West Yorkshire Combined Authority

Statement of Accounts

For the year ending 31 March 2019

Draft

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West Yorkshire Combined Authority

Narrative Report to the Annual Accounts 2018/19

Introduction

This report provides context to the West Yorkshire Combined Authority's accounts for 2018/19, a year which saw continued success delivering growth through transport and economic development and regeneration.

The West Yorkshire Combined Authority has been the Local Transport Authority for West Yorkshire since 2014 and also has power to exercise economic development and regeneration functions in conjunction with the District Councils of West Yorkshire. The Combined Authority also includes as members the leader of the City of York Council and the Chair of the Leeds City Region Local Enterprise Partnership (LEP). The Combined Authority has established a Transport Committee, through which it conducts the majority of its Local Transport Authority functions, and an Investment Committee which provides strategic guidance in relation to the investment in and funding of transport and economic development schemes. Membership of the Combined Authority committees is drawn from all District Councils within West Yorkshire, together with City of York Council.

Responsibilities

The Combined Authority's vision is 'We want Leeds City Region to be recognised globally as a strong, successful economy where everyone can build great businesses, careers and lives.' The Combined Authority is the guiding organisation behind this collective vision, working to ensure it, with local councils and businesses, is delivering economic prosperity with a high quality of life, supported by world-class connectivity.

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.

Review of the year

2018/19 is the fifth year of business for the Combined Authority and the fourth which fully includes the activities and funding of the LEP.

During 2018/19, alongside our external facing work, we have made significant progress with our ambitious programme of internal transformation, deepening our level of partnership working, strengthening our monitoring and evaluation capabilities, and continuing to enhance our accountability and transparency. There has been a continued focus on delivering at pace the projects and services that support the Combined Authority priorities and a focus on ensuring that all the Combined Authority activities are contributing towards delivering inclusive growth that benefits all our communities.

Every year the Combined Authority publishes a Corporate Plan setting out its achievements from the previous year, its priorities for the coming year and how it will deliver these. This includes detail on how it will allocate its budget, its governance processes which ensure transparency and accountability for its investment, and how it will measure success through its key performance indicators (KPIs). The Corporate Plan is available at www.westyorks-ca.gov.uk/corporateplan.

Transforming the organisation

We continue transforming our organisation to ensure it is in the best possible place to deliver the investment for which we are now responsible and be "mayor-ready" ahead of any devolution deal to the region.

This organisational transformation will continue to be a priority for us during the coming year and beyond and further details are available in both our Strategic Economic Plan (SEP) and Corporate Plan (again available on our website).

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 the other LEP local authorities for some of the economic activities. All areas of the budget are reviewed as part of the Transformational Programme to ensure that resources are focussed on the organisational priorities. Recognising the pressure on local authority budgets the Combined Authority agreed a further cut in the transport levy for 2018/19 and 2019/20 and plans are progressing on the detail of how the agreed savings and cuts can be delivered. The Combined Authority still has significant capital funding through the Growth Deal, the Local Transport Plan funding and the Leeds Public Transport Infrastructure Programme amongst others and further work will continue to be undertaken during 2019/20 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 SEP.

An important focus of our work over the next year and beyond will be to ensure we are prioritising the right issues to enable our region to meet the opportunities and challenges of the coming years head-on. More detail can be found in the Corporate Plan with the following a summary of the planned activity:

- **Boosting productivity:** we aim to help businesses to grow and bring new investment into the region to drive economic growth and create jobs. We will support businesses through the Brexit process, help businesses increase their

overseas export activity, attract global investors to the region, maximise the opportunities created by Channel 4's HQ relocation and continue to deliver development projects for our Enterprise Zones.

- **Enabling inclusive growth:** we aim to ensure that economic growth leads to opportunities for all who live and work in our region. We will develop an Inclusive Growth Strategic Framework, embed inclusive growth principles in our business support programmes, help 18,000 disadvantaged students prepare for careers and skills training, support 1,000 people to learn new technical skills, connect over 5,000 homes and businesses to superfast broadband, provide accessible transport services for 5,000 people and enable 40,000 young people to travel from home to school by coordinating services with our partner councils.
- **Delivering 21st Century transport:** we aim to create efficient transport infrastructure that makes it easier to get to work, do business and connect with each other. We will deliver £60 million improvements to bus, road and rail travel, develop plans to build new railway stations at Elland, Leeds Bradford International Airport, White Rose and Thorpe Park, complete major new road scheme to reduce congestion, help more people feel the health, financial and environmental benefits of cycling and walking, increase MCard sales by 5% and increase digital payment options and travel information displays.
- **Supporting clean growth:** we aim to grow our region's economy while also cutting greenhouse gas emissions. We will set out how we will achieve our ambition to become a zero carbon rated City Region by 2036, continue the delivery of flood prevention schemes, provide sustainable travel advice to businesses, contribute to the installation of ultra-low emission vehicle charging points, enable homes to be warmer, save money and become more energy efficient.

The accounts

The accounts have been prepared in accordance with The Code of Practice on Local Authority Accounting UK 2018/19 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:-

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 Statement of Responsibilities for the Statement of Accounts.

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

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 Balance Sheet shows the Combined Authority'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.

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.

Following the IFRS Based Code requirements means that the Combined Authority has a significant liability arising from the requirements of IAS19 Accounting for Pension Costs. This requires the Combined Authority to show in their accounts any deficit arising on their proportion of the West Yorkshire Pension Fund obligations as measured by the Actuary. Whilst this is in accordance with the requirements of the Accounts and Audit Regulations 2015 it is offset by a negative Pensions Reserve. However, the impact of the deficit is long term and action is being taken to address it in accordance with the Actuary's projections.

Review of Revenue Expenditure for the West Yorkshire Combined Authority

	2018/19 Approved Budget	**2018/19 Actual**
	£m	£m
Funding		
Special Rail Grant	0.9	0.9
LEP General Funding	1.2	1.3
Growing Places Fund Interest	0.2	1.1
Enterprise Zone Receipts	1.9	1.8
Transport levy applied	94.2	94.2
Transfer from / (to) reserves	1.5	(1.6)
	99.9	97.7
Revenue Expenditure		
Transport Services:		
Concessionary Fares	56.2	55.9
Subsidised Bus Services	18.7	17.4
Passenger Services	6.6	7.4
Rail SRG spend	0.9	0.9
Economic Services	0.8	0.9
Policy, Strategy and Communications	5.1	4.0
Corporate		
Pension&Financing Charges	7.9	6.9
Corporate inc one organisation	3.7	4.3
	99.9	97.7

The presentation 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 is the same irrespective of the presentation adopted. This figure is lower than budgeted due to a number of savings being realised across the operational areas and increased capitalisation.

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 2018/19 grant income of £878k 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 £1.8m has been accounted for in 2018/19, 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 2018/19 is the net amount.

Revenue expenditure

The net levy available for normal transport purposes was reduced by £1m as that paid to the Combined Authority in 2018/19. 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.

The reduction in the levy for normal transport purposes has only been possible as a result of the approach taken by the Combined Authority to ongoing cost reductions. This includes the continued and successful reduction in costs of tendered bus services, along with the changes to the reimbursement of discretionary concessionary fares. As well as these other efficiency savings have continued to be pursued.

Funding awarded for Economic Services comes from a range of different sources, including UK Government (BEIS, 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.

In common with local government across England, the Combined Authority expects to face challenging financial constraints over the coming years. Work is underway on a

challenging programme of review of the services we currently support to enable a balanced medium term financial strategy to be achieved.

Capital expenditure

Total capital expenditure in the year was £158m (please see note 20 page 51), funded through a combination of income streams but primarily grants from the Department for Transport and the Ministry of Housing, Communities and Local Government (in relation to the Growth Deal). These included the Local Transport Plan Integrated Transport block funding and highways maintenance grant totalling £42m which is then utilised by the Combined Authority and the constituent District Councils, and the £13.9m capital grants for the Cycle City Ambition scheme.

The Growth Deal funding of £74m received for 2018/19 has been applied to £78m of projects within the programme. An overspend in year on the Growth Deal has been accounted from capital grants unapplied in previous years.

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 ICT, new bus shelters, contributions to highways schemes and contributions to rail schemes and carparks and further investment in smartcard technology.

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 Combined Authority taking on the responsibility of accountable body for funding awarded to the LEP. This has resulted in short term investment of £99m being invested as at 31 March 2019.

The Combined Authority's long term borrowing remains at £75m at the end of 2018/19. The Combined Authority's borrowing requirement is increasing over coming years, reflecting the capital programme approved on 14th February 2019. This will be periodically reviewed as the West Yorkshire plus Transport Fund and other activities of the Combined Authority are further developed.

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 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 stream and emerging financial risks.

Investment in infrastructure projects is driven by the SEP 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 and by the Department for Business, Energy and Industrial Strategy.

The Corporate Plan is closely linked to the aims of the SEP 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.

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 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 Great Britain ('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 year ended 31 March 2019

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 2019 and its income and expenditure for the year ended 31 March 2019.

A Taylor
Chief Financial Officer

30TH May 2019

4. Approval of the Accounts

I certify that the Statement of Accounts was authorised for issue and approved by a resolution of the West Yorkshire Combined Authority Governance and Audit Committee meeting on 23 July 2019 in accordance with the Accounts and Audit Regulations 2015. There are no material events after the balance sheet date that require reflecting in the Statement of Accounts.

Councillor Hinchcliffe
Chair of the Authority
Xx July 2019

West Yorkshire Combined Authority Annual Governance Statement 2018/19

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". This framework was updated in 2016 and a revised Corporate Governance Code and Framework approved in 2017 that reflected the new format and content.

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.'

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Combined Authority is directed and controlled and its activities through which it accounts to and engages with the community. It 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.

The governance framework has been in place at the Combined Authority throughout the year ended 31 March 2019 and up to the date of approval of the financial statements.

3. The governance framework

There are a number of key elements of the systems and processes that comprise the Combined Authority's governance arrangements. These are set out in the revised Corporate Governance Code and Framework which has been approved by the Combined Authority and which is available on its website. The Combined Authority took on accountable body status for funding awarded to the Leeds City Region Enterprise Partnership (LEP) from 1 April 2015 and governance arrangements reflect this responsibility and continue to develop to further enhance this. During 2017/18 a review of these arrangements resulted in formalising the LEP advisory panels that provide policy direction and guidance to the LEP Board and these arrangements remained in place for 2018/19, with ultimately financial approvals provided by the Combined Authority.

a) Corporate policies and objectives are set and communicated by the Combined Authority. The Combined Authority has clearly defined its ambitions to work with its partners across the region to effect economic growth in the Leeds City Region; these ambitions are set out in the Strategic Economic Plan (SEP). The SEP presents investment priorities across the four pillars of growing business, developing a skilled workforce, clean energy and environmental resilience and delivering the infrastructure for growth. The SEP has been endorsed by both the LEP and Combined Authority Boards and is kept under review to ensure it continues to align with the region's needs and recognises relationships with new and emerging strategies such as the Local Industrial Strategy.

b) 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.

