

West  
Yorkshire  
Combined  
Authority

Tracy  
Brabin  
Mayor of  
West Yorkshire

# Statement of Accounts

Final

For the year ending 31 March 2023

# Contents

1.	Narrative Report.....	1
2.	Statement of Responsibilities.....	17
3.	Annual Governance Statement.....	18
4.	Financial Statements.....	31
	Comprehensive Income and Expenditure Statement for the CA.....	32
	Comprehensive Income and Expenditure Statement for the Group .....	34
	Movement in Reserves Statement for the CA.....	32
	Movement in Reserve Statement for the Group.....	35
	Balance Sheet for the CA and Group.....	35
	Cash Flow Statement for the CA and Group.....	37
5.	Explanatory Notes to the Accounts.....	39
6.	Independent Auditors Report.....	124

## **West Yorkshire Combined Authority Narrative Report to the Annual Accounts 2022/23**

Welcome to the West Yorkshire Combined Authority's draft Annual Statement of Accounts for 2022/23. The statements have been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). This narrative report aims to provide information so that members of the public, Council Members, partners, stakeholders and other interested parties are able to have a full and understandable explanation of the overarching financial position of the Authority and the outturn for 2022/23.

This narrative report provides information about the Combined Authority, including the key issues affecting the Authority and its accounts. It also provides a summary of the financial position at 31 March 2023 and is structured as below:

- An Introduction to the West Yorkshire Combined Authority
- How the Combined Authority performed in 2022/23
- Financial Performance - Revenue and Capital Budget and Outturn 2022/23
- Outlook for the future
- Core Financial Statements

### **Introduction to the Combined Authority**

The West Yorkshire Combined Authority has been the Local Transport Authority for West Yorkshire since 2014 and 2022/23 is the second year embedding and delivering the priorities of our new Mayor and managing significant newly devolved funding and functions into the organisation – in particular our adult education budget, Police and Crime teams.

Our vision is for a brighter West Yorkshire – a place that works for all. An engine room of ideas and creativity, where anyone can make a home.

We bring together the local authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield. Working in partnership, we develop and deliver policies, programmes and services which directly benefit the people of West Yorkshire.

The Combined Authority fulfils the functions of the Local Transport Authority and we are responsible for determining public transport policies in West Yorkshire, operating the concessionary travel scheme and producing the statutory Local Transport Plan.

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

### **Devolution**

#### **Elected Mayor of West Yorkshire**

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

In addition to her role as the Police and Crime Commissioner, for which more details are in the section below, the Mayor is accountable to and represents the people of all five local authorities in West Yorkshire, steering the work of the Combined Authority, leading on

issues such as the economy, transport, police and crime services, to ensure West Yorkshire is one of the best places in the world.

As the Chair of the Combined Authority, the Mayor works with the five leaders of the West Yorkshire local authorities to deliver their policies to help make West Yorkshire even better.

The Mayor is a strong champion for the region, making sure that the voice of the people of West Yorkshire is heard in Westminster. This makes West Yorkshire better able to influence Government policy on key matters such as the future of transport infrastructure and how to level up our communities.

## **Policing and Crime**

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

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

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

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

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

## **The Combined Authority and the Combined Authority Group**

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

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

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

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

## **Review of the year**

### Working for a brighter West Yorkshire that works for all

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

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

This is achieved by:

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

Together, we are working hard to create a brighter West Yorkshire that works for all.

### Fulfilling the promise of devolution

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

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

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

The Combined Authority has agreed to:

- Invest £13.5 million in skills, training and employment support
- Indicative funding of £40 million to deliver on our Climate and Environment Action Plan
- Encourage a new generation of entrepreneurs and business leaders with a package of measures worth at least £6 million
- Invest up to £600,000 over three years to develop a Fair Work Charter for West Yorkshire
- Invest up to £500,000 to develop a support package for people aged 16-30 to help improve skills and find good jobs in the green and digital sectors
- Make available up to £1 million for Bus Reform

### Our achievements so far

The Combined Authority and our partners continue to deliver through a period of ongoing socio-economic change.

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

Additionally, we have secured more funding, including £830 million through the City Region Sustainable Transport Settlement and an additional £22 million through the Brownfield Housing Fund. Alongside this, we are making changes to our structure so we can operate as effectively as possible.

### Corporate objectives

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

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

#### 1. Empowering our communities, towns and cities to thrive

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

In 2022-23 we have:

- Enabled 1,771 new homes on brownfield land. Of the 1,771 homes achieving indicative approval in 2022–23 approximately 427 are anticipated to be affordable across a range of tenures.
- Started and completed more affordable homes in the last two years than in any other two-year period since the financial crisis. Over 800 of those homes are being built, made possible by our Brownfield Housing Fund. All homes connected to the fund have an energy rating of C or above, supporting our ambition for everyone in our region to live in a warm, comfortable and low carbon home.

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

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

In 2022/23 we have:

- Committed indicative funding of £40 million to deliver on our Climate and Environment Action Plan
- Incorporated a carbon impact assessment into our assurance process. This allows us to publish the results of the carbon impact of existing schemes, to understand how we are building a carbon neutral region

- Provided energy efficiency advice to 150 homes in one of the most deprived wards in Bradford, to support with the reduction of fuel poverty
- Developed the Business Sustainability programme to support 150 businesses to reduce carbon emissions, implement energy efficiency measures and mitigate flood risks

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

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

In 2022/23 we have:

- Made bus travel cheaper by introducing the Mayor's Fares on the bus network, to help tackle the cost-of-living crisis
- Secured £900 million funding from the City Regional Sustainable Transport Settlement (CRSTS) and the Bus Service Improvement Plan: programmes of investment aimed at providing an integrated and inclusive transport network to deliver general road improvements, improve rail accessibility and connectivity, and develop options for a future mass transit system
- Launched a statutory consultation to review the West Yorkshire Mass Transit Vision
- Secured a funding boost of £2.5 million, from the Department for Transport's (DfT) Capability Fund, to develop our cycling and walking network

### 4. Supporting community safety and accountable, proactive policing

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

In 2022/23 we have:

- Moved into the delivery phase of our Safety of Women and Girls Strategy, which was approved in November 2022
- Created a new Violence Reduction Unit response strategy 2023, reaching and engaging 14,000 young people aged under-25 and 900 people aged over-25
- Launched Safer Parks guidance, to tackle the issue that women are three times more likely than men to feel unsafe in a park, and suggesting many ways that design and management can help change this

### 5. Championing culture, sport and creativity

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

In 2022/23 we have:

- Supported 100 creative and cultural industries businesses, freelancers and microbusinesses to help drive growth and establish an ecosystem for creative businesses
- Launched the West Yorkshire Creative Industries Showcase, a major new profile of the region's significant creative industries, businesses, organisations and talent

- Provided export support to 30 creative businesses to explore and win business in new international markets

6. Driving economic growth and innovation to enable good jobs

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

In 2022/23 we have:

- Supported 4,609 small and medium-sized enterprises through the Growth Service model
- Provided support to 848 pre-start-up and start-up businesses
- Assisted 247 businesses to trade overseas, improving the export performance of the region and encouraging businesses to internationalise.
- Launched the Business Productivity Service to boost the efficiency of small and medium-sized businesses

7. Enabling a skilled workforce and accessible learning for all

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

In 2022/23 we have:

- Supported 57,515 adults to upskill, re-train, access employment or self-employment
- Made progress on our Green Jobs Taskforce that oversees the delivery of 1,000 Green Jobs in West Yorkshire – 1,000 jobs are now pledged
- Engaged with and supported 336 businesses to take part in employment and skills programmes
- Launched the Skills Bootcamp programme to upskill workers in small and medium-sized businesses

## **Financial Performance - Revenue Outturn 2022/23**

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

The table below details the outturn against budget for the 2022/23 financial year:



	2022/23 Approved Budget £m	2022/23 Actuals £m
<b>Funding</b>		
Special Rail Grant	0.9	0.9
LEP General Funding	0.6	0.8
Interest including Growing Places Fund	1.6	8.8
Enterprise Zone Receipts	3.5	4.4
Transport Levy applied	92.2	92.2
Transfer from / (to Reserves)		(12.0)
	98.7	95.1
<b>Revenue Expenditure</b>		
<b><u>Transport Services:</u></b>		
Concessionary Fares	53.8	45.3
Subsidised Bus Services	16.6	17.4
Passenger Services	8.4	11.1
Rail SRG Spend	0.9	0.9
<b><u>Inclusive Economy, Skills &amp; Culture</u></b>	1.9	2.2
<b><u>Outcome Directorates</u></b>	2.1	4.1
<b><u>Strategy, Comms &amp; Intelligence</u></b>	3.8	3.5
<b><u>Corporate</u></b>		
Pension & Financing Costs	4.7	4.7
Corporate and Commercial Services	6.5	5.9
	98.7	95.1

The transfer to reserves figure (£12m) is the revenue position for 2022/23, which is predominately driven by income due non-recurrent interest receivable, alongside an underspend within the concessions budget, driven by the slow recovery of bus patronage in the region. This is offset by overspends across subsidised bus and passenger services, also connected to changes in bus behaviours as a continuation of impacts resulting from Covid. Against the background of huge uncertainties of the sustainability of the bus industry the Combined Authority has agreed to set aside £5.8m savings above arising from public transport expenditure to a ring-fenced transport reserve for future use.

The Police Fund is reported separately as it includes expenditure from West Yorkshire Police. The Police Fund net revenue spend for 2022/23 was £636m.

### Police Fund revenue funding and expenditure

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

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

Police Fund revenue funding and expenditure 2022/23	BUDGET	Actual	Variation
<b>NET SERVICE EXPENDITURE</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net Cost of Police Services	510,228	491,122	19,106
OPCC Corporate and Democratic Core	1,733	1,733	0
OPCC Partnership Initiatives	5,182	5,182	0
Other Operating Costs	13,699	13,610	89
<b>Net Cost of Police Services</b>	<b>530,842</b>	<b>511,647</b>	<b>19,195</b>
Net Total Contributions to/(from) Earmarked Reserves	(1,170)	18,025	(19,195)
Transfer to/(from) General Reserve	771	771	0
<b>TOTAL NET EXPENDITURE</b>	<b>530,443</b>	<b>530,443</b>	<b>0</b>
<b>FINANCING</b>	<b>0</b>		
Police Grant	210,833	210,833	0
RSG	16,693	16,693	0
NNDR	155,617	155,617	0
Precept	147,299	147,299	(0)
<b>TOTAL GROUP FINANCING</b>	<b>530,443</b>	<b>530,443</b>	<b>(0)</b>

## 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 2022/23 grant income of £895k was received from Central Government to cover the administrative costs of managing the rail franchises. Since 1 April 2016 rail franchise payments have been paid via Rail North and not via the Combined Authority. Grants formerly received directly from central Government towards the costs of the English National Concessionary Travel Scheme and rural bus services are now paid to the local authorities as part of the revenue support grant. Income from the LEP Enterprise Zones accrues to the Combined Authority and a sum of £4.4m has been accounted for in 2022/23, 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 2022/23 is the net amount.

## Revenue expenditure

The 2022/23 net levy available for transport purposes remained the same level as the previous year as that paid to the Combined Authority. The annual amount set aside for the West Yorkshire plus Transport Fund (WY+TF) remained at the same level of approximately £5m.

This is in addition to the amounts set aside in previous years for this purpose, demonstrating the local commitment to establishing the WY+TF.

Funding awarded for Inclusive Economy, Skills and Culture comes from a range of different sources, including UK Government (e.g. Department for Business, Energy and Industrial Strategy and Department for Business and Trade and the Education and Skills Funding Agency), and from local sources, such as the North and West Yorkshire 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.

## Capital Expenditure

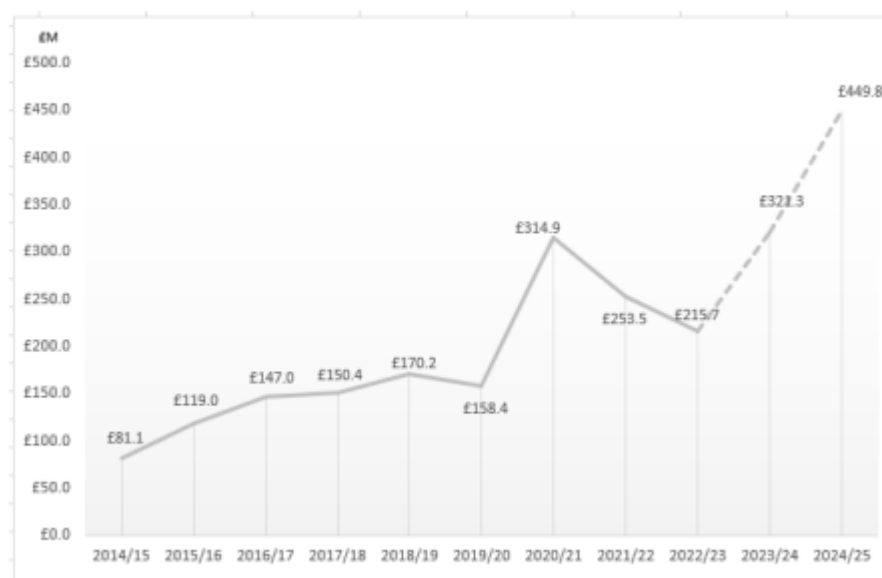
Total capital expenditure in the year was £215.7m, funded through a combination of income streams but primarily grants from the Department for Transport and the Department for Levelling up, Housing and Communities (in relation to the Getting Building Fund and Brown Field Housing Fund). This expenditure included the Local Transport Plan Integrated Transport block funding and highways maintenance spend totalling £63.4m, the West Yorkshire Transport Fund £69.4m and Transforming Cities programme £32.7m.

The table below summarises the total expenditure on the Combined Authority's capital programme in 2022/23 against the revised forecasts reported to the Combined Authority in February 2023.

Capital Programme Expenditure	Forecast as at Authority February 2023	Expenditure as at Year End 2022/23	% of CA Forecast
<b>Transport Programmes</b>			
City Region Sustainable Transport Settlement	£66,059,941	£63,358,672	95.91%
Transforming Cities Fund (inc. Tranche 1) (non CRSTS)	£37,940,399	£32,771,129	86.38%
West Yorkshire plus Transport Fund	£58,626,946	£69,401,743	118.38%
Zero Emissions Bus Regional Areas*	£3,818,701	£0	0.00%
Leeds Public Transport Investment Programme	£2,870,000	£1,961,965	68.36%
Integrated Transport Block (CA legacy projects)	£4,666,883	£4,871,529	104.39%
Active Travel	£6,856,529	£4,845,573	70.67%
New Station Fund	£3,687,541	£3,687,541	100.00%
<b>Economic Development Programmes</b>			
Getting Building Fund	£11,377,575	£11,377,575	100.00%
Brownfield Housing Fund	£9,000,000	£2,730,673	30.34%
Social Housing Decarbonisation Fund	£4,661,627	£2,967,488	63.66%
British Library North	£6,000	£5,311	88.51%
Corporate Projects	£1,897,281	£1,475,256	77.76%
Broadband	£1,204,119	£1,217,592	101.12%
Growth Deal - Economic Development	£123,300	£3,000	2.43%
Business Accelerator Fund	£2,301,895	£2,428,655	105.51%
Flood Alleviation Scheme	£12,565,000	£12,565,000	100.00%
<b>Total Capital Spend</b>	<b>£227,663,737</b>	<b>£215,668,701</b>	<b>94.73%</b>

\* Note all expenditure transferred to CRSTS in 22/23

Total expenditure achieved by the Combined Authority's capital programme in 2022/23 is £215.67 million representing almost 95% of the revised budget. In general, the programme continues to perform well but is not as high as total expenditure in 2020/21 and 2021/22. This reflects the early stages of development of some of the biggest programmes. For example, 2022/23 is first year of the City Region Sustainable Transport Settlement (CRSTS) and the majority of projects are at a very early stage. The graph below shows the annual capital spend of the Combined Authority since its inception.



The majority of Combined Authority's capital spend continues to be on the transport related activity, with 84% of the total on the transport funding programmes. Actual expenditure in 2022/23 is concentrated on four major programmes: CRSTS, the Transforming Cities Fund (TCF), the Transport Fund and the Getting Building Fund (GBF). The following summarises the performance of these programmes.

#### City Region Sustainable Transport Settlement

Expenditure on the CRSTS programme is in line with forecast and relates principally to the Network and Assets Improvements sub-programme (which covers activity by partner councils previously funded under Highways Maintenance, Pothole funding and the Integrated Transport Block) and Mass Transit which spent just over £7 million on development activities, over £1 million higher than forecast.

#### Transforming Cities Fund

The TCF and Transport Fund inflation review was undertaken during quarters 2 and 3 of 2022/23. Whilst it was necessary to undertake this review to ensure that both programmes could deliver in full within the budget available it did have an impact in year on progress and spend in particular on the TCF programme, with activity being delayed or paused during this period. The review introduced uncertainty around if and how the schemes would progress leading to delays in decision making in several areas including, procurement initiations and contract awards, progression of planning, land purchase and other statutory processes and consents as well as diverting resource away from project and programme management to undertake the review process itself. It is unlikely that this delay can be 'caught up' during the remainder of the programme's duration. However, the programme is now in a more viable financial position which has enabled prioritised schemes to continue with increased financial certainty and therefore there is renewed confidence in delivery in the future.

Despite these delays more projects are heading into delivery phases and expenditure will escalate in future years. There are now six projects in delivery, across the three thematic areas, and a further 11 are due to commence delivery in 2023. The following projects are due to complete in 2023/24: Halifax Bus Station, Leeds City Centre Cycle Improvements, Leeds City Bikes, Tadcaster Road and White Rose Station.

#### Transport Fund

In its eighth year of delivery, the Transport Fund continued to make progress, and expenditure exceeded the forecast for the year. This is down to 15 projects being in delivery. At delivery state there is less risk of expenditure slipping as projects are less likely to experience significant delays than those in development. In total the Transport Fund has now spent £398 million of the £1 billion of funding available.

Schemes completed in 2022/23 include:

- Harrogate Road - New Line
- East Leeds Orbital Route (ELOR)
- Rail Parking Package - Hebden Bridge
- CityConnect Phase 3 Canals – Huddersfield Narrow Canal Phase 2 and Leeds Liverpool Canal - Shipley
- Leeds City Centre Network and Interchange Package - Regent Street

These schemes take the total number of completed Transport Fund projects to 24 with a total value of £229 million.

A further 10 schemes are currently on site and are expected to be completed in 2023/24:

- • A629 (Phase 1B) - Elland Wood Bottom to Jubilee Road
- • Corridor Improvement Programme - Calderdale - A646 - A6033 Corridor
- • Corridor Improvement Programme - Kirklees - A62 Smart Corridor
- • Corridor Improvement Programme - Leeds - Dyneley Arms
- • Corridor Improvement Programme - Leeds - Fink Hill
- • Corridor Improvement Programme - Wakefield - A650 Newton Bar
- • Leeds City Centre Network and Interchange Package
- • Leeds City Centre Network and Interchange Package - Armley Gyratory
- • Rail Parking Package - Steeton and Silsden
- • West Yorkshire Integrated Urban Traffic Management Control

### Other Programmes

#### **Brownfield Housing Fund**

Actual spend was lower than anticipated primarily due to the forecast including spend on projects scheduled to secure approval to proceed in the late stages of the financial year. During 2022/23 progress was made towards finalising key areas such as security, due diligence, spend profiles, match funding arrangements and draft grant funding agreements. However, fulfilment of all conditions associated with approval was not practical for some projects by March 2023. Due to significant numbers of internal vacancies, there is also limited capacity within the programme team to support multiple partners and projects.

#### **Getting Building Fund**

In 2022/23 the GBF programme successfully achieved full spend of the funding awarded (£52.60 million). A number of project sites including Knottingley Business and Services Hub, Dewsbury Arcade, Huddersfield George Hotel, Bradford One City Park and Bradford



City Village continue with delivery utilising match funding contributions. All others have now progressed to output monitoring only and closure reports either have, or are, in the process of being completed. Post delivery activities are still ongoing although recent project updates and draft closure reports have highlighted successes particularly for Wakefield Warm Homes, Holbeck Phase 2 Victorian Terrace Retrofit and Business Growth Programme where in some cases the actual outputs declared exceed target values agreed with government. The table below details outputs achieved by the programme to date, these will continue to be monitored and will be reported to Government every six months until the end of 2024/25.

Output	Target	Actual (as at quarter 4 2022/23)	% Achieved (as at quarter 4 2022/23)
Additional construction jobs	440	879	200%
Housing units unlocked	400	-	0%
Jobs created	1,945	925	48%
Jobs safeguarded	530	-	0%
KG of CO2 emissions avoided	69,000,000	72,024,261	104%
KM of roads, cycle lanes and walkways maintained and built	5	5	98%
Number of businesses or institutions assisted	218	258	118%
Number of new learners assisted	200	-	0%
Number of new retrofits delivered	401	563	140%
Sqm commercial floor space	14,500	-	0%
Sqm of new or improved learning/training floor space	142	-	0%
Sqm public realm or green space improved or created	6,800	6,700	99%

Whilst funding was forecast on the **Zero Emissions Bus Regional Area** programme this activity is joint funded by CRSTS and consequently all spend to date has been transferred to that programme. The **Social Housing Decarbonisation Fund** was originally due to complete by the end of March 2023 and was expecting to spend the majority of funding. However, due to performance across the country the programme has been extended until June 2023 and the Combined Authority is on track to achieve spend of the full grant allocation.

### **Devolution Gainshare**

The share of monies for each Investment Priority includes all of the funding for 2020/21 to 2024/25 (£38 million x five years = £190 million) plus £35 million overprogramming which totals £225 million.

To date 42 projects have received approval for funding totalling £142.23 million. Whilst a number of these projects are in full delivery others have approval for development spend and will require approval of further funding before progressing into full delivery. Allocation of a further £78.62 million is currently in the pipeline.

A total of £13.44 million was spent in 2022/23 with Gainshare expenditure to date of £24.88 million.

### **What's in the Statements of Accounts?**

The accounts have been prepared in accordance with The Code of Practice on Local Authority Accounting UK 2022/23 which is based on approved International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards (IAS) Board. The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts consist of the following on Group basis:-

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

**The Annual Governance Statement** is not part of the Statement of Accounts but is required to be provided with them. It provides information regarding the system of internal control during the financial year and covers the effectiveness of this for the Combined Authority.

