

West Yorkshire Combined Authority

Statement of Accounts

For the year ending 31 March 2016

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West Yorkshire Combined Authority

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

Narrative Report to the Annual Accounts 2015/16

Introduction

The Narrative Report has been prepared to provide an outline of the activities for the year 2015/16, providing both a guide to the Combined Authority's accounts and to the West Yorkshire Combined Authority's achievement in delivering growth through transport and economic development and regeneration as well as setting out the economy, efficiency and effectiveness in its use of resources in doing so.

The West Yorkshire Combined Authority (WYCA) came into being on 1 April 2014 by virtue of the West Yorkshire Combined Authority Order 864/2014 (the 2014 Order). At the same time, the the West Yorkshire Integrated Transport Authority (WYITA) and the West Yorkshire Passenger Transport Executive (WYPTE) were dissolved. All of the functions, assets, liabilities and powers of WYITA and WYPTE were transferred to the WYCA under the provisions of the 2014 Order. The WYCA is now the Local Transport Authority for West Yorkshire and also has power to exercise Economic Development and Regeneration functions in conjunction with the District Councils of West Yorkshire. WYCA also includes as members the leader of the City of York Council and the Chair of the Leeds City Region Local Enterprise Partnership (LEP). WYCA has established a Transport Committee, through which it conducts the majority of Local Transport Authority functions, and an Investment Committee which provides strategic guidance in relation to the investment in and funding of transport and economic development schemes. Membership of WYCA committees is drawn from all District Councils within West Yorkshire, together with City of York Council.

These are the second year accounts of the Combined Authority with the balances transferred from Leeds City Region LEP at 1 April 15 shown at note 30.

Responsibilities

The West Yorkshire Combined Authority's role is to be the driving force in delivering an outstanding economy with better connectivity for businesses, people and places in the region.

With regard to transport the WYCA fulfils the functions of the local transport authority and is responsible for determining public transport policies in West Yorkshire, operating the concessionary travel scheme and producing the statutory local transport plan.

With regard to the economy the WYCA is, since 1 April 2015, the accountable body for the Leeds City Region Local Enterprise Partnership (LEP). The LEP determines the policies and strategies to drive the economic growth and regeneration agenda with the WYCA ensuring funding is properly managed to ensure delivery of the interventions required to achieve the growth targets.

The WYCA has an important role to play in providing the vehicle for closer partnership working between the local authorities of West Yorkshire and York and the LEP in order to ensure improved economic outcomes for local people.

Narrative Report to the Annual Accounts 2015/16

Review of the year

2015/16 is only the second year of business for the West Yorkshire Combined Authority and the first which fully includes the activities and funding of the LEP. The WYCA and LEP Boards have agreed the vision for the City Region which is set out in the Strategic Economic Plan (SEP). The first SEP produced by the LEP was endorsed and adopted by the WYCA and during 2015/16 a full refresh and update of the SEP has been undertaken. This has updated the economic case and reflected the local and national changes that have taken place over the last year.

The revised SEP, endorsed by both the WYCA and the LEP, sets out an agenda of economic growth for West Yorkshire that would improve the quality of life for its residents. This will only be achieved through working closely together with the constituent local councils and other public bodies.

The statutory Local Transport Plan, branded 'MyJourney' and covering the period 2011-2026 has been reviewed in the light of the aspirations in the SEP. It has been substantially redrafted with a working title of the Single Transport Plan (STP) and will be subject to a full public consultation during 2016/17.

During 2015/16 the WYCA has made good progress, building on the successes of its first year. There has been a focus on establishing appropriate processes and procedures to enable effective delivery of the Growth Deal projects set out in the settlement announced in July 2014. This settlement totals a billion pounds over the following 20 years with the first year's funding of £68m including initial funding for the West Yorkshire plus Transport Fund having been received in April 2015 for 2015/16.

A range of infrastructure projects within the Growth Deal, covering transport, housing, skills and regeneration have been progressed through further feasibility and planning stages. A number of these projects have then been approved through the gateway process which reflects the governance arrangements agreed in the assurance frameworks. Funding is also included in this deal for skills which will see further development of the successful programmes to get young people into apprenticeships and encourage businesses to invest in skills training. At the same time WYCA has been reviewing whether it and its partners have the right structures, skills and resources to deliver this challenging agenda.

The general economic outlook continues to be difficult with the public sector continuing to face funding challenges. The revenue funding for many of WYCA's activities comes from the West Yorkshire local authorities, with further contributions from them and the other City Region authorities for some of the economic activities. All areas of the budget have been reviewed via the Member-led Finance Working Group and this has recognised the work undertaken in previous years to review expenditure on the main areas of activity, in particular bus tendered services. The work done each year on reviewing the budget has enabled both the transport levy and the contributions to the LEP to be held or decreased despite the growing agenda of work. Further work will be undertaken during 2016/17 to ensure the most effective use is being made of all the capital and revenue income streams available to WYCA, with the focus being the delivery of the objectives and outcomes as set out in the SEP.

Despite budgetary pressures and increasing customer expectations WYCA has continued to deliver further service innovations on both the transport and economic agendas. Key customer satisfaction scores as demonstrated by the Passenger Focus survey remain high. Usage of the new mobile website for transport has continued to increase since its launch in 2013 and further improvements to assist in self service are planned, including a new customer database for users to manage their Mcard transactions.

Narrative Report to the Annual Accounts 2015/16: Review of the year (continued)

WYCA's activities, working with its private and public sector partners, are focussed on raising the quality of life in the region through businesses growth, job creation, a better trained and skilled workforce and the building of new and affordable homes, underpinned by a modern integrated transport network.

Growing businesses: In July 2015 the LEP's growth service was launched, providing a single contact point that helps small and medium sized businesses to achieve their growth ambitions. Over 1,000 companies have now received support, advice or finance from this service. In 2015/16 the Authority provided grants totalling £6m to local businesses through the Business Growth Programme. The Programme offers grants of between £10k and £500k to SMEs to enable them to make a capital investment in land, buildings, plant, machinery and equipment that enables permanent jobs to be created in the Leeds City Region. With the support of government this Programme was flexed during the year to enable grants to be made to businesses affected by the devastating floods in December 2015 thus ensuring businesses could continue and jobs were not lost in the region.

Skilled people, better jobs: In March 2015 the skills service was launched to help local businesses to find the right training for their employees and providing up to 50% of the funding needed to deliver it. Funding of £1.7m has been paid out during 2015/16 from the Employer Ownership Pilot. The SEP sets out the clear case agreed in the 2012 City Deal that the region would seek to be NEET-free (ie all young people in employment, education or training). An apprenticeship programme runs throughout the Leeds City Region, offering training and apprenticeships to young people aged 16-24 and helping employers to recruit young talent. Funding of £0.7m has been paid out to employers in 2015/16 to help them in taking on apprentices. In addition £50k was received (of which £43k was spent) from the Careers and Enterprise company which provided grant funding to all LEPs to provide Enterprise Advisor posts. These roles work with local schools and businesses to encourage enterprise in young people.

The Authority extended the concessionary offer to young people to enable all young people to benefit from half fare bus travel up to their nineteenth birthday, assisting their transition to work or further education.

Growth Deal funding has been identified to make infrastructure improvements to further education establishments. Projects to improve facilities at Bradford College (equipping the Advanced Technology Centre with the latest technology and equipment for dental training), Leeds City College (to refurbish the printworks campus to provide improved training in vocational, technological, engineering and manufacturing jobs), Selby College (providing a workshop space to manage demand in engineering and construction skills), Shipley College and Calderdale College have all been approved and work is underway on these schemes.

