1987 Police Pension Scheme for Police Officers (PPS). This scheme was closed to new recruits from April 2006 when a new scheme was introduced with different contribution rates.
- The 2006 New Police Pension Scheme for Police Officers (NPPS). The 2006 scheme was closed to new recruits from April 2015 when a new scheme was introduced.
- The 2015 Police Pension Scheme for Police Officers.

All three Police Officer pension schemes are unfunded schemes meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Following funding changes introduced on 1 April 2006 the Group now pays an employer's pension contribution into the Pension Fund Account in respect of both schemes. The schemes provide defined benefits to members (retirement lump sums and pensions) related to pay and service.

At the time of the PCC functions transfer to the CA at 10 May 2021, the former OPCC as subsumed employer whose pension assets and liabilities and reallocate its assumed share of the Police Authority's assets and liabilities from the police pool was to the CA on a share of fund basis, so any deficit or surplus would notionally transfer. As at 31 March 2022, the share for the former police authority's assets and liabilities within the CA Police Fund are based on an estimate within the accounts and are subject to change upon the pending actuarial calculation. The change is not expected to be material and will have an overall nil impact for the Group.

The amounts recognised in the Comprehensive Income and Expenditure Statement

LGPS = Local Government Pension Scheme.

POLICE PS = Police Pension Scheme

	WYCA LGPS Total £000	WYCA LGPS Unfunded £000	GROUP LGPS £000	GROUP POLICE PS £000	WYCA LGPS Total £000	WYCA LGPS Unfunded £000
	2021/22	2021/22	2021/22	2021/22	2020/21	2021/22
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT						
<i>Cost of Services (includes transfer in 10 May 2021)</i>						
<i>Service cost comprising:</i>						
Current service costs	10,712	0	67,324	154,323	6,527	0
Past service costs	0	0	0	0	22	0
Net interest expense	1,905	145	11,055	124,197	1,973	167
Pension Costs Recognised in the Provision of Services	12,617	145	78,379	278,520	8,522	167
<i>Other Post-employment Benefits charged to the CIES</i>						
<i>Remeasurement of the net defined benefit liability comprising:</i>						
<i>Return on plan assets Actuarial gain/(loss)</i>	(17,482)	0	(70,808)	0	(29,594)	0
<i>Experience (gain)/loss on assets</i>	1,375	26	4,975	294,303	(10,869)	(103)
<i>Actuarial (gain)/loss on changes in demographic assumptions</i>	(2,653)	(118)	(15,684)	(60,618)	(2,869)	0
<i>Actuarial (gain)/loss on changes in financial assumptions</i>	(12,482)	(117)	(148,418)	(314,470)	41,581	385
Pension Costs Recognised in Other Comprehensive Income and Expenditure	(31,242)	(209)	(229,935)	(80,785)	(1,751)	282
Net increase in liabilities from disposals/acquisitions	1,946	0	0	0	0	0
Total Pension Costs Recognised in the CIES	(16,679)	(64)	(151,556)	197,735	6,771	449

Estimated pension expense in future period

This is an estimate of the charges to the surplus and deficit on the income and expenditure account in future period for the Group, based on the assumptions as at 31 March 2022.

Funded LGPS benefits	31/03/2023
	£'000
Projected service cost	66,161
Past Service cost	-
Interest on the net defined benefit liability/(asset)	11,428
Total estimated costs for Funded scheme	77,589
Unfunded LGPS benefits	31/03/2023
	£'000
Interest on the net defined benefit liability/(asset)	218
Total estimated costs for Unfunded scheme	218

Pension Assets and Liabilities

The attributable assets of the LGPS are measured at fair value. As unfunded schemes, the police pension schemes have no assets.

Actuarial Assumptions

The Combined Authority's West Yorkshire Pension Fund assets and liabilities have been assessed by AON Hewitt Ltd, and the Police Pension scheme by Mercers, both independent firms of actuaries. In calculating the assets and liabilities, the funds' actuaries had to make a number of assumptions about events and circumstances in the future, meaning that the results of actuarial calculations are subject to uncertainties within a range of possible values.