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

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

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

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

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

### **Expenditure and Funding Analysis**

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

### **Notes to the Financial Statements**

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

### **Events after the reporting period and authorised for issue date**

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

### **Supplementary Statements:**

#### Police Pension Fund Account

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

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

### **Further Information**

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

Further information on the Combined Authority is available on its website [www.westyorks-ca.gov.uk](http://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



## 1. The Combined Authority's Responsibilities

The Combined Authority is required:

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

## 2. The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Combined Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK ('the Code of Practice'), is required to present a true and fair view of the financial position of the Combined Authority at the accounting date and its income and expenditure for the period ended 31 March 2023.

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 audited Statement of Accounts present a true and fair view of the financial position of the West Yorkshire Combined Authority at 31 March 2023 and its income and expenditure for the period ended 31 March 2023.



A Taylor  
Chief Financial Officer

5 December 2024

## **Annual Governance Statement 2022/23**

This Annual Governance Statement reflects both the governance framework put in place for the West Yorkshire Combined Authority (Combined Authority) and the Combined Authority Group (the Group) for the year ended 31 March 2023.

### **1. Scope of Responsibility**

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

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

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

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

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

### **2. The purpose of the governance framework**

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

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

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

### 3. The governance framework

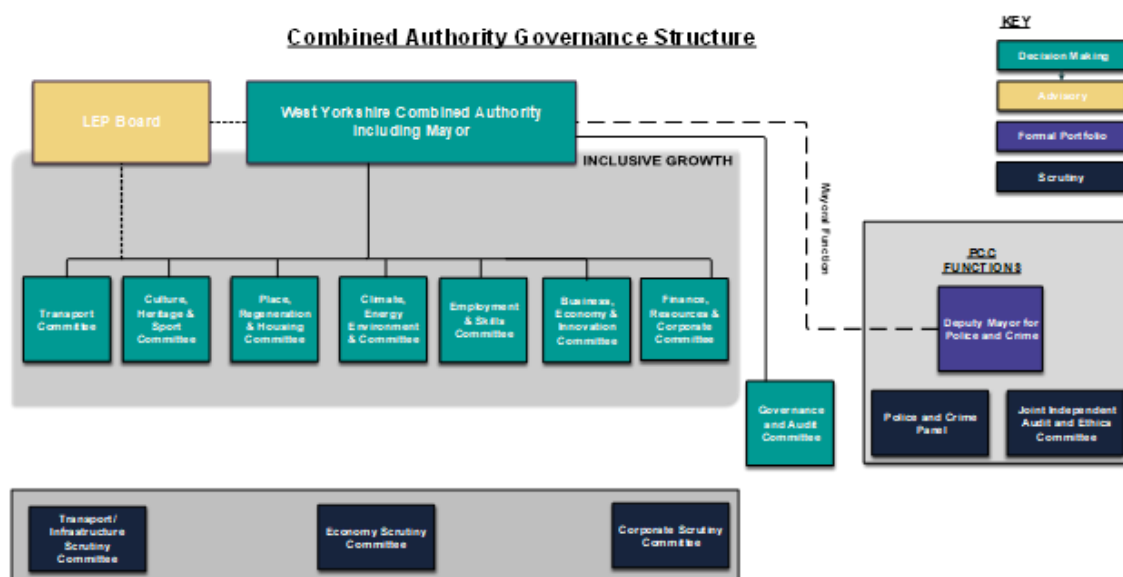
Our work is led by the Combined Authority. Corporate Policies and objectives are set and communicated by the Combined Authority. These are brought together in our business plans. The West Yorkshire Plan sets out our ambitions for West Yorkshire, through our vision, missions and range of policies and strategies.

The Mayor holds the statutory functions of the Police and Crime Commissioner (PCC) for West Yorkshire. Those functions can be delegated, with the exception of the duties to set a budget, prepare a Police and Crime Plan, and to appoint and remove a Chief Constable, which can only be exercised by the Mayor. The functions of determining police and crime objectives, attending the police and crime panel and preparing annual reports can only be delegated to the Deputy Mayor for Policing and Crime. The Mayor is held to account in respect of her police and crime functions by the Police and Crime Panel which consists of representatives from each district with crime and anti-social behaviour responsibilities plus independent members.

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

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

#### Governance Structure



- 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; these ambitions are set out in the West Yorkshire Plan, which was developed throughout 2022/23 and was launched in June 2023.

The West Yorkshire Plan sets out a shared vision, narrative, and ambitions for the region. The purpose of the West Yorkshire Plan is to:

- Explain who West Yorkshire is and what we want to achieve
- Set the trajectory for the longer-term up to 2040
- Ensure that government and wider local and national stakeholders are clear on the priorities and ambitions of the region
- Ensure that all regional partners speak with one strong voice

The WY Plan includes five missions, that are aspirational and represent long term ambitions for West Yorkshire. State of the Region reporting will continue to provide the monitoring framework underpinning the West Yorkshire Plan targets and wider policies and strategies of the Combined Authority.

The WY Plan strengthens our existing policy framework which includes a suite of policies and strategies aligned to areas of delivery.

The vision for West Yorkshire is

*A brighter West Yorkshire - a place that works for all. An engine room of ideas and creativity, where anyone can make a home.*

**Five missions have been set to achieve this:**

*Mission One:* A prosperous West Yorkshire – an inclusive economy with well paid jobs

*Mission Two:* A happy West Yorkshire – great places and healthy communities

*Mission Three:* A well-connected West Yorkshire - a strong transport system

*Mission Four:* A sustainable West Yorkshire – making lives greener

*Mission Five:* A safe West Yorkshire – a region where everyone can flourish.

All our policies and strategies work toward meeting at least one of these missions.

- b) A suite of supporting plans and strategies do and will set out further detail on a range of priority areas, including police and crime, economic strategy, climate and environment, housing and place, local area energy planning, local nature recovery, digital infrastructure, green infrastructure, skills and trade and investment. For details of the policies, strategies and priorities within the West Yorkshire Plan, please click [here](#).

- c) The Combined Authority publishes an annual State of the Region report, which provides information about the performance of West Yorkshire against key socio-economic and environmental indicators. The reports are available [here](#). The report provides a stock take of where West Yorkshire currently stands, using a basket of headline indicators. It highlights areas of strength and positive trends in the local economy but also flags key issues and challenges that are priorities for future action. The report aims to provide a balanced and objective view of economic performance in the region and gives some insight into the difference being made through the combined action of all partners in West Yorkshire.
- d) The Combined Authority itself has seven objectives from which outcomes are derived and performance measured. These are published as part of the Corporate Plan and inform the Combined Authority's annual business planning. Collectively, they help to ensure that everything the organisation delivers is centred around the goal of improving the lives of the people, businesses, and communities across West Yorkshire. They also support the delivery of the Mayor's ten pledges from her manifesto in 2021.

The seven corporate objectives are:

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

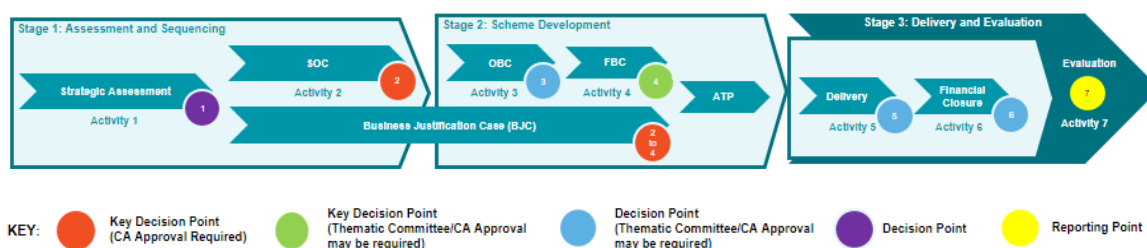
These objectives are used to support business planning and outcome setting for the organisation, and are used to aid reporting. The Corporate Plan is an annual document that sets out what the organisation will deliver over the coming year to achieve the overarching vision for the region as set out in the West Yorkshire Plan.

- e) The Combined Authority sets an annual business plan and budget. The business plan for 2023/24 was developed based around the outcomes that the organisation is seeking to achieve. At the heart of everything the Combined Authority does, including the outcomes it delivers on an annual or multi-year basis, are the seven corporate objectives.
- f) All Heads of Service across the organisation report progress against business plan outcomes, KPI and output delivery, as well as flagging risks. This reporting is fed into a central database and is analysed monthly. Senior officer Boards receive this analysis advising on progress against corporate objectives and business plan activities across the organisation. This allows oversight of delivery and any risks arising, so that these can be mitigated appropriately.

Through both officer boards and public committees' targets are reviewed routinely in year. Where necessary, action is taken to mitigate risks to delivery and / or achievement of targets where these are off-track. Finance, Resources and Corporate Committee (FRCC) receive reports on progress against

delivery of our annual business plan. Directorate business plans align with corporate objectives, and through this there are mechanisms to understand successes, progression and opportunities for improvement.

- g) Following the publication of the Levelling Up White Paper in February 2022, and consistent with the guidance from government, a LEP Integration Plan (IP) for West Yorkshire was submitted to government in July 2022 and a formal letter confirming that government endorsed the IP was received on 17 January 2023. At its meeting on 2 February 2023, the Combined Authority approved proposals to fully integrate the LEP into the Combined Authority including necessary governance changes. Work is continuing with the LEP Board to develop its evolving role with an emphasis on ensuring that the strong partnership between the public and private sector is further strengthened.
- h) The West Yorkshire Combined Authority Assurance Framework is in line with national best practice and is peer reviewed and has been updated on an annual basis building on existing good practice and reflecting any changes in both government guidance and improvements to the Combined Authority's procedures. The Assurance Framework was comprehensively reviewed during 2020/21 for February 2021, as part of the required preparations for becoming a Mayoral Combined Authority and to comply with the revised National Local Growth Assurance Framework Guidance. Minor changes were made for February 2022 and February 2023. In June 2023 the West Yorkshire Combined Authority Assurance Framework was revised to account for the changes to the LEP governance arrangements following the approval of the LEP Integration Plan by the Combined Authority. All changes have been considered and approved through internal governance arrangements and submitted and approved by Central Government. A further comprehensive peer review is being undertaken during 2023 for approval by the Combined Authority and Central Government in February 2024.
- i) The Assurance Framework supports decision making on projects and guides investment decisions across the full portfolio of capital interventions. It sets out the appropriate safeguards and processes to be put in place to ensure the proper use of public funds and that value for money is secured and outcomes are clearly agreed when investing in schemes. This includes the prioritisation process for identifying the schemes that are included for funding with a three stage approval process, as set out in the diagram below, now in place to enable the prioritisation of schemes. The Combined Authority must approve all schemes at least once in their lifetime, usually decision point 2, with subsequent decisions delegated thereafter to one of the Combined Authority's thematic committees or Chief Executive, as set out in the Assurance Pathway and Route approved by the Combined Authority.





- j) The Combined Authority's scrutiny arrangements consist of opposition-led politically balanced Overview and Scrutiny committees. 2022/23 focussed on embedding an expanded Scrutiny function (implemented in 2021/22) consisting of three committees, each with 16 cross-party councillors from across West Yorkshire (and York). The three committees are: Corporate Scrutiny, Transport & Infrastructure Scrutiny and Economy Scrutiny. Scrutiny publishes an annual report providing an overview of all the issues and topics the committees considered during the year. This year they scrutinised, amongst other things, inflation and its effect on the budget and staffing, the Bus Service Improvement Plan and the CA's role in transport and planning applications, and Adult Education Budget and the new economic strategy and Enterprise Zones. The three committees also each hold Mayor's Question Times every year in which the Mayor is questioned on her direct and soft powers relating to each of the Committees' remit. The questioning mainly focused on the cost-of-living crisis and effects on the organisation's delivery and objectives.
- k) In addition, the Combined Authority continues to assist and advise local Council scrutiny enquiries where the topics affect its sphere of activity.
- l) The Combined Authority's Governance and Audit Committee is responsible for overseeing the effective operation of the systems of governance, risk management, internal control (including internal audit) and treasury management. It has responsibility for the approval of the annual accounts. In accordance with changes in legislation there has been an independent Chair for the Committee during 2022/23. An officer Regulatory and Compliance Board chaired during 2022/23 by the Director, Finance and Commercial Services, provides an operational level management and review of internal control, risk, health and safety, information security and governance arrangements in place. This is transitioning during 2023/24 to the Corporate Centre Management Board chaired by the Chief Operating Officer.
- m) 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 Chief Executive's role), s73 Officer (Director, Finance and Commercial Services), and the Monitoring Officer (Deputy Director Legal, Governance & Compliance).
- n) Staff behaviours are guided by the Combined Authority's values and its Codes of Conduct and a similar Code exists for Members; both employees and Members are required to maintain a register of interests. Completed registers of interest are available for inspection on the Combined Authority website.
- o) 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, Finance and Commercial Services who is a key member of the leadership team and is responsible for the proper administration of the Combined Authority's financial arrangements through a suitably qualified and resourced finance function.

- p) 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.
- q) Compliance with established procedures, laws and regulations is ensured by a system that requires all decisions to set out all legal and financial implications. Schemes of officer delegation ensure that decisions are made at the appropriate level within the Combined Authority. This includes the Mayor's PCC Scheme of Delegation and Scheme of Consent to the Chief Constable. 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.
- r) 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. Reviews of the key strategic risks are undertaken by the Combined Authority and the Governance and Audit Committee.
- s) In respect of the Mayor's PCC functions, the Mayor has also established a Joint Independent Audit Committee (JIAC) which oversees the control environment of the Chief Constable and the Police and Crime functions, undertaking the functionalities of an Audit Committee in line with CIPFA guidance. The Committee receives regular reports from both internal and external audit. It provides independent assurance to both the Mayor and the Chief Constable on the adequacy of the corporate governance and risk management arrangements and the associated control environment.
- t) A system of formal procedures, Contracts Standing Orders and Financial Regulations protect the organisation. These are reviewed and approved annually, with minor updates made as required during the year. A Procurement Strategy has been approved by the Combined Authority as well as the West Yorkshire Investment Strategy, which is updated annually.
- u) The Mayor's Police and Crime Plan 2021-2024 was launched on 10 March 2022, and sets out the strategic vision for policing, community safety and joint working with the wider criminal justice system across West Yorkshire over a three-year period. In doing so they had regard to the Strategic Policing Requirement and the West Yorkshire Police Strategic Assessment, and the Plan was developed in close consultation with the public of West Yorkshire as well as a wide range of key stakeholders and partners.



- v) The Police and Crime Plan puts the safety of women and girls at its centre. Substantial on-line and social media engagement has been generated during the development of the Plan. During 2021 the Mayor's public survey attracted 2,433 responses, 950 people were spoken to face-to-face, a call for evidence on the safety of women and girls was launched and extensive partner consultation took place, supplemented by a detailed needs assessment, to inform the Mayor's first Police and Crime Plan. Engagement with members of the public and partners has continued and the Mayor's Safety of Women and Girls Strategy was launched in November 2022 at the Mayor's second VCSE (Voluntary, Community and Social Enterprise) conference which brought together 110 people from a range of partner organisations.

#### **4. Review of Effectiveness**

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

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

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

The budget setting process requires a comprehensive budget report to be presented to the full Combined Authority which gives a detailed forecast outturn for the current financial year and the proposed budget for the forthcoming financial year. The budget process is overseen and scrutinised by Members through the 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 and other committees presented through the year.

Within the Combined Authority budgetary responsibility is devolved to Budget Holders and Controllers who are responsible for monitoring and controlling their assigned budget. Regular budget performance reports are prepared by 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, and Wakefield Council for the Police Fund. Reliance is placed on assurance from their internal audit section that appropriate controls and governance are in place.

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 is submitted to the Combined Authority's Governance and Audit Committee for consideration and approval. Regular update reports are provided to the Governance and Audit Committee by the Head of Internal Audit on the outcome of the agreed audits and any audit recommendations made. Internal Audit also maintain their own systems to monitor progress in implementing audit recommendations which is also reported regularly to the Governance and Audit Committee and the officer Regulatory and Compliance Board.

From the work undertaken during the financial year 2022/23 and taking into account other sources of assurance, the Head of Internal Audit has reached the opinion that, overall, the Combined Authority's framework of control and governance is operating adequately.

As mentioned previously, the Assurance Framework is reviewed annually in accordance with HM Government Local Growth National Assurance Framework guidance. The latest version was published on 28 February 2023 and revised in June 2023 to account for the changes to the LEP Constitution and governance arrangements following the approval of the LEP Integration Plan by the Combined Authority. The Assurance Framework was comprehensively reviewed during 2020/21 for February 2021, as part of the required preparations for becoming a Mayoral Combined Authority and minor changes were made for February 2022 and February 2023. A further comprehensive peer review has been undertaken during 2023 for approval by the Combined Authority and Central Government in February 2024.

As part of the Strategy, Communications and Intelligence Directorate in the Corporate Centre, a Strategic Portfolio Office (SPO) manages a three stage pipeline approval process, designed to support the West Yorkshire Combined Authority 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.

The SPO also provide regular reports to the Combined Authority, the thematic committees and the Finance, Resources and Corporate Committee on progress and performance of the many funding programmes that the Combined Authority is responsible for.

The Combined Authority has in place risk management arrangements that are continually reviewed and improved. An officer Regulatory and Compliance Board met during the year 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 corporate risk register is maintained and considered regularly by the Governance and Audit Committee with risk management comprising a standard item on the agenda for this committee.

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

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

An independent external quality review which assessed the Internal Audit function in relation to compliance with Public Sector Internal Auditing Standards (PSIAS) was considered by the Governance and Audit Committee in 2019/20. The conclusion was that the Internal Audit activity generally conforms to the definition of internal auditing, the Code of Ethics and the PSIAS. The action plan that arose from that review has been actioned and the next external review will be due in 2024.

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

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

#### Reviewing the effectiveness of the governance framework for the Policing Functions

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

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

In terms of the Mayor's Police and Crime Plan, governance arrangements to support the development and delivery of the Police and Crime Plan includes a range of partnership boards including the Local Criminal Justice Board, the Combatting Drugs Partnership, Vision Zero Board, Domestic and Sexual Abuse Board, Criminal Justice and Mental Health Forum and the West Yorkshire Anti-Slavery Partnership, all chaired by the Deputy Mayor for Policing and Crime. The Mayor held regular strategic meetings with the Chief Officer Team (COT) to look at how WYP could best deliver on the priorities in the Plan.

The Mayor maintains a risk register focused on key risks associated with delivery of the Police and Crime Plan, and the working of the Policing and Crime Team. The Mayor also maintains strategic oversight of risk management arrangements in WYP through reports to the Joint Independent Audit Committee (JIAC). A revised structure of regular governance and accountability meetings with the Chief Constable has been implemented by the Mayor with quarterly Governance, Performance Scrutiny and Community Outcomes meetings.

## **5. Programme of Improvement**

As part of the Combined Authority's digital programme, a project of work is underway to fully implement and provide assurance against the Information Commissioner's Data Protection Accountability Framework.

During 2022/23 the Combined Authority underwent a programme of significant change to ensure it is fit for purpose for its changing role over the next five-plus years. This follows the change in scale and remit of the organisation as a result of the West Yorkshire devolution deal and arrival of the Mayor in May 2021.

Following an independent review of the organisation's strengths and capabilities, the recommendation was accepted to change the organisation's operating model from process driven to outcome focussed in order to enable greater read across from strategic ambitions to the outcomes delivered. In order to embed this, a restructure of the organisation was undertaken to create five thematic 'outcome directorates' supported by a strengthened Corporate Centre. A complementary set of activities focussed on culture change and embedding positive behaviours has also taken place and continues into 2023/24.

The Combined Authority's S73 Officer works closely with the Assistant Chief Officer in West Yorkshire Police to retain an oversight of financial governance and the Combined Authority's s.73 Officer and Monitoring Officer are represented on Mayor's Quarterly Governance meeting with the Chief Constable. A review of the Mayor's PCC delegations and consents to the Chief Constable will be undertaken to align with the disbanding of current regional procurement arrangements.

A proposal for a revised Joint Independent Ethics Committee will be considered by the Mayor and Chief Constable.

## **6. Significant Governance Issues**

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

### **Policing and Crime Regional Procurement**

Following a review by Chief Constables of the efficiency and effectiveness of the regional procurement collaboration for policing, a decision has been taken to exit the current collaboration arrangements hosted by South Yorkshire. Work is underway to transition procurement activity back to local forces and PCCs which will include a review of the Mayor's delegations and consents to the Chief Constable.

### **LEP Integration**

The publication of the Levelling Up White Paper in February 2022 provided clarity that for LEPs within Mayoral Combined Authority (MCA) areas, the LEPs would be integrated into the MCA. Following this, in July 2022 a LEP Integration Plan (IP) for West Yorkshire was submitted to government. A formal letter confirming that government endorsed the IP was received on 17 January 2023.

Following this the Combined Authority made governance changes to fully integrate the LEP into the Combined Authority.

Integration of the LEP into the Combined Authority meant that separate constitutions and governance models were no longer required or appropriate. Therefore, the LEP Constitution and documents were withdrawn as a suite of documents and replaced with a new Article within the Combined Authority's Constitution setting out the LEP governance arrangements.

Thus, ensuring that the best practice elements were retained combined with integrating elements where appropriate into other existing parts of the Combined Authority's Constitution, providing greater consistency and clarity. This includes maintaining the following principles:

- The LEP Board remains private sector led.
- EDI principles around board members.
- Having roles such as SME champion and Diversity Champion.
- Adherence to the Members' Code of Conduct and Conflicts of Interest Policy.
- Transparency retained with published agendas and minutes and meetings held in public.

In addition, as part of these changes the LEP Chair became a mayoral appointment.

A number of further changes flow from the significant programme of organisational change that has been completed this year. This includes significant changes to the key elements of the Combined Authority's Corporate strategy and performance monitoring processes, including:

- Introduction of an integrated corporate system to provide improved efficiencies in budget management, HR management and business processes which will help to strengthen controls and provide better management information to support compliance.
- Shift to outcome-led Multi-Year Business Planning to ensure greater focus on long term outcomes for West Yorkshire, linked to the West Yorkshire Plan;
- Shift to an outcome-led in-year business plan approach, enabling focus on the specific activities for each directorate which will contribute to the multi-year outcomes;
- Refined corporate performance reporting enabling the senior leadership team and senior management (through Internal Leadership Board / Senior Management Team meetings) to have greater oversight and control over month-on-month progress, risks and issues against business plan objectives.