Infrastructure for growth: Funding has been approved to progress housing and regeneration projects in Bradford (One City Park), East Leeds (the Brownfield sites project will enable the development of up to 280 new homes), Bath Road, Leeds (remediation work that will enable the land to be sold for residential development to create 160 new homes) and Red Hall in Leeds (preparatory site work to enable land to be utilised for housing development and to support the planned East Leeds Orbital Road). Feasibility work is progressing on a number of other projects.

Transport infrastructure projects have been progressing, funded either as part of the West Yorkshire plus Transport Fund or through integrated transport block or third party funding.

Narrative Report to the Annual Accounts 2015/16: Review of the year (continued)

Contractors have been on site for much of the year at the £29m Wakefield Eastern Relief Road. The scheme will complete during 2016/17 and is creating an environment where business can grow, up to 62,000 jobs can be created and 2,500 new homes built.

Good progress has been made with a number of rail station projects. Masterplan/gateway projects have been developed for Leeds, Bradford Forster Square, Bradford Interchange, Castleford, Halifax and Huddersfield rail stations with further development work planned in 2016/17. The new southern entrance to Leeds Station opened in December 2015, enabling better access to and from the southern part of Leeds. The new station at Apperley Bridge opened in December 2015 and work was substantially completed on the new station at Kirkstall Forge which is scheduled to open in June 2016. Early works commenced on the new facility at Low Moor, also scheduled to open in 2016/17.

WYCA co-funded and supported the £5.6m refurbishment of Wakefield Kirkgate Station. This provides much improved passenger facilities as well as being a catalyst for the wider regeneration of the Kirkgate area and unlocks £38m of future regeneration for the southern part of Wakefield city.

Work commenced on the Aire Valley park and ride site which will deliver a 1,000 space facility at Temple Green in the City Region's Enterprise Zone. Again, this is scheduled for completion in 2016/17.

A number of bus hub improvements have been completed with the rest of the programme scheduled for delivery in 2016/17. In 2015/16 hubs were opened at Morley and Heckmondwike, providing improved waiting facilities for bus passengers, including better security, better connectivity to the local area and better passenger information.

Further developments of the county wide Mcard prepaid travel system were undertaken, enabling more customers to purchase more flexible travel rights from a wider number of outlets.

A limited amount of work was undertaken on the NGT trolleybus project which was subject to a public inquiry that concluded in 2014. Pending the outcome of that inquiry further work was required in readiness for an approval to proceed to procurement. In May 2016 the Secretary of State announced that the NGT scheme would not be approved to progress although the £173.5m allocated to it would be made available for public transport in Leeds. Plans to spend this money will be progressed during 2016.

WYCA was awarded funding in 2013 to deliver the Cycle City Connect project, a £26m scheme that includes the construction of a cycle superhighway between Leeds and Bradford. During 2015/16 much of this work has been substantially completed, including the resurfacing of the canal towpath. The highway is due to open in June 2016 and work will then commence on the second phase of the project with funding secured in round 2 of the bidding process.

Rail North has been established as a separate body during the year and WYCA undertakes hosting arrangements for the organisation with its employees based in Wellington House. From 1 April 2016 responsibility for making franchise arrangements and payments to train operators passes to Rail North. Transport for the North is also in the process of being established and WYCA is leading on some of its priority workstreams including Smart in the North. The team progressing this work are again based in Wellington House with employees seconded from both WYCA and other local authorities.

Narrative Statement to the Annual Accounts 2015/16 (continued)

The accounts

The accounts have been prepared in accordance with The Code of Practice on Local Authority Accounting UK 2015/16 which is based on approved International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts consist of the following:-

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

The Statement of Responsibilities for the Statement of Accounts.

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

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

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

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

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

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

Narrative Report to the Annual Accounts 2015/16 (continued)

Review of Revenue Expenditure for the West Yorkshire Combined Authority

	2015/16 Approved Budget	2015/16 Actual
	£m	£m
Funding		
Government grant re rail	44.4	44.4
District Council Levies - net	96.2	96.2
Contributions to LEP	2.9	2.9
Ticket Sales	29.0	29.2
Transfer to reserves	(0.4)	(1.9)
	<u>172.1</u>	<u>170.8</u>
Revenue Expenditure		
Concessionary Travel	55.3	55.5
Subsidised Bus Services	17.4	17.6
Special Needs Transport	2.0	2.0
Passenger Services support	6.9	6.7
Economy	3.3	3.1
Prepaid tickets	29.0	29.2
Delivery	0.5	0.5
Local Rail Services	44.4	44.4
Financing costs (net)	7.5	6.4
Support costs	5.8	5.4
	<u>172.1</u>	<u>170.8</u>

The presentation above reflects the agreed format in which the budget is approved by the Authority and provides a more meaningful analysis of expenditure for the users of the accounts as the accounts present the majority of the expenditure in one line 'Highways and Transport Services.' The segmental reporting note provides further analysis which is compatible with the presentation here. The transfer to reserves figure is the same irrespective of the presentation adopted. The most significant element of the larger than budgeted transfer to reserves is related to the interest earned and accrued on the Growing Places Fund which was transferred to the WYCA from the previous accountable body, Leeds City Council, late in 2015/16.

Revenue funding

In 2015/16 grant income was received from Central Government to cover franchised rail costs. Grants formerly received directly from central Government towards the costs of the English National Concessions Scheme and rural bus services are now paid to the District councils as part of the revenue support grant. The remainder of the Authority's expenditure was met by a Levy on the five constituent District Councils (Bradford, Calderdale, Kirklees, Leeds and Wakefield) and contributions from them and the City Region authorities for the LEP economic activities. Funding is also received from government in support of LEP core costs. From 1 April 2016 rail franchise payments will be paid via Rail North and not via WYCA.

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 District Councils. There was an uneven distribution between Districts and the Levy was issued to adjust for this with any excess being returned to the Districts. This agreement has subsequently been continued and the transport levy shown in the accounts for 2015/16 is the net amount.

Narrative Report to the Annual Accounts 2015/16 (continued)

Revenue expenditure

Overall the net Levy available for normal transport purposes has stayed the same as that paid to the WYCA in 2014/15. The levy was actually increased by 0.41% with the full value of the increase being set aside for the West Yorkshire plus Transport Fund (WY+TF). This is in addition to the amounts set aside in previous years for this purpose, demonstrating the local commitment to establishing the WY+TF.

The continuing levy freeze for normal transport purposes has only been possible as a result of the approach taken by the Authority to ongoing cost reductions. The approach agreed by the former WYITA in 2012 to reduce the costs of tendered bus services has been successful, along with the changes to the reimbursement of discretionary concessionary fares. As well as these other efficiency savings have continued to be pursued.

The Authority expects to face challenging financial constraints over the coming years as local government funding is severely reduced at a time when the activities of the Combined Authority are increasing. Significant amounts have been taken out of the concessions and tendered services budgets through a managed process which has seen much of the cost picked up by the operators but further opportunities for savings on this scale are not achievable. Efficiency savings continue to be pursued but as concessionary reimbursement becomes an ever increasing proportion of the budget it is difficult to make the required savings. Another set of three year agreements with bus operators on concessionary reimbursement was put in place from 1 April 2014 and whilst this will help to manage costs in the short term there will continue to be pressure on this budget. It is expected that in future reimbursement will be made on the basis of smart data rather than surveys. The bus strategy continues to be progressed and should this result in enhanced partnership working or franchising (which is likely to be dependent in any event on establishing a mayoral combined authority) this is likely to have significant budgetary implications in future years.