The principal assumptions used by the actuaries have been:

	WYCA and GROUP		
	LGPS		POLICE PS
	2021/22	2020/21	2021/22
<i>Mortality assumptions:</i>			
<i>Longevity at 65 (staff) 60 (officers) for current pensioners:</i>			
Men	21.8	21.9	26.9
Women	24.6	24.7	29.1
<i>Longevity at 65 (staff) 60 (officers) for future pensioners:</i>			
Men	22.5	22.6	29.2
Women	25.7	25.8	31.3
Rate of Inflation CPI	3.0%	2.7%	3.2%
Rate of increase in salaries	4.3%	3.9%	4.7%
Rate of increase in pensions	3.0%	2.7%	3.3%
Rate for discount rate	2.7%	2.1%	2.8%

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have

followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in previous periods.

Impact on the Defined Benefit Obligation in the Scheme

	WYCA		GROUP			
	LGPS £000		LGPS £000		POLICE PS £000	
	2021/22		2021/22		2021/22	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
<i>Value of Funded Liabilities:</i>						
With above assumptions	(274,770)	(274,770)	(1,541,107)	(1,541,107)	(6,767,491)	(6,767,491)
	+0.1%	-0.1%	+0.1%	-0.1%	+0.1%	-0.1%
Rate for discounting scheme liabilities (+/- 0.1%)	(275,898)	(285,942)	(1,527,192)	(1,598,776)	(6,623,998)	(6,910,984)
Rate for increase in salaries (+/- 0.1%)	(281,642)	(280,198)	(1,568,834)	(1,557,134)	(6,798,384)	(6,736,598)
Rate for increase in pensions (+/- 0.1%)	(285,704)	(278,072)	(1,593,409)	(1,534,495)		
Rate for increase in inflation (+/- 0.1%)					(6,914,263)	(6,620,719)
	+1 year	+1 year	+1 year	-1 year	+1 year	-1 year
Adjustment to mortality age (+/- 1 year)	(291,865)	(270,023)	(1,618,801)	(1,507,215)	(6,976,036)	(6,558,946)

Reconciliation of the Movements in the Net Defined Benefit Obligation

The amount included in the Balance Sheet arising from the Group's obligation in respect of funded and unfunded status to Balance Sheet is as follows:

	WYCA	WYCA	GROUP	GROUP	WYCA	WYCA
	LGPS	LGPS	LGPS	POLICE	LGPS	LGPS
	£000	Unfunded £000	£000	PS £000	£000	Unfunded £000
	2021/22	2021/22	2021/22	2021/22	2020/21	2021/22
Fair value of plan assets	204,257	0	1,107,001	0	172,254	0
Present value of the defined benefit obligation	(281,206)	(6,436)	(1,547,543)	(6,767,491)	(263,600)	(7,287)
Pension asset/(liability) recognised on the Balance Sheet	(79,949)	(6,436)	(440,542)	(6,767,491)	(91,346)	(7,287)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	WYCA LGPS £000	WYCA LGPS Unfunded £000	GROUP LGPS £000	WYCA LGPS £000	WYCA LGPS Unfunded £000
	2021/22	2021/22	2021/22	2020/21	2021/22
Opening fair value of scheme assets	172,254	0	172,254	142,364	0
Opening fair value of assets transferred in 10 May 2021	13,349	0	843,517		
Interest income	3,641	0	18,687	3,264	0
The return on plan assets, excluding the amount included in the net interest expense	17,482	0	70,808	29,594	0
Contributions from employer	4,832	787	22,693	4,461	852
Contributions from employees into the scheme	1,621	0	9,428	1,345	0
Net increase in liabilities from disposals/acquisitions	0	0	0	0	0
Benefits paid	(8,922)	(787)	(30,386)	(8,774)	(852)
Closing fair value of scheme assets	204,257	0	1,107,001	172,254	0

Assets in the West Yorkshire Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories set out below. The latest valuation of the pension scheme proportion as applied to the Combined Authority is rolled forward for 31 March 2022 (showing the proportion of assets between the classes of investment) and are as follows:-

	WYCA				GROUP	
	2021/22		2020/21		2021/22	
	£000	%	£000	%	£000	%
Equities	162,997	79.8%	137,286	79.7%	883,387	79.8%
Property	8,170	4.0%	6,546	3.8%	44,280	4.0%
Government Bonds	15,115	7.4%	14,297	8.3%	81,918	7.4%
Other Bonds	9,804	4.8%	7,924	4.6%	53,136	4.8%
Cash	5,923	2.9%	3,445	2.0%	32,103	2.9%
Other	2,247	1.1%	2,756	1.6%	12,177	1.1%
Total Assets	204,257	100.0%	172,254	100.0%	1,107,001	100.0%