Success of the above is also contingent on the review and realignment of officer delegations and decision-making boards (set out in greater detail in section 7 below),

which will ensure the information flows are working appropriately and that decisions are being made at the right level to enable outcomes to be achieved.

## 7. Governance Improvement Plan for 2023/24

Although no significant issues have been identified as a result of this year's evaluation, we are committed to continually strengthening and improving our governance arrangements and, during 2023/24, will particularly focus on the following key activities some of which may extend into 2024/25.

Area	Action to be taken
Officer decision making	An internal review of the current officer board structure has commenced in tandem with a review of the internal scheme of officer delegations. As a consequence of the organisational changes that have recently taken place and which are continuing (as set out in the earlier part of this report) there is a need to realign the decision making arrangements to ensure that there is effective and proportionate empowerment at the different levels of the officer structure. This will enable agile and informed decision making at the right level whilst ensuring sufficient safeguards and oversight are retained through a clear and transparent accountability framework.
Risk management/governance	Risk reporting is evolving in line with the move to outcome focussed directorates and given the level of change currently underway it is imperative that our processes are reviewed and revised where needed to ensure a comprehensive risk management strategy is maintained and that escalation routes are understood and adopted across an expanding workforce and set of directorates.
Compliance	There is an opportunity within the new structural changes to review and revise how we currently monitor compliance and importantly how failures are addressed, targeting resources and



	<p>activity on those areas of compliance that pose the greatest risk. It is intended to review and revise the Terms of Reference of the Regulatory &amp; Compliance Board and membership again. Work is underway in conjunction with the Governance &amp; Audit Committee to implement a compliance dashboard to provide the Committee with the information to allow them to effectively challenge and support good governance and accountability arrangements.</p>
Transparency	<p>There is a desire to increase our transparency, particularly in relation to delegated decisions taken by officers to enable the public to understand what decisions have been taken, why by officers and to increase their ability to hold the organisation to account. This is an area which will form part of a planned programme of implementing a revised officer delegation scheme.</p>
Policing and Crime	<p>In preparation for the disbandment of the regional procurement collaboration, local policing and crime procurement activity will be transitioned to the Combined Authority and West Yorkshire Police with supporting changes to governance procedures and resourcing.</p> <p>A proposal for a revised Joint Independent Ethics Committee will be considered by the Mayor and Chief Constable.</p>

## 8. Conclusion

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

Throughout 2022/23 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.



5 December 2024

Tracy Brabin

Mayor and Chair



5 December 2024

Ben Still

Chief Executive



## **Single Entity Financial Statements For West Yorkshire Combined Authority**

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

### **Comprehensive Income and Expenditure Statement (CIES)**

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

The notes to the single entity statements are disclosed within the Group Statements.

The single entity Balance Sheet and Cash flow for the Combined Authority can be found within the Group Statements on page 34-37.

## Comprehensive Income and Expenditure Statement

### West Yorkshire Combined Authority Single Entity

2021/22			2022/23			Notes
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
102,063	(23,615)	78,448	101,995	(24,799)	77,196	
190,694	(4,632)	186,062	173,028	(13,253)	159,775	
57,792	(48,306)	9,486	82,124	(76,333)	5,791	
44,097	(897)	43,200	36,233	(2,035)	34,197	4.2
3,698	(672)	3,026	10,064	(5,796)	4,268	4.2
17,632	(6,324)	11,308	21,809	(7,532)	14,277	
3,948	(22)	3,926	4,116	0	4,116	
<b>419,925</b>	<b>(84,469)</b>	<b>335,456</b>	<b>429,367</b>	<b>(129,747)</b>	<b>299,620</b>	
21,139	(185,849)	(164,710)	27,562	(221,756)	(194,194)	
646,012	0	646,012	777,354	0	777,354	
<b>667,151</b>	<b>(185,849)</b>	<b>481,302</b>	<b>804,916</b>	<b>(221,756)</b>	<b>583,160</b>	
<b>1,087,076</b>	<b>(270,318)</b>	<b>816,758</b>	<b>1,234,283</b>	<b>(351,503)</b>	<b>882,780</b>	
	258				(125)	7
	13,388				5,514	8
	(963,371)				(1,056,928)	9
	<b>(132,967)</b>				<b>(168,758)</b>	
	(21,032)				(104,709)	
	(20,431)				94,431	
	<b>(41,462)</b>				<b>(10,277)</b>	
	<b>(174,429)</b>				<b>(179,035)</b>	

### Movement in Reserves Statement

With the Parliamentary order which transferred the West Yorkshire Police and Crime Commissioner's powers to the Mayor, the Mayor is required under S21 of the Police Reform and Social Responsibility Act 2011 to keep a fund known as the Police Fund. The Combined Authority is the legal entity which is responsible for administering the Police Fund and executing the Mayor's decisions in her role as Police and Crime Commissioner. The Police Fund balances in the Movement in Reserves Statement for the year 2022/23 cover 12 months 1 April 2022 to 31 March 2023.

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

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

	Revenue Reserves				Capital Reserves						
	CA General Fund Reserve	Earmarked CA General Fund Reserves	Police Fund General Reserve	Earmarked Police Fund Reserves	Usable Capital Receipts Reserve CA	Capital Grants Unapplied CA	Usable Capital Receipts Reserve Police	Capital Grants Unapplied Police	Total Usable Reserves	Total Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	13,625	96,224	13,780	75,190	27,519	208,605	7,037	1,610	443,590	84,443	528,034
<b>Movement in Reserves during year</b>											
Surplus or (deficit) on the provision of services	146,838		21,920						168,758		168,758
Other Comprehensive Income and Expenditure										199,137	199,137
<b>Total Comprehensive Income and Expenditure</b>	<b>146,838</b>	<b>0</b>	<b>21,920</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>168,758</b>	<b>199,137</b>	<b>367,895</b>
Adjustments between accounting basis & funding basis under regulations (note 5)	(113,569)		(6,598)	0	548	102,662	55	35	(16,867)	16,866	(1)
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>33,269</b>	<b>0</b>	<b>15,322</b>	<b>0</b>	<b>548</b>	<b>102,662</b>	<b>55</b>	<b>35</b>	<b>151,892</b>	<b>216,003</b>	<b>367,895</b>
Transfers (to)/from Earmarked Reserves (Note 6)	(32,733)	32,733	(14,550)	14,550	0	0	0	0	0	0	0
<b>Increase/Decrease in year</b>	<b>536</b>	<b>32,733</b>	<b>772</b>	<b>14,550</b>	<b>548</b>	<b>102,662</b>	<b>55</b>	<b>35</b>	<b>151,892</b>	<b>216,003</b>	<b>367,895</b>
<b>Balance at 31 March 2023 C/fwd</b>	<b>14,161</b>	<b>128,957</b>	<b>14,552</b>	<b>89,740</b>	<b>28,067</b>	<b>311,267</b>	<b>7,092</b>	<b>1,645</b>	<b>595,481</b>	<b>300,446</b>	<b>895,928</b>

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

	Revenue Reserves				Capital Reserves				
	CA General Fund Reserve	Earmarked CA General Fund Reserves	Police Fund General Reserve	Earmarked Police Fund Reserves	Usable Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	12,951	68,405	0	0	27,408	140,372	249,135	(61,069)	188,066
Transfer of balances 10 May 2021			15,763	49,264	6,492	2,348	73,867	91,671	165,538
<b>Movement in Reserves during year</b>								0	
Surplus or (deficit) on the provision of services	105,793	0	27,174	0	0	0	132,967	0	132,967
Other Comprehensive Income and Expenditure								41,463	41,463
<b>Total Comprehensive Income and Expenditure</b>	<b>105,793</b>	<b>0</b>	<b>27,174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>132,967</b>	<b>41,463</b>	<b>174,430</b>
Adjustments between accounting basis & funding basis under regulations (note 5)	(77,297)	(1)	(3,231)	0	656	67,495	(12,378)	12,378	(0)
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>28,496</b>	<b>(1)</b>	<b>23,943</b>	<b>0</b>	<b>656</b>	<b>67,495</b>	<b>120,589</b>	<b>53,841</b>	<b>174,430</b>
Transfers (to)/from Earmarked Reserves (Note 6)	(27,820)	27,820	(25,926)	25,926	0	0	0	0	0
<b>Increase/Decrease in year</b>	<b>676</b>	<b>27,819</b>	<b>(1,983)</b>	<b>25,926</b>	<b>656</b>	<b>67,495</b>	<b>120,589</b>	<b>53,841</b>	<b>174,430</b>
<b>Balance at 31 March 2022 C/fwd</b>	<b>13,627</b>	<b>96,224</b>	<b>13,780</b>	<b>75,190</b>	<b>34,556</b>	<b>210,215</b>	<b>443,592</b>	<b>84,443</b>	<b>528,034</b>

## Statements for the West Yorkshire Combined Authority Group

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

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

Expenditure, income and reserve balances related to the Police Fund included in the Combined Authority's group accounts are for 12 months 1 April 2022 to 31 March 2023.

### Group Comprehensive Income and Expenditure Statement (CIES)

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

#### Comprehensive Income and Expenditure Statement West Yorkshire Combined Authority Group

2021/22				2022/23				Notes
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000		
102,063	(23,615)	78,448	Transport Ops & Passenger Experience	101,995	(24,799)	77,196		
190,694	(4,632)	186,062	Transport Policy & Delivery	173,028	(13,253)	159,775		
57,792	(48,306)	9,486	Inclusivity, Economy, Skills & Culture	82,124	(76,333)	5,791		
44,097	(897)	43,200	Policing, Environment & Place	36,233	(2,035)	34,197	4.2	
3,698	(672)	3,026	Strategy, Comms & Intelligence	10,064	(5,796)	4,268	4.2	
17,632	(6,324)	11,308	Corporate	21,809	(7,532)	14,277		
3,948	(22)	3,926	Finance & Commercial Services	4,116	0	4,116		
<b>419,925</b>	<b>(84,469)</b>	<b>335,456</b>	<b>Total Costs of WYCA Continuing Services</b>	<b>429,367</b>	<b>(129,747)</b>	<b>299,620</b>		
723,930	(185,849)	538,081	Crime and Policing Services	873,933	(221,756)	652,177		
<b>1,143,855</b>	<b>(270,318)</b>	<b>873,537</b>	<b>Total Costs of Services</b>	<b>1,303,300</b>	<b>(351,503)</b>	<b>951,797</b>		
		258	Other operating (income) and expenditure			(125)	7	
		146,054	Financing and investment (income) and expenditure			201,878	8	
		(963,371)	Taxation and non-specific grant (income) and expenditure			(1,056,928)	9	
		<b>56,478</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>96,623</b>		
		(21,032)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(104,709)		
		(325,149)	(Surplus)/Deficit on Remeasurement of net defined benefit liability / (asset)			(2,803,192)		
		<b>(346,180)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(2,907,900)</b>		
		<b>(289,701)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(2,811,276)</b>		

**Movement in Reserves Statement**  
**West Yorkshire Combined Authority and Group**

	Revenue Reserves					Capital Reserves						
	CA General Fund Reserve	Earmarked CA General Fund Reserves	Police Fund General Reserve	Earmarked Police Fund Reserves	Usable Capital Receipts Reserve CA	Capital Grants Unapplied CA	Usable Capital Receipts Reserve Police	Capital Grants Unapplied Police	Total Usable Reserves	Total Unusable Reserves	Total Group Reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	13,625	96,224	13,780	75,190	27,519	208,605	7,037	1,610	443,590	(7,035,761)	(6,592,171)	
<b>Movement in Reserves during year</b>									0			
Surplus or (deficit) on the provision of services	146,838	0	(243,461)	0	0	0			(96,623)	0	(96,623)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0			0	3,096,760	3,096,760	
<b>Total Comprehensive Income and Expenditure</b>	<b>146,838</b>	<b>0</b>	<b>(243,461)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(96,623)</b>	<b>3,096,760</b>	<b>3,000,137</b>	
Adjustments between accounting basis & funding basis under regulations (note 5)	(113,569)	0	258,781	0	548	102,662	55	35	248,512	(248,516)	(4)	
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>33,269</b>	<b>0</b>	<b>15,320</b>	<b>0</b>	<b>548</b>	<b>102,662</b>	<b>55</b>	<b>35</b>	<b>151,890</b>	<b>2,848,244</b>	<b>3,000,134</b>	
Transfers (to)/from Earmarked Reserves (Note 6)	(32,733)	32,733	(14,550)	14,550	0	0	0	0	0	0	0	
<b>Increase/Decrease in year</b>	<b>536</b>	<b>32,733</b>	<b>770</b>	<b>14,550</b>	<b>548</b>	<b>102,662</b>	<b>55</b>	<b>35</b>	<b>151,890</b>	<b>2,848,244</b>	<b>3,000,134</b>	
<b>Balance at 31 March 2023 C/fwd</b>	<b>14,161</b>	<b>128,957</b>	<b>14,550</b>	<b>89,740</b>	<b>28,067</b>	<b>311,267</b>	<b>7,092</b>	<b>1,645</b>	<b>595,479</b>	<b>(4,187,517)</b>	<b>(3,592,038)</b>	

## Balance Sheet for West Yorkshire Combined Authority Single Entity and Group

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

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

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

## Balance Sheet West Yorkshire Combined Authority Single Entity and Group

GROUP			WYCA	Group
31 March 2022			31 March 2023	31 March 2023
£000		GROUP Notes	£000	£000
407,973	Property, Plant & Equipment	11	544,257	544,257
5,596	Intangible Assets	11	3,724	3,724
0	Long Term Investments	12	0	0
16,798	Long Term Debtor	14.2	15,966	15,966
<b>430,367</b>	<b>Total Long Term Assets</b>		<b>563,947</b>	<b>563,947</b>
518,440	Short Term Investments	12	762,820	735,788
0	Assets Held for Sale	11	0	0
1,101	Inventories	13	990	990
84,929	Short Term Debtors	14.1	138,437	138,437
71,237	Cash and Cash Equivalents	15	83,390	98,390
<b>675,705</b>	<b>Total Current Assets</b>		<b>955,637</b>	<b>955,637</b>
(3,460)	Cash and Cash Equivalents	15	(13,155)	(13,155)
(1,731)	Short Term Borrowing	12	(55,453)	(55,453)
(207,653)	Short Term Creditors	16.1	(287,415)	(304,890)
(27,966)	Deferred Income	16.2	(48,681)	(36,601)
(2,863)	Short Term PFI Finance Lease Liability	26	(2,556)	(2,556)
(6,772)	Provisions	17	(7,093)	(7,093)
<b>(250,447)</b>	<b>Total Current Liabilities</b>		<b>(414,353)</b>	<b>(419,748)</b>
(311)	Long Term Creditors	16.1	0	0
(2,500)	Long Term Provisions	17	(3,250)	(3,250)
(148,761)	Long Term Borrowing	12	(148,414)	(148,414)
(81,882)	Long Term PFI Finance Lease Liability	26	(79,326)	(79,326)
(5,661)	Capital Grant Receipt In Advance	16	(5,531)	(5,531)
(88,474)	Other Long Term Liabilities	27	(2,779)	(4,473,264)
<b>(327,589)</b>	<b>Total Long Term Liabilities</b>		<b>(239,301)</b>	<b>(4,709,786)</b>
<b>528,037</b>	<b>Net Assets</b>		<b>895,931</b>	<b>(3,592,030)</b>
443,592	Usable Reserves	18	595,479	595,479
84,445	Unusable Reserves	19	300,452	(4,187,508)
<b>528,037</b>	<b>Total Reserves</b>		<b>895,931</b>	<b>(3,592,030)</b>

**Cash Flow Statement West Yorkshire Combined Authority Single Entity and Group**

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



## Cash Flow Statement West Yorkshire Combined Authority

### Single Entity and Group

WYCA	GROUP	WYCA
2021/22	2022/23	2022/23
£000	£000	£000
<u>Operating activities :</u>		
132,967 Net surplus or (deficit) on the provision of services	(96,622)	168,759
(189,445) Adj on net (surplus) or deficit on the provision of services	0	(265,381)
27,110 Depreciation	29,248	29,248
(185) Write down of loans	(21)	(21)
(16,081) Increase/(decrease) in creditors	101,503	101,503
46,361 (Increase)/Decrease in debtors	(52,982)	(52,982)
212,150 Transfer to the Pension Reserve	271,681	271,681
2,251 Provisions	1,072	1,072
804 (Profit)/Loss from disposal of assets	0	0
(1,699) Items included that are Financing Activities	(4,664)	(4,664)
2,210 Inventories	112	112
(11) Other adjustment	746	746
<b>216,433 Net Cash flows from Operating Activities</b>	<b>250,074</b>	<b>250,074</b>
<u>Cash flows from investing activities:</u>		
(42,894) Purchase of property, plant & equipment,	(58,937)	(58,937)
(975,535) Purchase of short term and long term investment	(501,344)	(501,344)
(125) New long term debtor loans advanced	0	0
(95,500) Short term and Long term investment	(212,186)	(212,186)
951,128 Proceeds from short term and long term investment	470,283	470,283
546 Proceeds from the sale of property, plant & equipment	64	64
9,864 Capital Grants	12,483	12,483
<b>(152,516) Net cash flows from investing activities</b>	<b>(289,637)</b>	<b>(289,637)</b>
<u>Cash flows from financing activities:</u>		
38,586 Receipt of new loans	248,831	248,831
(55,589) Repayment of loans	(195,447)	(195,447)
(2,516) Repayment of PFI finance lease	(2,863)	(2,863)
3,288 Receipt of Debtor Loan repayments	519	519
(8,769) Other	(9,017)	(9,017)
<b>(25,000) Net cash used from financing activities</b>	<b>42,023</b>	<b>42,023</b>
<b>38,917 Net Increase or (decrease) in cash and cash equivalents</b>	<b>2,460</b>	<b>2,460</b>
28,858 Cash and cash equivalents at the beginning of the reporting period	67,776	67,776
<b>67,776 Cash and cash equivalents at the end of the reporting period</b>	<b>70,237</b>	<b>70,237</b>

WYCA	The deficit on the provision of service includes the following items:	GROUP	WYCA
2021/22		2022/23	2022/23
£000's		£000's	£000's
3,229	Interest paid	13,032	3,211
(1,124)	Interest received	(10,019)	(8,857)



## NOTES TO THE ACCOUNTS

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

NOTE	DESCRIPTION	PAGE
Note 1	ACCOUNTING POLICIES	40
Note 2	CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES	59
Note 3	ASSUMPTIONS ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY	60
Note 4	EXPENDITURE AND FUNDING ANALYSIS	63
Note 5	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION	65
Note 6	MOVEMENTS IN EARMARKED RESERVES	68
Note 7	OTHER OPERATING EXPENDITURE	69
Note 8	FINANCING AND INVESTING INCOME AND EXPENDITURE	69
Note 9	GENERAL GOVERNMENT GRANTS	69
Note 10	EXPENDITURE AND INCOME ANALYSED BY NATURE	71
Note 11	PROPERTY, PLANT AND EQUIPMENT	73
Note 12	FINANCIAL INSTRUMENTS	79
Note 13	INVENTORIES	85
Note 14	DEBTORS	85
Note 15	CASH AND CASH EQUIVALENTS	86
Note 16	CREDITORS	87
Note 17	PROVISIONS	88
Note 18	USABLE RESERVES	89
Note 19	UNUSABLE RESERVES	90
Note 20	MEMBERS ALLOWANCES	94
Note 21	OFFICERS' REMUNERATION	94
Note 22	EXTERNAL AUDIT COSTS	98
Note 23	RELATED PARTIES	98
Note 24	CAPITAL EXPENDITURE AND CAPITAL FINANCING	101
Note 25	LEASES	102
Note 26	PRIVATE FINANCE INITIATIVES	104
Note 27	DEFINED BENEFIT PENSION SCHEMES	105
Note 28	JOINT VENTURE	112
Note 29	YORKSHIRE AND THE HUMBER LEAD FORCE COLLABORATION	113
Note 30	NPAS	114
Note 31	CONTINGENT LIABILITIES	115
Note 32	ACCOUNTING STANDARDS ISSUED NOT YET ADOPTED	115
Note 33	GOING CONCERN	116
Note 34	EVENTS AFTER THE BALANCE SHEET DATE	116

## 1. **ACCOUNTING POLICIES**

### 1. **General Principle and Accounting Concepts**

The Statement of Accounts summarises the Combined Authority and the Combined Authority Group's transactions and its position for the year end of 31 March 2023. The Combined Authority and Combined Authority Group are required to prepare annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, following the appropriate accounting standards as required by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code). The Code constitutes a "proper accounting practice" under the terms of section 21(2) of the Local Government Act 2003. The Code is based on approved accounting standards, supported by International Financial Reporting Standards (IFRS).

#### Convention

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

#### Going Concern

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

#### Accruals

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

#### The West Yorkshire Combined Authority Group

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

Inclusion in the group is dependent upon the extent of the Combined Authority's interest and power to influence an entity. The Combined Authority is considered to control an entity if it has power over the entity, exposure or rights to variable returns from its interest with the entity and the ability to use its power to affect the level of

returns. The determining factor for assessing the extent of interest and power to influence is either through ownership of an entity, or representation on an entity's board of directors.

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

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

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

As such, in 2022/23 group accounts have been prepared for the Combined Authority to include the Chief Constable for West Yorkshire Police. Both bodies are required to prepare a separate Statement of Accounts. Within this report there are two sets of financial statements, representing the accounts of:

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

The financial statements cover single entity:

- WYCA - from 1st April 2022 to 31st March 2023
- The Mayoral Crime and Policing function – 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023

Group accounts covers:

- WYCA - from 1st April 2022 to 31st March 2023
- The Mayoral Crime and Policing function – from 1st April 2022 to 31st March 2023
- The Chief Constable for West Yorkshire Police – from 1st April 2022 to 31st March 2023

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

### Accounting Principles

## 2. **Balance Sheet**

Statutory and local arrangements and practice determine that WYCA holds and maintains direct control of all the assets, liabilities and reserves at the balance sheet date. Therefore, all assets, liabilities and reserves are disclosed on WYCA's Balance Sheet except special arrangements in relation to the employee related liabilities (pension and accumulated absences) which are under the direction and control of the Chief Constable for WYP, which, in line with CIPFA guidance, are shown in the WYP's balance sheet. although ultimate responsibility for the liability remains with the Combined Authority Group.