Capital expenditure

Total capital expenditure in the year was £119m, funded through a combination of income streams but primarily grants from the Department for Transport and the Department of Communities and Local Government (in relation to the Growth Deal). These included the LTP Integrated Transport block funding and highways maintenance grant totalling £42.3m which is then utilised by the Combined Authority and the constituent District Councils. The Authority also applied capital grants for the Cycle City Ambition scheme of £11.7m. Some funding was carried forward from 2014/15, reflecting the change by the DfT in paying multi-year grants in advance and also reflecting some reprofiling of LTP funded projects. Similarly funding will be carried forward to 2015/16 enabling committed schemes and projects to be delivered despite changes in the timing of delivery.

The Growth Deal funding of £68.3m received for 2015/16 has been applied to some £32m of projects originally identified within the programme submitted to government. Recognising the need to reprofile some of the projects within that programme the flexibility awarded with the Growth Deal has been applied resulting in Growth Deal funding being utilised for some £30m of projects in WYCA's capital portfolio with their original funding stream being carried forward to use in 2016/17. An underspend of £6m on the Growth Deal has been accounted for in capital grants unapplied and will be utilised on projects that have been reprofiled to 2016/17.

Narrative report to the annual accounts 2015/16

Capital expenditure (continued)

The significant capital schemes delivered in the year are set in the above narrative and as well as these there have also been investments in ICT, new bus shelters, contributions to highways schemes and contributions to rail schemes and carparks and further investment in smartcard technology.

Treasury management

The Authority has continued to follow its approved treasury management policy and full details are set out in the accounts. Changes to this policy have been made during the year to enable WYCA to better manage its increasing cash balances. There has been significantly more income received in the year with the trend set to continue, as a result of WYCA taking on the responsibility of accountable body for funding awarded to the LEP. This has resulted in fixed deposits of £70m being invested as at 31 March 2016.

The Authority's short term borrowing at the year end including accrued interest was £5.07m with long term borrowing at £75.5m, a £1m reduction on the balance at the end of 2014/15 due to the repayment of a £1m loan falling due within one year. During the year the difficult financial situation has meant there have been no opportunities to undertake any refinancing of loans. The Authority's borrowing requirement is reducing over coming years, reflecting the increase in cash grants rather than borrowing approvals for capital expenditure, and thus no further loans have been required. This will be reviewed as the West Yorkshire plus Transport Fund and other activities of the West Yorkshire Combined Authority are further developed.

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

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

Previous sections of this narrative statement have set out the work that has been undertaken to understand the revenue budgets and levy and contributions funding these activities. The transport levy has long been lower per head than those received in other metropolitan areas yet customer expectations have been met. In the current year the offering to public transport customers was enhanced within current budgets by extending the half fare concessionary travel scheme to young people up to their nineteenth birthday. Passenger focus scores continue to confirm satisfaction with the transport services offered.

Investment in infrastructure projects is driven by the SEP which sets out the outcomes required to create good growth in the region. All projects are subject to the Single Appraisal Framework (SAF) which tests the robustness of each scheme in the pipeline to ensure it performs best against the WYCA objectives than other comparable schemes. An assurance framework, reviewed annually by WYCA and by BIS, supports the Growth Deal investments. A finance handbook, setting out the conditions under which funding is provided to District authority partners to deliver schemes within the West Yorkshire plus Transport Fund is applied to ensure an appropriate level of rigour to funding awarded.

Narrative report to the annual accounts 2015/16

The appointment of a Managing Director to WYCA in February 2016 has set in process a review of the structure and processes at WYCA. The corporate plan for 2016/17 is being closely linked to the aims of the SEP and a clear vision, mission, objectives and outcomes for WYCA are being developed. Clear and measurable targets and outcomes for key priorities will be identified, including jobs, housing and infrastructure. Organisational changes will complement this enhanced focus.

Further Information

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

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

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

Telephone for general enquiries : 0113 251 7272
Metroline for travel enquiries etc : 0113 245 7676

STATEMENT OF RESPONSIBILITIES FOR THE COMBINED AUTHORITY

1. The Authority's Responsibilities

The 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 this Authority, that officer was the Director, Resources 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

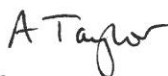
The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice'), is required to present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2016.

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 Statement of Accounts present a true and fair view of the financial position of the West Yorkshire Combined Authority at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.



A Taylor
Chief Financial Officer

4. Approval of the Accounts

I certify that the Statement of Accounts was authorised for issue and approved by a resolution of the West Yorkshire Combined Authority meeting on 29 September 2016 in accordance with the Accounts and Audit Regulations 2015. There are no material events after the balance sheet date that require reflecting in the Statement of Accounts.



Councillor Bob
Chair of the Authority

29 September 2016

Annual Governance Statement

1. Scope of Responsibility

The West Yorkshire Combined Authority (WYCA) 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 WYCA 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 WYCA 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 WYCA has approved a Code of Corporate governance that is consistent with the principles of CIPFA Solace framework "Delivering good governance in Local Government". This statement explains how the WYCA in accordance with the Accounts and Audit Regulations 2015 'ensures that the financial management is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.'

2. The purpose of the governance framework

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

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 WYCA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the WYCA throughout the year ended 31 March 2016 and up to the date of approval of the financial statements.

3. The governance framework

There are a number of key elements of the systems and processes that comprise the WYCA's governance arrangements. They are also encapsulated in the Local Code of Corporate Governance which has been approved by the WYCA and which is available on its website. From 1 April 2015 the WYCA has taken on accountable body status for funding awarded to the Leeds City Region Enterprise Partnership (LEP) and governance arrangements reflect this responsibility. The LEP Board and its panels provide the policy direction and guidance with the WYCA providing the financial approvals.

a) Corporate policies and objectives are set and communicated by the WYCA. At its initial meeting on 1 April 2014 the WYCA clearly set out its ambitions to work with its partners across the region to effect economic growth in West Yorkshire. The Strategic Economic Plan (SEP) produced in 2014 by the LEP set out investment priorities across the four pillars of supporting business, developing a skilled workforce, building a resource smart City Region and delivering the infrastructure for growth. This has been adopted by the WYCA and during 2015/16 a refresh of the SEP, led by the LEP but contributed to by WYCA, has taken place, aimed at updating for developments over the intervening two years and reflecting experience in that period. The revised version was approved by the WYCA on 31 March 2016 and by the LEP on 5 April 2016.

3. The governance framework (continued)

b) The statutory Local Transport Plan (LTP) is also undergoing a refresh and will be relaunched later in 2016 as the Single Transport Plan. This will provide close links to the SEP and include new projects and initiatives that have emerged since the LTP was published in 2011.

A suite of supporting plans and strategies set out further detail on a range of priority areas, including housing and regeneration, digital infrastructure, green infrastructure, skills and trade and investment.

c) The WYCA has sole responsibility for LTP3. A system of governance has been agreed to manage the delivery and financial management of LTP3 with the District partners. This includes officer and Member groups which can report as required to the Transport Committee and to the Combined Authority. These groups include representation from the District Councils who are an important part of delivering transport projects across the region.

d) The West Yorkshire Transport Fund Assurance Framework 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 when investing in transport schemes that form part of the Fund.