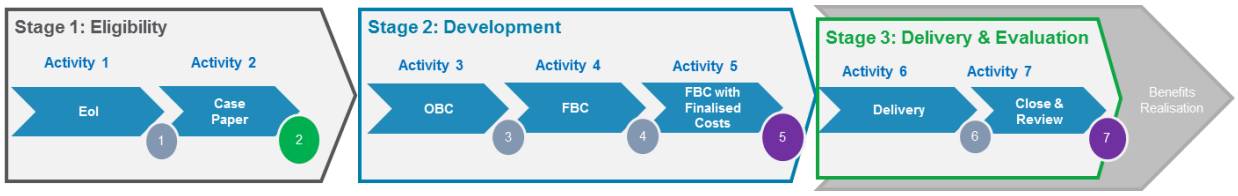
c) A review of LEP governance and transparency was carried out during 2017/18 which considered local arrangements and recommendations from the DCLG Review of Local Enterprise Partnership Governance and Transparency (reported by Mary Ney in October 2017). This review led to the adoption of a LEP constitution and associated procedures. 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's governance is considered to be good. This reflected the combined structures implemented during 2017 and the continuous improvement approach to assurance and governance as demonstrated by the review of LEP transparency.

d) The statutory Local Transport Plan (LTP) was comprehensively revised, and, following public consultation in 2016, the West Yorkshire Transport Strategy was adopted by the Combined Authority on 3 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.

e) 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. The work underway on the Local Industrial Strategy will bring these together to enable a clearer focus on driving economic growth.

f) The Leeds City Region Assurance Framework is in line with national best practice and is peer reviewed and 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 2018/19, to comply with the revised National Local Growth Assurance Framework Guidance. Changes were considered and endorsed by a working group of the Overview and Scrutiny Committee and further considered by the Governance and Audit Committee, the LEP Board and the Combined Authority. It 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 below, with the requirement to meet the intervening activities deemed on a project by project basis. The Investment Committee will consider the majority of projects at these points with the Combined Authority approving all schemes at decision point 2, with subsequent decisions delegated thereafter to the Investment Committee and/or Managing Director (as appropriate).



g) The Combined Authority's scrutiny arrangements consist of a politically balanced Overview and Scrutiny Committee of 18 members co-opted from the five West Yorkshire Councils and York. In November 2018, a new Chair was appointed following the previous Chair's resignation as a councillor. This year the committee has scrutinised the budget, business grants performance, job creation, apprenticeships, strategic transport priorities and the Assurance Framework. In addition, the committee has maintained an overview of developments in devolution, the LEP Review, business planning, accessibility and rail performance issues through two working groups ('LEP Review' and 'Transport'). The committee's annual report which is a summary of work undertaken and recommendations made in the 2018/19 municipal year, was considered by the LEP Board at its annual meeting on 6 June 2019, and by the Combined Authority at its annual meeting on 27 June 2019.

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.

h) 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 an independent member was appointed to the Committee by the Combined Authority at its meeting on 28 June 2018, who chaired the committee during the last municipal year. An officer Regulatory and Compliance Board chaired by the Director, Corporate Services, provides an operational level management and review of internal control, risk, health and safety, information security and governance arrangements in place.

i) 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 Services), and the Monitoring Officer (Head of Legal and Governance Services).

j) 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. The values and behaviours expected of all employees defined in 2016/17 have been further developed and embedded.

k) 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 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.

l) 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 Chief Audit Executive's 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.

m) 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. 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 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.

n) 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. A review of the risk management arrangements commenced during 2017/18 with oversight provided by the Governance and Audit Committee and findings of that review are covered in Section 4 – Review of Effectiveness. The risk appetite and a revised corporate/strategic risk register has been is regularly reviewed by the Governance and Audit Committee and the Combined Authority members.

o) 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 we are building in youth engagement as we develop our bus and transport strategy.

p) A system of formal procedures, Contracts Standing Orders and Financial Regulations protect the organisation. These are reviewed and approved annually. In February 2017 the Combined Authority approved a revised procurement strategy that seeks to ensure increased transparency in decision making and a focus on encouraging inclusive growth. Procedural manuals and notes underpin these and ensure the reporting of financial transactions is properly managed. Officer schemes of delegation are also considered on an annual basis.

q) 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.

r) With regard to the transport ticketing systems the Combined Authority has in place arrangements whereby an enhanced assurance statement is sought from Northern stating that their systems have operated adequately with no material errors or weaknesses. Sales through the Payzone network are reconciled to the back office system ensuring that the proceeds from such card sales are fully reimbursed to the Combined Authority.

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 (previously considered by the Audit and Risk Management Group) 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 redesign and restructuring work largely completed during 2017/18, ensures that the most effective arrangements are in place to enable delivery of the Combined Authority's objectives and the budget has been redefined to follow these new 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 Member Budget Working Group, 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 Combined Authority 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 Finance 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 Internal Audit Manager, including progress made on the implementation of audit recommendations. Within the Combined Authority the Pentana system is used to monitor progress in implementing audit recommendations and is regularly reviewed by the directorate management teams and the officer Regulatory and Compliance Board.

From the work undertaken during the financial year 2018/19 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. Risk management arrangements have improved during 2018/19, though further development continues and therefore only partial assurance can be provided until that work is completed.

The Combined Authority continues to review, develop and refine its Assurance Framework to ensure that there is greater accountability and improved governance with regard to the management and delivery of projects. As part of the Delivery Directorate, a Portfolio Management 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 Investment Committee and the Combined Authority on progress with Local Growth Deal schemes, 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. The risk appetite statement is regularly reviewed and changes approved. 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 updated during the year and is considered regularly by the Governance and Audit Committee and reported to the Combined Authority meeting as part of the regular corporate performance management report.

Building on the work that was done in late 2017 to review and update the Combined Authority's risk management framework, work has continued in 2018/19 to further develop and embed risk management arrangements across the organisation. This has included work 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 Corporate Risk Management Strategy. In 2018/19 significant work has been undertaken to further embed a risk awareness culture, which has been supported by the introduction of additional risk guidance documents to disseminate information about the approach to identifying, treating and assessing risks. In addition a series of practical risk workshops have also been held with a variety of groups across the organisation and standard agenda items on risk have been embedded into management meetings through the refresh of internal governance arrangements that took place in autumn 2018.

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 completed during the year. The conclusion was that the Internal Audit activity generally conforms to the definition of internal auditing, the Code of Ethics and the PSIAS. An action plan was determined to address recommendations for further development of the function.

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.

5. Programme of Improvement

During 2018/19 the Combined Authority continued to progress its 'One Organisation' Transformation Programme aimed at ensuring the Combined Authority has the right structures, processes and people to enable the successful delivery of its objectives and priorities. Significant progress has been made with regard to recruiting to new structures and subsequent alignment of budgets, corporate plans and the embedding of the new set of values and behaviours. This has been accompanied by an increased focus on transparency in decision making across both the Combined Authority and the LEP Board.

Significant work has been undertaken to ensure compliance with the requirements of the General Data Protection Regulation which came into force on 25 May 2018. Work is continuing to ensure information security arrangements remain up to date and are regularly monitored and reported.

Work is underway to review 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.

A dedicated Scrutiny Officer post is in place to support the Overview and Scrutiny Committee. Further improvements with regard to the transparency of project delivery are planned for the summer as part of upgrades to the website.

6. Significant Governance Issues

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

No such 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 2018/19 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.

Councillor Hinchcliffe	B Still
Chair	Managing Director

July 2019

Movement in Reserves Statement

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'. This 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.

2018-19	Note	General Fund Balance £000's	Capital Grants Unapplied £000's	Useable Capital Receipt Reserve £000's	Rail Reserve £000's	WY Transport Fund £000's	NGT Reserve £000's	Total Usable reserves £000's	Capital Adjustment Account £000's	Financial Instruments Adj A/C £000's	Revaluation Reserve £000's	Donated Asset A/C £000's	Pension Reserve £000's	Unusable reserves £000's	Total £000's
Balance at 1st April 2018		**5,217**	**88,266**	**1,242**	**2,075**	**28,109**	**971**	**125,880**	**13,092**	**(1,573)**	**13,789**	**668**	**(74,746)**	**(48,770)**	**77,110**
Transfer of balances 1 April 2018															
Movement in reserves during 2018/19															
Surplus on Provision of Service		(6,892)						(6,892)						-	(6,892)
Remeasurement of the net defined benefit liability	7							-					(5,452)	(5,452)	(5,452)
Revaluation of non-current assets	11,22							-			1,012			1,012	1,012
Prior year adjustment			173	(250)				(77)	250					250	173
Total Comprehensive Income and Expenditure		**(6,892)**	**173**	**(250)**	**-**	**-**	**-**	**(6,969)**	**250**	**-**	**1,012**	**-**	**(5,452)**	**(4,190)**	**(11,159)**
Adjustments between accounting basis and funding basis under regs															
Minimum Revenue Provision (MRP)	3	(3,124)						(3,124)	3,124					3,124	-
Finance costs early settlement discounts	6	33						33		(33)				(33)	-
Revenue Expenditure Funded from Capital under Statute (Ref	22.2	148,831						148,831	(148,831)					(148,831)	-
Capital grants applied	22.2	(155,842)		(1,526)	(1,211)			(158,579)	158,579					158,579	-
Capital Grants unapplied	22.1	17,465	(17,465)					-						-	-
Depreciation	11	4,266						4,266	(4,266)					(4,266)	-
Transfer W/down of Soft Loans		(128)						(128)		128				128	-
Transfer to pension reserve	7	1,797						1,797					(1,797)	(1,797)	-
GPF loan repayments				9,690				9,690	(9,690)					(9,690)	-
Transfer contribution of completed capital projects to UCR								-						-	-
Asset disposal profir/(loss)		601		279				880	(880)					(880)	-
Impairment GPF Loans		800						800	(800)					(800)	-
Total adjustments between accounting basis and funding basis under regs		**14,699**	**(17,465)**	**8,443**	**(1,211)**	**-**	**-**	**4,466**	**(2,764)**	**95**	**-**	**-**	**(1,797)**	**(4,466)**	**-**
Increase/ (decrease) in year before Transfer to ear-marked reserve		**7,807**	**(17,292)**	**8,193**	**(1,211)**	**-**	**-**	**(2,503)**	**(2,514)**	**95**	**1,012**	**-**	**(7,249)**	**(8,656)**	**(11,159)**
Transfer to ear-marked reserve		(6,176)				6,176		-							
Increase/ (decrease) in year		**1,631**	**(17,292)**	**8,193**	**(1,211)**	**6,176**	**-**	**(2,503)**	**(2,514)**	**95**	**1,012**	**-**	**(7,249)**	**(8,656)**	**(11,159)**
Balance at 31st March 2019		**6,848**	**70,974**	**9,435**	**863**	**34,286**	**971**	**123,377**	**10,578**	**(1,477)**	**14,801**	**668**	**(81,995)**	**(57,425)**	**65,952**