All payments for the Group are made by WYCA from the Police Fund and all income and funding is received by WYCA, who also has the responsibility for managing the

financial relationships with third parties and has legal responsibility for discharging the contractual terms and conditions of suppliers. In addition, WYCA also has a statutory responsibility for Treasury Management, and the management of cash and cash equivalents. As a result, working capital balances are shown on the balance sheet of the WYCA.

### 3. **Comprehensive Income and Expenditure Statement (CIES)**

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

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

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

### 4. **Reserves**

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

### 5. **Changes in accounting policies and prior period adjustments**

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

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

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

## 6. Accounting Estimates and Judgements

In the application of the accounting policies, the Combined Authority has had to make certain judgements, estimate and assumption about complex in year transactions or those involving uncertainty about future events, which 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 consistent. Subsequent actual results may however differ from these estimates and judgements. Where the effect of a change to an estimation technique is material, a description of the change and, if practical, the effect on the current period result is disclosed. 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. Revaluation exercise is at a minimum every five years cycle in accordance with the Practice statements in the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. Such valuations and any attached estimates are subject to professional judgement.
- Any material changes to asset valuations are adjusted in the interim period as they occur. Increases in valuation are matched by credits to the revaluation reserve.
- Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement to reverse any previous charges made for related impairment losses.
- **Pension liabilities:** 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 in forming judgements in respect of the performance of the underlying assets which the LGPS pension scheme invests in (it should be noted that the Police Officer Pension Scheme does not hold any assets).
- **Insurance Provision:** The Combined Authority's former insurer's MMI ceased trading in 1992 where there was a Scheme of Arrangement in case of insolvency involving a claw back of claims paid. It is difficult to predict the outcome of claims until they are actually settled, however estimates are made subject to professional judgement and historical trend.

## 7. Accrual of expenditure and Income

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

- Employee costs are charged to the accounts of the period within which the employees worked. Accruals have been made for wages earned but unpaid at the year-end.
- Interest payable on external borrowings and interest receivable on investments is accounted for respectively as expenditure and income on the

basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

## 8. Employee Benefits and Pension Costs

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

### 8.2. Pension Costs

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

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



- XPS for Police Officer Pensions.

### 8.3. The Local Government Pension Scheme

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

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

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

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

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

#### Service costs:

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

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

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

#### Remeasurements:

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

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



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

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

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

## 8.5. Police Officer Pension Schemes

There are three Pension Schemes for Police Officers:

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

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

## 9. Leases

The Combined Authority and the Group 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.

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

Arrangements that do not have the legal status of a lease but convey the right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. This would include Private Finance Initiative (PFI) contracts.

## 9.1. The Group as Lessee

### Finance Lease

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

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

### Operational Lease

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

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

## 10. 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.

## 11. Provisions

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

- Has a present legal or constructive obligation as a result of a past event

- It is probable that an outflow of economic benefits will be required to settle the obligation
- A reliable estimate can be made of the amount of the obligation

Provisions are charges as an expense to the appropriate service line in the revenue account and are included in either long term or short-term liabilities on the Balance Sheet as appropriate. When expenditure is incurred to which the provision relates, it is charged directly to the provision.

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

## **12. Revenue Expenditure Funded from Capital under Statute**

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

## **13. Government Grants and Contributions**

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

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

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

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

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

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

#### **14. Recognition of capital expenditure (de-minimis policy)**

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

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

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

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

#### **15. Property, Plant and Equipment**

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

##### **15.1. Recognition of assets**

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

##### **15.2. Measurement**

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

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

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

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

Capital spend on land and property assets is included in the carrying value of an asset until such time as it is revalued. Where material capital spend has occurred

on an asset, a revaluation is carried out in the year in which work is completed. Where construction or major enhancement work to an asset spans more than one year, any financing costs incurred during the construction period are included in the capital cost of the acquisition or enhancement.

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### 15.3. Impairment

Assets are assessed at each year-end as to whether there are indications that an asset may be impaired. Where reliable indications exist and differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified on a re-valued asset, the loss shall be recognised in the Revaluation Reserve to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset (i.e., up to the historical cost of the asset) and thereafter in the Surplus or Deficit on the Provision of Services.

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

### 15.4. Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

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

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

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

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

#### 15.5. Asset Disposal

Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

#### 15.6. Asset under construction

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

#### 15.7. Discontinued Operations and Non-current Assets Held for Sale

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



appropriate level of management is committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan has been initiated.

#### 15.8. Donated Assets

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

### 16. Intangible Fixed Assets

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

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

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

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

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



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

## 17. Private Finance Initiatives (PFI) and Similar Contracts

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

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

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

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

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

## 18. Fair value measurement of non-financial assets

The Combined Authority and the Group's accounting policy for fair value measurement of financial assets is set out in section 20.3. The CA and the Group also measures some of its non-financial assets such as surplus assets, investment properties and financial instruments at fair value at each reporting date. This is the

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

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

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

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

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

## 19. 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.

## 20. Financial Instruments

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

### 20.1. Financial Liabilities

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

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

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

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

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

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

## 20.2. Financial Assets

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

Where assets are identified as impaired because of a likelihood arising from past events that payments due under the contract are not made, the asset is written down and a charge made to the Financing and Investment income line of the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

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

**Impairment of financial assets:** the Group assesses at each period end whether there is any evidence that a financial asset, or group of assets, is impaired. The Group recognises expected credit losses on all financial assets held at amortised cost and fair value. This does not apply where the counterparty is central government or another local authority.

Impairment losses are calculated to reflect the prospect that expected future cash flows might not take place due to default. If risk has increased significantly between initial recognition and the balance sheet date, impairment is based on expected credit losses from all possible defaults over the expected life of the instrument, otherwise impairment is based on a 12 month expected loss (that is the lifetime expected credit loss multiplied by the probability of the default occurring within the next 12 months). A simplified approach is applied to trade receivables whereby the loss allowance is measured at an amount equal to lifetime expected credit losses thus avoiding the need to consider annually whether there has been an increase in credit risk. This is based on probability weighted outcomes and other supporting information.

### 20.3. Fair Value measurements of financial assets

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

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

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

#### Fair Value Through Other Comprehensive Income (FVOCI)

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

The interest received on these assets is measured using the Effective Interest Rate model.

All gains and losses due to changes in the fair value of these assets are accounted for through an unusable reserve (the Financial Instruments Revaluation Reserve) and charged to Other Comprehensive Income and Expenditure.

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

#### Fair Value through Profit or Loss (FVPL)

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

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

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

## **21. Cash and cash equivalents**

The Combined Authority's Cash Flow Statement reflects the movements in cash and cash equivalents during the year. Cash is represented by cash in hand and the net balance on the CA's operational bank accounts, including any overdrawn balances. Cash equivalents include those investments that are held for treasury management purposes and are readily convertible to known amount of cash which insignificant risk of change in value. This includes any Call accounts.

## **22. Foreign Currency Transaction**

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

**23. Value Added Tax (VAT)**

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

**24. Interests in Companies and Other Entities**

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

An assessment of all the Combined Authority's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included within the Authority's group accounts. As such, in 2022/23 group accounts have been prepared for the Combined Authority to include West Yorkshire Police.

The Combined Authority has Joint Venture with Yorcard Ltd, 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. The concept of materiality has been considered the Combined Authority have adopted a policy to exclude the Yorcard Ltd Joint Venture from full consolidation but to disclose its financial performance and position in accordance with IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities.

**25. Contingent Assets and Liabilities**

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

**26. Exceptional Items**

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

**27. Events after the Balance Sheet Date**



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

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

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

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

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

Transfer of functions:

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

These Statement of Accounts cover the Police Fund elements from 1<sup>st</sup> April 2022 to 31 March 2023. In preparing the Balance Sheet as at 31 March 2022 the following critical judgements were adopted by management:

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

The Combined Authority is the lead local body for the National Police Air Service (NPAS) and regional collaborative working in partnership with the Yorkshire and Humber Forces to deliver a number of specific specialist services on a regional basis. The lead force arrangement has been reviewed against IFRS11 on joint arrangements and it has been determined that they fall outside the scope of a joint operation.



Expenditure and income relating to Policing functions within the Combined Authority's 2021/22 accounting statements will be for a 12 month period from 1<sup>st</sup> April 2022 to 31 March 2023.

### **Group Accounts Considerations**

A review of the entities related to the Combined Authority in 2022/23 has taken place and the conclusions are provided below:

The Chief Constable for West Yorkshire Police (WYP) is included in the Combined Authority's Group Accounts from 1<sup>st</sup> April 2022. The Mayor is responsible for the formal oversight of WYP, including provision of all funding, budget-setting, performance scrutiny and strategic policy development, and for ensuring WYP is run efficiently and effectively. Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable.

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

Expenditure and income included in the Chief Constables 2022/23 accounting statements and the Authority's group accounts will be for a 12 month period from 1<sup>st</sup> April 2022 to 31 March 2023.

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

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

Items in the Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Property revaluation: The Combined Authority (CA) has Property, Plant and Equipment of £544.257m as at 31 March 2023, of which £382.796m relates to land and buildings that is carried at current value. Professional valuations of all land and property assets is obtained in accordance with Accounting and RICS Guidance. In practice, a full revaluation is carried out by an external surveyor at no more than a five years' period. Between these independent surveys, desk top based annual reviews are carried out by qualified surveyors to assess any material movement in current value, particularly assets valued using depreciated

replacement cost where indices are used. The carrying value of assets is also reassessed when capital expenditure has been incurred.

### Consequences if actual results differ from assumptions.

- A reduction in the valuations would result in reductions to the revaluation reserve and/or a loss recorded as appropriate in the comprehensive income and expenditure statement. If the value of the CA land and buildings were to reduce by 10%, this would result in a charge to the revaluation reserve and/or comprehensive income and expenditure statement of approximately £21.226m. Any such charges to the comprehensive income and expenditure statement would be subsequently reversed through the movement in reserves statement so there would be no impact on general fund balances.
- An increase in the valuations would result in increases to the revaluation reserve and/or reversals of previous valuation losses recorded as appropriate in the comprehensive income and expenditure statement. Any such gains to the comprehensive income and expenditure statement would be subsequently reversed through the movement in reserves statement so there would be no impact on general fund balances.
- 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. The CA checks the reasonableness of these and collaborates with other district partners to ensure satisfaction with the assumptions used.

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and judgements in respect of the performance of the underlying assets which the LGPS pension scheme invests in (it should be noted that the Police Officer Pension Scheme does not hold any assets). A firm of consulting actuaries is engaged to provide the CA with expert advice in respect of the forecasts to be applied.

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

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

- Insurance provisions (£193k): The CA and the Group's former insurer's MMI ceased trading in 1992 where there was a Scheme of Arrangement in case of insolvency involving a claw back of claims paid. It is difficult to predict the final

outcome of claims until they are actually settled however, no levies have been paid during 2022/23

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

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

IFRS15 Revenue from Contracts with Customers has been adopted in the accounts. The Combined Authority (CA) administers a prepaid ticket scheme. The CA receives revenues from prepaid ticket sales which are then pooled and distributed to operators based on passenger journey and usage data collected. Under IFRS15 the net income from the scheme is included in the CA's revenue account within Transport Services. The total payment to operators was £27m in 2022/23 (£20.3m in 2021/22).

The objective of the Expenditure and Funding Analysis (EFA) is to demonstrate how the funding available to the CA for the year has been used in providing services in comparison with those resources consumed in accordance with general accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the CA's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

#### **Expenditure and Funding Analysis West Yorkshire Combined Authority (Single Entity)**

2021/22				2022/23		
Expenditure Chargeable to General Fund and Police Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Expenditure Chargeable to General Fund and Police Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES (1) £000
73,361	5,085	78,446	Transport Ops & Passenger Experience	77,703	5,281	82,984
(665)	186,727	186,062	Transport Policy & Delivery	(498)	160,273	159,775
1,242	8,243	9,486	Inclusivity, Economy, Skills & Culture	1,195	4,596	5,791
2,938	40,262	43,200	Policing, Environment & Place	3,699	30,498	34,197
2,363	663	3,026	Strategy, Comms & Intelligence	3,163	1,105	4,268
1,836	9,472	11,308	Corporate	9,787	4,489	14,277
3,360	566	3,926	Finance & Commercial Services	3,512	604	4,116
412,818	68,484	481,302	Mayoral Crime and Policing Services	503,168	79,989	583,157
<b>497,253</b>	<b>319,502</b>	<b>816,755</b>	<b>Net Cost of Services</b>	<b>601,729</b>	<b>286,836</b>	<b>888,566</b>
	258	258	Other Operating Expenditure		(125)	(125)
16,609	(3,219)	13,389	Financing and investment Net expenditure	9,336	(3,822)	5,514
(538,476)	(424,894)	(963,371)	Taxation and General Grant Income	(630,418)	(420,786)	(1,051,206)
<b>(521,867)</b>	<b>(427,855)</b>	<b>(949,724)</b>	<b>Other (Income) and Expenditure</b>	<b>(621,082)</b>	<b>(424,733)</b>	<b>(1,045,817)</b>
<b>(24,614)</b>	<b>(108,352)</b>	<b>(132,970)</b>	<b>(Surplus) or Deficit</b>	<b>(19,354)</b>	<b>(137,896)</b>	<b>(157,252)</b>

General Fund	Police Fund	Total		General Fund	Police Fund	Total
-12951		(12,951)	Reserve Balance brought forward	(13,626)	(88,971)	(102,597)
	(65,030)	(65,030)	Police Fund Reserve Transferred in 10 May 2021			0
-675	(23,941)	(24,616)	(Increase) / decrease for the year	(536)	(15,320)	(15,854)
-13626	(88,971)	(102,597)	Reserve Balance carried forward	(14,162)	(104,291)	(118,453)

## Expenditure and Funding Analysis

### West Yorkshire Combined Authority Group

2021/22				2022/23		
Net Expenditure Chargeable to General Fund and Police Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to General Fund and Police Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
73,361	5,085	78,446	Transport Ops & Passenger Experience	77,703	5,281	82,984
(665)	186,727	186,062	Transport Policy & Delivery	(498)	160,273	159,775
1,242	8,243	9,486	Inclusivity, Economy, Skills & Culture	1,195	4,596	5,791
2,938	40,262	43,200	Policing, Environment & Place	3,699	30,498	34,197
2,363	663	3,026	Strategy, Comms & Intelligence	3,163	1,105	4,268
1,836	9,472	11,308	Corporate	9,787	4,489	14,277
3,360	567	3,928	Finance & Commercial Services	3,512	604	4,116
412,819	125,263	538,082	Mayoral Crime and Policing Services	503,168	149,009	652,177
<b>497,254</b>	<b>376,282</b>	<b>873,537</b>	<b>Net Cost of Services</b>	<b>601,729</b>	<b>355,856</b>	<b>957,586</b>
16,609	(2,961)	13,647	Other (Income) and Expenditure WYCA	9,336	(3,947)	5,389
0	132,666	132,666	Other (Income) and Expenditure CC	0	196,364	196,364
(538,476)	(424,894)	(963,371)	Movement from Reserves to General Fund	(630,418)	(420,786)	(1,051,206)
<b>(521,867)</b>	<b>(295,189)</b>	<b>(817,058)</b>	<b>Other (Income) and Expenditure</b>	<b>(621,082)</b>	<b>(228,369)</b>	<b>(849,453)</b>
<b>(24,614)</b>	<b>81,092</b>	<b>56,478</b>	<b>(Surplus) or Deficit</b>	<b>(19,354)</b>	<b>127,487</b>	<b>108,132</b>

General Fund	Police Fund	Total		General Fund	Police Fund	Total
(12,951)		<b>(12,951)</b>	Reserve Balance brought forward	(13,626)	(88,971)	<b>(102,597)</b>
	(65,030)	<b>(65,030)</b>	Police Fund Reserve Transferred in 10 May 2021		0	<b>0</b>
(675)	(23,941)	<b>(24,616)</b>	(Increase) / decrease for the year	<b>(536)</b>	<b>(15,320)</b>	<b>(15,854)</b>
(13,626)	(88,971)	<b>(102,597)</b>	Reserve Balance carried forward	<b>(14,162)</b>	<b>(104,291)</b>	<b>(118,453)</b>

- (1) Net Expenditure in the CI&S - This column shows income and expenditure recognised in accordance with the IFRS can be seen in the Comprehensive Income and Expenditure Statement on page 32 (Single Entity) & 36 (the Group).
- (2) Adjustment for Capital Purposes – relates to adjustments to meet the IFRS, this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in year and those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

(3) Net Charge for the Pensions Adjustment - These adjustments relate to net charge for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the CA (for the CA general services) and the Mayor (for Policing and Crime services) as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

(4) Other Differences - These adjustments relate to gains/losses on the disposal of non-current assets (within the other operating expenditure), and statutory charges for capital financing within the net cost of service and other movement between earmarked reserves.

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

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

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

### **General Fund Balance**

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

### **Usable Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. However, in the 2015 spending review these rules were relaxed, to allow Local Authorities to spend up



to 100% of their non-current asset receipts on the revenue costs of reform projects to deliver more efficient and sustainable services. The balance on the reserve shows the resources that have yet to be applied for at the year-end.

### Capital Grants Unapplied

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

Usable Reserves	Usable Reserves						
	General Fund Balance	Police Fund Balance	CA Capital Receipts Reserve	CA Capital Grants Unapplied	Police Fund Capital Receipts Reserve	Police Fund Capital Grants Unapplied	Movement in Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>The following adjustments are for 2022/23</b>							
<b>Adjustments to the Revenue Resources</b>							
Amounts by which income and expenditure included in the CIES and differs from revenue for the year							
Pension costs (to or from the Pensions Reserve)	(8,736)		0	0			(8,736)
Financial instruments (to or from FIAA)	27	22	0	0			49
Council tax and NDR (to or from the Collection Fund AA)		364	0	0			364
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	97,135	(11,223)		0		(35)	85,877
<b>Total Amendments to Revenue Resources WYCA and GROUP</b>	<b>88,426</b>	<b>(10,837)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(35)</b>	<b>77,554</b>
Pension costs (to or from the Pensions Reserve)		(262,945)	0	0			(262,945)
Officer remuneration (to or from the Accumulated Absences AA)		(2,435)	0	0			(2,435)
<b>Total Amendments to Revenue Resources CC and GROUP</b>	<b>0</b>	<b>(265,380)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(265,380)</b>
<b>Total Amendments to Revenue Resources GROUP</b>	<b>88,426</b>	<b>(276,217)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(35)</b>	<b>(187,826)</b>
<b>Adjustments to the Revenue and Capital Resources</b>							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	29	64	(29)	0	(64)		0
Statutory provision for the repayment of debt (from the Capital AA)	3,795	5,238	0	0			9,033
Capital expenditure funded from revenue under statute (to the Capital AA)	(193,398)						(193,398)
Transfer of capital grants and contributions to capital grants unapplied				(102,662)			(102,662)
Capital expenditure financed from revenue balances (to the Capital AA)		12,133	0	0			12,133
Transfer of capital loan repayments to usable capital receipts reserve			(519)				(519)
<b>Adjustments to the Revenue and Capital Resources WYCA and GROUP</b>	<b>(189,574)</b>	<b>17,435</b>	<b>(548)</b>	<b>(102,662)</b>	<b>(64)</b>	<b>0</b>	<b>(275,414)</b>
<b>Adjustments to Capital Resources</b>							
Use of the Capital Reserve to finance capital expenditure	214,718		0	0	9		214,727
<b>Total Adjustments to Capital Resources WYCA and GROUP</b>	<b>214,718</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>214,727</b>
<b>Total Adjustments WYCA</b>	<b>113,569</b>	<b>6,598</b>	<b>(548)</b>	<b>(102,662)</b>	<b>(55)</b>	<b>(35)</b>	<b>16,868</b>
<b>Total Adjustments CC</b>	<b>0</b>	<b>(265,380)</b>	<b>0</b>	<b>0</b>			<b>(265,380)</b>
<b>Total Adjustments GROUP</b>	<b>113,569</b>	<b>(258,782)</b>	<b>(548)</b>	<b>(102,662)</b>	<b>(55)</b>	<b>(35)</b>	<b>(248,514)</b>



**Comparator year**

Usable Reserves	Usable Reserves						
	General Fund Balance	Police Fund Balance	CA Capital Receipts Reserve	CA Capital Grants Unapplied	Police Fund Capital Receipts Reserve	Police Fund Capital Grants Unapplied	Movement in Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>The following adjustments are for 2021/22</b>							
<b>Adjustments to the Revenue Resources</b>							
Amounts by which income and expenditure included in the CIES and differs from revenue for the year							
Pension costs (to or from the Pensions Reserve)	(8,499)		0	0			(8,499)
Financial instruments (to or from FIAA)	273	21	0	0			294
Council tax and NDR (to or from the Collection Fund AA)		2,200	0	0			2,200
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	62,447	(13,002)				738	50,183
<b>Total Amendments to Revenue Resources WYCA and GROUP</b>	<b>54,221</b>	<b>(10,781)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>738</b>	<b>44,178</b>
Pension costs (to or from the Pensions Reserve)		(203,652)	0	0			(203,652)
Officer remuneration (to or from the Accumulated Absences AA)		14,208	0	0			14,208
<b>Total Amendments to Revenue Resources CC and GROUP</b>	<b>0</b>	<b>(189,444)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(189,444)</b>
<b>Total Amendments to Revenue Resources GROUP</b>	<b>54,221</b>	<b>(200,225)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>738</b>	<b>(145,266)</b>
<b>Adjustments to the Revenue and Capital Resources</b>							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve		545		0	(545)		0
Statutory provision for the repayment of debt (from the Capital AA)	3,660	4,633	0	0			8,293
Capital expenditure funded from revenue under statute (to the Capital AA)	(232,907)						(232,907)
Transfer of capital grants and contributions to capital grants unapplied				(68,233)			(68,233)
Capital expenditure financed from revenue balances (to the Capital AA)		8,834	0	0			8,834
Transfer of capital loan repayments to usable capital receipts reserve			(111)				(111)
<b>Adjustments to the Revenue and Capital Resources WYCA and GROUP</b>	<b>(229,247)</b>	<b>14,012</b>	<b>(111)</b>	<b>(68,233)</b>	<b>(545)</b>	<b>0</b>	<b>(284,124)</b>
<b>Adjustments to Capital Resources</b>							
Use of the Capital Reserve to finance capital expenditure	252,323		0	0			252,323
<b>Total Adjustments to Capital Resources WYCA and GROUP</b>	<b>252,323</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>252,323</b>
<b>Total Adjustments WYCA</b>	<b>77,297</b>	<b>3,231</b>	<b>(111)</b>	<b>(68,233)</b>	<b>(545)</b>	<b>738</b>	<b>12,378</b>
<b>Total Adjustments CC</b>	<b>0</b>	<b>(189,444)</b>	<b>0</b>	<b>0</b>			<b>(189,444)</b>
<b>Total Adjustments GROUP</b>	<b>77,297</b>	<b>(186,213)</b>	<b>(111)</b>	<b>(68,233)</b>	<b>(545)</b>	<b>738</b>	<b>(177,068)</b>

## 6. MOVEMENTS IN EARMARKED RESERVES FOR WYCA AND GROUP

This note sets out the amounts set aside by the WYCA and Group from the General Fund and Police Fund balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and Police Fund expenditure in 2022/23.