This includes the prioritisation process for identifying the schemes that are included in the Fund and the following 3 stage Gateway Approval process on which investment decisions for prioritised schemes are based:

Development Approval (Gateway 1) - scheme sponsors undertake modelling, appropriate feasibility work and the preparation of a high level business case;

Procurement Approval (Gateway 2) - scheme sponsors continue to develop more robust cost estimates, undertake high level WebTAG appraisal appropriate to the nature and complexity of the scheme, progress detailed design work, refine risk levels, prepare to seek a price from the market to implement the scheme and update the business case;

Implementation Approval (Gateway 3) – before implementation is approved, the WYCA needs to be satisfied that the final cost estimates are robust, risk exposure is acceptable, and that forecast outcomes remain comparable with those agreed in earlier gateways.

The WYCA is responsible for the approval for schemes passing through the above gateways. Changes to schemes are carefully monitored by promoters through project and programme exception reporting and change control processes. If a scheme is subject to significant change, the WYCA could re-prioritise the scheme and could require the promoter to renew its mandate and revisit the business case.

e) In April 2015 the Leeds City Region Growth Deal Assurance Framework was produced, building on existing good practice and drawing on government guidance. This has been endorsed by the Governance and Audit Committee and has been used during 2015/16 by the WYCA and the LEP to support its decision making on Growth Deal funded projects.

f) The WYCA established new scrutiny arrangements by setting up an Overview and Scrutiny Committee. This meets regularly and consists of 18 members co-opted from the five West Yorkshire Councils and City of York Council and reflecting political balance. During its second year of operation the Committee has not exercised its call-in function but has continued to engage positively in the development and understanding of policy and projects across the region. Task and finish groups have been established and have met regularly to consider progress on devolution and on achieving organisational priorities.

g) In addition Scrutiny committees within the West Yorkshire Districts and City of York Council will also often challenge the work being undertaken by the WYCA in such areas as accessibility and local bus services. The District Consultation Sub-Committees in each District give a level of local involvement and allow the public the opportunity to scrutinise any new policy initiatives.

h) Member working groups have been established to enable more detailed consideration of bus tender awards (Bus Working Group) and budget matters (Finance Working Group). The Finance Working Group has scrutinised a large number of budget areas and has overseen the development of a medium term financial strategy and detailed budget that bring together the funding available for both the transport and economic agendas.

3. The governance framework (continued)

- i) The WYCA's Governance and Audit Committee is responsible for overseeing the effective operation of the systems of governance, risk management and internal control. It oversees the work programme of the Internal Audit team and scrutinises the annual accounts including the Annual Governance Statement. An officer Audit and Risk Management Committee chaired by the Director, Resources, provides an operational level of management and review of arrangements in place.
- j) Roles are defined and documented through job descriptions and competency based employee specifications. Appointments have been made to all the posts required by statute, including Head of Paid Service (which forms part of the Managing Director's role, s73 Officer, and the Monitoring Officer. Staff behaviours are guided by WYCA's values and its Code of Conduct and a similar Code exists for Members; both employees and Members are required to maintain a register of interests. The Authority conforms to the requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010)*. The Chief Financial Officer is the Director Resources who is a key member of the leadership team and is responsible for the proper administration of the WYCA's financial arrangements through a suitably qualified and resourced Finance function.
- k) An internal team provide the internal audit service to the WYCA. 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.
- l) 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 WYCA. 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.
- m) Risk management is embedded in the activities of the WYCA with regular reviews of the risk registers and exception reporting through the officer Audit and Risk Management Group and through the Member Governance and Audit Committee. A Risk Manual, endorsed by the Governance and Audit Committee sets out the risk management strategy in place and the way in which risks are identified, recorded and monitored. Covalent, the Authority's performance management system, is available for the recording of operational risk registers and can provide reports based on a traffic light system, highlighting 'red' risks that may require action. Comments provided from an internal audit review of WYCA's risk management framework have been considered and a plan agreed to develop these arrangements.
- n) Communication with stakeholders through the District Consultation Sub-Committees and Operator Groups take place. Consultation events have taken place during the year on the Strategic Economic Plan, the Single Transport Plan, major schemes and the bus area network reviews which have successfully sought to contain costs but retain accessibility for bus users.
- o) A system of Standing Orders and Financial Regulations protect the organisation. These are reviewed annually. Procedural manuals and notes underpin these and ensure the reporting of financial transactions is properly managed. Officer schemes of delegation are also considered on an annual basis.
- p) External reviews carried out by auditors and other agencies to achieve Customer Service Excellence and other accreditations with any recommendations identified creating a workplan for future improvements.
- q) With regard to the transport ticketing systems the WYCA has in place arrangements whereby an enhanced assurance statement is sought from Northern Rail stating that their systems have operated adequately with no material errors or weaknesses. Payzone sales have replaced the Post Office network and are reconciled to the back office system ensuring that card sales through payzone are fully reimbursed to the WYCA. An internal audit led review engaged an independent ICT systems specialist to assess the payzone systems control environment and a number of improvements were identified.

4. Review of Effectiveness

The WYCA 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 WYCA who have responsibility for the development and maintenance of the internal control environment, and also by comments made by External Auditors.

The WYCA has in place a system based on a framework of 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 WYCA's management and Internal Audit. Standing orders and financial regulations are updated as required and re-approved annually by the WYCA at its Annual Meeting. In terms of financial accounting the WYCA 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. The Assistant Director Finance reports regularly to the Audit and Risk Management Group that key controls have been operating in the period.

One of the key responsibilities within the WYCA is to determine, agree and monitor the annual budget. This responsibility involves setting an appropriate budget to fulfil the resource requirements of the WYCA in undertaking its transport, economic development and regeneration activities. For 2016/17 this budget is an integrated one for the full breadth of the activities of the WYCA and work was undertaken during 2015/16 with the Members on the Finance Working Group to understand the changes and opportunities introduced by the bringing together of transport and economic policy funding.

The budget setting process requires a comprehensive budget report to be presented to the full WYCA 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 the Finance Working Group providing challenge and direction from Members on budget principles.

Regular review of revenue and capital budgets is undertaken through Organisational Management Team and the Growth Deal Monitoring Group and updates to the WYCA are presented through the year.

Within the WYCA 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 Authority is undertaken in conjunction with Leeds City Council. Their internal audit section provide an annual certification confirming the work they have undertaken during the year and their conclusions reached.

An internal team provides the internal audit resource for the WYCA. The work of Internal Audit is informed by an assessment of risk and a strategic audit plan is devised based on these assessments. This plan and the audit reviews are submitted to the WYCA's Governance and Audit Committee for consideration and the annual plan is then approved by the full Authority. Regular update reports are provided to the Governance and Audit Committee by the Internal Audit Manager, including progress made on the implementation of audit recommendations. Within the WYCA the Covalent system is used to monitor progress in implementing audit recommendations and is regularly reviewed by the directorate management teams and the Audit and Risk Management Group.

The WYCA continues to develop and refine its project management framework (is in the process of developing a Portfolio Management Office) ensuring that there is greater accountability and improved governance with regard to the management and delivery of projects. Regular reports are provided to the Investment Committee and Combined Authority on progress with Local Growth Deal schemes, including the projects within the West Yorkshire plus Transport Fund. Further work will take place during 2016/17 to ensure that the delivery of capital projects is effectively organised and managed and that the procedures in place are suitably robust for the increasing volume of complex projects that need to be delivered by WYCA and its partners.