2017/18	Note	General Fund Balance £000's	Capital Grants Unapplied £000's	Useable Capital Receipt Reserve £000's	Rail Reserve £000's	WY Transport Fund £000's	NGT Reserve £000's	Total Usable reserves £000's	Capital Adjustment Account £000's	Financial Instruments Adj A/C £000's	Revaluation Reserve £000's	Donated Asset A/C £000's	Pension Reserve £000's	Total Unusable reserves £000's	Total £000's
Balance at 1st April 2018		**7,102**	**73,608**	**-**	**2,075**	**21,933**	**971**	**105,689**	**13,023**	**(1,623)**	**12,927**	**668**	**(72,384)**	**(47,389)**	**58,299**
Transfer of balances 1 April 2017															
Movement in reserves during 2017/18															
Surplus on Provision of Service		18,883						18,883						-	18,883
Remeasurement of the net defined benefit liability	7							-					(935)	(935)	(935)
Net increase in liability on disposal/aquistn								-						-	-
Revaluation of non-current assets	11,22							-			862			862	862
Total Comprehensive Income and Expenditure		**18,883**	**-**	**-**	**-**	**-**	**-**	**18,883**	**-**	**-**	**862**	**-**	**(935)**	**(73)**	**18,810**
Adjustments between accounting basis and funding basis under regs															
Minimum Revenue Provision (MRP)	3	(3,254)						(3,254)	3,254					3,254	-
Finance costs early settlement discounts	6	76						76		(76)				(76)	-
Revenue Expenditure Funded from Capital under Statute (Ref	22	141,208						141,208	(141,208)					(141,208)	-
Capital grants applied	3,22	(143,888)		(967)				(144,855)	144,855					144,855	-
Capital Grants unapplied	22	(14,658)	**14,658**					-						-	-
Depreciation	11	4,675						4,675	(4,675)					(4,675)	-
Transfer W/down of Soft Loans		(126)						(126)		126				126	-
Transfer to pension reserve	7	1,427						1,427					(1,427)	(1,427)	-
Asset Held For Sale Revaluation loss				1,557				1,557	(1,557)					(1,557)	
Impairment GPF Loans		(59)		59				-						-	-
Total adjustments between accounting basis and funding basis under regs		7 **(14,592)**	**14,658**	593 **1,242**	**-**	**-**	**-**	600 **1,308**	(600) **69**	**50**	**-**	**-**	**(1,427)**	(600) **(1,308)**	**-**
Increase/ (decrease) in year before Transfer to ear-marked reserve		**4,291**	**14,658**	**1,242**	**-**	**-**	**-**	**20,191**	**69**	**50**	**862**	**-**	**(2,362)**	**(1,381)**	**18,810**
Transfer to ear-marked reserve		(6,176)				6,176		-							
Increase/ (decrease) in year		**(1,885)**	**14,658**	**1,242**	**-**	**6,176**	**-**	**20,191**	**69**	**50**	**862**	**-**	**(2,362)**	**(1,381)**	**18,810**
Balance at 31st March 2018		**5,217**	**88,266**	**1,242**	**2,075**	**28,109**	**971**	**125,880**	**13,092**	**(1,573)**	**13,789**	**668**	**(74,746)**	**(48,770)**	**77,110**

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards ("IFRS") adopted by the Code of Practice on Local Authority Accounting 2018/19 and the Accounts and Audit Regulations 2015.

2017/18 Restated*					2018/19		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's		Notes	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
188,586	(15,990)	172,596	Transport Services		202,673	(16,743)	185,930
61,547	(6,186)	55,361	Economic Services		53,926	(5,668)	48,258
4,353	(314)	4,039	Policy, Strategy & Communications		4,463	(477)	3,986
2,907	(2,883)	24	Delivery		3,894	(3,375)	519
7,826	(3,089)	4,737	Resources		7,921	(4,391)	3,530
265,219	**(28,462)**	**236,757**	**Net cost of services**		**272,877**	**(30,654)**	**242,223**
3,222	-	3,222	Interest Payable	**6**	3,220		3,220
-	(1,138)	(1,138)	Interest and Investment income	**6**		(2,761)	(2,761)
1,716	-	1,716	Net interest on the pension defined benefit liability	**7.7**	1,886		1,886
7	-	7	(Gain) or loss on disposal of assets		601		601
270,164	**(29,600)**	**240,564**	**Net Expenditure after financing and investment**		**278,584**	**(33,415)**	**245,169**
			Non-Specific Grant Income				
-	(100,900)	(100,900)	District Council Levies	**9,12**		(99,900)	(99,900)
-	(158,547)	(158,547)	Government and Other Grants (Capital)	**9**		(138,377)	(138,377)
270,164	**(289,047)**	**(18,883)**	**(Surplus)/Deficit on Provision of Services**		**278,584**	**(271,692)**	**6,892**
-	935	935	Remeasurement of the net defined benefit liability	**7.7**		5,452	5,452
-	-	-	Deficit/(Surplus) on Revaluation				-
-	-	-	Net increase in pension liability from disposal/ acquisitions				-
-	(862)	(862)	Surplus on revaluation of non -current assets	**11(d),22(6)**		(1,012)	(1,012)
-	73	73	**Other Comprehensive Income and Expenditure**		-	4,440	4,440
		(18,810)	**Total Comprehensive Income and Expenditure**				**11,332**

* Restatement of prior year CI&E in line with the adoption of IFRS15 Revenue from Contracts with Customers in 218/19.

Balance Sheet

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.

31 March 2018	£000s	*31 March 2019*		*notes*
	Non-current assets			
79,792	Property, plant and equipment	76,108		11(d)
23,633	Long-term debtors	25,841		17
103,425			101,949	
	Current assets			
133,088	Short term investment	99,590		21
26,230	Short term debtors	36,252		15
42,891	Cash and cash equivalents	73,034		16
202,209			208,876	
	Current liabilities			
(1,048)	Short term borrowing	(1,047)		19
(51,881)	Trade and Other payables	(65,481)		18
(25,653)	Accruals and deferred income	(21,153)		18
(196)	Provisions for current liabilities	(197)		23
(78,778)			(87,878)	
226,856	Total assets less current liabilities		222,947	
	Long-term liabilities			
(75,000)	Long-term borrowing	(75,000)		19,21
(74,746)	Net pensions liability	(81,995)		7
(149,746)			(156,995)	
77,110	Total assets less liabilities		65,952	
	Financed by			
5,217	General Fund Reserve	6,848		
1,242	Usable Capital Receipts Reserve	9,435		22
88,266	Capital grants unapplied	70,974		22
2,075	Rail Reserve	863		22
971	New Generation Transport Reserve	971		22
28,109	WY Transport fund Reserve	34,286		22
125,880	*Usable reserves*		123,377	
13,092	Capital Adjustment Account	10,578		22
(1,573)	Financial Instruments Adjustment Account	(1,477)		22
(74,746)	Pensions Reserve	(81,995)		22
13,789	Revaluation Reserve	14,801		22
668	Donated Asset Account	668		11(c)
(48,770)	*Unusable reserves*		(57,425)	
77,110	Total reserves and balances		65,952	

Cash Flow Statement

The cashflow statement is a financial statement that shows changes in balance sheet account and income after cash and cash equivalents,and breaks the analysis down to operating, investing and financing activities. Essentially, the cashflow statement is concerned with the flow of cash in and cash out of the Combined Authority.

2017/18	£000s		*2018/19*
	Operating activities :		
18,883	Surplus/(Deficit) on the Provision of Service		(6,892)
4,675	Depreciation	11d	4,266
(126)	Write down of loans		705
12,135	Increase in creditors	17,18	8,716
426	(Increase)/decrease in debtors	15,21	(12,950)
1,427	Transfer to the Pension Reserve	22	1,797
6	Provisions	23	1
7	(Profit)/Loss from disposal of assets	11b	601
1,016	Fixed assets charged to revenue	11d	927
38,449	Net cash generated from operating activities		(2,829)
	Cash flows from investing activities		
(2,736)	Purchase of property, plant & equipment,	11d	(1,379)
(1,928)	New long term debtor loans advanced	17	(9,297)
(34,750)	Short term investment	21	33,500
600	Proceeds from the sale of property, plant & equipment	11b	279
(38,814)	Net cash flows from investing activities		23,103
	Cash flows from financing activities		
(505)	Repayment of loans	19	-
1,286	Receipt of Debtor Loan repayments	17	9,869
781	Net cash used from financing activities		9,869
416	Increase/(Decrease) in cash and cash equivalents		30,143
42,475	Cash and cash equivalents at the beginning of the reporting period		42,891
42,891	Cash and cash equivalents at end of reporting period	16	73,034

The deficit on the provision of service includes the following items:

2017/18 £000's			2018/19 £000's
3,222	Interest paid	6	3,220
(1,138)	Interest received	6	(2,761)

Cash and cash equivalents comprises operational cash balances, cash at bank and short-term bank deposits. Bank overdrafts that are repayable on demand also form an integral part of the Combined Authority's cash management arrangements. Included in cash and cash equivalents is cash at bank held on behalf of third parties where the liability to repay these amounts is recognised under creditors.

Explanatory Notes to the Accounts

1. Accounting Policies for the West Yorkshire Combined Authority

I. BASIS OF PREPARATION

The Statement of Accounts summarises the Combined Authority's transactions and its position for the year end of 31 March 2019. The Combined Authority is required to prepare an 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 2018/19 (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).

Statement of Compliance with IFRS

The following accounting standards have been adopted from the 2018/19 accounts:

IFRS 9 Financial Instruments (replaces IAS39)
IFRS15 Revenue from Contracts with Customers (replaces IAS11, IAS18, IFRIC13, 15, 18 and SIC 31)

The following accounting standards have been issued but not yet adopted by the Code:

IFRS16 Leases (effective from the 2020/21 accounts)

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

The statements are prepared on a going concern basis with the accounts being prepared on the assumption that the functions of the Combined Authority will continue in operational existence for the foreseeable future.

Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the Combined Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority.

- Revenue from the provision of services is recognised when the Combined Authority 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.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to make certain assumptions, estimates and judgements that may affect the reported amounts of assets, liabilities, income and expenses. These are based on historical experience and any other factors, including expectations of future events, that are considered appropriate, and these are continually reviewed. Subsequent actual results may however differ from these estimates and judgements. Areas where assumptions, estimates and judgements may give rise to adjustments to the carrying values of assets and liabilities in the financial year are as follows:

- **Property revaluation**: the Combined Authority carries its non-infrastructure land and buildings at fair value. Periodically, external surveyors are used, and the last full independent survey was carried out as at 31 March 2015. Between independent surveys, reviews are carried out by internal but qualified staff. Such valuations and any attached estimates are subject to some judgement.

- **Leases:** The Combined Authority has 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. The Combined Authority has classified certain contracts as operating leases although the legal form of the arrangement is not a lease.