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

	WYCA LGPS £000	WYCA Unfunded £000	GROUP LGPS £000	GROUP POLICE PS £000	WYCA LGPS £000	WYCA LGPS Unfunded £000
	2021/22	2021/22	2021/22	2021/22	2020/21	2020/21
Opening present value of scheme liabilities	(263,600)	(7,287)	(263,600)	0	(231,400)	(7,690)
Opening fair value of liabilities transferred in 10 May 2021	(22,409)	0	(1,366,962)	(6,691,844)	0	0
Current service cost	(10,712)	0	(67,324)	(154,323)	(6,527)	0
Interest cost	(5,546)	(145)	(29,742)	(124,197)	(5,237)	(167)
Contribution from scheme participants	(1,621)		(9,428)	(24,225)	(1,345)	0
<i>Remeasurement (gain) and loss:</i>						
Actuarial gain/(loss) arising from changes in demographic assumptions	2,653	118	15,684	60,618	2,869	0
Actuarial gain/(loss) arising from changes in financial assumptions	12,482	117	148,418	314,470	(41,581)	(385)
Actuarial gain/(loss) on liabilities - experience	(1,375)	(26)	(4,975)	(294,303)	10,869	103
Past service costs	0	0	0	0	(22)	0
Net increase in liabilities from disposals/acquisitions	0	0	0	0	0	0
Benefits paid	8,922	787	30,386	146,313	8,774	852
Closing present value of scheme liabilities	(281,206)	(6,436)	(1,547,543)	(6,767,491)	(263,600)	(7,287)

There were three current national pension issues - McCloud Judgement, Guaranteed Minimum Pension (GMP) Equalisation and Goodwin ruling in the year ended 31 March 2022. Allowance has been made for potential McCloud 'underpin' liability and full pension increase to be paid on GMPs in the 2021/22 account.

In June 2020 an Employment Tribunal ruled, in relation to the Teachers Pension Scheme, that provisions for survivor's benefits of a female member in an opposite gender marriage are less favourable than for a female in a same gender marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. These changes are yet to be reflected in the Local Government Pension scheme regulations, nor allowance for this ruling in the 2021/22 account. However, this impact is expected to be very low base on the Combined Authority's membership profile.

Police Pension Regulations

The Chief Constable for West Yorkshire Police, along with other Chief Constables and the Home Office, currently has claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. These claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sergeant judgement but have now been lifted and a case management hearing was held on 25 October 2019. The resulting Order of 28 October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their

existing scheme after 1 April 2015. Whilst this interim declaration applies to claimants only, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants who are in the same position as claimants will be treated in the same way.

On 16 July 2020 HM Treasury published their Public service pension schemes consultation: changes to the transitional arrangements to the 2015 Schemes, which contained the proposed remedy regarding the McCloud/Sargeant remedy.

On 4 February 2021 HM Treasury published their response to the consultation. This response confirmed: that the legacy schemes would be closed from 31 March 2022; a remedy would be introduced for the period 2015-2022 based on a deferred choice underpin basis; and, eligibility criteria for members to access the remedy.

On 19 July 2021 the Public Service Pensions and Judicial Offices Act 2022 was taken to the House of Lords. This got royal assent on 10 March 2022 and the Act came into force from 1 April 2022. The Act closed the legacy schemes from 31 March 2022 and brings the retrospective remedy into force by 1 October 2023.

It is now for Home Office to consult on the secondary regulations to bring the police determined by the act into force from 1 October 2023, this consultation is expected in January 2023.

Legal Claims

Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons.

Aarons & Ors

Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims are due to be heard by the Employment Tribunal in December 2022. The settlement of the injury to feelings claims for Aarons sets a helpful precedent.

Therefore no liability in respect of compensation claims is recognised in these accounts.

Penningtons

As at 31 March 2022, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Remedy

The Public Service Pensions and Judicial Offices Act 2022 (PSPJOA 2022) legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases:

- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the “remedy period” of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

Impact on Pension Liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries originally estimated the increase in scheme liabilities for the Chief Constable for West Yorkshire Police to be £284m of pension scheme liabilities.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

Compensation Claims

In accordance with the Code (8.2.2.2) a contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The claims would meet this definition, and therefore should be considered for disclosure. The Code (8.2.4.2) permits authorities not to provide specific disclosure if information is not material. Given the existence of the claims is adequately disclosed in the accounts, and it is not considered material, no contingent liability will be disclosed.