4. Review of Effectiveness (continued)

The WYCA has in place comprehensive risk management arrangements. Reviews of risk take place at directorate management team level, supported by the Risk Manual which provides guidance on the identification, assessment and reporting of risk. A risk appetite statement has been developed and approved during 2015/16. An officer Audit and Risk Management Group meets on a periodic basis to ensure consistency in the assessment and management of risk and to provide an overview of the process. The WYCA's strategic risk register is considered quarterly by the Governance and Audit Committee. These arrangements will evolve and be further developed to meet the changing needs of the West Yorkshire Combined Authority. Risks relating to the workstreams and activities brought in to the WYCA by the transfer-in of the LEP employees in April 2015 continue to be assimilated into WYCA's risk management framework. Work is also underway to better align risks to corporate objectives and priorities which are in the process of being further developed following the review of the SEP and the appointment of a new Managing Director.

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

5. Programme of Improvement

It is now two years since the West Yorkshire Combined Authority Order 2014 dissolved both the West Yorkshire Passenger Transport Executive and the West Yorkshire Integrated Transport Authority from 1 April 2014 and created the new WYCA. The transfer in of the LEP employees on 1 April 2015 coupled with WYCA taking on accountable body responsibilities for funding awarded to the LEP from that date has brought some changes to governance arrangements. It is recognised that further changes could be beneficial, learning from the practical application of arrangements in the first two years of operation and reflecting on changes in the operating environment including the need to focus on economic growth and the recognition of public sector austerity.

Further work will therefore be undertaken in 2016/17 to ensure that all governance arrangements are fully aligned and that the economic policy and development functions are integrated fully into the WYCA's governance framework. This will include for example the development of the WYCA's risk appetite, ensuring that risk registers are expanded to include the new areas of activity and decision-making and assurance frameworks are fully integrated and developed. Any new governance arrangements will be kept under review by the WYCA and will also be reflected in internal audit work programmes.

6. Significant Governance Issues

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


No such significant issues have arisen in the year.

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

Throughout 2015/16 the WYCA 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 a Code of Corporate Governance which captures and summarises these principles. We are also satisfied with the improvements that are continuing under the guidance of the Governance and Audit Committee.



Cllr Box
Chair



B Still
Managing Director

29 September 2016

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

Note	General Fund £000's	Capital Grants Unapplied £000's	Rail Reserve £000's	WY Transport Fund £000's	NGT Reserve £000's	Total Usable reserves £000's	Capital Adjustment Account £000's	Financial Instruments Adj A/C £000's	Revaluation Reserve £000's	Donated Asset A/C £000's	Pension Reserve £000's	Total Unusable reserves £000's	Total £000's
Balance at 1st April 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of balances 1 April 2014	6,571	12,523	2,075	4,085	1,043	26,297	(20,768)	36	10,425	668	(63,893)	(73,532)	(47,235)
Movement in reserves during 2014/15													
Surplus on Provision of Service	16,378	-	-	-	-	16,378	-	-	-	-	-	-	16,378
Remeasurement of the net defined benefit liability	7	-	-	-	-	-	-	-	-	-	(3,907)	(3,907)	(3,907)
Revaluation of non-current assets	11,22	-	-	-	-	-	-	-	1,436	-	-	1,436	1,436
Total Comprehensive Income and Expenditure	16,378	-	-	-	-	16,378	-	-	1,436	-	(3,907)	(2,471)	13,907
Adjustments between accounting basis and funding basis under regs													
MRP	3	(3,678)	-	-	-	(3,678)	3,678	-	-	-	-	3,678	-
Finance costs early settlement discounts	6	76	-	-	-	76	-	(76)	-	-	-	(76)	-
Refcus	3	73,956	-	-	-	73,956	(73,956)	-	-	-	-	(73,956)	-
Capital grants applied	3	(74,039)	-	(7,047)	23	(81,063)	81,063	-	-	-	-	81,063	-
Capital Grants unapplied	22	(12,774)	12,774	-	-	-	-	-	-	-	-	-	-
Depreciation	22	5,300	-	-	-	5,300	(5,300)	-	-	-	-	(5,300)	-
Transfer to pension reserve	7	1,050	-	-	-	1,050	-	-	-	-	(1,050)	(1,050)	-
Total adjustments between accounting basis and funding basis under regs	(10,109)	12,774	-	(7,047)	23	(4,359)	5,485	(76)	1,436	-	(1,050)	4,359	-
Increase/ (decrease) in year before	6,269	12,774	-	(7,047)	23	12,019	5,485	(76)	1,436	-	(4,957)	1,888	13,907
Transfer to ear-marked reserve	(4,895)	-	-	4,895	-	-	-	-	-	-	-	-	-
Increase/ (decrease) in year	1,374	12,774	-	(2,152)	23	12,019	5,485	(76)	1,436	-	(4,957)	1,888	13,907
Balance at 31st March 2015	7,945	25,297	2,075	1,933	1,066	38,316	(15,283)	(40)	11,861	668	(68,850)	(71,644)	(33,328)
Note	General Fund £000's	Capital Grants Unapplied £000's	Rail Reserve £000's	WY Transport Fund £000's	NGT Reserve £000's	Total Usable reserves £000's	Capital Adjustment Account £000's	Financial Instruments Adj A/C £000's	Revaluation Reserve £000's	Donated Asset A/C £000's	Pension Reserve £000's	Total Unusable reserves £000's	Total £000's
Balance at 1st April 2015	7,945	25,297	2,075	1,933	1,066	38,316	(15,283)	(40)	11,861	668	(68,850)	(71,644)	(33,328)
Transfer of balances 1 April 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in reserves during 2015/16													
Surplus on Provision of Service	48,732	-	-	-	-	48,732	-	-	-	-	-	-	48,732
Remeasurement of the net defined benefit liability	7	-	-	-	-	-	-	-	-	-	8,874	8,874	8,874
Net increase in liability on disposal/aquistin	-	-	-	-	-	-	-	-	-	-	(95)	(95)	(95)
Revaluation of non-current assets	11,22	-	-	-	-	-	-	-	468	-	-	468	468
Total Comprehensive Income and Expenditure	48,732	-	-	-	-	48,732	-	-	468	-	8,779	9,247	57,979
Adjustments between accounting basis and funding basis under regs													
MRP	3	(3,531)	-	-	-	(3,531)	3,531	-	-	-	-	3,531	-
Finance costs early settlement discounts	6	76	-	-	-	76	-	(76)	-	-	-	(76)	-
Refcus	22	112,243	-	-	-	112,243	(112,243)	-	-	-	-	(112,243)	-
Capital grants applied	3,22	(151,777)	-	9,014	(77)	(142,840)	142,840	-	-	-	-	142,840	-
Capital Grants unapplied	22	(10,799)	10,799	-	-	-	-	-	-	-	-	-	-
Depreciation	22	5,414	-	-	-	5,414	(5,414)	-	-	-	-	(5,414)	-
Transfer W/down of Soft Loans	17	920	-	-	-	920	-	(920)	-	-	-	(920)	-
Transfer to pension reserve	7	1,091	-	-	-	1,091	-	-	-	-	(1,091)	(1,091)	-
Impairment GPF Loans	17	4,800	-	-	-	4,800	(4,800)	-	-	-	-	(4,800)	-
Total adjustments between accounting basis and funding basis under regs	(41,563)	10,799	-	9,014	(77)	(21,827)	23,914	(996)	-	-	(1,091)	21,827	-
Increase/ (decrease) in year before	7,169	10,799	-	9,014	(77)	26,905	23,914	(996)	468	-	7,688	31,074	57,979
Transfer to ear-marked reserve	(5,283)	-	-	5,283	-	-	-	-	-	-	-	-	-
Increase/ (decrease) in year	1,886	10,799	-	14,297	(77)	26,905	23,914	(996)	468	-	7,688	31,074	57,979
Balance at 31st March 2016	9,831	36,096	2,075	16,230	989	65,221	8,631	(1,036)	12,329	668	(61,162)	(40,570)	24,651

WEST YORKSHIRE COMBINED AUTHORITY
 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2016

The Comprehensive Income and Expenditure statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards ("IFRS") adopted by the Code of Practice on Local Authority Accounting 2015/16 and the Accounts and Audit Regulations 2015.