<b>TRANSFERS TO/FROM EARMARKED RESERVES</b>								
	Balance at 31 March 2021 £000	Transfer Out 2021/22 £000	Transfer In 2021/22 £000	Balance at 31 March 2022 £000	Transfer Out 2022/23 £000	Transfer In 2022/23 £000	NET Transfer 2022/23 £000	Balance at 31 March 2023 £000
<b>The CA General Fund Reserves:</b>								
Rail Reserve	297		(1)	296			0	296
New Generation Transport Reserve	971			971			0	971
WY Transport fund Reserve	41,224	6,176		47,400	6,177		6,177	53,577
Gainshare Reserve	25,913	28,500	(8,855)	45,558	28,500	(13,451)	15,049	60,607
Transport Reserve		2,000		2,000	5,788		5,788	7,788
Capital Inflation Reserve					5,719		5,719	5,719
<b>Transferred in Police Fund Reserves:</b>								
Capital Financing Reserve	0		10,662	10,662	(3,292)	1,978	(1,314)	9,348
Community Safety Fund	2,150	(404)	22	1,768	(335)	0	(335)	1,433
COVID Reserve	2,104	(145)		1,959	0	0	0	1,959
Cultural Awareness Reserve	0	0	0	0	0	900	900	900
Digital Policing Innovation Reserve	0	0	0	0	0	1,341	1,341	1,341
Dilapidation Reserve	530			530	(530)	0	(530)	0
Energy Reserve			3,365	3,365	0	0	0	3,365
ESN Reserve			2,486	2,486	0	0	0	2,486
Estates Sinking Fund Reserve	0	0	0	0	0	50	50	50
Income Loss Reserve	1,213	(404)		809	(404)	0	(404)	405
Local Council Tax Support Grant	0	(815)	3,816	3,001	(1,513)	890	(623)	2,378
NPAS	5,000		2,065	7,065	0	5,705	5,705	12,770
NPAS Operational Reserve	1,643		3,813	5,456	(2,214)	1,976	(238)	5,218
Operational Reserve	1,103	(969)		134	(134)	0	(134)	0
Organisational Change Fund	10,660	(10,660)	820	820	0	0	0	820
Partnership Executive Group		(174)	174	0	0	0	0	0
PFI Reserve	13,241			13,241	0	0	0	13,241
PNLD Reserve	264	(264)		0	0	39	39	39
Police Uplift Programme Reserve	2,400	(110)	1,134	3,424	(184)	2,692	2,508	5,932
Regional Working Reserve	198		5,348	5,546	(1,802)	726	(1,076)	4,470
Revenue Pressures Reserve	3,131		4,789	7,920	(87)	9,126	9,039	16,959
Safeguarding Reserve	500		415	915	(398)	0	(398)	517
Viper Reserve	4,967		409	5,376	0	520	520	5,896
Wellbeing Reserve	160	(72)	625	713	(500)	0	(500)	213
<b>Total</b>	<b>117,669</b>	<b>22,659</b>	<b>31,087</b>	<b>171,415</b>	<b>34,791</b>	<b>12,492</b>	<b>47,283</b>	<b>218,698</b>

**7. OTHER OPERATING INCOME AND EXPENDITURE FOR WYCA AND GROUP**

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

2021/22 £000		2022/23 £000
(1)	Flexible attachment	(46)
259	(Gains) / losses on the disposal of non-current assets	(79)
<b>258</b>	<b>Total</b>	<b>(125)</b>

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

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

2021/22 £000		2022/23 £000
12,027	Interest payable and similar charges	13,032
(1,222)	Interest receivable and similar income	(10,019)
(36)	Impairment loss / (reversal) of impairment loss	(156)
2,619	Pensions net interest cost expense	2,657
<b>13,388</b>	<b>Sub-total WYCA</b>	<b>5,514</b>
132,666	Pensions net interest cost expense CC	196,364
<b>146,054</b>	<b>Total Group</b>	<b>201,878</b>

**9. GENERAL GOVERNMENT GRANTS FOR THE CA AND GROUP**

The table below analyses the grants included within the General Government Grants figure in the Comprehensive Income and Expenditure Account 2022/23. These are grants which do not relate to any specific service.

2021/22 £000		2022/23 £000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
	<u>Combined Authority General Fund Services:</u>	
97,901	Transport Levy	97,901
28,500	Devolution GainShare Funding Revenue	28,500
	Devolution GainShare Funding Capital	9,500
33,471	Capital Integrated Transport Block/Maintenance Grant	0
16,212	Capital Flood Resilience/Pothole Fund	0
123,248	Transforming City Fund - Department for Transport	12,118
26,300	Getting Building Fund	0
20,000	Brownfield Housing Fund	18,179
30,000	Transport Fund	45,000
25,000	British Library North	0
20,450	City Deal Transport Fund	0
7,010	Emergency Active Travel Fund - Department for Transport	24,864
	ZEBRA	30,309
	Flood Alleviation Step 2	12,565
	CRSTS	161,328
18,865	Other Capital grants and Contributions (under £10m)	3,517
<b>446,957</b>	<b>Total Grants - Combined Authority Services</b>	<b>443,781</b>
	<u>Mayoral Crime and Policing Services:</u>	
	Council tax income:	
26896	Bradford Metropolitan District Council	31,860
11796	Calderdale Council	13,909
22719	Kirklees Council	26,747
43357	Leeds City Council	51,845
19383	Wakefield Council	23,302
131111	Non domestic rates	155,617
177726	Police Grant	210,833
14898	Revenue Support Grant	16,693
59402	Police Pension Top Up	69,827
	Donated Assets	30
983	Capital grants and contributions	971
8142	Capital grants and contributions NPAS	11,512
<b>516,414</b>	<b>Total Grants - Police Fund</b>	<b>613,147</b>
<b>963,371</b>	<b>Grand Total</b>	<b>1,056,928</b>

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

2021/22 £000		2022/23 £000
	<b><u>Corporate and Commercial Services:</u></b>	
1,250	Mayoral Capacity Funding	1,000
	<b><u>Transport Services:</u></b>	
895	Special Rail Grant (SRG)	895
2,063	Bus Service Operator Grant	2,064
2,471	Covid Bus Service Support Grant	0
1,647	Covid Dedicated Home to School and College Transport grant	0
1,230	Other Grants	1,230
	<b><u>Economic Services</u></b>	
38,564	AEB	67,115
3,379	Business Support and Skills Grants	2,812
	Other specific grants	
	S31 Skills grant & Skills Bootcamp Grant	
5,685	ESIF & ERDF	3,441
1,754	<b><u>Policy and Development:</u></b>	4,272
	<b><u>Crime and Policing Services:</u></b>	
30,119	Counter Terrorist Unit Grant	45,557
197	Coronavirus	0
1,503	Disclosure Bureau Services	1,896
11,046	PFI Grant	12,339
4,150	Home Office Special Grant	2,536
4,681	Pension Grant	5,107
7,586	Regional Crime Grant	8,014
3,832	Violence Reduction Grant	6,085
3901	Ministry of Justice Grant	4,876
1637	Home Office Safer Street and other specific grants	1,212
3,508	Local Council Tax Support Grant	0
0	Pay Award	2,982
0	National Police Air Service	3,618
4,249	Recruitment Uplift Grant	7,920
771	Other Small Grants	2,800
<b>136,118</b>	<b>Total</b>	<b>187,771</b>

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

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

### Expenditure and Income Analysed by Nature (Single Entity)

2021/22 £000	WYCA	2022/23 £000
	<b>Expenditure</b>	
30,723	Employee benefits expenses	35,148
4,455	Premises related expenditure	0
1,208	Supplies and services	0
(3)	Transport related expenditure	0
421,416	Other service expenses	443,114
5,082	Depreciation, amortisation and impairment	5,513
2,619	Pension related expenditure	2,657
12,116	Interest payments	14,212
258	(Gain)/losses on the disposal of assets	(78)
646,013	Intra Group Funding	777,354
<b>1,123,886</b>	<b>Total expenditure</b>	<b>1,277,920</b>
	<b>Income</b>	
(150,890)	Fees, charges and other service income	(163,466)
(1,222)	Interest and investment income	(10,019)
(368,061)	Income from levy, precepts, non-domestic rates	(417,874)
(736,680)	Government grants and contributions	(855,317)
<b>(1,256,853)</b>	<b>Total income</b>	<b>(1,446,677)</b>
<b>(132,967)</b>	<b>Surplus or Deficit on the Provision of Services</b>	<b>(168,757)</b>

### Expenditure and Income Analysed by Nature (Group)

2021/22 £000	GROUP	2022/23 £000
	<b>Expenditure</b>	
591,212	Employee benefits expenses	705,776
20,181	Premises related expenditure	27,466
69,064	Supplies and services	71,495
26,804	Transport related expenditure	33,522
453,329	Other service expenses	486,375
5,082	Depreciation, amortisation, impairment	5,513
135,285	Pension related expenditure	199,021
12,116	Interest payments	14,212
258	Gain on the disposal of assets	(78)
<b>1,313,330</b>	<b>Total expenditure</b>	<b>1,543,301</b>
	<b>Income</b>	
(150,890)	Fees, charges and other service income	(163,466)
(1,222)	Interest and investment income	(10,019)
(368,061)	Income from levy, precepts, non-domestic rates	(417,874)
(736,680)	Government grants and contributions	(855,317)
<b>(1,256,852)</b>	<b>Total income</b>	<b>(1,446,677)</b>
<b>56,478</b>	<b>Surplus or Deficit on the Provision of Services</b>	<b>96,625</b>



## **11. PROPERTY, PLANT AND EQUIPMENT FOR WYCA AND GROUP**

### **11.1 Balance sheet value**

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

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

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

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

<b>Movement In 2022/23</b>	<b>Land and Buildings</b>	<b>Infrastructure Assets</b>	<b>Vehicles</b>	<b>Plant, Furniture &amp; Equipment</b>	<b>Donated Assets</b>	<b>Assets Under Construction</b>	<b>NPAS Assets</b>	<b>NPAS Equipment</b>	<b>PFI Land and Buildings</b>	<b>Total property, Plant and Equipment</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>COST OR VALUATION</b>										
<b>At 1 April 2022</b>	<b>153,882</b>	<b>81,109</b>	<b>32,883</b>	<b>82,142</b>	<b>2,213</b>	<b>35,417</b>	<b>31,005</b>	<b>57,103</b>	<b>91,584</b>	<b>567,338</b>
<b>Opening Adjustments</b>										
Additions	3,343	0	5,088	7,028	0	32,955	0	10,148	17	58,579
Revaluation increases/(decreases) in the Revaluation Reserve	52,853	0	0	0	0	0	(1,080)	0	44,067	95,840
Revaluation increases/(decreases) in the CIES	4,185	0	0	0	0	0	(232)	0	(86)	3,867
De-recognition - disposals	(15)	0	(3,030)	(13,283)	0	0	0	(6,525)	0	(22,853)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	0	0
Assets reclassified from Assets Under Construction	1,530	0	0	2,823	0	(4,353)	0	0	0	0
Other Movement	0	0	0	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>215,778</b>	<b>81,109</b>	<b>34,941</b>	<b>78,710</b>	<b>2,213</b>	<b>64,019</b>	<b>29,693</b>	<b>60,726</b>	<b>135,582</b>	<b>702,770</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>										
<b>At 1 April 2022</b>	<b>(4)</b>	<b>(42,385)</b>	<b>(23,184)</b>	<b>(59,970)</b>	<b>(426)</b>	<b>0</b>	<b>0</b>	<b>(33,394)</b>	<b>(1)</b>	<b>(159,364)</b>
Depreciation charge in year	(3,747)	(2,795)	(3,299)	(8,374)	(46)	0	(2,510)	(7,395)	(2,605)	(30,771)
Depreciation written out to the Revaluation Reserve	3,335	0	0	0	0	0	2,510	0	2,605	8,450
Impairment (losses)/reversals recognised in the CIES	0	0	(85)	0	0	0	0	0	0	(85)
Downward revaluation taken to Revaluation Reserve	378	0	0	0	41	0	0	0	0	419
De-recognition - disposals	0	0	3,030	13,283	0	0	0	6,525	0	22,838
Other Movement	0	0	0	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>(38)</b>	<b>(45,180)</b>	<b>(23,538)</b>	<b>(55,061)</b>	<b>(431)</b>	<b>0</b>	<b>0</b>	<b>(34,264)</b>	<b>(1)</b>	<b>(158,513)</b>
<b>NET BOOK VALUE</b>										
<b>At 31 March 2022</b>	<b>153,878</b>	<b>38,724</b>	<b>9,699</b>	<b>22,172</b>	<b>1,787</b>	<b>35,417</b>	<b>31,005</b>	<b>23,709</b>	<b>91,583</b>	<b>407,974</b>
<b>At 31 March 2023</b>	<b>215,740</b>	<b>35,929</b>	<b>11,403</b>	<b>23,649</b>	<b>1,782</b>	<b>64,019</b>	<b>29,693</b>	<b>26,462</b>	<b>135,581</b>	<b>544,257</b>

Movement In 2021/22	Land and Building s	Infrastructu re Assets	Vehicles	Plant, Furniture & Equipme nt	Donate d Assets	Assets Under Constructi on	NPAS Assets	NPAS Equipme nt	PFI Land and Building s	Total property, Plant and Equipmen t
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>COST OR VALUATION</b>										
<b>At 1 April 2021</b>	<b>17,713</b>	<b>81,109</b>	<b>14,521</b>	<b>28,246</b>	<b>2,143</b>	<b>20,555</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>164,287</b>
Transferred in on 10 May 2021	117,454	0	20,252	46,934	0	5,656	30,593	51,345	81,616	353,850
Additions	7,331	0	5,266	6,633	0	15,319	0	7,732	24	42,305
Revaluation increases/(decreases) in the Revaluation Reserve	2,194	0	0	0	70	0	1,098	0	10,253	13,615
Revaluation increases/(decreases) in the CIES	3,851	0	0	0	0	0	(686)	0	(309)	2,856
De-recognition - disposals	0	0	(7,156)	0	0	(360)	0	(1,993)	0	(9,509)
Assets reclassified (to)/from Held for Sale	(100)	0	0	0	0	0	0	0	0	(100)
Assets reclassified from Assets Under Construction	5,439	0	0	314	0	(5,753)	0	0	0	0
Other Movement	0	0	0	15	0	0	0	19	0	34
<b>At 31 March 2022</b>	<b>153,882</b>	<b>81,109</b>	<b>32,883</b>	<b>82,142</b>	<b>2,213</b>	<b>35,417</b>	<b>31,005</b>	<b>57,103</b>	<b>91,584</b>	<b>567,337</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>										
<b>At 1 April 2021</b>	<b>0</b>	<b>(39,587)</b>	<b>(13,627)</b>	<b>(24,218)</b>	<b>(420)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(77,852)</b>
Transferred in on 10 May 2021	(301)	0	(12,967)	(27,828)	0	0	(440)	(28,702)	(232)	(70,470)
Depreciation charge in year	(2,829)	(2,798)	(3,334)	(7,909)	(45)	0	(1,649)	(6,666)	(1,932)	(27,162)
Depreciation written out to the Revaluation Reserve	2,884	0	0	0	0	0	2,089	0	2,163	7,136
Impairment (losses)/reversals recognised in the CIES	0	0	(68)	0	0	0	0	0	0	(68)
Downward revaluation taken to Revaluation Reserve	242	0	0	0	39	0	0	0	0	281
De-recognition - disposals	0	0	6,812	0	0	0	0	1,993	0	8,805
Other Movement	0	0	0	(15)	0	0	0	(19)	0	(34)
<b>At 31 March 2022</b>	<b>(4)</b>	<b>(42,385)</b>	<b>(23,184)</b>	<b>(59,970)</b>	<b>(426)</b>	<b>0</b>	<b>0</b>	<b>(33,394)</b>	<b>(1)</b>	<b>(159,364)</b>
<b>NET BOOK VALUE</b>										
<b>At 31 March 2021</b>	<b>17,713</b>	<b>41,522</b>	<b>894</b>	<b>4,028</b>	<b>1,723</b>	<b>20,555</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>86,435</b>
<b>At 31 March 2022</b>	<b>153,878</b>	<b>38,724</b>	<b>9,699</b>	<b>22,172</b>	<b>1,787</b>	<b>35,417</b>	<b>31,005</b>	<b>23,709</b>	<b>91,583</b>	<b>407,973</b>

In compliance with legislation the Police Fund is accounted for in the group accounts of the Combined Authority in the interests of transparency the statements below set out assets deployed for delivering policing services in 2022/23:

## Property, Plant and Equipment Deployed for Policing Services

	Land and Buildings	Vehicles	IT Tangibles	Assets Under Construction	NPAS Helicopters	NPAS Equipment	PFI Land and Buildings	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>COST OR VALUATION</b>								
<b>At 1 April 2022</b>	<b>133,482</b>	<b>22,294</b>	<b>53,185</b>	<b>7,694</b>	<b>31,005</b>	<b>57,103</b>	<b>91,584</b>	<b>396,347</b>
Opening balance adjustment								
Additions	3,221	5,025	6,996	11,831	0	10,148	17	37,238
Revaluation increases/(decreases) in the Revaluation Reserve	52,120	0	0	0	(1,080)		44,067	95,107
Revaluation increases/(decreases) in the CIES	4,185	0	0	0	(232)		(86)	3,867
De-recognition - disposals	0	(2,422)	(13,283)	0		(6,525)	0	(22,230)
Assets reclassified (to)/from Held for Sale	0	0	0	0			0	0
Assets reclassified from Assets Under Construction	1,530	0	0	(1,530)	0	0	0	0
Other Movement	0	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>194,538</b>	<b>24,897</b>	<b>46,900</b>	<b>17,995</b>	<b>29,693</b>	<b>60,726</b>	<b>135,582</b>	<b>510,329</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>								
<b>At 1 April 2022</b>	<b>(4)</b>	<b>(14,147)</b>	<b>(34,258)</b>	<b>0</b>	<b>0</b>	<b>(33,394)</b>	<b>(1)</b>	<b>(81,804)</b>
Opening balance adjustment			(1)					(1)
Depreciation charge in year	(3,369)	(2,982)	(6,397)	0	(2,510)	(7,395)	(2,605)	(25,258)
Depreciation written out to the Revaluation Reserve	3,335	0	0	0	2,510	0	2,605	8,450
Impairment (losses)/reversals recognised in the CIES	0	(85)	0	0		0	0	(85)
Downward revaluation taken to Revaluation Reserve	0	0	0	0		0	0	0
De-recognition - disposals	0	2,422	13,283	0		6,525	0	22,230
Other Movement			0			0		0
<b>At 31 March 2023</b>	<b>(38)</b>	<b>(14,792)</b>	<b>(27,373)</b>	<b>0</b>	<b>0</b>	<b>(34,264)</b>	<b>(1)</b>	<b>(76,468)</b>
<b>NET BOOK VALUE</b>								
<b>At 31 March 2022</b>	<b>133,478</b>	<b>8,147</b>	<b>18,927</b>	<b>7,694</b>	<b>31,005</b>	<b>23,709</b>	<b>91,583</b>	<b>314,543</b>
<b>At 31 March 2023</b>	<b>194,500</b>	<b>10,105</b>	<b>19,527</b>	<b>17,995</b>	<b>29,693</b>	<b>26,462</b>	<b>135,581</b>	<b>433,862</b>

### 11.2 Revaluations

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

As at 31st March 2023, a desk top revaluation of the Combined Authority's land and buildings was carried out by an MRICS qualified valuer of Lambert Smith Hampton, a firm of external Chartered Surveyors. The desk top revaluation was on fair value basis in accordance with IAS16. Management has also considered the value of assets not included in the valuer's report, such as the On-street furniture assets under IFRS code were reclassified as infrastructure assets and valued at depreciated historical costs and have concluded that asset values are materially accurate.

Valuations of Police Fund Assets were also carried out in accordance with the methodologies and basis for estimations set out in the professional standards of the

Royal Institution of Chartered Surveyors, by external Chartered valuers from Carter Jonas, Leeds. Valuations of helicopters are based on current prices where there is an active second-hand market or latest list price adjusted for the condition of the asset. Other classes of vehicles, plant and equipment are carried at depreciated historic cost as a proxy for current value.

### 11.3 Impairments

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

During 2022/23, the CA and Group has recognised a total impairment loss of £4.7m across a number of properties in its estate.