- **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.

a) PROPERTY PLANT AND EQUIPMENT

- Infrastructure Assets and Plant and Equipment are stated at depreciated historical cost, net of accumulated impairment losses. Non-Infrastructure Land and buildings are measured at current value which is Existing Use Value (EUV) where there is an active market or Depreciated Replacement Cost (DRC) where it relates to a specialised asset. Valuations are performed at intervals of no more than five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A full revaluation of the Combined Authority's Non-Infrastructure Land and Buildings and the office building (Wellington House) was carried out by an MRICS qualified valuer of Lambert Smith Hampton, a firm of external Chartered Surveyors. The revaluation was carried out as at 31 March 2015 on an Existing Use Value (EUV) and Depreciated Replacement Cost (DRC) in accordance with IAS 16. A revaluation of the Combined Authority's on-street

furniture was carried out as at 31 March 2008 however under IFRS these are infrastructure assets and are valued at historical cost. A revaluation update of Non-Infrastructure Land and Buildings was undertaken by Lambert Smith Hampton as at 31 March 2019.

- Infrastructure Assets and Plant and Equipment are recorded at original cost less accumulated depreciation and any recognised impairment loss. 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. 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. Subsequent costs are included in the carrying value of an asset when it is probable that additional future economic benefits will flow to the Combined Authority and the cost of the item can be measured reliably. All other repairs and renewals are charged to the income statement as incurred.

- Depreciation or amortisation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment and intangible fixed assets including those held under finance leases. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives. The estimated useful lives of assets are reviewed regularly and, when necessary, revised. Accelerated depreciation or amortisation is provided where an asset is expected to become obsolete before the end of its normal useful life or if events or changes in circumstances indicate that an impairment loss needs to be recognised, as discussed below. No further charges are provided in respect of assets that are fully written down but are still in use. The estimated useful lives for the main categories of property, plant and equipment and intangible assets are:

  Freehold and Long Leasehold Buildings between 5 and 50 years

  On-street Furniture and Infrastructure 20 years

  Rail Units Leased 10 years

  Vehicles Between 4 and 16 years

  Plant and Equipment Between 4 and 10 years

  Office Furniture and Equipment Between 4 and 10 years

- 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. Impairment reviews are based on risk adjusted discounted cash flow projections. Significant judgement is applied to the assumptions underlying these projections which include estimated discount rates, growth rates, future selling prices and direct costs. Changes to these assumptions could have a material impact on the financial position of the Combined Authority and on the result for the year.

b) **Progress payments for capital assets**

Progress payments for capital assets or schemes not yet completed are held in Work In Progress. The assets are transferred to the appropriate heading 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.

c) **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.

d) **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.

II. 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.

III. REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE

Expenditure incurred by the Combined Authority that may be capitalised under statutory provisions but does not result in the creation of a non-current asset (i.e. rail infrastructure) is charged to the Comprehensive Income and Expenditure account. The Combined Authority 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 grant requirement.

IV. RAIL INFRASTRUCTURE

Expenditure now incurred by the Combined Authority on any rail infrastructure projects is not capitalised. The Combined Authority has no ownership/legal rights in respect of the infrastructure and as a consequence the costs are charged directly to revenue.

V. CHARGES TO REVENUE

For the Combined Authority depreciation has been shown as part of the service expenditure. The Combined Authority has considered the impairment of fixed assets in accordance with IAS 36 and no charges for impairment have been made. Such depreciation or impairment is then required by the Code to be credited in the Movement in Reserves Statement on the General Fund Balance to avoid it being a net

charge to the accounts. Amounts set aside from revenue for the repayment of external loans are also shown separately through the Movement in Reserves Statement on the General Fund Balance.

VI. GOVERNMENT GRANTS

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

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

Amounts recognised as due to the Combined Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Capital Grants

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 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 (see policy V. above).

VII. INVESTMENTS

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

VIII. RESERVES

The General Fund Balance is a revenue reserve and transfers to and from the reserve are recognised through the Movement in Reserves Statement. Expenditure is charged to revenue and not directly to the reserve. Other reserves (Capital Adjustment,

Financial Instruments Adjustment, Revaluation, and Pension Reserves) are not available for revenue purposes and can only be used for specific statutory purposes.

IX. PENSION COSTS

The requirements of IAS 19 "Retirement Benefits" have been fully adopted in the financial statements of the Combined Authority.

The Combined Authority is an employing authority within the West Yorkshire Pension Fund which is a funded pension scheme. Most employees participate in this scheme which provides defined benefits payable to members on and after their retirement. 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) as a consequence 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 projections of projected earnings for current employees.

The assets of the pension fund attributable to the Combined Authority are included in the Balance Sheet at their fair value:

- Quoted securities at current bid price
- Unquoted securities based on professional estimate
- Unitised securities at current bid price
- Property at market value

<u>The change in the net pension's liability is analysed into seven components:</u>

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;

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 ;

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;

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 adverse impact 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.

X. PROVISIONS

A provision is recognised in the Balance Sheet when the Combined Authority has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. In accordance with the Combined Authority's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated. Provisions for environmental issues are judgemental by their nature and more difficult to estimate when they relate to sites no longer directly controlled by the Combined Authority. The Combined Authority has taken a consistent approach to estimating environmental provisions.

XI. EXCEPTIONAL ITEMS

The Combined Authority presents certain items separately as 'exceptional'. These 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.

XII. TAXATION

Corporation, Income and Capital Gains Tax

The Combined Authority is exempt from Corporation, Income and Capital Gains tax by virtue of regulations section 74 of the Local Government Finance Act 1988.

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Irrecoverable VAT on the purchase of assets or services is recognised as an expense in the income statement.
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Balance Sheet.

XIII. DEBTORS

Debtors are adjusted for doubtful debts which are provided for with known uncollectable debts being written off.

XIV. LEASED ASSETS

Assets acquired under finance leases, where substantially all the risks and rewards of ownership of the assets have passed to the Combined Authority, 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.

Rentals payable under operating leases (where the risks and rewards incidental to ownership remain with the lessor), are charged to the income statement on a straight line basis over the lease term. When the lease becomes onerous full provision is made of the expected discounted future cost of the lease.

XV. 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. The Combined Authority accounts have been prepared in accordance with IFRS 9 (which replaced IAS 39) which is effective from 2018/19 accounts. The main implications of the change is in the classification and measurement of financial assets and for recognising and measuring impairment.

Financial Assets

Financial assets can be classified as cash and cash equivalents (short term deposits) trade receivables and loans receivable. The Combined Authority does not hold instruments designated as available-for-sale assets. 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: Consist of non-derivative financial assets with fixed or determinable payments not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. This means for most of the loans advanced by the Combined Authority the amount presented in the balance sheet is the principal 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. Gains and losses are recognised in the Income and Expenditure Statement when the assets are amortised, derecognised or impaired.

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: **t**he Combined Authority assesses at each period end whether there is any evidence that a financial asset, or group of assets, is impaired. Financial assets are impaired if, and only if, there is objective evidence of one or more events that will negatively impact future expected cash flows, and the impact can be reliably estimated. Objective evidence may be that a debtor is experiencing financial difficulty to the extent that cash flows are, or are likely to be, negatively impacted. If such objective evidence exists, then the financial asset is impaired to the extent of the present value of estimated cash flow shortfall. The amount of the allowance for impairment is recorded separately to the asset, and written off against income. Financial assets are derecognised when the appropriate cash flows have been received, or when the rights to receive cash flows from the asset have expired.

Financial Liabilities

Financial liabilities can be classified as loans and borrowings and trade and other payables and are initially recognised at fair value. Subsequent measurement of liabilities depends on their classification as follows:

Loans and borrowings: non-derivative financial liabilities with fixed or determinable payments not quoted in an active market. Such interest-bearing liabilities are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the Income and Expenditure Statement when the liabilities are amortised, derecognised or impaired.

Trade and other payables*:* recognised and carried at invoice or contract value. Should an amount become non-payable, it is written back to the Statement of Income and Expenditure in the period in which it is recognised.

Financial liabilities are derecognised when the appropriate cash flow obligations have been discharged, expired or otherwise cancelled.

Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset, and the net amount reported in the Balance sheet, if and only if there is an enforceable legal right to offset, and there is an intention to settle on a net basis in order to realise the assets and discharge the liabilities simultaneously.

XVI. FOREIGN CURRENCY TRANSLATION

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.

XVII. CONTINGENT LIABILITY

A contingent liability arises where an event has taken place that gives the Combined Authority 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.

XVIII. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts are to be authorised for issue by the Chief Financial Officer as at 31 July 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of the information (adjusting events). Events indicative of conditions that arose after the reporting period are not adjusted (non-adjusting events).

XIX. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES , ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in estimation techniques are accounted for prospectively and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practice or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Combined Authority's financial position or performance. Changes are made retrospectively by adjusting opening balances and comparative amounts for the prior period.

XX. CONSOLIDATION OF JOINT VENTURE

The concept of materiality has been considered in respect of the consolidation of Yorcard Ltd into the Combined Authority's accounts. Materiality is determined as an omission or misstatement that may influence an economic decision of the user of the accounts. On this basis Management have adopted a policy to exclude the Yorcard Ltd Joint Venture from full consolidation but have disclosed in note 24 the financial performance and position in accordance with IAS31 "Interests in Joint ventures".

2. The Account

The CIPFA Code of Practice on Local Authority Accounting based on International Financial Reporting Standards in the United Kingdom 2018/19 (IFRS based code): The IFRS based code requires all authorities who have a group interest in another organisation to produce group accounts based on IFRS 3 business combinations and IAS 27 consolidated and separate financial statements except where interpretations or adaptions for public sector apply. The accounts of the Combined Authority however have not been prepared as group accounts reflecting that the Combined Authority is a single entity with a small joint venture which is not consolidated within the financial statements as disclosed at note 24.

3. Capital Expenditure and Financing

The Combined Authority has a statutory obligation to make adequate provision to meet its liabilities in respect of capital expenditure financed by external borrowing. The method of calculating the provision is defined by statute. For 2018/19 the amount is £3.124m.

The provision has been charged to service revenue accounts as a depreciation charge for fixed assets related to that service. The balance has been transferred from the Capital Adjustment Account to the General Fund Balance to ensure that the charge to the amount met from Government Grant and Local Taxation equates to the Minimum Revenue Provision (MRP).

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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, 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.

Capital Financing Requirement

	2017/18 £000's	2018/19 £000's
Opening Balance	81,346	78,092
	81,346	78,092
Capital Investment		
Property, Plant and Equipment	2,736	1,379
Housing and Regeneration Investment	1,128	7,950
Growing Places Fund Loans	800	1,346
Revenue Funded from Capital Under statute	140,191	147,903
Sources of Finance		
Government grants and other capital contribu	(143,888)	(155,841)
Capital Reserve (other) contributions	(967)	(2,737)
Minimum Revenue Provision (MRP)	(3,254)	(3,124)
Movement in year	(3,254)	(3,124)
Closing Capital Financing Requirement	78,092	74,968

The capital financing requirement decreased in 2018/19 by the level of provision for the repayment of debt as there was no increase in the requirement to borrow to fund capital expenditure.

4. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how the funding available to the Combined Authority for the year has been used in providing services in comparison with those resources consumed in accordance with general accepted accounting practices.