28. Joint Venture

At 31 March 2022 the Combined Authority had the following Joint Venture:

Yorcard Ltd, the joint venture is a trading company which was incorporated in England on the 2 March 2007. It is limited by guarantee with two subscribers, West Yorkshire Combined Authority and South Yorkshire Passenger Transport Executive with control shared equally under a contractual arrangement.

Yorcard Ltd performs transaction processing services for smartcard ticketing in West and South Yorkshire. After considering the materiality of the Joint Venture

management have agreed not to consolidate Yorcard Ltd into the Combined Authority's accounts.

29. YORKSHIRE AND THE HUMBER LEAD FORCE COLLABORATION

The Group engages in collaborative working in partnership with the Mayor for West Yorkshire and Yorkshire and Humber Commissioners and Force to deliver a number of specific services on a regional basis. The Regional Collaborative programme was developed to bring opportunities across many policing activities whilst retaining local identity and accountability.

The governance of this regional programme of activity is via the Regional Collaboration Board. Regional collaboration is funded from contributions made by the four regional Police Forces' with the level of contribution being dependent upon the assessment of the benefit to be derived from each specific project or initiative.

- Where benefit is considered equal, contributions are equal with a 25% contribution from each Region
- Where benefit is proportionate to size, contributions are made in line with each Region's Net Revenue Expenditure (NRE)
- Where benefit is driven by the demand for the service, contributions are made in accordance with the level of demand each Force places on the specific service

In accordance with proper accounting practice, the Group has accounted for the regional collaboration arrangement by accounting for all the income and expenditure for the activity and has responsibility for all assets used and liabilities generated.

Those receiving a service have secured neither joint control of the overall activity nor rights to particular assets or obligations for particular liabilities – i.e. the other parties are only interested in the lead authority delivering the outcomes it has agreed to provide.

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

	10/05/2021 to 31/03/2022 £000
EXPENDITURE	
Staff Costs	27,928
Property Related Expenses	1,471
Supplies and Services	13,196
Transport Related Expenses	1,015
Transfer to Reserves	5,348
Total Expenditure	48,958
INCOME	
Other Income	(9,430)
Contributions	(39,528)
Total Income	(48,958)
(DEFICIT)/SURPLUS IN YEAR	0

30. National Police Air Service (NPAS)

The primary objective of the NPAS project is to deliver a national service that provides the police service with capability from the air that maximises the benefits of air support to the delivery of frontline services. It is an integrated part of the wider policing strategy and harnesses innovation in the aviation sector for the benefits of policing.

The governance of NPAS is via the NPAS Strategic Board.

The NPAS service is funded from contributions made by each Policing Body receiving a service. The contributions are based on a direct cost charging model that was developed by the National Police Chiefs Council, independent of NPAS.

In accordance with proper accounting practice, the Group has accounted for the NPAS arrangement by accounting for all the income and expenditure for the activity and has responsibility for all assets used and liabilities generated.

Those receiving a service have secured neither joint control of the overall activity nor rights to particular assets or obligations for particular liabilities – i.e. the other parties are only interested in the lead authority delivering the outcomes it has agreed to provide.

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

	10/05/2021 to 31/03/2022
	£000
EXPENDITURE	
Staff Costs	16,852
Property Related Expenses	1,302
Supplies and Services	1,892
Transport Related Expenses	14,875
Transfer to Reserves	6,007
Total Expenditure	40,928
INCOME	
Contributions	(40,086)
Other Income	(842)
Total Income	(40,928)
(DEFICIT)/SURPLUS IN YEAR	0

31. CONTINGENT LIABILITIES FOR THE CA AND GROUP

A contingent liability arises where an event has taken place that gives rise to a possible obligation whose existence is only confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but it is not probable that an outflow of resources is required or the amount of the obligation cannot be measured reliably.

The Combined Authority (CA) had a contingent liability at 1 April 2021 arising from possible claims relating land and property acquisitions under the New Generation Transport scheme that was rejected in 2016. The liability continues at 31 March 2022, but it is not possible or practical to disclose an estimate of the financial effect, amount and timing due to the ongoing uncertainty.