### 11.4 Assets Held For Sale

The Combined Authority has no asset held for sale as at 31 March 2023, movement in year as set out in the table below:

	Current		Non-Current	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
<b>Balance outstanding at start of year</b>	0	0	0	0
Revaluation increase/(decrease) in the CIES			0	0
<b>Assets newly classified as held for sale:</b>				
Property, Plant and Equipment	0	100	0	0
<b>Assets declassified as held for sale:</b>				
Property, Plant and Equipment			0	0
<b>Assets sold</b>				
Property, Plant and Equipment	0	(100)	0	0
<b>Balance outstanding at year-end</b>	0	0	0	0

### 11.5 Donated Assets Account

The CIPFA code introduces the concept of Donated Assets where assets have been acquired for less than their fair value. The code stipulates that the difference between the fair value of the asset and the consideration paid shall be recognised immediately in the Comprehensive Income and Expenditure Statement as income, or in the event that the transfer has conditions, recognised in the Donated Assets Account until such time as the conditions have been met. Two of the Combined Authority's bus stations and land in Apperley Bridge station meet the criteria of Donated Assets with conditions attached, as failure to fulfil the conditions on an on-going basis would result in the assets being returned to the relevant local authorities. These assets were received at little or no cost but are recognised on the balance sheet at fair value to reflect the true benefit of these assets with a corresponding reserve created in the form of a Donated Assets Account. The Donated Assets Account also recognises revaluation gains arising before conversion to historical cost basis as at 1 April 2007. After initial recognition

Donated Assets are categorised as either Infrastructure Assets and are valued at historical cost.

	2022/23 £000	2021/22 £000
<b>Balance at start of the year</b>	<b>1,788</b>	<b>1,723</b>
Adjustment of depreciation	(46)	(44)
Other movement in year	41	109
<b>Balance at end of the year</b>	<b>1,783</b>	<b>1,788</b>

## 11.6 Intangible Assets

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

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

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

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

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

	2022/23		10 May 21 to 31 March 22	
	Other Assets £000	Total £000	Other Assets £000	Total £000
<b>Balance at start of the year</b>				
- Gross carrying amounts	16,681	<b>16,681</b>	16,092	<b>16,092</b>
- Accumulated amortisation	(6,766)	<b>(6,766)</b>	(8,350)	<b>(8,350)</b>
- Derecognition – Disposals	(4,319)	<b>(4,319)</b>	0	<b>0</b>
<b>Net carrying amount at start of year</b>	<b>5,596</b>	<b>5,596</b>	<b>7,742</b>	<b>7,742</b>
Additions:				
- Purchases	387	<b>387</b>	589	<b>589</b>
- GCA to Impairment	0	<b>0</b>	3	
Reversals of past impairment losses written back to the Surplus/Deficit on the Provision of Services		<b>0</b>		<b>0</b>
- Amortisation for the Period	(2,259)	<b>(2,259)</b>	(2,735)	<b>(2,735)</b>
- Other changes	0	<b>0</b>	(3)	<b>0</b>
<b>Net carrying amount at the end of year</b>	<b>3,724</b>	<b>3,724</b>	<b>5,596</b>	<b>5,596</b>
Comprising:				
- Gross Carrying amounts	<b>12,749</b>	<b>12,749</b>	<b>16,681</b>	<b>16,681</b>
- Accumulated amortisation & impairment	<b>(9,025)</b>	<b>(9,025)</b>	<b>(11,085)</b>	<b>(11,085)</b>
	<b>3,724</b>	<b>3,724</b>	<b>5,596</b>	<b>5,596</b>



## 12. FINANCIAL INSTRUMENTS FOR CA AND GROUP

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

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

	Long-Term		Current		Total	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
<u>Financial Assets at Amortised Cost</u>						
Short term Investments	-	-	732,820	518,440	732,820	518,440
Fixed Term Investments			30,000			
Cash held by the Group	-	-	83,391	71,237	83,391	71,237
Cash equivalents	-	-		0	0	0
<b>Total Investments</b>	-	-	<b>846,211</b>	<b>589,677</b>	<b>816,211</b>	<b>589,677</b>
<u>Debtors</u>	-	-	43,022	28,984	43,022	28,984
Long term Debtors- Soft Loans Advanced	9,495	9,474			9,495	9,474
Long term Debtors- Commercial Loans Advanced	3,616	4,066			3,616	4,066
Long term Debtors- Other	2855	3,258			2,855	3,258
<b>Total Debtors</b>	<b>15,966</b>	<b>16,798</b>	<b>43,022</b>	<b>28,984</b>	<b>58,988</b>	<b>45,782</b>
<b>Total Financial Assets</b>	<b>15,966</b>	<b>16,798</b>	<b>889,232</b>	<b>618,661</b>	<b>875,198</b>	<b>635,459</b>
<u>Financial Liabilities at Amortised Cost</u>						
Borrowings repayable within one year			(55,453)	(1,731)	(55,453)	(1,731)
Bank Overdraft			(13,154)	(3,460)	(13,154)	(3,460)
Long term Borrowing	(148,414)	(148,761)			(148,414)	(148,761)
<b>Total Borrowings</b>	<b>(148,414)</b>	<b>(148,761)</b>	<b>(68,606)</b>	<b>(5,191)</b>	<b>(217,021)</b>	<b>(153,952)</b>
<u>Other Long Term Liabilities</u>					0	0
Private Finance Initiative	79,327	(81,882)	(2,556)	(2,863)	76,771	(84,745)
<b>Total Other Long Term Liabilities</b>	<b>79,327</b>	<b>(81,882)</b>	<b>(2,556)</b>	<b>(2,863)</b>	<b>76,771</b>	<b>(84,745)</b>
<u>Creditors</u>	0	0	(91,801)	(70,689)	(91,801)	(70,689)
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>(91,801)</b>	<b>(70,689)</b>	<b>(91,801)</b>	<b>(70,689)</b>
<b>Total Financial Liabilities</b>	<b>(69,087)</b>	<b>(230,643)</b>	<b>(162,964)</b>	<b>(78,743)</b>	<b>(232,051)</b>	<b>(309,386)</b>

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

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

### Soft Loans

The CA has provided a number of loans to third parties at less than market rates. The nominal value of these loans is £9.4m. A fair value adjustment has been made in the CIES of £0.021m which recognises the loss on interest receivable on loans outstanding.

## 12.2 Income, Expenses, Gains and Losses

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

	2022/23			2021/22		
	Financial Liabilities measured at amortised cost	Financial Assets measured at FVPL	Total	Financial Liabilities measured at amortised cost	Financial Assets Loans and Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	13,031	0	13,031	12,026	0	12,026
Fee expense	10	0	10	1	0	1
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>13,041</b>	<b>0</b>	<b>13,041</b>	<b>12,027</b>	<b>0</b>	<b>12,027</b>
Interest income	(10,019)	0	(10,019)	(1,322)	0	(1,322)
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(10,019)</b>	<b>0</b>	<b>(10,019)</b>	<b>(1,322)</b>	<b>0</b>	<b>(1,322)</b>
<b>Net (gain)/loss for the year</b>	<b>3,022</b>	<b>0</b>	<b>3,022</b>	<b>10,705</b>	<b>0</b>	<b>10,705</b>

## 12.3 Fair Values of Assets and Liabilities Carried at Amortised Cost

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

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

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

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

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

The fair value for long term debtors has been estimated using the PWLB's interest rates for new fixed rate loans with the most appropriate maturity and repayment profile as at 31<sup>st</sup> March 2023.

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

The fair values calculated are as follows:

	2022/23		2021/22	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
<b>Financial Assets</b>				
Short term Investments	732,820	726,804	518,440	517,040
Fixed term Investments	30,000	29,530		
Long term Debtors- Soft Loans Advanced	9,495	9,128	9,474	9,363
Long term Debtors- Commercial Loans Advanced	3,616	3,085	4,066	4,690
<b>Total Financial Assets</b>	<b>775,931</b>	<b>768,547</b>	<b>531,980</b>	<b>531,093</b>
<b>Financial Liabilities at Amortised Cost</b>				
PWLB Long term Borrowing	(115,143)	(111,839)	(116,135)	(161,836)
Non - PWLB Long term Borrowing	(34,320)	(31,243)	(34,348)	(49,756)
PWLB Short term Borrowing				
Non - PWLB Short term Borrowing				
Private Finance Initiative	(81,883)	(81,883)	(84,746)	(84,746)
<b>Total Financial Liabilities</b>	<b>(231,346)</b>	<b>(224,965)</b>	<b>(235,229)</b>	<b>(296,338)</b>

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

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

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

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

### Credit risk

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

Almost all of the CA's loans and investments are made for treasury management purposes, to generate income from available balances. The parameters within which these investments are made are set out within the approved Treasury Management Policy. The effect of this policy is to restrict as far as is practicable the CA's exposure to risk from the failure of a financial institution. It ensures that deposits are placed only with limited numbers of financial institutions whose credit rating is independently assessed as being sufficiently secure. The term and maximum deposit is also restricted to reduce risk exposure.

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

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

The Combined Authority has exposure to credit risk on the Debtor Loans advanced to third parties. The Growing Places Fund Loans are riskier commercial loans with the interest rate reflective of the borrower's credit status and security provided. The financial status and credit score of the companies are regularly reviewed and monitored in order to minimise the instances of loss. As at 31 March 2023, there were four GPF loans outstanding, two of which were loans issued to local government backed housing investment initiatives.

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

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

	2022/23			2021/22		
	Gross Value	Impairment Value	Net Value	Gross Value	Impairment Value	Net Value
	£'000	£'000	£'000	£'000	£'000	£'000
Deposit with Financial Institutions	83,390	0	83,390	71,237	0	71,237
Long term debtors	15,966	0	15,966	16,798	0	16,798
Long term loans	13,111	0	13,111	13,540	0	13,540
Short term debtors	139,166	(653)	138,513	28,984	(690)	28,294
<b>Total</b>	<b>251,633</b>	<b>(653)</b>	<b>250,980</b>	<b>130,559</b>	<b>(690)</b>	<b>129,869</b>

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

	2022/23	2021/22
	£'000	£'000
Opening	690	653
Impairment allowance raised	163	144
Impairment allowance applied	(110)	(28)
Other movements	(91)	(79)
<b>Total</b>	<b>653</b>	<b>690</b>

## Liquidity Risk

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

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

## Refinancing and Maturity risk

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

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

	Actual 31 March 2023 £000	Actual 31 March 2023	Actual 31 March 2022 £000	Actual 31 March 2022
Less than one year	54,405	27%	675	0%
Between one and two years	1,140	1%	0	0%
Between two and five years	2,817	1%		0%
Between five and ten years	558	0%	4,949	3%
More than ten years	143,900	71%	143,812	96%
Total	202,819	100%	149,436	100%

## Interest Risk

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

The Combined Authority is also affected by fluctuations in shorter term interest rates as this impacts on the interest that can be earned in the year on deposits.

This is particularly true after the recent base rate rises. The short term interest rate is carefully monitored and opportunities to secure advantageous interest rates are considered.

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

## Other Market Risk

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

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

Price risk is the risk that the value of a financial instrument will change as a result of market fluctuations. At 31<sup>st</sup> March 2023 the CA is not exposed to any material price risk.



**13. INVENTORIES FOR THE CA AND GROUP**

2022/23	Opening Balance £000	Purchases £000	Expense in Year £000	Write Offs £000	Closing Balance £000
Clothing	2	0	0	0	2
Police Support Unit	(0)	0	0	0	(0)
Fuel	97	3,029	(3,007)	0	119
IT	195	782	(806)	0	171
Other	480	2,703	(2,723)	0	460
NPAS Fuel	155	2,971	(2,886)	0	240
Regional Stores Stock	174	0	(174)	0	0
	1,101	9,485	(9,596)	0	990

**14. DEBTORS FOR THE CA AND GROUP**

As the balance sheet represents the position at the end of the financial year, there are monies owed to the Combined Authority (CA) and Group at that date which are yet to be received as cash. The following analysis shows the amounts owed to the CA and group which had not been received at 31st March 2023.

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

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

**.14.1 Short Term Debtors**

	31 March 2023 £000	31 March 2022 £000
Central government bodies	66,964	31,670
Local authorities	10,288	8,993
Police forces	18,847	13,986
Other entities and individuals	41,030	30,970
Inter Group	2,036	
<b>Total current debtors</b>	<b>139,166</b>	<b>85,619</b>
Loss allowance for doubtful debt	(653)	(690)
<b>Total debts</b>	<b>138,513</b>	<b>84,929</b>

## 14.2 Long Term Debtors

	31 March 2023 £000	31 March 2022 £000
<u>Soft Loans</u>		
Balance at 1 April	9,474	9,289
Effective interest to write back to carrying value	21	185
<b>Soft Loans balance at 31 March</b>	<b>9,495</b>	<b>9,474</b>
<u>Other Loans Advanced</u>		
Balance at 1 April	4,066	6,459
Change in category	-	(1,423)
Loans repaid	(450)	(970)
<b>Other Loans balance at 31 March</b>	<b>3,616</b>	<b>4,066</b>
<u>Other long term debtor</u>		
Balance at 1 April	2,947	3,718
Change in category	-	1,423
Loans advanced during the year	(23)	125
Loans repaid	(69)	(2,318)
<b>Total Other Long Term Debtor</b>	<b>2,855</b>	<b>2,947</b>
<b>Total CA Long Term Debtor</b>	<b>15,966</b>	<b>16,487</b>
<u>Police Fund long term debtor</u>		
Balance at 1 April	311	2,623
Loans repaid	(311)	(2,312)
<b>Total Police Fund Long Term Debtor</b>	<b>-</b>	<b>311</b>
<b>Total Long Term Debtor</b>	<b>15,966</b>	<b>16,798</b>

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

## 15. CASH AND CASH EQUIVALENTS FOR THE CA AND GROUP

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

	2022/23 £000	2021/22 £000
Cash held by the Group	83,390	71,237
Short-term deposits with banks	0	0
<b>Total</b>	<b>83,390</b>	<b>71,237</b>
Bank current accounts	(13,155)	(3,460)
<b>Total Cash and Cash Equivalents</b>	<b>70,235</b>	<b>67,777</b>

Cash balances above include £5.6m the CA held on behalf of third parties at the end.

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

## 16. CREDITORS FOR THE CA AND GROUP

Since the CA's Balance Sheet represents the financial position at the end of the financial year, there are monies owed by the CA and Group at that date which have yet to be paid. There are also amounts which the CA and group have received before the end of the financial year which relate to services which have not yet been provided, or are to fund revenue schemes which have not yet taken place (Deferred Income). This analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31st March 2023.

	31 March 2023 £000	31 March 2022 £000
Central government bodies	17,418	37,573
Local authorities	170,707	91,576
Police forces	9,971	7,133
Other entities and individuals	87,283	71,371
Inter Group	2,036	
<b>Current creditors WYCA</b>	<b>287,415</b>	<b>207,653</b>
Other entities and individuals WYP	17,475	15,040
<b>Total current creditors WYCA and GROUP</b>	<b>304,890</b>	<b>222,693</b>
Long term creditors WYCA and GROUP	0	311
<b>Total creditors Group</b>	<b>304,890</b>	<b>223,004</b>

### 16.1 Deferred Income

	31 March 2023 £000	31 March 2022 £000
Central government bodies	44,774	25,955
Local authorities	846	1,328
Bodies external to Government	3,061	683
<b>Deferred Income WYCA and GROUP</b>	<b>48,681</b>	<b>27,966</b>
Bodies external to Government WYP	0	0
<b>Total Deferred Income GROUP</b>	<b>48,681</b>	<b>27,966</b>

### 16.2 Capital Grant Received in Advance

	31 March 2023 £000	31 March 2022 £000
Central government bodies	1,203	1,619
Bodies external to Government	4,329	4,042
<b>Total Capital Grant Receipt in Advance</b>	<b>5,531</b>	<b>5,661</b>

#### Notes

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

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

## 17. **PROVISIONS FOR THE CA AND GROUP**

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

	Police Fund Provision				General Fund Provision	Total £000
	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Insurance £000	Other Provisions £000	Other Provisions £000	
<b>Balance at 31 March 2022</b>	2,579	577	3,307	386	2,423	<b>9,272</b>
Additional provisions made in 2022/23	545	1,524	1,807	(10)	0	<b>3,866</b>
Amounts used in 2022/23	(440)	(1,346)	(804)	0	(204)	<b>(2,794)</b>
<b>Balance at 31 March 2023</b>	<b>2,684</b>	<b>755</b>	<b>4,309</b>	<b>376</b>	<b>2,219</b>	<b>10,343</b>

The Combined Authority as at 31 March 2023 has provided for liabilities relating to the now insolvent company Mutual Municipal Insurance Ltd representing the potential clawback of claims made by the former West Yorkshire Passenger Transport Executive in previous years. Provision is also made Under Part I of the Land Compensation Act 1973 relating to one of the highway capital schemes.

### **Outstanding Legal Cases**

The amount provided of £2.684m in respect of outstanding legal claims is made up of £0.11m for employment tribunals and £1.083m for litigated insurance claims, and £1.491m for other legal cases.

### **Injury Compensation Claims**

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

### **Insurance Provision**

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

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

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

## **18. USABLE RESERVES FOR THE CA AND GROUP**

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

## USABLE RESERVES

2021/22 £000		2022/23 £000
13,625	General Fund Balance	14,161
13,780	Police Fund Balance	14,550
34,556	Capital Receipts Reserve	35,159
210,216	Capital Grants Unapplied Account	312,912
	<i>Sub totals</i>	376,782
	<b><u>Earmarked CA Fund Reserves</u></b>	
1,267	Rail Reserve & New Generation Transport Reserve	1,267
47,400	WY Transport fund Reserve	53,577
45,558	Gainshare Reserve	60,607
2,000	Transport Reserve	7,788
	Capital Inflation Reserves	5,719
	<i>Sub totals</i>	128,958
	<b><u>Earmarked Police Fund Reserves</u></b>	
10,662	Capital Financing Reserve	9,348
1,768	Community Safety Fund	1,433
1,959	COVID Reserve	1,959
0	Cultural Awareness Reserve	900
0	Digital Policing Innovation Reserve	1,341
530	Dilapidation Reserve	0
3,365	Energy Reserve	3,365
2,486	ESN Reserve	2,486
0	Estates Sinking Fund Reserve	50
809	Income Loss Reserve	405
3,001	Local Council Tax Support Grant	2,378
7,065	NPAS	12,770
5,456	NPAS Operational Reserve	5,218
134	Operational Reserve	0
820	Organisational Change Fund	820
0	Partnership Executive Group	0
13,241	PFI Reserve	13,241
0	PNLD Reserve	39
3,424	Police Uplift Programme Reserve	5,932
5,546	Regional Working Reserve	4,470
7,920	Revenue Pressures Reserve	16,959
915	Safeguarding Reserve	517
5,376	Viper Reserve	5,896
713	Wellbeing Reserve	213
	<i>Sub totals</i>	89,740
<b>443,592</b>	<b>Total Usable Reserves</b>	<b>595,479</b>

### 19. UNUSABLE RESERVES FOR THE CA AND GROUP

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



2021/22 £000		2022/23 £000
108,553	Revaluation Reserve	214,338
65,565	Capital Adjustment Account	89,684
(1,500)	Financial Instruments Adjustment Account	(1,451)
(1,488)	Collection Fund Adjustment Account	(1,122)
(88,474)	Pensions Reserve	(2,779)
1,787	Donated Asset Reserve	1,782
<b>84,443</b>	<b>Total Unusable Reserves WYCA</b>	<b>300,452</b>
(7,105,163)	Pensions Reserve CC	(4,470,484)
(15,040)	Accumulated Absences Adjustment Account CC	(17,475)
<b>(7,120,203)</b>	<b>Total Unusable Reserves WYCA and GROUP</b>	<b>(4,487,959)</b>
<b>(7,035,760)</b>	<b>Total Unusable Reserves GROUP</b>	<b>(4,187,507)</b>

## 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.

2021/22 £000	Revaluation Reserve	2022/23 £000
<b>90,332</b>	<b>Balance at 1 April</b>	<b>108,551</b>
20,923	Surplus/(deficit) on revaluation	104,668
0	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	
<b>20,923</b>	<b>Surplus on revaluation of non-current assets not charged to the Surplus/Deficit on the Provision of Services</b>	<b>104,668</b>
(76)	Amount written off on disposal	4,608
(2,627)	Difference between fair value depreciation and historical cost depreciation	(3,489)
<b>(2,702)</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>1,119</b>
<b>108,553</b>	<b>Balance at 31 March</b>	<b>214,338</b>

## Capital Adjustment Account

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

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

2021/22 £000	Capital Adjustment Account	2022/23 £000
15,535	<b>Balance at 1 April</b>	<b>65,567</b>
28,900	Balance transfer at 10 May 2021	0
	<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>	
(27,117)	Charges for depreciation of non-current assets	(30,725)
2,788	Charges for impairment of non-current assets	3,782
(2,735)	Amortisation of intangible assets	(2,259)
(804)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(15)
(27,868)		(29,217)
2,702	Adjusting amounts written out of the Revaluation Reserve	(1,119)
(25,166)	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(30,336)</b>
	<b>Capital financing applied in the year:</b>	
0	Use of the Capital Receipts Reserve to finance new capital expenditure	9
	Donated Assets	
253,306	Capital grants and contributions credited to the CIES that have been applied to capital financing	215,689
8,142	Capital grants and contributions credited to the CIES that have been applied to capital financing NPAS	11,512
738	Application of grants to capital financing from the Capital Grants Unapplied Account	(35)
8,293		9,033
	Statutory provision for the financing of capital investment charged against the General Fund	
(232,907)	Revenue Expenditure Funded from Capital under Statute	(193,398)
(111)	Adjusting repayments of capital loan	(519)
8,834	Capital expenditure charged against the Police Fund Balance	12,133
46,295		<b>54,423</b>
65,565	<b>Balance at 31 March</b>	<b>89,655</b>

## 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.

2021/22 £000	Financial Instruments Adjustment Account	2022/23 £000
(1,794)	<b>Balance at 1 April</b>	<b>(1,500)</b>
	<b>Movement during the year:</b>	
185	Effective Interest rate adjustment- Soft Loans	21
88	Premium & Discounts amortised to General Fund during year	6
21	Premium & Discounts amortised to Police Fund during year	22
294	<b>Amount by which finance costs charged to the CIES different from finance costs chargeable in the year in accordance with statutory requirements</b>	<b>49</b>
(285)	Premium and Discount on loans (Police Fund) c/fwd	(263)
(1,215)	Premium and Discount on loans (General Fund) c/fwd	(1,188)
(1,500)	<b>Balance at 31 March</b>	<b>(1,451)</b>

## Collection Fund Adjustment Account

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

2021/22 £000	Collection Fund Adjustment Account	2022/23 £000
0	<b>Balance at 1 April</b>	<b>(1,488)</b>
(3,688)	Balance transfer at 10 May 2021	
2,200	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	364
<b>(1,488)</b>	<b>Balance at 31 March</b>	<b>(1,122)</b>

## Pensions Reserve

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

2021/22 £000	Pensions Reserve West Yorkshire Combined Authority	
<b>(91,346)</b>	<b>Balance at 1 April</b>	<b>(88,474)</b>
51,583	Actuarial gains or losses on pensions assets and liabilities	94,431
(13,331)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(14,178)
(40,212)	Net increase in liability on disposal/acquisition	
4,832	Employer's pensions contributions	5,442
<b>(88,474)</b>	<b>Balance at 31 March</b>	<b>(2,779)</b>

2021/22 £000	Pensions Reserve GROUP	2022/23 £000
<b>(7,306,635)</b>	<b>Balance at 1 April</b>	<b>(7,193,637)</b>
325,149	Actuarial gains or losses on pensions assets and liabilities	2,992,054
(356,932)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(439,759)
0	Net increase in liability on disposal/acquisition	
144,781	Employer's pensions contributions and direct payments to pensioners payable in the year	168,078
<b>(7,193,637)</b>	<b>Balance at 31 March</b>	<b>(4,473,264)</b>

## Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account represents the value of the future obligation of the CA and Group to pay Police officers and Police staff in respect of

unused accumulated absences not taken in the year, e.g. annual leave entitlement carried forward at 31 March 2023. Statutory arrangements require that the impact on the Police Fund Balance is neutralised by transfers to or from the Account.