A disclosure on the nature of expenses is presented as recommended by the Code. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

4(a). Expenditure and Funding Analysis

2017/18				2018/19		
Expenditure Chargeable to GF	Adjustment between funding and accounting	Net Expenditure in the CI&E	£000s	Expenditure Chargeable to GF	Adjustment between funding and accounting	Net Expenditure in the CI&E
80,981	91,614	172,595	Transport Services	80,136	105,794	185,930
1,487	53,874	55,361	Economic Services	1,458	46,800	48,258
4,099	(60)	4,039	Policy, Strategy & Communications	4,005	(19)	3,986
68	(44)	24	Delivery	534	(15)	519
3,285	1,452	4,737	Corporate Services	1,670	1,860	3,530
		-				-
89,920	146,836	236,756	Net cost of services	87,803	154,420	242,223
7,164	(3,297)	3,867	Financing and investment income and expenditure	4,764	(1,818)	2,946
(95,198)	(164,308)	(259,506)	General grant income	(94,198)	(144,079)	(238,277)
1,886	(20,769)	(18,883)	(Surplus) / deficit on provision of services	(1,631)	8,523	6,892

General Fund		
(7,102)	Reserve Balance brought forward	(5,216)
1,886	(Increase) / decrease for the year	(1,631)
(5,216)	Reserve Balance carried forward	(6,847)

4(b). Note to the Expenditure and Funding Analysis

2017/18					2018/19			
Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments	£000s	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
(91,710)	96	-	(91,614)	Transport Services	(105,821)	27		(105,794)
(53,912)	38	-	(53,874)	Economic Services	(46,812)	12		(46,800)
-	60	-	60	Policy, Strategy & Communications		19		19
-	44	-	44	Delivery		15		15
213	(1,665)	-	(1,452)	Corporate Services	12	(1,872)		(1,860)
(145,409)	(1,427)	-	(146,836)	Net cost of services	(152,621)	(1,799)	-	(154,420)
-	-	3,297	3,297	Financing and investment income and expenditure			1,818	1,818
158,606	-	5,702	164,308	General grant income	138,377		5,702	144,079
			20,769	Difference Between Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the provision of Services			-	8,523

4(c). Expenditure and Income Analysed by Nature

2017/18	£000s		2018/19
	Income		
(57,138)	Other service income	(54,803)	
(1,138)	Interest and investment income	(2,762)	
-	Expected return on pension assets	-	
(167,380)	Government Grants	(146,292)	
(100,900)	Transport Levy	(99,900)	
		-	
(326,556)	Total Income		(303,757)
	Expenditure		
19,503	Employee expenses	21,198	
278,564	Other service expenses	279,478	
4,675	Depreciation, amortisation and impairment	4,266	
3,222	Interest payments	3,220	
(7)	Gain or loss on disposal of non-current assets	601	
-	Gain or loss on AHF	-	
1,716	Pension interest costs	1,886	
307,673	Total Expenditure		310,649
(18,883)	(Surplus)/ deficit		6,892

5. Disposal of Fixed Assets

	2017/18 £000's	2018/19 £000's
Net Book Value of Assets	-	880
Proceeds from sale	-	(279)
(Profit)/Loss on disposal of fixed assets by the Authority	-	601

6. Financing Income and Costs

	2017/18 £000's	2018/19 £000's
Interest receivable on Loans, deposits and other debts	(1,138)	(2,761)
Interest payable on Loans	3,222	3,220
Effect of early settlement of Loans	(76)	(33)

7. Pension Costs

7.1 Defined Benefit Pension Scheme

The Combined Authority is a member of the West Yorkshire Pension Fund, administered by Bradford Metropolitan District Council. This is a funded defined benefit scheme, meaning that the Combined Authority and their employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The contribution rate for 2018/19 is 14.6% (14.6% for 2017/18), and the deficit lump sums are £1.254m and £1.215m for 2018/19 and 2017/18 respectively.

7.2 Capital Cost of Discretionary Increase in Pension Payments

The Combined Authority is required to disclose the capital cost of discretionary increases in pension payments, which related to the award of added years on the early retirement of employees. Separate disclosure is required for the in year discretionary awards and the ongoing costs of previous years discretionary payments. The capital costs relating to the awards of discretionary added years are set out below:

	2017/18 £000's	2018/19 £000's
Current Employees	3,290	3,471
Former Employees	1,076	890

A proportion of the pension costs in respect of former employees is in respect of staff transferred to Yorkshire Rider Limited (now First West Yorkshire), as explained in the Combined Authority's accounting policy note on pension costs.

7.3 Pension Disclosures required under ISA19

The Combined Authority's West Yorkshire Pension Fund liabilities have been assessed by AON Hewitt Ltd, an independent firm of actuaries. Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The main assumptions used:

	2017/18		2018/19	
	Unfunded	Funded	Unfunded	Funded
Duration of liabilities	12yrs	14.3yrs	12yrs	14.3yrs
Inflation : RPI	3.2%	3.2%	3.3%	3.3%
CPI	2.1%	2.1%	2.2%	2.2%
Rate of increase in salaries	-	3.4%	-	3.5%
Rate of increase for pensions in payment	2.1%	2.1%	2.2%	2.2%
Pension account revaluation rate	-	2.1%	-	2.2%
Rate used to discount funded scheme liabilities	2.6%	2.6%	2.4%	2.4%

Mortality assumptions

Post retirement mortality (retirement in normal health) :-

2017/18	2018/19
Standard SAPS Normal Health All Amounts	Standard SAPS Normal Health All Amounts
Males : CMI 2012 Long term rate of improvement of 1.5%	Males : CMI 2012 Long term rate of improvement of 1.5%
Females : CMI 2012 Long term rate of improvement of 1.5%	Females : CMI 2012 Long term rate of improvement of 1.5%

Life Expectancy	2017/18	2018/19
- of a male (female) future pensioner aged 65 in 20yrs time	23.1 (27.1) Years	23.2 (27.2) Years
- of a male (female) current pensioner aged 65	22.1 (25.3) Years	22.2 (25.4) Years

As part of the latest 2013 actuarial valuation the mortality experience was analysed across the fund over a 3 year period and assumptions have been amended regarding life expectancy. The mortality allowance for future improvements uses the Continuous Mortality Investigation (CMI) Mortality Projections model with the model updated annually to reflect the latest emerging experience. This means there will continue to be regular changes to the assumptions for future improvements in mortality rates as new data is taken into account.

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 2019 (showing the proportion of assets between the classes of investment) and are as follows:-

Pension Assets

	2017/18				2018/19			
	Quoted %	Unquoted %	Total %	Asset £000's	Quoted %	Unquoted %	Total %	Asset £000's
Equities	75.8	7.2	83.0	121,120	62.5	11.5	74.0	113,642
Government Bonds	7.0	0.0	7.0	10,216	11.2	0.0	11.2	17,200
Other Bonds	2.8	0.0	2.8	4,022	4.0	0.0	4.0	6,143
Property	3.4	0.0	3.4	4,890	0.2	4.5	4.7	7,218
Cash/Liquidity	1.3	0.0	1.3	1,956	0.0	2.3	2.3	3,532
Other	0.7	1.8	2.5	3,586	0.0	3.8	3.8	5,836
Total	91.0	9.0	100.0	145,790	77.9	22.1	100.0	153,571

7.4 Reconciliation of unfunded/funded status to Balance Sheet

2017/18				2018/19		
£000's Unfunded	£000's Funded	£000's All Benefits		£000's Unfunded	£000's Funded	£000's All Benefits
	145,790	145,790	Fair Value of assets		153,571	153,571
10,790	209,746	220,536	Present value of unfunded/ funded defined benefit obligation	10,300	225,266	235,566
(10,790)	(63,956)	(74,746)	Funded status	(10,300)	(71,695)	(81,995)
-	-	-	Impact of minimum funding requirement /asset ceiling	-	-	-
(10,790)	(63,956)	(74,746)	Asset/(liability) recognised on the balance sheet	(10,300)	(71,695)	(81,995)

7.5 Reconciliation of present value of scheme liabilities

2017/18			2018/19	
£000's Unfunded	£000's All Benefits		£000's Unfunded	£000's All Benefits
11,456	216,221	Opening balance 1 April	10,790	220,536
	4,045	Current service cost		4,341
273	5,268	Interest cost	268	5,632
	1,229	Member Contributions		1,074
	40	Past service cost		
1	1,085	Actuarial gain/loss financial assumptn	181	10,763
-	-	Actuarial gain/loss Demographic		
105	1,778	Actuarial gain/loss experience	30	2,273
		Curtailments		
		Net increase in liabilities from disposals/acquisitions		
(1,045)	(9,130)	Benefits paid	(969)	(9,053)
10,790	220,536	Closing balance 31 March	10,300	235,566

7.6 Reconciliation of fair value of scheme assets

2017/18 £000's Unfunded	2017/18 £000's All Benefits		2018/19 £000's Unfunded	2018/19 £000's All Benefits
-	143,837	Opening balance 1 April	-	145,790
-	3,552	Interest income on scheme assets	-	3,746
-	1,928	Remeasurement of (losses)/gains	-	7,584
1,045	4,374	Contributions paid by employer	969	3,461
-	1,229	Member Contributions		1,074
-	-	Net increase in liabilities from disposals/aquisitions		
(1,045)	(9,130)	Benefits paid	(969)	(8,084)
-	145,790	Closing balance 31 March	-	153,571

2017/18 £000's	Actual return on assets	2018/19
3,552	Interest income on assets	3,746
1,928	Remeasurement gain/(loss) on assets	7,584
5,480	Actual return on assets	11,330

7.7 The amounts recognised in the Comprehensive Income and Expenditure Statement

2017/18 £'000	Cost of Service	2018/19 £'000
4,045	Current Service Cost	4,341
40	Past Service Cost	0
-	Curtailments or settlements	
	Financing Investment Income and Expenditure	
1,716	Interest on net defined benefit liability	1,886
5,801	Total pension cost recognised	6,227
	Remeasurements in Other Comprehensive Income and Expenditure	
(1,928)	Return on plan assets (in excess)/below that recognised in net interest	(7,584)
1,085	Actuarial (gains)/losses due to change in Financial assumption	10,763
-	Actuarial (gains)/losses due to change in Demograghic assumption	
1,778	Actuarial (gains) due to liability experience	2,273
935	Total amount recognised in Other Comprehensive income	5,452
-	Net increase in liabilities from disposals/acquisitions	-
6,736	Total amount recognised	11,679

7.8 Estimated pension expense in future periods

This is an estimate of the charges to the surplus or deficit on the income and expenditure account in future period, based on the assumptions as at 31 March 2019.

Funded LGPS benefits - Expected amounts charged to Surplus or Deficit on the Provision of Services

	31/03/2020 £'000
Projected service cost	4,888
Past Service cost	-
Interest on the net defined benefit liability/(asset)	710
	5,598

Unfunded LGPS benefits - Expected amounts charged to Surplus or Deficit on the Provision of Services

	31/03/2020 £'000
Interest on the net defined benefit liability/(asset)	235
	235

7.9 Sensitivity Analysis

The sensitivity analysis showing the impact of changing key actuarial assumptions on the present value of the funded defined benefit obligation as at 31 March 2019 and the projected service cost for the year ending 31 March 2020 is set out below. Only the assumptions mentioned are altered all other assumptions remain the same. There is no sensitivity for unfunded benefits on materiality grounds.