As at 31 March 2022, a legal proceeding has commenced against the CA with potential damage claim which could lead to a financial liability. At this stage it is not possible to disclose or estimate its outcome and financial impact.

The Group has taken professional advice on the amount to provide for the clawback from MMI, but there is potential for the eventual liability to exceed the amount provided for in the accounts. Note 17 provides further information.

32. **Accounting Standards Issued, not yet adopted**

The Code requires disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard, but one which has not yet been implemented.

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances. These changes are not expected to have a material impact on the Council’s Statement of Accounts.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

These changes are not expected to have a material impact on the Combined Authority’s Statement of Accounts.

33. Going Concern

The accounts of the Combined Authority and the Group have been prepared on a going concern basis. The budget approved by the Combined Authority in February 2022 sets out the proposed funding of the Combined Authority and formally approved the budget for the forthcoming year 2022/23. The budget ensures that the Combined Authority set the level of levy that allows services and functions to continue to operate at a level that is aligned to the policies and objectives of the organisation and ensures the reserves are maintained so as to mitigate risks to the organisation. Additionally a 3 year indicative capital programme complete with capital funding/finance is agreed as part of this process. In light of the continued impact of the COVID-19, the Combined Authority has carried out a financial impact analysis for 2021/22 and been in discussions through representations with Central Government for support both at senior officer, political level and collectively with other Mayoral Combined Authorities. The Code of Practice on Local Authority Accounting in the United Kingdom requires that all local governments should produce their accounts on a going concern basis. This is a reflection of the statutory position, that local government authorities do not have the power to cease their operations (as would be the case for a private sector body which was in financial difficulty) and that local governments will continue to exist and to deliver local services for the foreseeable future.

34. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was approved as presenting a true and fair view by the Chief Finance Officer on 31 July 2022. Events happening between the balance sheet date and the date the accounts were authorised for issue have been considered under the Combined Authority’s accounting policy for events after the reporting date. No other event has happened after the balance sheet date which are sufficient material to require disclosure as post balance sheet event.

West Yorkshire Combined Authority Group

Supplementary Financial Statements

West Yorkshire Police Pension Fund

West Yorkshire Police Pension Fund Statement of Accounts 2021/22

**POLICE OFFICER PENSION FUND
PENSION FUND ACCOUNT STATEMENTS**

	2021/22 10/05/2021 to 31/03/2022 £'000
CONTRIBUTIONS RECEIVABLE	
Employer's Contributions	(56,284)
Early Retirements (Ill Health)	(1,492)
Officers' Contributions	(24,225)
TRANSFERS IN	
Individual Transfers In from Other Schemes	(520)
TOTAL INCOME RECEIVABLE	(82,521)
BENEFITS PAYABLE	
Pensions	121,278
Commutations and Lump Sum Retirement Benefits	20,301
Lump Sum Death Benefits	103
PAYMENTS TO AND ON ACCOUNT OF LEAVERS	
Refunds of Contributions	237
Individual Transfers Out to Other Schemes	4
TOTAL EXPENDITURE PAYABLE	141,923
NET AMOUNT PAYABLE FOR THE YEAR	59,402
ADDITIONAL CONTRIBUTION FROM EMPLOYER	(59,402)
	0
NET ASSETS STATEMENT	
	2021/22 10/05/2021 to 31/03/2022 £'000
Unpaid Pension Benefits	(929)
Amount Owing from the Police Fund	929

The Police Pension Scheme in England and Wales

The Pension Fund Accounts have been prepared in accordance with the IFRS Code and on an accruals basis. This means the sums due to or from the Pension Fund are included as they fall due, whether or not the cash has been received or paid. The accounting convention adopted is historic cost.

Each individual Police Force is required, under the Police Pension Fund Regulations 2007, to operate a Pension Fund Account and the amounts that must be paid into and out of the Pension Fund Account are specified by the regulations.

The Fund is administered by the Group which pays an employer's contribution to the Fund. The pensions of all retired officers are paid directly from the Fund.

The pension scheme is unfunded and consequently the Fund has no investment assets. Benefits payable are funded by the contributions from the Group and employees and any difference between benefits payable and contributions receivable is met by top-up grant from the Home Office.