2014/15 Restated			2015/16			
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
254,901	(97,801)	157,100	Highways and Transport Services	282,216	(99,215)	183,001
-	-	-	- Economic Services	28,332	(8,957)	19,375
8,806	-	8,806	Corporate and Democratic Core	9,294	-	9,294
263,707	(97,801)	165,906	Cost of Services - continuing operations	319,842	(108,172)	211,670
3,302	-	3,302	Interest Payable	3,289	-	3,289
-	(291)	(291)	Interest and Investment income	-	(1,712)	(1,712)
2,611	-	2,611	Net interest on the pension defined benefit liability	2,078	-	2,078
269,620	(98,092)	171,528	Cost of Services and Financing	325,209	(109,884)	215,325
Non-Specific Grant Income						
-	(101,093)	(101,093)	District Council Levies	-	(101,481)	(101,481)
-	(86,813)	(86,813)	Government and Other Grants (Capital)	-	(162,576)	(162,576)
269,620	(285,998)	(16,378)	(Surplus) on Provision of Services	325,209	(373,941)	(48,732)
3,907	-	3,907	Remeasurement of the net defined benefit liability	-	(8,874)	(8,874)
-	-	-	Net increase in pension liability from disposal/ acquisitions	95	-	95
-	(1,436)	(1,436)	Surplus on revaluation of non-current assets	-	(468)	(468)
3,907	(1,436)	2,471	Other Comprehensive Income and Expenditure	95	(9,342)	(9,247)
(13,907) Total Comprehensive Income and Expenditure				(57,979)		
=====				=====		

The prior year restatement related to a reclassification of capital grants received totalling £73.956m to be compliant with the Code. This resulted in an increase in Government and Other Grants(Capital) by this amount and reducing Highways and Transport gross income by an equal amount. There was no impact on the reserves position.

Note :

1. The movement in reserves statement is shown on page 17.
2. The notes on pages 21 to 53 form part of these accounts.

WEST YORKSHIRE COMBINED AUTHORITY
BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2016

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Combined Authority. The net assets (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories being usable and unusable. Unusable reserves are those reserves that may be utilised to provide services, subject to the requirement to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that the Authority is not able to use for the provision of services. This category of reserves includes reserves that hold unrealised gains and losses such as the revaluation reserve and those that support the timing differences in capital investment (the Capital Adjustment Account).


	Notes	2015/16 £000's	2014/15 £000's
Assets			
Non-current assets			
Property, Plant, Equipment	11(e)	82,969	86,386
Long term Debtors	17	22,823	-
		<u>105,792</u>	<u>86,386</u>
Current Assets			
Assets held for sale	11(e)	650	650
Short term investment	21	70,314	35,000
Short term debtors	15	14,406	21,430
Cash and cash equivalents	16	12,400	9,175
		<u>97,770</u>	<u>66,255</u>
Total assets		<u>203,562</u>	<u>152,641</u>
Liabilities			
Current liabilities			
Short term borrowing	19	(5,072)	(4,572)
Trade and Other payables	18	(31,688)	(25,050)
Accruals and deferred income	18	(5,315)	(10,843)
Provisions	23	(174)	(154)
		<u>(42,249)</u>	<u>(40,619)</u>
Long term borrowing	19,21	(75,500)	(76,500)
Other long term liabilities			
Net Pension liability	7	(61,162)	(68,850)
Long term liabilities		<u>(136,662)</u>	<u>(145,350)</u>
Total Liabilities		<u>(178,911)</u>	<u>(185,969)</u>
NET ASSETS/(LIABILITIES)		<u>24,651</u>	<u>(33,328)</u>
Usable Reserves			
General Fund Balance	22	9,831	7,945
Capital Grants Unapplied Reserve	22	36,096	25,297
Rail Reserve	22	2,075	2,075
NGT Reserve	22	989	1,066
WY Transport Fund Reserve	22	16,230	1,933
Usable Reserves		<u>65,221</u>	<u>38,316</u>
Unusable Reserves			
Capital Adjustment Account	22	8,631	(15,283)
Financial instrument adjustment account	22	(1,036)	(40)
Pension Reserves	22	(61,162)	(68,850)
Revaluation Reserve	22	12,329	11,861
Donated Asset Account	11(c)	668	668
Unusable Reserves		<u>(40,570)</u>	<u>(71,644)</u>
Total reserves		<u>24,651</u>	<u>(33,328)</u>

- Note :**
1. The movement in reserves statement is shown on page 17.
 2. The notes on pages 21 to 53 form part of these accounts.
 3. The opening balances of Leeds City Region Local Enterprise Partnership transferred in on 1 April 2015 are shown in note 30.

SIGNED ON BEHALF OF THE COMBINED AUTHORITY

The financial statements on pages 17-53 were approved by the Combined Authority on 29 September 2016 and were signed on their behalf by:

A Taylor
Chief Financial Officer
WYCA



Date : 29 September 2016

Purpose of cashflow

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

2014/15 £000's		2015/16 £000's
	Operating Activities	
16,378	Surplus on the Provision of Service	48,732
5,300	Depreciation	11e 5,414
-	Write down of loans	17 5,721
16	Increase in creditors	18 1,110
(10,658)	(Increase)decrease in debtors	15 6,710
1,050	Transfer to the Pension Reserve	22 1,091
3	Provisions	23 20
(54)	Profit from the sale of property, plant & equipment,	5 (129)
794	Fixed assets charged to revenue	11e 290
<u>12,829</u>	Net cash generated from operating activities	<u>68,959</u>
	Cash flows from investing activities	
(7,901)	Purchase of property, plant & equipment,	11e (1,819)
-	New long term debtor loans advanced	17 (28,669)
(7,500)	Short term investment	21 (35,000)
780	Proceeds from the sale of property, plant & equipment,	5 129
<u>(14,621)</u>	Net cash flows from investing activities	<u>(65,359)</u>
	Cash flows from financing activities	
2,500	Receipt of new loans	500
(1,000)	Repayment of loans	19 (1,000)
-	Receipt of Debtor Loan repayments	17 125
<u>1,500</u>	Net cash used from financing activities	<u>(375)</u>
<u>(292)</u>	Net (decrease)increase in cash and cash equivalents	<u>3,225</u>
-	Cash and cash equivalents at the beginning of the reporting period	9,175
9,467	Balances transferred in at 1 April 2014	-
<u>9,175</u>	Cash and cash equivalents at end of reporting period	16 <u>12,400</u>

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

2014/15 £000's		2015/16 £000's
3,302	Interest paid	6 3,289
(291)	Interest received	6 (1,712)

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

NOTES TO THE ACCOUNTS:-

1 ACCOUNTING POLICIES FOR THE WEST YORKSHIRE COMBINED AUTHORITY

I. BASIS OF PREPARATION

The Statement of Accounts summarises the Combined Authority's transactions for the 2015/16 financial year and its position for the year end of 31 March 2016. The Combined Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS).