Funded LGPS benefits (Combined Authority)

Adjustment to discount rate	+0.1%pa	Base Figure	-0.1%pa
Present value of total obligation £000's	164,993	167,368	169,777
% change in present value of total obligation	-1.4%		1.4%
Projected service cost £000's	4,765	4,888	5,014
Approximate % change in projected service cost	-2.5%		2.6%
Adjustment to rate of increase in salaries	+0.1%pa	Base Figure	-0.1%pa
Present value of total obligation £000's	167,886	167,368	166,855
% change in present value of total obligation	0.3%		-0.3%
Projected service cost £000's	4,888	4,888	4,888
Approximate % change in projected service cost	0.0%		0.0%
Adjustment to pension increase rate and the rate of revaluation of pension accounts	+0.1%pa	Base Figure	-0.1%pa
Present value of total obligation £000's	169,256	167,368	165,502
% change in present value of total obligation	1.1%		-1.1%
Projected service cost £000's	5,014	4,888	4,765
Approximate % change in projected service cost	2.6%		-2.5%
Adjustment to mortality age rating assumption	-1 year	Base Figure	+1 year
Present value of total obligation £000's	172,649	167,368	162,133
% change in present value of total obligation	3.2%		-3.1%
Projected service cost £000's	5,078	4,888	4,700
Approximate % change in projected service cost	3.9%		-3.9%

8 Government and Other Grant Income

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

Revenue credited to cost of Service	2017/18 £000's	2018/19 £000's
Transport Services		
Special Rail Grant (SRG) - Department for Transport	919	878
Bus Service Operator Grant - Department for Transport	2,063	2,063
	2,982	2,941
Economic Services & Strategy, Policy and Communications		
Apprentice Grant for Employers - Dept. Business Innovation & Skills	3,255	92
Enterprise Advisor - Careers & Enterprise Company	206	409
Strategic Heat Network - Dept. Energy and Climate Change	304	6
Employer Ownership Partnership - Dept. Bus Innovation & Skills	1001	-
Business Growth Hub - Dept. Business Innovation & Skills	512	512
Growth Service - Business Rates Pool	-	44
Headstart - Skills Funding Agency	-	52
Careers Learning Pilot - Learning & Work Institute	-	262
Employment Hub, [re]boot & Inestment Readiness - European Structural Fund	-	1,095
Access&Innovation and Resource Efficiency Fund - European Regional Development Fund	215	1,007
Strategic Growth Funding - European Regioanl Development Fund	162	1,003
Planning Delivery Fund - Ministry of Housing, Communities and Local Government	20	-
Energy Strategy Programme - Department of Energy and Climate Change	49	-
Low Emission Buses - Ministry of Housing, Communities and Local Government	-	234
Travel Plan Network - Interreg	-	103
S31 Skills grant - Department for Education	-	244
Key Account Management - Dept. International Trade	-	200
Energy Hub - Tees Valley Combined Authority	-	10
	5,724	5,273

9 Non-Specific Grant Income

The Combined Authority credited the following grants to the Comprehensive Income and Expenditure Statement under non-specific grant income.

	2017/18 £000's	2018/19 £000's
Capital grants and other Contributions		
Local Growth Fund Allocation - Ministry of Housing, Communities and Local Government	72,228	74,349
Leeds Public Transport Package - Department for Transport	21,000	-
One Public Estate - Ministry of Housing, Communities and Local Government	285	395
ULEV Taxi Scheme - Department for Transport	29	15
Integrated Transport Block/Maintenance - Department for Transport	52,269	42,343
BEACONS - DCMS	125	-
Section 31 Cycle City Ambition Grant - Department for Transport	4,176	13,799
Cleaner Bus Technology Grant - Department for Transport	348	54
Flood Resillience Fund - Department for Transport	2,311	-
HS2 Strategy Tranche 2 - Department for Transport	921	102
Other Capital Contributions	4,855	7,320
	158,547	138,377
District Council Levies	100,900	99,900

The funding for the provision of rail services under the franchising arrangements was no longer paid directly to the Combined Authority from April 2017. The Combined Authority received the contribution to its administration costs. The amounts received as follows:

	2017/18 £000's	2018/19 £000's
Contribution to the Combined Authority's administration costs	919	878
	919	878

10 Officers' Remuneration and Members Allowances

a) Employee costs

	2017/18 £000's	2018/19 £000's
Wages and Salaries	13,707	15,048
National Insurance Contribution	1,360	1,493
Other Pension Costs	3,176	3,419
	18,243	19,960

Members' Allowances and expenses: the total members' allowances paid in the year to 31March 2019 was £136,424 (£146,112 at 31 March 2018)

(b) Average number of employees

	2017/18 Number	2018/19 Number
Manual	37	33
Management and Administration	466	492
	503	525

(c) Unused holiday entitlement

	2017/18 £'000s	2018/19 £'000s
Unused holiday entitlement:	192	189

The Combined Authority's policy on flexi-leave carried over is that it does not give rise to a financial entitlement.

(d) The Accounts and Audit Regulations 2015 requires local authorities 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 council 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 two summary disclosures are required, covering the numbers of other staff whose total remuneration (i.e. salary plus pension etc.) is above £50,000, and the number and value of all exit packages agreed during the year.

Senior Employees

The following table gives details of the remuneration for senior officers (as defined above) with an annual salary of above £50,000:

		Salary Fees Allowances	Bonuses	Expenses Allowances	Pension Contributions	Total
Managing Director - Ben Still	2017/18	153,015	-	140	22,340	175,495
	2018/19	156,075	-	192	22,787	179,054
Director, Transport Services	2017/18	92,132	-	30	13,451	105,613
	2018/19	98,922	-	-	14,443	113,365
Director of Delivery	2017/18	101,831	-	42	14,867	116,740
	2018/19	108,814	-	-	15,887	124,701
Director of Corporate Services-S73 Officer	2017/18	101,831	-	-	14,867	116,698
	2018/19	108,814	-	41	15,887	124,742
Director/Interim Director of Policy,Strategy and Communications	2017/18	96,408	-	-	14,075	110,483
Director/Interim Director of Policy,Strategy and Communications	2018/19	88,121	-	59	12,865	101,045
Executive Head of Economic Services	2017/18	80,141	-	57	11,701	91,899
	2018/19	86,046	-	115	12,563	98,724
Head of Legal & Governance Services	2017/18	71,588	-	10	10,452	82,050
	2018/19	76,671	-	24	11,194	87,889

The Chair of Leeds City Region Enterprise Partnership (LEP) is an independent member, an annual fee of £60k was paid to the Chair on IR35 basis.

Other employees

The following table gives the numbers of employees whose total remuneration is above £50,000 but who are not included in the detailed disclosure for senior employees given above.

Band	Senior Officers 2017/18	Senior Officers 2018/19
£50,001 - £55,000	11	16
£55,001 - £60,000	5	7
£60,001 - £65,000	2	4
£65,001 - £70,001	5	4
£70,001 - £75,000	1	3
£75,001 - £80,000	-	1
£80,001 - £85,000	-	-
£90,001 - £95,000	-	-
£95,001 - £100,001	-	-
£100,001 - £105,000	-	-
£115,001 - £120,000	-	-
	24	35

Costs of redundancies and other leavers

Termination benefits were paid by the Combined Authority arising from the termination of employment incurring liabilities of £76,346 in 2018/19 (£239,041 2017/18). The exit package payable included voluntary redundancy payments and enhanced pension benefits payable arising from the re-structuring and rationalisation of specific business areas.

Exit Package cost band (inc. special payments)	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18 £	2018/19 £
£0-£20,000	5	9	-	-	5	9	51,164	76,346
£20,001-£40,000	1	-	1	-	2	-	58,041	-
£40,001-£60,000	1	-	1	-	2	-	97,762	-
£60,001-£80,000	-	-	1	-	1	-	71,514	-
£80,001-£100,000	-	-	-	-	-	-	-	-
Total	7	9	3	-	10	9	278,481	76,346

11 Property, Plant & Equipment

(a) Previously a revaluation of the Combined Authority's On-Street Furniture was carried out by the Infrastructure Manager as an internal expert at 31 March 2008. All On-Street Furniture was included in the revaluation. The basis of the valuation was depreciated replacement cost as these assets are deemed to be specialised.

The On-street furniture assets under IFRS code are re-classified as infrastructure assets and valued at historical cost deemed to be the value at 1 April 2007 adjusted for subsequent depreciation or impairment. As the valuation method used at 31 March 2008 was on a depreciated replacement cost basis this acts as a suitable proxy for historical cost.

As at 31st March 2019, a desk top revaluation of the Combined Authority's non-infrastructure land and buildings was carried out by an MRICS qualified valuer of Lambert Smith Hampton, a firm of external Chartered Surveyors. The full revaluation was carried out as at 31 March 2015 on an Existing Use Value (EUV) basis in accordance with IAS16.

The Combined Authority have considered the impairment of fixed 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. The desktop revaluation by the external surveyors as at 31 March 2019 also confirmed this position.

(b) Assets Held for Sale

The Combined Authority has no asset held for sale as at 31 March 2019.

(c) 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. The Combined Authority's leased bus stations and land at Apperley Bridge (finance leases on-balance sheet) 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 councils. 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-Infrastructure Assets are valued at current value.