Employees' and employer's contributions to the Fund are based on percentages of pensionable pay set nationally by the Home Office, subject to triennial valuation by the Government Actuary's Department. The accounting policies applicable to the Fund are set out in the Statement of Accounting Policies.

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the balance sheet date, see disclosure Note 31 of the Core Statements about the IAS19 liability.

GLOSSARY OF TERMS

Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for and
- Presenting

Assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or Balance Sheet it is to be presented.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or
- (b) the actuarial assumptions have changed.

Appropriations

Amounts transferred to or from revenue or capital reserves.

Budget

A statement of the Combined Authority's plans in financial terms. A budget is prepared and approved by the Combined Authority prior to the start of each financial year. For the Police budget, this is approved by the West Yorkshire Crime Panel.

Capital Expenditure

Expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

Capital Receipts

Proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debts as laid down within rules set by Central Government.

Chief Constable (CC)

The Chief Constable is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

Commuted Lump Sums

These are the amounts paid to officers when they retire, if they choose to have a lower pension.

Contingent Liabilities

A contingent liability is either:

- (a) a possible obligation arising from the past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Combined Authority's control, or
- (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

The represent the cost of delivering public accountability and representation in policy making and meeting our legal responsibilities.

Creditors

Amounts owed by the Combined Authority Group for work done, goods received or services rendered which have not been paid for by the end of the financial year.

Current Service Cost (Pensions)

The increase in the present value of a defined benefits scheme's liabilities expected to arise from the employee service in the current period.

Debtors

Sums of money due to the Combined Authority Group for work done or services supplied but not received at the end of the financial year.

Deferred Liabilities

Liabilities which by arrangement are payable beyond the next financial year at some point in the future or paid off by an annual sum over a period of time.

Defined Benefits Scheme

A pension or other retirement benefit scheme, other than a defined contribution scheme, with rules that usually define the benefit independently of the contributions payable and where the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation.

The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction on the useful life of a non-current asset whether arising from use, passage of time or obsolescence through either changes in technology or the demand for the service produced by the asset.

Financial Year

The 12 months commencing on 1 April covered by the accounts.

IAS19

The objective of International Accounting Standard (IAS) 19, *Accounting for Retirement Benefits in Financial Statements of Employers* is to prescribe the

accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

IFRS

International Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board.

Going Concern

The concept that the Combined Authority Group will remain in operation existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

Group

The term Group refers to the West Yorkshire Combined Authority and the Chief Constable for West Yorkshire (CC).

Impairment

A reduction in the value of a non-current asset below the amount shown on the balance sheet.

Leasing

A method of financing capital expenditure where a rental charge is paid for a specified period of time. There are two main types of leasing arrangements:-

- (a) finance leases which transfer all of the risks and rewards of ownership of a non-current asset to the lessee and such assets are included in the non-current assets in the balance sheet.
- (b) operating leases where the ownership of the asset remains with the leasing company and the annual rental is charged direct to the service revenue accounts.

Liquid resources

Current asset investments that are readily disposable by the Combined Authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

Local Policing Body

The collective term describing elected police and crime commissioners for each police area outside of London and the Mayor's Office for Policing and Crime for the metropolitan police district.

Minimum Revenue Provision (MRP)

The minimum amount that the Combined Authority (CA) is statutorily required to set aside from revenue each year as a provision to meet credit liabilities. In specific to the CA, this relates to a principal sum based on a prudent assessment of the useful life of the asset, which is used for the redemption of external debt.

Medium Term Financial Strategy (MTFS)

A statement setting out a forecast of possible spending and government support for a forward three year period and used as a basis for planning.

Net Book Value

The amount at which non-current assets are included in the Balance Sheet and being their historical cost or current value, less the cumulative amounts provided for depreciation.

Non-Current Assets

Tangible and intangible assets that yield benefits to the Combined Authority for a period of more than one year.

Non Distributed Costs

This is where overheads are not charged or apportioned to activities within the service expenditure analysis in the Income and Expenditure Account.

Precept

The method by which the Combined Authority Group obtains the income it requires from Council Tax via the appropriate authorities.

Remuneration

All amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash (e.g. benefits in kind).

Senior Employee

A senior employee is an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 per year (to be calculated pro rata for a part-time employee) and who is:

- (a) the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989
- (b) the head of staff for a relevant body which does not have a designated head of paid services, or
- (c) any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.