Statement of Compliance with IFRS

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

- IFRS 14 Regulatory Deferral Accounts (Issued Jan 14, Adoption 1 Jan 16)
- IFRS 15 Revenue from Contracts with Customers (Issued May 14, Adoption 1 Jan 17)
- IFRS 16 Leases (Issued Jan 16, Adoption 1 Jan 19)

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

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

Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Critical Accounting Estimates and Judgements

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

- Property revaluation (note 11): the Authority carries its non- infrastructure land and buildings at fair value. Periodically, external surveyors are used, and the last full independent survey was carried out as at 31 March 2015. Between independent surveys, reviews are carried out by internal but qualified staff. Such valuations and any attached estimates are subject to some judgement.
- Leases (note 26) : The Authority has classified leases as either finance or operating leases based on the extent to which the risks and rewards incidental to ownership lie with the lessee or lessor. The Authority has classified certain contracts as operating leases although the legal form of the arrangement is not a lease.
- Retirement benefit obligations (note 7) : 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.

II. REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE

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

III. a) PROPERTY PLANT AND EQUIPMENT

Infrastructure Assets and Plant and Equipment are stated at depreciated historical cost, net of accumulated impairment losses. Non-Infrastructure Land and buildings are measured at current value which is Existing Use Value (EUV) where there is an active market or Depreciated Replacement Cost (DRC) where it relates to a specialised asset. Valuations are performed at intervals of no more than five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A full revaluation of the Authority's Non-Infrastructure Land and Buildings and the office building (Wellington House) was carried out by an MRICS qualified valuer of Lambert Smith Hampton, a firm of external Chartered Surveyors. The revaluation was carried out as at 31 March 2015 on an Existing Use Value (EUV) and Depreciated Replacement Cost (DRC) in accordance with IAS 16. A revaluation of the Authority's on-street furniture was carried out as at 31 March 2008 however under IFRS these are infrastructure assets and are valued at historical cost. A revaluation update of Non-Infrastructure Land and Buildings was undertaken by Lambert Smith Hampton as at 31 March 2016.

- Infrastructure Assets and Plant and Equipment are recorded at original cost less accumulated depreciation and any recognised impairment loss. Cost includes professional fees and for assets constructed by the Authority, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement. Subsequent costs are included in the carrying value of an asset when it is probable that additional future economic benefits will flow to the Authority and the cost of the item can be measured reliably. All other repairs and renewals are charged to the income statement as incurred.

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

Freehold and Long Leasehold Buildings Between 5 and 50 years
On-street Furniture and Infrastructure 20 years
Rail Units Leased 10 years
Vehicles Between 4 and 16 years
Plant and Equipment Between 4 and 10 years
Office Furniture and Equipment Between 4 and 10 years

- Freehold land, either at cost or valuation, is not depreciated. Management regularly considers whether there are any indications of impairment to carrying values of property, plant and equipment. Impairment reviews are based on risk adjusted discounted cash flow projections. Significant judgement is applied to the assumptions underlying these projections which include estimated discount rates, growth rates, future selling prices and direct costs. Changes to these assumptions could have a material impact on the financial position of the Authority and on the result for the year.

b) Progress payments for capital assets

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

c) Discontinued Operations and Non-current Assets Held for Sale

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

d) Donated Assets

Donated assets are assets that have been transferred to the 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 Authority's revaluation and depreciation policy. A Donated Assets account recognises the benefit received from these assets where conditions apply to the assets use.

IV. RAIL INFRASTRUCTURE

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

V. CHARGES TO REVENUE

For the Authority depreciation has been shown as part of the service expenditure. The Authority has considered the impairment of fixed assets in accordance with IAS 36 and no charges for impairment have been made. Such depreciation or impairment is then required by the Code to be credited in the Movement in Reserves Statement on the General Fund Balance to avoid it being a net charge to the accounts. Amounts set aside from revenue for the repayment of external loans are also shown separately through the Movement in Reserves Statement on the General Fund Balance.

VI. GOVERNMENT GRANTS

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

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

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

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

Capital Grants

Grants to fund capital expenditure from government and other bodies are credited to the Comprehensive Income and Expenditure Statement (CIES) where the grant conditions have been met. In order to recognise that the capital grants are provided to finance capital expenditure the grants are subsequently transferred from the CIES to the Capital Adjustment Account. If expenditure has not been incurred at the balance sheet date the grant is transferred to the Capital Grants Unapplied Account. The Comprehensive Income and Expenditure Statement will recognise capital grants to the extent that they offset capital expenditure charged directly to revenue (see policy V. above). Details of capital grants receivable and released are set out in Note 22 to the Authority Accounts.

VII. INVESTMENTS

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

VIII. RESERVES

The General Fund Balance is a revenue reserve and transfers to and from the reserve are recognised through the Movement in Reserves Statement. Expenditure is charged to revenue and not directly to the reserve. Other reserves (capital adjustment, financial instruments adjustment, revaluation and pension reserves) are not available for revenue purposes and can only be used for specific statutory purposes.

IX. PENSION COSTS

The requirements of IAS 19 "Retirement Benefits" have been fully adopted in the financial statements of the Authority. Detailed disclosures can be found in note 7 to the Accounts.

The Combined Authority is an employing authority within the West Yorkshire Pension Fund which is a funded pension scheme. Most employees participate in this scheme which provides defined benefits payable to members on and after their retirement. Contributions made to the fund for both current and past services are charged to the revenue account as they are paid. Contribution levels are determined by the Fund. The Fund is a statutorily established pension fund and the benefits are paid under the provisions of the Local Government Pension Scheme Regulations 2014.

The Combined Authority has a continuing responsibility for any payments to the Fund in respect of all staff who were transferred to Yorkshire Rider Limited (now First West Yorkshire) as a consequence of the Transport Act 1985. The annual cost of this responsibility is charged to the revenue account under Highways and Transport and Corporate and Democratic Core.

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

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

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

IX. PENSION COSTS Continued

The change in the net pensions liability is analysed into seven components:

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

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

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

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

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

X. **PROVISIONS**

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

XI. **EXCEPTIONAL ITEMS**

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

XII. **TAXATION**

Corporation, Income and Capital Gains Tax

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

Value Added Tax (VAT)

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

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

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

XIII. **DEBTORS**

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

XIV. LEASED ASSETS

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

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

XV. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term 'financial instrument' covers both financial assets and financial liabilities.

Financial Assets

Financial assets can be classified as cash and cash equivalents (short term deposits) trade receivables and loans receivable. The Authority does not hold instruments designated as available-for-sale assets. Financial assets are initially recognised at fair value and subsequent measurement depends on their classification as follows:-

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

Loans and receivables: Consist of non-derivative financial assets with fixed or determinable payments not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. This means for most of the loans advanced by the Authority the amount presented in the balance sheet is the principal plus accrued interest, with the exception of soft loans where a present value calculation of future cashflows discounted at the higher effective interest rate is undertaken. Gains and losses are recognised in the Income and Expenditure Statement when the assets are amortised, derecognised or impaired.

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

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

XV. FINANCIAL INSTRUMENTS Continued

Financial Liabilities

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

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

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

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

Offsetting of Financial Assets and Liabilities

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

XVI. FOREIGN CURRENCY TRANSLATION

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

XVII. CONTINGENT LIABILITY

Contingent Liabilities (note 27): A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

XVIII. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts are authorised for issue by the Chief Financial Officer as at 29 September 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of the information (adjusting events). Events indicative of conditions that arose after the reporting period are not adjusted (non-adjusting events).