Donated Assets Account

	2017/18 £000's	2018/19 £000's
Balance at start of the year	668	668
Movement in year	-	-
Balance at end of the year	668	668

(d) The Balance Sheet movements of Fixed Assets

2017/18

	£000's	LAND AND BUILDINGS £000's	INFRA-STRUCTURE ASSETS £000's	DONATED ASSETS £000's	VEHICLES OWNED £000's	VEHICLES LEASED £000's	PLANT & EQUIPMENT OWNED £000's	PLANT & EQUIPMENT LEASED £000's	PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION £000's
COST VALUATION									
Opening Balance	151,096	9,423	79,666	763	22,637	8	22,844	54	15,701
Additions	2,736		341		348		25	-	2,022
Transfer from payments on	-								
assets in course of construction	-						48	-	(48)
Disposals	-							-	
Revaluation Adjustments	255	255						-	
Reclassification Adjustments	-							-	
Write off to Revenue	(1,017)							-	(1,017)
Transfer Assets held for sale	-							0	
At 31 March 2018	153,070	9,678	80,007	763	22,985	8	22,917	54	16,658
ACCUMULATED DEPRECIATION									
Opening Balance	69,211	327	29,037	408	17,190	8	22,187	54	-
Charge for the year	4,674	280	2,575	10	1,559		250		-
Disposals	-								-
Reclassification adjustments	-	-		-		-		-	-
Revaluation Adjustments	(607)	- 607			-	-	-	-	-
Transfer Assets held for Sale	-	-	-	-	-	-	-	-	-
At 31 March 2018	73,278	-	31,612	418	18,749	8	22,437	54	-
NET BOOK VALUES									
31 March 2018	79,792	9,678	48,395	345	4,236	-	480	-	16,658
Opening Balance	-	-	-	-	-	-	-	-	-
31 March 2017	81,885	9,096	50,629	355	5,447	-	657	-	15,701

2018/19

	£000's	LAND AND BUILDINGS £000's	INFRA-STRUCTURE ASSETS £000's	DONATED ASSETS £000's	VEHICLES OWNED £000's	VEHICLES LEASED £000's	PLANT & EQUIPMENT OWNED £000's	PLANT & EQUIPMENT LEASED £000's	PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION £000's
COST VALUATION									
Opening Balance	153,070	9,678	80,007	763	22,985	8	22,917	54	16,658
Additions	1,379		9		234		384		752
Transfer from payments on	-								
assets in course of construction	-								
Disposals	(4,496)				(4,496)				
Revaluation Adjustments	727	727							
Reclassification Adjustments	-								
Write off to Revenue	(927)								(927)
Transfer Assets held for sale	-								
At 31 March 2019	149,753	10,405	80,016	763	18,723	8	23,301	54	16,483
ACCUMULATED DEPRECIATION									
Opening Balance	73,278	0	31,612	418	18,749	8	22,437	54	-
Charge for the year	4,266	285	2,588	10	1,214		169		
Disposals	(3,615)				(3,615)				
Reclassification adjustments	-								
Revaluation Adjustments	(285)	(285)							
Transfer Assets held for Sale	-								
At 31 March 2018	73,644	0	34,200	428	16,348	8	22,606	54	-
NET BOOK VALUES									
31 March 2019	76,108	10,405	45,816	335	2,375	-	695	-	16,483
Opening Balance									
31 March 2018	79,792	9,678	48,395	345	4,236	-	480	-	16,658

This note analyses the movement in the balance sheet value of the Combined Authority's land, building and other fixed assets. The table above shows a breakdown of the carrying value for each category of fixed 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 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.

12 Related Party Transactions

The Combined Authority is required to disclose material transactions with related parties in accordance with IAS 24 "Related party transactions". Related parties are bodies or individuals that have the potential to control or influence the Combined Authority or to be controlled or influenced by the Combined Authority. Disclosure of these transactions allows readers to assess the extent to which it 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 Combined Authority.

Members

The Combined Authority requires Members to complete a declaration of members' disclosable pecuniary interests. This information is 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 the local authorities or City of York Council and are appointed to the Combined Authority or co-opted to one 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 8 and 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 figures for 2018/19 are set out below:

Amounts received by the Combined Authority

	Education transport		Transport Levy		LCR LEP Funding	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	£m	£m	£m	£m	£m	£m
City of Bradford Council	1.7	1.1	23.7	23.4	0.10	0.12
Calderdale MDC	1.0	0.5	9.1	9.0	0.05	0.06
Kirklees MDC	0.4	0.7	18.6	18.4	0.10	0.12
Leeds City Council	1.5	0.8	34.1	33.8	0.19	0.23
Wakefield MDC	2.1	1.5	15.4	15.3	0.08	0.09
	6.7	4.6	100.9	99.9	0.52	0.62

Amounts paid by the Combined Authority

	LTP Block Funding		Transport Fund	
	2017/18	2018/19	2017/18	2018/19
	£m	£m	£m	£m
City of Bradford Council	8.8	9.2	0.36	5.8
Calderdale MDC	5.2	5.2	0.12	6.1
Kirklees MDC	8.4	8.5	0.53	2.1
Leeds City Council	12.5	12.2	2.04	18.7
Wakefield MDC	5.7	12.1	5.54	3.1
	40.6	47.2	8.59	35.8

Officers

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.

Yorcard Ltd is a Joint Venture trading company operated in conjunction with South Yorkshire Passenger Transport Executive (SYPTE), and is fully disclosed in note 24. The Director of Transport Services of the Combined Authority is a board director of Yorcard Ltd.

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 2019.

ITSO Services Ltd is a trading company established to promote the development of interoperable smart card applications to public transport. The Director of Transport Services of the Combined Authority is a Director of ITSO Services Ltd.

During the year ended 31 March 2019, there was no transaction between TICCO, ITSO and the Combined Authority.

Payments to Operators

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

Payments are no longer made to one franchised rail operator for the provision of local rail services.

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. This prepaid ticket income is included in the Combined Authority's revenue account together with an equivalent amount shown as payment to operators.

Payments to Operators

	2017/18 £000's	2018/19 £000's
Payments to Bus Operators	31,804	33,504
	31,804	33,504

13 Exceptional Item

There were no exceptional items in 2018/19 or in 2017/18.

14 Taxation

The West Yorkshire Combined Authority is deemed to be a body with the power to issue a levy by virtue of regulations under section 74 of the Local Government Finance Act 1988 and is therefore exempt from paying Corporation tax, income tax and capital gains tax.

15 Short Term Debtors

	2017/18 £000's	2018/19 £000's
Central government bodies	4,615	7,923
Other Local Authorities	6,859	19,349
Bodies external to government	14,790	9,159
Bad debt provision	(34)	(179)
	26,230	36,252

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.

16 Cash & Cash Equivalents

	2017/18 £000's	2018/19 £000's
Bank Current Accounts	42,891	73,034
	42,891	73,034

Cash balances include £5.6m held on behalf of third parties. 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.

17 Long Term Debtors – Loans

	2017/18 £000's	2018/19 £000's
Soft Loans		
Balance at 1 April	8,228	8,354
Nominal Value of Loans advanced during year	-	-
Fair Value Adjustment on Initial recognition	-	-
Effective interest to write back to carrying value	126	128
Balance at 31 March	8,354	8,483
Other Loans Advanced		
Balance at 1 April	18,788	19,430
Loans transferred	-	352
Loans repaid	(1,286)	(9,696)
Impairment of Loan	-	(800)
Loans advanced during the year	1,928	9,297
Balance at 31 March < 1year	(4,151)	(1,225)
Balance at 31 March > 1 year	15,279	17,358
Total Long Term Debtor - Loans	23,633	25,841

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, utilities and refurbishment of buildings.

18 a). Trade and Other Payables

	2017/18 £000's	2018/19 £000's
Central Government Bodies	426	441
Other Local Authorities	20,511	9,572
Bodies external to Government	30,944	55,468
	51,881	65,481

b). Accrued and Deferred Income

	2017/18 £000's	2018/19 £000's
Central Government Bodies	22,573	14,814
Other Local Authorities	2,888	1,986
Bodies external to Government	192	4,353
	25,653	21,153

Notes

(a) Central government deferred income relates to Grants received in advance where conditions have not been met at the year end.

(b) Other Local Authorities deferred income relates to capital contributions to small infrastructure projects that have not yet been complete 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.

19 Loans Outstanding

	2017/18 £000's	2018/19 £000's
Lender:-		
Public Works Loans Board	50,728	50,728
Other Market Loans	25,320	25,319
Short Term Loans		
	76,048	76,047
Maturity:-		
Loans repayable within 12 months	1,048	1,047
1-2 years	-	-
2-5 years	-	-
5-10 years	-	-
More than 10 years	75,000	75,000
	76,048	76,047

20 Capital Expenditure and Financing

	2017/18 £000's	2018/19 £000's
Capital Expenditure		
Fixed Assets	2,736	1,379
Revenue expenditure funded from capital under statute	140,191	147,903
Long-term investments and capital loans	1,928	9,297
	144,855	158,579
Capital Financing		
Borrowing (credit approvals)	-	-
Capital receipts	-	-
Government grants and other contributions	140,071	150,694
Other revenue contributions	4,784	7,885
	144,855	158,579

21 Financial Instruments

Financial liabilities, financial assets represented by loans, creditors and trade receivables and short-term debtors are carried in the Balance Seet at amortised cost. Their fair value is assessed as the amount at which the instrument could be exchanged in a current transaction between willing parties.

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.

	2017/18		2018/19	
	£000's Carrying Amount	£000's Fair value	£000's Carrying Amount	£000's Fair value
Financial Assets				
Short term debtors	26,230	26,289	36,252	36,252
Cash and cash equivalents	42,891	42,891	73,034	73,034
Short term investment	133,088	132,772	99,590	99,392
Long term Debtors- Soft Loans Advanced	8,354	8,359	8,484	8,722
Long term Debtors- Commercial Loans Advanced	15,279	18,268	17,358	18,981
	225,842	228,579	234,718	236,381
Financial Liabilities				
Short-term Payables	77,534	77,534	86,634	86,634
Floating rate borrowing - due within 1yr	-	-	-	-
Fixed Rate borrowing - due within 1 yr	-	-	-	-
Floating rate borrowing - due after 1yr	-	-	-	-
Fixed Rate borrowing - due after 1 yr	76,048	113,657	76,047	115,572
	153,582	191,191	162,681	202,206

The Combined Authority has considered the balance sheet carrying values i.e. amortised costs of financial instruments of the Combined Authority. It 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 which fall into this category.

21.1 Fair Value hierarchy for financial assets and financial liabilities that are not measured at fair value

	2017/18			
	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Total £000
Financial Liabilities				
financial liabilities held at amortised cost:				
Loans/borrowings (PWLB and other market loans)	-	113,657	-	113,657
Trade payables	-	-	77,284	77,284
Total	-	113,657	77,284	190,941
Financial assets				
Loans and receivables:				
Soft loans to third parties	-	8,359		8,359
Other loans and receivables	-	18,268	26,289	44,557
Short term Investments	-	132,772		132,772
Total	-	159,399	26,289	185,688

	2018/19			
	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Total £000
Financial Liabilities				
financial liabilities held at amortised cost:				
Loans/borrowings (PWLB and other market loans)	-	115,572		115,572 0
Trade payables	-		86,634	86,634
Total	-	115,572	86,634	202,206
Financial assets				
Loans and receivables:				
Soft loans to third parties	-	8,722		8,722
Other loans and receivables	-	18,981	36,252	55,233
Short term Investments	-	99,392		99,392
Total		127,095	36,252	163,347

21.2 Loans Advanced and Borrowings

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 rate used should be equal to the current rate for a similar loan from a comparable lender. This will be the market rate applicable on the date of valuation for a loan with the same outstanding period to maturity.

However, it may be unlikely that the future cash flows of a loan will fall in equal time periods from the date of valuation, so adjustments are made to each discount factor in order to account for the timing inequality.

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.

The discount rates used for the evaluation were obtained by West Yorkshire Combined Authority from 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.

Assumptions used, which do not have a material effect on the fair value evaluation are: interest is calculated using a 365 day basis; interest is paid on the maturity date; no adjustment is made to the interest value and date where a relevant date occurs on a non-working day.

The fair value of financial liabilities and financial assets included in level 2 in the table above have been arrived at using discounted cashflow analysis as described above, the key input being the discount rate (the discount rate used by Capita for the GPF loans advanced has been modified using a risk adjusted EC reference rate as opposed to the PWLB new loan rate).