2021/22 £000	Accumulated Absences Adjustment Account GROUP	2022/23 £000
(29,248)	Balance at 1 April	(15,040)
14,208	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,435)
(15,040)	Balance at 31 March	(17,475)

### Donated Asset Account

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

2021/22 £000	Donated Asset Account WYCA and Group	2022/23 £000
1,723	Balance at 1 April	1,787
109 (45)	Surplus/(deficit) on revaluation Depreciation	41 (46)
1,787	Balance at 31 March	1,782

## **20. MEMBERS ALLOWANCES FOR THE CA AND GROUP**

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

	2022/23 £000	2021/22 £000
Allowances CA Members	228	250
<b>Total CA and Group</b>	<b>228</b>	<b>250</b>
Allowances Police Joint Independent Audit Committee Members	9	11
<b>Total Group</b>	<b>237</b>	<b>261</b>

## **21. OFFICER REMUNERATION FOR THE CA AND GROUP**

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

		Salary, Fees and Allowances £	Expenses Allowances £	Pension Contribution £	Total £
<b>WYCA as at 31 March 2023</b>					
Mayor of West Yorkshire	01.04.22 - 31.03.23	106,640	1,094	0	107,734
Deputy Mayor for Police and Crime	01.04.22 - 31.03.23	72,000	752	12,384	85,136
Managing Director - (Ben Still)	01.04.22 - 31.03.23	173,772	54	29,889	203,715
Interim Chief Operating Officer	01.01.23 - 31.03.23	32,715	0	5,627	38,342
Director, Transport & Property Services	01.04.22 - 31.03.23	121,152	0	20,838	141,990
Director of Delivery	01.04.22 - 31.12.22	90,864	260	15,629	106,753
Interim Director of Delivery	01.01.23 - 31.03.23	26,158	0	4,499	30,657
Director of Corporate & Commercial Services-S73 Officer	01.04.22 - 31.03.23	116,380	0	20,017	136,397
Director of Policy Development	01.04.22 - 31.03.23	95,484	0	16,423	111,907
Director of Strategy and Communications and Policing	01.04.22 - 31.03.23	116,380	0	20,017	136,397
Director of Economic Services	01.04.22 - 13.11.22	111,090	0	19,107	130,197
Head of Legal & Governance Services	01.04.22 - 31.03.23	85,906	0	14,776	100,682

**West Yorkshire Police as at 31 March 2023**

Chief Constable (J Robins)	01.04.22 - 31.03.23	217,810	0	65,195	283,005
Deputy Chief Constable	01.04.22 - 15.12.22	115,264	0	33,616	148,880
Deputy Chief Constable	12.09.22 - 31.03.23	56,906	0	16,547	73,452
Assistant Chief Constable (Specialist Operations)	01.04.22 - 11.09.22	88,879	0	24,492	113,372
Assistant Chief Constable (Specialist Operations)	12.09.22 - 31.03.23	61,078	0	18,310	79,388
Assistant Chief Constable (People)	01.04.22 - 31.03.23	121,009	0	34,679	155,688
Assistant Chief Constable (Specialist Crime)	01.04.22 - 24.04.22	8,132	0	2,323	10,455
Assistant Chief Constable (Specialist Crime)	01.04.22 - 31.03.23	117,052	0	29,888	146,940
Assistant Chief Constable (Specialist Crime)	12.09.22 - 11.12.22	27,534	0	8,104	35,638
Assistant Chief Constable (Local Policing and Safeguarding)	27.06.22 - 31.03.23	85,865	0	25,260	111,124
Assistant Chief Constable (Local Policing and Safeguarding)	12.09.22 - 11.12.22	26,683	0	7,144	33,827
Assistant Chief Constable (Regional Specialist Crime)	01.04.22 - 31.03.23	126,155	0	37,109	163,264
Assistant Chief Constable (NPAS)	01.04.22 - 31.03.23	111,737	0	32,717	144,454
Assistant Chief Officer (Business Operations)	01.04.22 - 31.03.23	126,778	0	18,290	145,068
<b>TOTAL GROUP</b>		<b>2,439,421</b>	<b>2,160</b>	<b>532,879</b>	<b>2,974,461</b>

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

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

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

The number of other employees and senior police officers, not disclosed in the table above, receiving more than £50,000 remuneration (excluding employer's pension contributions) are included in the table below.

WYCA			WYCA		
Remuneration Band		Number of Employees	Remuneration Band		Number of Employees
		2022/23			2021/22
£50,000 - £54,999		43	£95,000 - £99,999		0
£55,000 - £59,999		19	£100,000 - £104,999		0
£60,000 - £64,999		3	£105,000 - £109,999		1
£65,000 - £69,999		8	£120,000 - £124,999		0
£70,000 - £74,999		4	£125,000 - £129,999		0
£75,000 - £79,999		10	£130,000 - £134,999		0
£80,000 - £84,999		1	£145,000 - £149,999		0
£85,000 - £89,999		0	£185,000 - £189,999		0
£90,000 - £94,999		0	£240,000 - £244,999		0

GROUP			GROUP		
Remuneration Band		Number of Employees	Remuneration Band		Number of Employees
		2022/23			2021/22
£50,000 - £54,999		105	£95,000 - £99,999		6
£55,000 - £59,999		51	£100,000 - £104,999		1
£60,000 - £64,999		37	£105,000 - £109,999		3
£65,000 - £69,999		19	£120,000 - £124,999		1
£70,000 - £74,999		39	£125,000 - £129,999		0
£75,000 - £79,999		35	£130,000 - £134,999		0
£80,000 - £84,999		8	£145,000 - £149,999		0
£85,000 - £89,999		9	£185,000 - £189,999		0
£90,000 - £94,999		8	£240,000 - £244,999		1

Note: The Chair of Leeds City Region Enterprise Partnership (LEP) is an independent member and an annual fee of £63k was paid to the Chair on IR35 (off-payroll working rules) basis.

### Costs of redundancies and other leavers

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

Exit Packages WYCA	Compulsory Redundancies	Other Departures	Total	Exit Packages WYCA	Compulsory Redundancies	Other Departures	Total
2022/23	£	£	£	2022/23	No	No	No
£0-£20,000	0	6,350	6,350	£0-£20,000	0	1	1
£20,001-£40,000	0	40,000	40,000	£20,001-£40,000	0	1	1
£40,001-£60,000	0	0	0	£40,001-£60,000	0	0	0
£60,001-£80,000	0	0	0	£60,001-£80,000	0	0	0
£80,001-£100,000	0	0	0	£80,001-£100,000	0	0	0
£100,001-£150,000	0	0	0	£100,001-£150,000	0	0	0
£150,001-£200,000	0	0	0	£150,001-£200,000	0	0	0
	0	46,350	46,350		0	2	2

Exit Packages GROUP	Compulsory Redundancies	Other Departures	Total	Exit Packages GROUP	Compulsory Redundancies	Other Departures	Total
2022/23	£	£	£	2022/23	No.	No.	No.
£0-£20,000	3,264	17,670	20,934	£0-£20,000	1	2	3
£20,001-£40,000	0	40,000	40,000	£20,001-£40,000	0	1	1
£40,001-£60,000	0	0	0	£40,001-£60,000	0	0	0
£60,001-£80,000	142,574	0	142,574	£60,001-£80,000	2	0	2
£80,001-£100,000	0	0	0	£80,001-£100,000	0	0	0
£100,001-£150,000	0	0	0	£100,001-£150,000	0	0	0
£150,001-£200,000	0	0	0	£150,001-£200,000	0	0	0
	145,838	57,670	203,508		3	3	6

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



The Code requires the Combined Authority and Group to disclose any costs it has incurred as a result of compulsory and voluntary redundancies. Termination benefits were paid by the CA and Group arising from the termination of employment incurring liabilities of £203,508 in 2022/23 (£50,423 in 2021/22). The exit package payable included voluntary redundancy payments and enhanced pension benefits payable arising from the re-structuring and rationalisation of specific business areas. There were no severance payments identified as being due for the Group. There were no costs to the Group in relation to pension strain. Pension strain is a payment made to the pension fund to reflect the additional cost to the fund of the employees retiring early. It is not a payment to the individual.

## **22 EXTERNAL AUDIT COSTS for the CA and GROUP**

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

	2022/23 £000	2021/22 £000
Fees payable to Mazars with regard to external audit services for West Yorkshire Combined Authority	92	37
<b>Total WYCA</b>	<b>92</b>	<b>37</b>
Fees payable to Grant Thornton with regard to external audit services for the Chief Constable		25
Fees payable to Mazars with regard to external audit services for the Chief Constable	23	17
<b>Total WYCA and Group</b>	<b>115</b>	<b>79</b>

## **23 RELATED PARTIES FOR THE CA AND GROUP**

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

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

### **Central Government**

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

### **The Chief Constable for West Yorkshire**

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

Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable.

## Members

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

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

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

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

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

The total transactions with the five constituent councils during 2022/23 are:

	2022/23 Expenditure	2022/23 Income	2021/22 Expenditure	2021/22 Income
	£m	£m	£m	£m
Bradford City Council	30.4	(23.4)	32.4	(24.6)
Calderdale MDC	35.1	(9.5)	30.3	(9.6)
Kirklees MDC	25.9	(18.5)	22.5	(19.2)
Leeds City Council	61.1	(33.3)	175.4	(33.3)
Wakefield MDC	19.7	(16.4)	18.6	(18.5)
<b>Total</b>	<b>172.2</b>	<b>(101.1)</b>	<b>279.2</b>	<b>(105.2)</b>

In 2022/23, there was a total of £6.5m (£1.7m in 2021/22) of transactions with York City Council.

## Officers - Key Management Personnel

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

The Chief Executive is a board member of Transport for the North and also a board director for Urban Transport Group. Transactions with the two related parties were £213k and £106k respectively during 2022/23 (£208k and £106k in 2021/22 respectively).

Yorcard Ltd is a Joint Venture trading company operated in conjunction with South Yorkshire Passenger Transport Executive (SYPTe). The Director of Transport Operations & Passenger Experience of the Combined Authority is a board director of Yorcard Ltd. Transactions with Yorcard during the year totalled £504k (£506k in 2021/22).

West Yorkshire Ticketing (TICCO) Ltd administers and develops a range of multi-operator, multi-modal tickets. The Director of Transport Operations & Passenger Experience of the Combined Authority is a Director of TICCO Ltd. During the year ended 31 March 2022, there was a total of £120k (£180k in 2021/22) transaction between TICCO and the Combined Authority.

Key Management personnel for the Chief Constable are also required to complete a voluntary declaration of any transactions in which they have a pecuniary interest. No interests were declared in 2022/23.

## Payments to Operators

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

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

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

In accordance with its overall policies the Combined Authority administers a prepaid ticket scheme. The Combined Authority receives revenues from prepaid ticket sales which are then pooled and distributed to operators based on passenger journey and usage data collected by the Combined Authority. The total payment made to operators in 2022/23 was £27.0m (£20.4m in 2021/22).

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

The Combined Authority has a statutory obligation to make adequate provision to meet its liabilities in respect of capital expenditure financed by external borrowing. For 2022/23 the amount is £3.8m for the Combined Authority and £5.2m for the Police Fund.

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

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Combined Authority and Group, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically by the Combined Authority that has yet to be financed. The CFR is analysed in the second part of this note.

A £22k reduction has been included in relation to the venture with Yorcard which was overstated in 2021/22.

	Total	Police Fund	CA	Total
	2022/23 £000	2022/23 £000	2022/23 £000	2021/22 £000
<b>Opening Capital Financing Requirement</b>	<b>280,742</b>	<b>186,668</b>	<b>94,074</b>	<b>77,594</b>
Transferred in 10 May 2021	-		-	186,397
<b>Capital investment</b>				
Property, Plant and Equipment	58,579	37,238	21,341	42,305
Growing Places Fund/Other Loans	(22)		(22)	125
Revenue Funded from Capital under Statute	193,398		193,398	232,907
Intangible Assets	387	387	-	589
<b>Sources of finance</b>				
Capital Receipts	(9)	(9)		-
Donated Assets	(30)	(30)		
Government grants and other contributions	(215,747)	(1,029)	(214,718)	(253,878)
Government grants and other contributions NPAS	(11,419)	(11,419)	-	(8,309)
New Borrowing	40,877	0	40,877	20,140
<b>Sums set aside from revenue:</b>				
Financing from Reserves	(3,476)	(3,476)	-	(241)
Direct revenue contributions	(8,657)	(8,657)	-	(8,593)
Minimum revenue provision	(9,033)	(5,238)	(3,795)	(8,293)

<b>Closing Capital Financing Requirement (CFR)</b>	<b>325,590</b>	<b>194,435</b>	<b>131,154</b>	<b>280,743</b>
<b>Explanation of movements in year</b>				
Increase in underlying need to borrowing (supported)	53,882	13,005	40,877	25,044
Provision for Debt Repayment (MRP)	(9,033)	(5,238)	(3,795)	(8,293)
<b>Increase/(decrease) in Capital Financing Requirement (CFR)</b>	<b>44,849</b>	<b>7,767</b>	<b>37,082</b>	<b>16,751</b>

The capital financing requirement increased in 2022/23 by the level of provision for the repayment of debt as there was an increase in the requirement to borrow to fund capital expenditure.

## Capital Commitment

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

For the Police Fund capital commitments, as at 31 March 2023 capital commitments were £46.6m including NPAS (2022/23 capital commitments were £44.3m). The major commitments were:

- New Kirklees DHQ £30.m
- Trafalgar House Refurb £3.8m
- Airwave Terminal Device Refresh £2.8m
- WYP Vehicle Replacement £2.3m
- New Recruit Vehicles £2.0m
- NPAS Drones £0.9m
- Critical Comms Infrastructure £0.7m
- Telephony Exchange £0.7m

## **25. LEASES FOR THE CA AND GROUP**

### **Finance Leases**

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

	2022/23
	£000
Land and Buildings (PPE)	16,171
PFI Infrastructure (PPE)	135,581
<b>Total</b>	<b>151,752</b>

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

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

	2022/23
	£000
Finance lease liabilities (net present value of minimum lease payments)	
Current	2,557
Non-current	79,326
Finance costs payable in future years	58,419
<b>Minimum lease payments</b>	<b>140,302</b>

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

	Minimum Lease Payments	Finance Lease Payments
	2022/23	2022/23
	£000	£000
Not later than 1 year	8,432	2,556
Later than one year and not later than five years	35,915	14,618
Later than five years	95,955	64,709
<b>Minimum lease payments</b>	<b>140,302</b>	<b>81,883</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. In 2022/23 £1.2m (2021/22 £1.2m) contingent rents were payable by the CA and Group. Further information on PFI can be found in Note 26.

## Operating Leases

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

	2022/23 £000
No later than one year	571
Later than one year and not later than five years	1,268
Later than five years	2,036
<b>Total</b>	<b>3,875</b>

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

	2022/23 £000's	2021/22 £000's
Minimum lease payments under IFRIC 12	-	-
recognised in the year :	0	5,312
Within 1 year	-	-
Within 2-5 years	-	-
Beyond 5 years	-	-

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

### **PFI and similar contracts**

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

In May 2012 the former Police Authority entered into a Private Finance Initiative (PFI) scheme to provide three new operational buildings within West Yorkshire. Payment to the contractor, the unitary payment, began in November 2013 with the opening of the first building and commencement of the service. The second building became operational in February 2014, and the final building became operational in April 2014. The contractor will operate and service the buildings for 25 years after which ownership will revert to the CA at nil cost. The unitary payment will be met from revenue and a PFI grant awarded by the Home Office.



## Property Plant and Equipment

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

## Payments

The Group makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2023 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Service Charge £000	Lifecycle Costs £000	Interest Costs £000	Finance Liability £000	Total Unitary Payment £000
Future payments:					
Payable in 23/24	2,259	843	5,876	2,556	11,534
Between 2 to 5 years	9,064	1,156	21,297	14,618	46,135
Between 6 to 10 years	11,323	2,663	20,139	23,544	57,669
Between 11 to 15 years	11,373	2,779	10,521	32,996	57,669
Year 16	2,342	405	586	8,169	11,502
Total	36,361	7,846	58,419	81,883	184,509

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

	2022/23 £000	10 May 21 to 31 Mar 22 £000
Balance outstanding at start of year	84,745	87,263
Capital expenditure incurred in the year	0	0
Payments during the year	(2,863)	(2,516)
Balance Outstanding at year-end	81,882	84,747
Current liabilities	2,556	2,863
Long Term Liabilities	79,327	81,882
Total Liability	81,883	84,745

## 27. DEFINED BENEFIT PENSION SCHEME FOR THE CA AND GROUP

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

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

There are three Pension Schemes for Police Officers:-

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

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

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

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

### **The amounts recognised in the Comprehensive Income and Expenditure Statement**

LGPS = Local Government Pension Scheme.  
POLICE PS = Police Pension Scheme

	WYCA LGPS Total £000	WYCA LGPS Unfunded £000	GROUP LGPS £000	GROUP POLICE PS £000	WYCA LGPS Total £000	WYCA LGPS Unfunded £000
	2022/23	2022/23	2022/23	2022/23	2021/22	2021/22
<b>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>						
<i>Cost of Services (includes transfer in 10 May 2021)</i>						
<i>Service cost comprising:</i>						
Current service costs	11,521	0	70,857	169,750	10,712	0
Past service costs	0	0	131	0	0	0
(Gain)/loss from settlements	0	0			0	0
<i>Finance and Investment Income and Expenditure:</i>						
Net interest expense	2,657	164	11,492	187,529	2,619	145
<b>Pension Costs Recognised in the Provision of Services</b>	<b>14,178</b>	<b>164</b>	<b>82,480</b>	<b>357,279</b>	<b>13,331</b>	<b>145</b>
<i>Other Post-employment Benefits charged to the CIES</i>						
<i>Remeasurement of the net defined benefit liability comprising:</i>						
<i>Return on plan assets Actuarial gain/(loss)</i>	2,924	0	24,135	0	(21,371)	0
<i>Experience (gain)/loss on assets</i>					(10,878)	
<i>Experience (gain)/loss on liabilities</i>	23,244	649	114,117	362,641		26
<i>Actuarial (gain)/loss on changes in demographic assumptions</i>	1,933	239	1,990	(40,270)	(1,613)	(118)
<i>Actuarial (gain)/loss on changes in financial assumptions</i>	(122,532)	(900)	(640,177)	(2,814,490)	(17,721)	(117)
<b>Pension Costs Recognised in Other Comprehensive Income and Expenditure</b>	<b>(94,431)</b>	<b>(12)</b>	<b>(499,935)</b>	<b>(2,492,119)</b>	<b>(51,583)</b>	<b>(209)</b>
Net increase in liabilities from disposals/acquisitions	0	0	0		0	0
<b>Total Pension Costs Recognised in the CIES</b>	<b>(80,253)</b>	<b>152</b>	<b>(417,455)</b>	<b>(2,134,840)</b>	<b>(38,252)</b>	<b>(64)</b>

## Estimated pension expense in future period

This is an estimate of the charges to the surplus and deficit on the income and expenditure account in future period for the Group, based on the assumptions as at 31 March 2023.

Funded LGPS benefits	31/03/2024
	£'000
Projected service cost	4,828
Past Service cost	-
Interest on the net defined benefit liability/(asset)	227
<b>Total estimated costs for Funded scheme</b>	<b>5,055</b>
Unfunded LGPS benefits	31/03/2024
	£'000
Interest on the net defined benefit liability/(asset)	257
<b>Total estimated costs for Unfunded scheme</b>	<b>257</b>

## Pension Assets and Liabilities

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

## Actuarial Assumptions

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

The principal assumptions used by the actuaries have been:

	WYCA and GROUP			Police	Police
	LGPS		POLICE PS	LGPS	LGPS
	2022/23	2021/22		2022/23	2021/22
Mortality assumptions: Longevity at 65 (staff) 60 (officers) for current pensioners:					
Men	21.6	21.5	26.7	21.6	21.8
Women	24.6	24.5	29.0	24.6	24.6
Longevity at 65 (staff) 60 (officers) for future pensioners:					
Men	22.9	22.8	28.7	22.9	22.5
Women	25.7	25.6	30.9	25.7	25.7
Rate of Inflation					
CPI	2.7%	3.0%	2.7%	3%	3%
Rate of increase in salaries	4.0%	4.3%	4.0%	4%	4%
Rate of increase in pensions	2.7%	3.0%	2.8%	3%	3%
Rate for discount rate	4.7%	2.7%	4.8%	5%	3%

### Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in previous periods.

### Impact on the Defined Benefit Obligation in the Scheme

	WYCA		GROUP			
	LGPS		LGPS		POLICE PS	
	£000		£000		£000	
	2022/23		2022/23		2022/23	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
<i>Value of Funded Liabilities:</i>	<i>in Assumption</i>		<i>in Assumption</i>		<i>in Assumption</i>	
With above assumptions	(206,576)	(206,576)	(846,655)	(846,655)	(4,491,447)	(4,491,447)
Rate for discounting scheme liabilities (+/- 0.1%)	+0.1%	-0.1%	+0.1%	-0.1%	+0.1%	-0.1%
	(203,065)	(210,088)	(829,722)	(864,435)	(4,131,395)	(4,851,499)
Rate for increase in salaries (+/- 0.1%)	(206,783)	(206,369)	(849,195)	(844,115)	(4,541,312)	(4,441,582)
Rate for increase in pensions (+/- 0.1%)	(209,882)	(203,271)	(861,895)	(832,262)		
Rate for increase in inflation (+/- 0.1%)					(4,691,256)	(4,291,638)
Adjustment to mortality age (+/- 1 year)	+1 year	+1 year	+1 year	-1 year	+1 year	-1 year
	(211,949)	(201,204)	(868,668)	(824,642)	(4,584,981)	(4,397,913)

## Reconciliation of the Movements in the Net Defined Benefit Obligation

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

	WYCA LGPS £000	WYCA LGPS Unfunded £000	GROUP LGPS £000	GROUP POLICE PS £000		WYCA LGPS £000	WYCA LGPS Unfunded £000
	2022/23	2022/23	2022/23	2022/23		2021/22	2021/22
Fair value of plan assets	242,825	0	1,112,255	0		242,676	0
Present value of the defined benefit obligation	(245,604)	(5,865)	(1,094,072)	(4,491,447)		(331,150)	(6,436)
<b>Pension asset/(liability) recognised on the Balance Sheet</b>	<b>(2,779)</b>	<b>(5,865)</b>	<b>18,183</b>	<b>(4,491,447)</b>		<b>(88,474)</b>	<b>(6,436)</b>

## Reconciliation of the Movements in the Fair Value of Scheme Assets

	WYCA LGPS £000	WYCA LGPS Unfunded £000	GROUP LGPS £000		WYCA LGPS £000	WYCA LGPS Unfunded £000
	2022/23	2022/23	2022/23		2021/22	2021/22
<b>Opening fair value of scheme assets</b>	<b>242,676</b>	<b>0</b>	<b>1,104,597</b>		<b>172,254</b>	<b>0</b>
<b>Openning fair value of assets transferred in 10 May 2021</b>			<b>0</b>			
Interest income	6,515	0	29,859		4,471	
<i>Remeasurements gain / (loss)</i>			0			
The return on plan assets, excluding the amount included in the net interest expense	(2,924)	0	(24,135)		21,371	
Contributions from employer	5,442	723	26,874		4,832	787
Contributions from employees into the scheme	1,923	0	11,265		1,621	
Net increase in liabilities from disposals/acquisitions	0	0	0		47,049	
Benefits paid	(10,807)	(723)	(36,205)		(8,922)	(787)
<b>Closing fair value of scheme assets</b>	<b>242,825</b>	<b>0</b>	<b>1,112,255</b>		<b>242,676</b>	<b>0</b>

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 2023 (showing the proportion of assets between the classes of investment) and are as follows:-

	WYCA				GROUP	
	2022/23		2021/22		2022/23	
	£000	%	£000	%	£000	%
Equities	196,203	80.8%	193,655	79.8%	898,702	80.8%
Property	8,013	3.3%	9,707	4.0%	36,704	3.3%
Government Bonds	16,755	6.9%	17,958	7.4%	76,746	6.9%
Other Bonds	11,170	4.6%	11,648	4.8%	51,164	4.6%
Cash	5,585	2.3%	7,038	2.9%	25,582	2.3%
Other	5,099	2.1%	2,669	1.1%	23,357	2.1%
<b>Total Assets</b>	<b>242,825</b>	<b>100.0%</b>	<b>242,676</b>	<b>100.0%</b>	<b>1,112,255</b>	<b>100.0%</b>

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

	WYCA LGPS £000	WYCA Unfunded £000	GROUP LGPS £000	GROUP POLICE PS £000	WYCA LGPS £000	WYCA Unfunded £000
	2022/23	2022/23	2022/23	2022/23	2021/22	2021/22
<b>Opening present value of scheme liabilities</b>	<b>(331,150)</b>	<b>(6,436)</b>	<b>(1,530,743)</b>	<b>(6,767,491)</b>	<b>(263,600)</b>	<b>(7,287)</b>
<b>Opening fair value of liabilities transferred in 10 May 2021</b>			<b>0</b>	<b>0</b>	<b>0</b>	
Current service cost	(11,521)	0	(70,857)	(169,750)	(10,712)	
Interest cost	(9,172)	(164)	(41,351)	(187,529)	(7,090)	(145)
Contribution from scheme participants	(1,923)	0	(11,265)	(27,655)	(1,621)	
<i>Remeasurement (gain) and loss:</i>			<b>0</b>	<b>0</b>		
Actuarial gain/(loss) arising from changes in demographic assumptions	(1,933)	(239)	(1,990)	40,270	1,613	118
Actuarial gain/(loss) arising from changes in financial assumptions	122,532	900	640,177	2,814,490	17,721	117
Actuarial gain/(loss) on liabilities - experience	(23,244)	(649)	(114,117)	(362,641)	10,878	(26)
Past service costs			(131)	0		
Net increase in liabilities from disposals/acquisitions	0	0	0	0	(87,261)	
Benefits paid	10,807	723	36,205	168,859	8,922	787
<b>Closing present value of scheme liabilities</b>	<b>(245,604)</b>	<b>(5,865)</b>	<b>(1,094,072)</b>	<b>(4,491,447)</b>	<b>(331,150)</b>	<b>(6,436)</b>

There were three current national pension issues - McCloud Judgement, Guaranteed Minimum Pension (GMP) Equalisation and Goodwin ruling in the year ended 31 March 2023. Allowance has been made for potential McCloud 'underpin' liability and full pension increase to be paid on GMPs in the 2022/23 accounts.

In June 2020 an Employment Tribunal ruled, in relation to the Teachers Pension Scheme, that provisions for survivor's benefits of a female member in an opposite gender marriage are less favourable than for a female in a same gender marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The Chief Secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. These changes are yet to be reflected in the Local Government Pension scheme regulations, nor allowance for this ruling in the 2022/23 accounts. However, this impact is expected to be very low base on the Combined Authority's membership profile.

## Police Pension Regulations

The Chief Constable for West Yorkshire Police, along with other Chief Constables and the Home Office, currently has claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. These claims against the Police Pension Scheme (the Aarons case) had previously been stayed behind the McCloud/Sergeant judgement but have now been lifted and a case management hearing was held on 25 October 2019. The resulting Order of 28 October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst this interim declaration applies to claimants only, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants who are in the same position as claimants will be treated in the same way.

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

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

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

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

### **Legal Claims**

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

#### Aarons & Ors

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

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

#### Penningtons

As at 31 March 2023, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

### **Remedy**

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

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases:
- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the “remedy period” of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.



- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

### **Impact on Pension Liability**

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries originally estimated the increase in scheme liabilities for the Chief Constable for West Yorkshire Police to be £284m of pension scheme liabilities.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

### **Compensation Claims**

In accordance with the Code (8.2.2.2) a contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The claims would meet this definition, and therefore should be considered for disclosure. The Code (8.2.4.2) permits authorities not to provide specific disclosure if information is not material. Given the existence of the claims is adequately disclosed in the accounts, and it is not considered material, no contingent liability will be disclosed.

## **28. JOINT VENTURE**

At 31 March 2023 the Combined Authority had the following Joint Venture:

Yorcard Ltd, the joint venture is a trading company which was incorporated in England on the 2 March 2007. It is limited by guarantee with two subscribers, West Yorkshire Combined Authority and South Yorkshire Passenger Transport Executive with control shared equally under a contractual arrangement.

Yorcard Ltd performs transaction processing services for smartcard ticketing in West and South Yorkshire. After considering the materiality of the Joint Venture management have agreed not to consolidate Yorcard Ltd into the Combined Authority's accounts.

## 29. YORKSHIRE AND THE HUMBER LEAD FORCE COLLABORATION

The Group engages in collaborative working in partnership with the Mayor for West Yorkshire and Yorkshire and Humber Commissioners and Force to deliver a number of specific services on a regional basis. The Regional Collaborative programme was developed to bring opportunities across many policing activities whilst retaining local identity and accountability.

The governance of this regional programme of activity is via the Regional Collaboration Board. Regional collaboration is funded from contributions made by the four regional Police Forces' with the level of contribution being dependent upon the assessment of the benefit to be derived from each specific project or initiative.

- Where benefit is considered equal, contributions are equal with a 25% contribution from each Region
- Where benefit is proportionate to size, contributions are made in line with each Region's Net Revenue Expenditure (NRE)
- Where benefit is driven by the demand for the service, contributions are made in accordance with the level of demand each Force places on the specific service

In accordance with proper accounting practice, the Group has accounted for the regional collaboration arrangement by accounting for all the income and expenditure for the activity and has responsibility for all assets used and liabilities generated.

Those receiving a service have secured neither joint control of the overall activity nor rights to particular assets or obligations for particular liabilities – i.e. the other parties are only interested in the lead authority delivering the outcomes it has agreed to provide.

The lead force arrangement has been reviewed against IFRS 11 on Joint Arrangements and it has been determined that they fall outside the scope of a joint operation.

	2022/23
	£000
<b>EXPENDITURE</b>	
Staff Costs	36,850
Property Related Expenses	2,150
Supplies and Services	15,870
Transport Related Expenses	914
Transfer to Reserves	(1,076)
<b>Total Expenditure</b>	<b>54,708</b>
<b>INCOME</b>	
Other Income	(14,692)
Contributions	(40,016)
<b>Total Income</b>	<b>(54,708)</b>
<b>(DEFICIT)/SURPLUS IN YEAR</b>	<b>0</b>

### 30. NATIONAL POLICE AIR SERVICE (NPAS)

The primary objective of the NPAS project is to deliver a national service that provides the police service with capability from the air that maximises the benefits of air support to the delivery of frontline services. It is an integrated part of the wider policing strategy and harnesses innovation in the aviation sector for the benefits of policing.

The governance of NPAS is via the NPAS Strategic Board.

The NPAS service is funded from contributions made by each Policing Body receiving a service. The contributions are based on a direct cost charging model that was developed by the National Police Chiefs Council, independent of NPAS.

In accordance with proper accounting practice, the Group has accounted for the NPAS arrangement by accounting for all the income and expenditure for the activity and has responsibility for all assets used and liabilities generated.

Those receiving a service have secured neither joint control of the overall activity nor rights to particular assets or obligations for particular liabilities – i.e. the other parties are only interested in the lead authority delivering the outcomes it has agreed to provide.

The lead force arrangement has been reviewed against IFRS 11 on Joint Arrangements and it has been determined that they fall outside the scope of a joint operation.

	2022/23
	£000
<b>EXPENDITURE</b>	
Staff Costs	18,679
Property Related Expenses	1,716
Supplies and Services	2,789
Transport Related Expenses	18,948
Transfer to Reserves	5,467
<b>Total Expenditure</b>	<b>47,599</b>
<b>INCOME</b>	
Contributions	(43,687)
Other Income	(3,912)
<b>Total Income</b>	<b>(47,599)</b>
<b>(DEFICIT)/SURPLUS IN YEAR</b>	<b>0</b>

### **31. CONTINGENT LIABILITIES FOR THE CA AND GROUP**

A contingent liability arises where an event has taken place that gives rise to a possible obligation whose existence is only confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but it is not probable that an outflow of resources is required or the amount of the obligation cannot be measured reliably.

The Combined Authority (CA) had a contingent liability at 1 April 2022 arising from possible claims relating land and property acquisitions under the New Generation Transport scheme that was cancelled in 2016. The liability continues at 31 March 2023, but it is not possible or practical to disclose an estimate of the financial effect, amount and timing due to the ongoing uncertainty.

As at 31 March 2023, a legal proceeding has commenced against the CA with potential damage claim which could lead to a financial liability. At this stage it is not possible to disclose or estimate its outcome and financial impact.

The Group has taken professional advice on the amount to provide for the clawback from MMI, but there is potential for the eventual liability to exceed the amount provided for in the accounts. Note 17 provides further information.

### **32. ACCOUNTING STANDARDS ISSUED, NOT YET ADOPTED**

The Code requires disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard, but one which has not yet been implemented.

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) – clarifies the intention of the standard
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
  - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances. These changes are not expected to have a material impact on the Council's Statement of Accounts.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

These changes are not expected to have a material impact on the Combined Authority's Statement of Accounts.

**33. GOING CONCERN**

The accounts of the Combined Authority and the Group have been prepared on a going concern basis. The budget approved by the Combined Authority in February 2023 sets out the proposed funding of the Combined Authority and formally approved the budget for the forthcoming year 2023/24. The budget ensures that the Combined Authority set the level of levy that allows services and functions to continue to operate at a level that is aligned to the policies and objectives of the organisation and ensures the reserves are maintained so as to mitigate risks to the organisation. Additionally a 3 year indicative capital programme complete with capital funding/finance is agreed as part of this process. The Combined Authority has carried out a financial impact analysis for 2022/23 and been in discussions through representations with Central Government for support both at senior officer, political level and collectively with other Mayoral Combined Authorities. The Code of Practice on Local Authority Accounting in the United Kingdom requires that all local governments should produce their accounts on a going concern basis. This is a reflection of the statutory position, that local government authorities do not have the power to cease their operations (as would be the case for a private sector body which was in financial difficulty) and that local governments will continue to exist and to deliver local services for the foreseeable future.

**34. EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was approved as presenting a true and fair view by the Chief Finance Officer in March 2024. Events happening between the balance sheet date and the date the accounts were authorised for issue have been considered under the Combined Authority's accounting policy for events after the reporting date.

# **West Yorkshire Combined Authority Group**

West Yorkshire Police Pension Fund

## West Yorkshire Police Pension Fund Statement of Accounts 2022/23

## POLICE OFFICER PENSION FUND ACCOUNT STATEMENTS

2021/22 10/05/2021 to 31/03/2022 £'000		2022/23 £'000
	<b>CONTRIBUTIONS RECEIVABLE</b>	
(56,284)	Employer's Contributions	(64,361)
(1,492)	Early Retirements (Ill Health)	(1,463)
(24,225)	Officers' Contributions	(27,655)
	<b>TRANSFERS IN</b>	
(520)	Individual Transfers In from Other Schemes	(331)
<b>(82,521)</b>	<b>TOTAL INCOME RECEIVABLE</b>	<b>(93,810)</b>
	<b>BENEFITS PAYABLE</b>	
121,278	Pensions	140,974
20,301	Commutations and Lump Sum Retirement Benefits	22,303
103	Lump Sum Death Benefits	36
	<b>PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	
237	Refunds of Contributions	300
4	Individual Transfers Out to Other Schemes	21
<b>141,923</b>	<b>TOTAL EXPENDITURE PAYABLE</b>	<b>163,634</b>
59,402	NET AMOUNT PAYABLE FOR THE YEAR	69,824
(59,402)	ADDITIONAL CONTRIBUTION FROM EMPLOYER	(69,824)
0		0

## POLICE OFFICER PENSION FUND NET ASSETS STATEMENT

2021/22 10/05/2021 to 31/03/2022 £'000		2022/23 £'000
	<b>NET ASSETS STATEMENT</b>	
(929)	Unpaid Pension Benefits	(1,183)
929	Amount Owing from the Police Fund	1,183



## **The Police Pension Scheme in England and Wales**

The Pension Fund Accounts have been prepared in accordance with the IFRS Code and on an accruals basis. This means the sums due to or from the Pension Fund are included as they fall due, whether or not the cash has been received or paid. The accounting convention adopted is historic cost.

Each individual Police Force is required, under the Police Pension Fund Regulations 2007, to operate a Pension Fund Account and the amounts that must be paid into and out of the Pension Fund Account are specified by the regulations.

The Fund is administered by the Group which pays an employer's contribution to the Fund. The pensions of all retired officers are paid directly from the Fund.

The pension scheme is unfunded and consequently the Fund has no investment assets. Benefits payable are funded by the contributions from the Group and employees and any difference between benefits payable and contributions receivable is met by top-up grant from the Home Office.

Employees' and employer's contributions to the Fund are based on percentages of pensionable pay set nationally by the Home Office, subject to triennial valuation by the Government Actuary's Department. The accounting policies applicable to the Fund are set out in the Statement of Accounting Policies.

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the balance sheet date, see disclosure Note 31 of the Core Statements about the IAS19 liability.

## GLOSSARY OF TERMS

### **Accounting Policies**

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for and
- Presenting

Assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or Balance Sheet it is to be presented.

### **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or
- (b) the actuarial assumptions have changed.

### **Appropriations**

Amounts transferred to or from revenue or capital reserves.

### **Budget**

A statement of the Combined Authority's plans in financial terms. A budget is prepared and approved by the Combined Authority prior to the start of each financial year. For the Police budget, this is approved by the West Yorkshire Crime Panel.

### **Capital Expenditure**

Expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

### **Capital Receipts**

Proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debts as laid down within rules set by Central Government.

### **Chief Constable (CC)**

The Chief Constable is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

### **Commuted Lump Sums**

These are the amounts paid to officers when they retire, if they choose to have a lower pension.

### **Contingent Liabilities**

A contingent liability is either:

- (a) a possible obligation arising from the past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Combined Authority's control, or
- (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

### **Corporate and Democratic Core**

The represent the cost of delivering public accountability and representation in policy making and meeting our legal responsibilities.

### **Creditors**

Amounts owed by the Combined Authority Group for work done, goods received or services rendered which have not been paid for by the end of the financial year.

### **Current Service Cost (Pensions)**

The increase in the present value of a defined benefits scheme's liabilities expected to arise from the employee service in the current period.

### **Debtors**

Sums of money due to the Combined Authority Group for work done or services supplied but not received at the end of the financial year.

### **Deferred Liabilities**

Liabilities which by arrangement are payable beyond the next financial year at some point in the future or paid off by an annual sum over a period of time.

### **Defined Benefits Scheme**

A pension or other retirement benefit scheme, other than a defined contribution scheme, with rules that usual define the benefit independently of the contributions payable and where the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### **Depreciation.**

The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction on the useful life of a non-current asset whether arising from use, passage of time or obsolescence through either changes in technology or the demand for the service produced by the asset.

### **Financial Year**

The 12 months commencing on 1 April covered by the accounts.

### **IAS19**

The objective of International Accounting Standard (IAS) 19, *Accounting for Retirement Benefits in Financial Statements of Employers* is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration

given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

### **IFRS**

International Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board.

### **Going Concern**

The concept that the Combined Authority Group will remain in operation existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

### **Group**

The term Group refers to the West Yorkshire Combined Authority and the Chief Constable for West Yorkshire (CC).

### **Impairment**

A reduction in the value of a non-current asset below the amount shown on the balance sheet.

### **Leasing**

A method of financing capital expenditure where a rental charge is paid for a specified period of time. There are two main types of leasing arrangements:-

- (a) finance leases which transfer all of the risks and rewards of ownership of a non-current asset to the lessee and such assets are included in the non-current assets in the balance sheet.
- (b) operating leases where the ownership of the asset remains with the leasing company and the annual rental is charged direct to the service revenue accounts.

### **Liquid resources**

Current asset investments that are readily disposable by the Combined Authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

### **Local Policing Body**

The collective term describing elected police and crime commissioners for each police area outside of London and the Mayor's Office for Policing and Crime for the metropolitan police district.

### **Minimum Revenue Provision (MRP)**

The minimum amount that the Combined Authority (CA) is statutorily required to set aside from revenue each year as a provision to meet credit liabilities. In specific to the CA, this relates to a principal sum based on a prudent assessment of the useful life of the asset, which is used for the redemption of external debt.

### **Medium Term Financial Strategy (MTFS)**

A statement setting out a forecast of possible spending and government support for a forward three year period and used as a basis for planning.

### **Net Book Value**

The amount at which non-current assets are included in the Balance Sheet and being their historical cost or current value, less the cumulative amounts provided for depreciation.

### **Non-Current Assets**

Tangible and intangible assets that yield benefits to the Combined Authority for a period of more than one year.

### **Non Distributed Costs**

This is where overheads are not charged or apportioned to activities within the service expenditure analysis in the Income and Expenditure Account.

### **Precept**

The method by which the Combined Authority Group obtains the income it requires from Council Tax via the appropriate authorities.

### **Remuneration**

All amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash (e.g. benefits in kind).

### **Senior Employee**

A senior employee is an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 per year (to be calculated pro rata for a part-time employee) and who is:

- (a) the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989
- (b) the head of staff for a relevant body which does not have a designated head of paid services, or
- (c) any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other person.

# **Independent auditor's report to the members of West Yorkshire Combined Authority**

## **Report on the audit of the financial statements**

### **Disclaimer of opinion on the financial statements**

We were appointed to audit the financial statements of West Yorkshire Combined Authority ("the Authority") and its subsidiary ("the Group") for the year ended 31 March 2023, which comprise the Single Entity and Group Comprehensive Income and Expenditure Statements, the Single Entity and Group Movement in Reserves Statements, the Single Entity and Group Balance Sheet, the Single Entity and Group Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for disclaimer of opinion**

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Authority and Group to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2023, by 13 December 2024 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

### **Responsibilities of the Chief Financial Officer for the financial statements**

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Chief Financial Officer is also responsible for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the Authority and Group will continue in operational existence for the foreseeable future. The Chief Financial Officer is responsible for assessing each year whether or not it is appropriate for the Authority and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Authority's and Group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

#### **Matter on which we are required to report by exception**

We are required to report to you if, in our view we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

In May 2024 we reported a significant weakness in relation to governance for the year ended 31 March 2022. In our view the significant weakness remained for the year ended 31 March 2023:

<b>Significant weakness in arrangements</b>	<b>Recommendation</b>
<b>Financial Reporting Arrangements</b> The Authority did not publish draft accounts within a reasonable period of time after the year-end and did not respond to audit queries within an acceptable timeframe. This is evidence of a significant weakness in the Authority's arrangements for governance.	The Authority should publish draft accounts by the statutory deadline each year. The Authority should ensure it puts in place arrangements to support the production, and audit, of its financial statements.

#### **Responsibilities of the Authority**

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

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

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.



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

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

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

We have nothing to report in these respects.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

## Use of the audit report

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

## Certificate

We certify that we have completed the audit of West Yorkshire Combined Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Alastair Newall, Key Audit Partner  
For and on behalf of Forvis Mazars LLP

One St Peter's Square  
Manchester  
M2 3DE

6 December 2024