21.3 Financial instruments not measured at fair value

Financial assets		Financial liabilities	
Type	**Valuation Technique**	**Type**	**Valuation Technique**
Loans Advanced (Long term Debtor)	Discounted cashflows:The valuation model considers the present value of the cashflows expected over the remaining life of each loan discounted using a risk adjusted representative rate for new loans indicative of economic conditions and security at the measurement date 31 March 2019.	Loans and Borrowings	Discounted cashflows:The valuation model considers the present value of the cashflows expected over the remaining life of each loan discounted using lending rates for new loans based on PWLB rates at the measurement date 31 March 2019.
Soft Loans	Discounted cashflows : The valuation model considers the present value of the cashflows expected over the remaining life of each loan discounted using the PWLB new loan rates at the measurement date 31 March 2019.	Trade Payables	The fair value of trade payables is deemed to be the invoiced or billed amount.
Trade and other receivables	The fair value of trade and other receivables is taken to be the invoiced or billed amount.		
Short term	The valuation of the fixed term deposits which have no secondary market would be based on an investment with a similar lende for the remaining period of deposit at rates available at the measurement date. The accrued interest added on this basis would provide a fair value for the short term investments.		

	Effective interest rate	Maturity	2017/18 £000's	2018/19 £000's
Current			**0**	**0**
Non- Current				
Public Works Loan Board	3.70%	Jan 2056	5,000	5,000
Public Works Loan Board	4.40%	Jan 2052	5,000	5,000
Public Works Loan Board	4.40%	Jul 2054	8,000	8,000
Public Works Loan Board	4.40%	Jun 2053	8,000	8,000
Public Works Loan Board	4.55%	Jun 2052	4,000	4,000
Public Works Loan Board	4.55%	Apr 2055	6,000	6,000
Public Works Loan Board	4.55%	Apr 2056	6,000	6,000
Public Works Loan Board	4.55%	Apr 2057	8,000	8,000
Barclays - Fixed Rate Loan's (previously LOBO's)	3.97%	May 2065	5,000	5,000
Barclays - Fixed Rate Loan's (previously LOBO's)	3.80%	Aug 2065	5,000	5,000
Barclays - Fixed Rate Loan's (previously LOBO's)	3.99%	Oct 2066	5,000	5,000
Barclays - Fixed Rate Loan's (previously LOBO's)	4.30%	Dec 2076	5,000	5,000
Barclays - Fixed Rate Loan's (previously LOBO's)	4.32%	May 2077	5,000	5,000
			75,000	**75,000**
Total			**75,000**	**75,000**

21.4 Management of risks arising from financial instruments

There are a number of risks associated with financial instruments to which the Combined Authority 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 is the risk that amounts due to the Combined Authority may not be received. Almost all of the Combined Authority'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 Combined Authority'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 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. 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.

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 borrowings 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. Also measures exposure to adverse rates.

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 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 £1,759k if interest rates varied by 1% in the year.

The Authority is not exposed to any material currency risk.

22. Reserves

	2017/18 £000's	2018/19 £000's
Usable Reserves	125,880	123,377
Unusable Reserves	(48,770)	(57,425)
Total Reserves	77,110	65,952

22.1 Useable Reserve

Usable reserves such as the General Fund are those where members will be involved in deciding on the levels maintained, and their use.

General Fund Reserve

The General Fund balance is a non-earmarked usable reserve and can be applied to fund any form of general revenue expenditure that aligns with the policies and objectives of the Combined Authority. The General Fund Balance has a surplus of £6.8m at 31 March 2019 (£5.2m 31 March 2018).

Rail Reserve

The Useable Reserves balance for the Combined Authority includes a Rail Reserve which is ear-marked for rail infrastructure investment and is to be held pending future investment into the rail projects. There is a balance of £0.86m at 31 March 2019.

New Generation Transport Reserves (NGT)

The Total Useable Reserves balance for the Combined Authority includes a New Generation Transport (NGT) Reserve of £0.97m at 31 March 2019 (£0.97m 31 March 2018). This earmarked reserves is for the purpose of delivering the Leeds NGT scheme. In May 2016 the Secretary of State announced that the NGT scheme would not be approved to progress although the £173.5m allocated to it would be made available for

public transport in Leeds. Plans to spend this money will be progressed during 2019 along with the future utilisation of the NGT reserve.

West Yorkshire Transport Fund Reserve

In addition to the Reserves include the West Yorkshire Transport Fund Reserve to reflect additional levy contributions from the Local Authorities to develop strategic transport schemes in West Yorkshire and York. The reserve has a balance of £34.2m at 31 March 2019 (£28.1m 31 March 18).

Capital Grant Unapplied

The Capital Grants Unapplied Reserve recognises capital grants received where conditions have been met but the application of the capital grants to expenditure on the acquisition, construction and enhancement of non-current assets has yet to be incurred.

Capital Grants Unapplied

	2017/18 £000's	2018/19 £000's
Opening Balance	73,608	88,266
Capital receipts unapplied	14,658	(17,292)
Balance carried Forward	88,266	70,974

Useable Capital Receipts reserve

Income from the disposal of fixed assets is credited to the usable capital receipts reserve. The usable element can be applied to the financing of new capital expenditure or remain in this account. The following table shows the movement on the reserve during 2018/19.

Useable Capital Receipt Reserve

	2017/18 £000's	2018/19 £000's
Opening Balance	-	1,242
Capital receipts unapplied	1,242	8,193
Balance carried Forward	1,242	9,435

22.2 Unusable Reserve

Unusable revenue reserves are those established by statute in order to adjust the timing with which certain items affect the tax payers.

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.

Capital Adjustment Account

	2017/18 £000's	2018/19 £000's
Opening Balance	13,023	13,092
	13,023	13,092
Revenue Funded from Capital Under statute	(141,208)	(148,831)
Depreciation	(4,675)	(4,266)
Statutory provision for the financing of Capital Investment (MRP)	3,254	3,124
Capital Grants applied	144,855	158,579
Impairment of Growing Places Fund (GPF) Loans	-	(800)
GPF Loans replayments	(1,557)	(9,440)
Disposal of Asset Held for Sale	(600)	(880)
Balance at the end of the Year	13,092	10,578

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.

Financial Instruments Adjustment Account

	2017/18 £000's	2018/19 £000's
Balance at 1 April	(1,623)	(1,572)
Premiums incurred in the year	(82)	(40)
Discounts received in year	7	6
Effective Interest rate adjustment- Soft Loans	126	129
Balance at 31 March	(1,572)	(1,477)

Pension 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.

Pensions Reserve

	2017/18 £000's	2018/19 £000's
Balance at 1 April	(72,384)	(74,746)
Actuarial gains and (losses) on pension assets and Liabilities	(935)	(5,452)
Reversal of items relating to retirement benefits debited or credited to the Surplus or (Deficit) on the Provision of Services in the Comprehensive Income and Expenditure Statement	(5,801)	(6,227)
Net increase in liability on disposal/acquisition		
Employers pension contributions	4,374	4,430
Balance at 31 March	(74,746)	(81,995)

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.

Revaluation Reserve

	2017/18 £000's	2018/19 £000's
Balance at 1 April	12,925	13,789
Surplus on revaluation	864	1,012
Balance at 31 March	13,789	14,801

Donated Assets 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 11c).

23. Provisions

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:-

	2017/18 £000's	2018/19 £000's
At 1 April	189	196
Arising during year	7	1
Utilised in year	-	
At 31 March	196	197

The Combined Authority as at 31 March 2019 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. There were no further provisions for organisational restructure at 31 March 2019 as specified in IAS37.

24. Joint Venture

At 31 March 2019 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. The performance and financial position of the Combined Authority's share of Yorcard Ltd is disclosed below in accordance with IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities :-

Yorcard	2017/18 £000's	2018/19 £000's
Turnover and other income	953	826
Expenses	(953)	(826)
Profit before Tax	-	
Taxation	-	
Profit after Tax	-	
Fixed Assets		
Current Assets	522	508
Liabilities due within 1yr	(512)	(498)
Liabilities due after 1yr or more		
Net Assets	10	10

25. Audit Fees

The Code requires a summary of the fees payable to the Combined Authority's appointed auditors in relation to the financial year:

	2017/18 £000's	2018/19 £000's
Annual Audit Services	33	26
Other Services	-	
	33	26

26. Financial Commitments

(a) Capital Commitments

	2017/18 £000's	2018/19 £000's
Contracted For but not Provided in the Accounts	174,904	105,749
Authorised but not Contracted For	9,273	9,376
	184,177	115,125

Capital Commitments Contracted For but not Provided in the Accounts reflect capital projects where contracts have been signed but work not yet commenced.

Capital Commitments Authorised but not contracted for reflects the approval of large scale capital schemes such as the Clean Bus Technology £5m which have not yet been contracted out in the year ended 31st March 2019.

(b) Revenue Commitments - Operating Leases

The Combined Authority has a number of bus contracts that incorporate a lease under IFRIC4. The Combined Authority has a number of contracts with operators that convey the right to use specific assets in return for a series of payments to deliver services under the Combined Authority's tendered service obligations. The minimum lease payments are substantially for service provision with a small proportion for the rental of

the assets. The fact that the life of the contracts are substantially shorter than the asset's economic useful life means these contracts are deemed to be operating leases.

Bus Operator Payments - IFRIC 4

	2017/18 £000's	2018/19 £000's
Minimum lease payments under operating leases recognised in the year :	2,338	2,734
Within 1 year	2,085	2,770
Within 2-5 years	1,422	6,835
Beyond 5 years	-	
	3,507	9,605

The Combined Authority has a number of contracts for the operation of Mybus school services that are operated as service concession arrangements under IFRIC12. The Combined Authority awards 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 below:

Bus Operator Payments - IFRIC 12

	2017/18 £000's	2018/19 £000's
Minimum lease payments under IFRIC 12 recognised in the year :	5,230	4,456
Within 1 year	5,197	2,975
Within 2-5 years	21,848	948
Beyond 5 years	2,377	-
	29,422	3,923

27 Contingent Liabilities

The Combined Authority had a contingent liability at 1 April 2018 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 2019 but it is not possible or practical to disclose an estimate of the financial effect, amount and timing due to the ongoing uncertainty.

28 Going Concern

The accounts of the Combined Authority have been prepared on a going concern basis. The budget approved by the Combined Authority in February 2019 sets out the proposed funding of the Combined Authority and formally approved the budget for the forthcoming year 2019/20. 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. The budget makes suitable provision to address the pension deficit. As a public authority we work with the West Yorkshire Pension Fund

and Actuary to ensure contributions are realistic and sustainable. Additionally a 3 year indicative capital programme complete with capital funding/finance is agreed as part of this process.

29 Events after the Balance Sheet Date

There have been no other adjustments to the financial statements for events after the balance sheet date.

30 New accounting standards not yet implemented

The Code requires local authorities to disclose the likely impact of any new accounting standards which have been issued as at the Balance Sheet date but which will not apply to local authorities' accounts until subsequent financial years. The 2019/20 Code is not expected to introduce any changes to accounting policies which would have any significant impact on the Combined Authority's 2019/20 figures.