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

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

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

XX. CONSOLIDATION OF JOINT VENTURE

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

2 The Accounts

The CIPFA Code of Practice on Local Authority Accounting based on International Financial Reporting Standards in the United Kingdom 2015/16 (IFRS based code): The IFRS based code requires all authorities who have a group interest in another organisation to produce group accounts based on IFRS 3 business combinations and IAS 27 consolidated and separate financial statements except where interpretations or adaptations for public sector apply. The accounts of the West Yorkshire Combined Authority however have not been prepared as group accounts reflecting that the West Yorkshire Combined Authority is a single entity with a small joint venture which is not consolidated within the financial statements as disclosed at note 24.

3 Capital Expenditure and Financing

The Authority has a statutory obligation to make adequate provision to meet its liabilities in respect of capital expenditure financed by external borrowing. The method of calculating the provision is defined by statute. For 2015/16 the amount is £3.531m.

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

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2015/16 £000's	2014/15 £000's
Capital Financing Requirement		
Opening Balance	88,267	91,945
	<hr/>	<hr/>
	88,267	91,945
Capital Investment		
Property, Plant and Equipment	1,819	7,901
Housing and Regeneration Investment	5,232	-
Growing Places Fund Loans	23,837	-
Revenue Funded from Capital Under statute	111,953	73,162
Sources of Finance		
Government grants and other capital contributions	(151,777)	(74,039)
Capital Reserve contributions	8,936	(7,024)
Minimum Revenue Provision (MRP)	(3,531)	(3,678)
Movement in year	<hr/>	<hr/>
	(3,531)	(3,678)
Closing Capital Financing Requirement	<hr/>	<hr/>
	84,736	88,267

The capital Financing requirement decreased in 2015/16 by the level of provision for the repayment of debt as there was no increase in the requirement to borrow to fund capital expenditure.

Segmental Reporting

The analysis of income and expenditure by service on the face of the comprehensive income and expenditure statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Authority on the basis of budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular capital grants are credited to the revenue account to reflect the write off to revenue of non asset producing capital expenditure (REFCUS) and the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current/past service cost of benefits accrued in the year.

Presented below is the restatement of Cost of Services and specific and non-specific grant income as reported to the Authority's decision makers.

4. Segmental Reporting - Resource allocation

	Bus Services		Concessions		Rail		Prepaid Tickets		Passenger Facilities		Economic Development		Other		Total		
	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's
Other Income	(11,283)	(13,214)	-	-	-	-	(29,227)	(29,678)	(2,839)	(2,581)	(2,373)	-	(6,472)	(4,905)	(52,194)	(50,378)	
Government Grants	(5,022)	(4,269)	-	-	(44,372)	(43,154)	-	-	(2,839)	(2,581)	(6,584)	-	-	-	(55,978)	(47,423)	
Total Income	(16,305)	(17,483)	-	-	(44,372)	(43,154)	(29,227)	(29,678)	(2,839)	(2,581)	(8,957)	-	(6,472)	(4,905)	(108,172)	(97,801)	
Operating Expenditure	32,983	34,825	55,452	53,736	43,467	42,251	29,227	29,678	-	-	-	-	-	-	161,129	160,490	
Other Cost of Service Expenditure	9,093	7,798	-	-	-	-	-	-	107,082	82,319	28,595	-	9,516	9,361	154,286	99,478	
Total Operating Expenditure	42,076	42,623	55,452	53,736	43,467	42,251	29,227	29,678	107,082	82,319	28,595	-	9,516	9,361	315,415	259,968	
Cost of services	25,771	25,140	55,452	53,736	(905)	(903)	-	-	104,243	79,738	19,638	-	3,044	4,456	207,243	162,167	

Reconciliation of Segmental Analysis and Cost of services in the Comprehensive Income and Expenditure Statement

Segmental Analysis of Cost of Service	2015/16 £000's	2014/15 £000's
Pensions IAS19	207,243	162,167
Non Government Capital Grants	(987)	(1,561)
Depreciation/Capital expenditure	-	-
	5,414	5,300
Cost of Service CIES	211,670	165,906

5 Disposal of Fixed Assets

	2015/16 £000's	2014/15 £000's
Net Book Value of Assets	-	726
Proceeds from sale	(129)	(780)
(Profit) on disposal of fixed assets by the Authority	<u>(129)</u>	<u>(54)</u>

6 Financing Income and Costs

	2015/16 £000's	2014/15 £000's
Interest receivable on Loans, deposits and other debts	<u>(1,712)</u>	<u>(291)</u>
Interest payable on Loans	<u>3,289</u>	<u>3,302</u>
Effect of early settlement of Loans	<u>(76)</u>	<u>(76)</u>

7 Pension Costs

7.1 Defined Benefit Pension Scheme

The Authority participates in the West Yorkshire Pension Fund, administered by Bradford Metropolitan District Council. This is a funded defined benefit scheme, meaning that the Authority and their employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The pension assets and liabilities transferred to the Combined Authority were subject to the actuarial valuation carried out at 31 March 2013 which determined the employer contributions for the next three years. In recognising that the WYPTE and WYITA have been dissolved and its pension assets and liabilities transferred to the West Yorkshire Combined Authority at 1 April 2014 a rate has been determined for the new entity of 13.5% plus a lump sum of £0.96m in 2014/15. The contribution rate for 2015/16 and 2016/17 remains at 13.5% and the deficit lump sums are £1.03m and £1.09m respectively.

7.2 Capital Cost of Discretionary Increases in Pension Payments.

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

	31 March 2016 £000's	31 March 2015 £000's
i) Current Employees	2,632	2,270
ii) Former Employees	1,167	1,226

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

7.3 Pension disclosures required under IAS 19

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

	31/03/2016		31/03/2015	
	Unfunded 12yrs	Funded 14.4yrs	Unfunded 12yrs	Funded 14.4yrs
Duration of liabilities				
Inflation : RPI	2.8%	2.8%	2.9%	2.9%
CPI	1.7%	1.7%	1.8%	1.8%
Rate of increase in salaries	-	3.2%	-	3.3%
Rate of increase for pensions in payment	1.7%	1.7%	1.8%	1.8%
Pension account revaluation rate	-	1.7%	-	1.8%
Rate used to discount funded scheme liabilities	3.3%	3.3%	3.1%	3.1%

7.3 Pension disclosures required under IAS 19 (continued)

Mortality assumptions

Post retirement mortality (retirement in normal health) :-

	31/03/2016	31/03/2015
	Standard SAPS Normal Health All Amounts	Standard SAPS Normal Health All Amounts
Males :	CMI 2012 Long term rate of improvement of 1.5%	CMI 2012 Long term rate of improvement of 1.5%
Females :	CMI 2012 Long term rate of improvement of 1.5%	CMI 2012 Long term rate of improvement of 1.5%

Life Expectancy

- of a male (female) future pensioner aged 65 in 20yrs time	24.9 (28.0) Years	24.8 (27.8) Years
- of a male (female) current pensioner aged 65	22.7 (25.6) Years	22.6 (25.5) Years

As part of the 2013 actuarial valuation the mortality experience was analysed across the fund over a 3 year period to 31 March 2013 and assumptions have been amended regarding life expectancy. The mortality allowance for future improvements uses the Continuous Mortality Investigation (CMI) Mortality Projections model with the model updated annually to reflect the latest emerging experience. This means there will continue to be regular changes to the assumptions for future improvements in mortality rates as new data is taken into account.

Assets in the West Yorkshire Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories set out below. The valuation as at 31 March 2013 of the pension scheme proportion as applied to the Authority is rolled forward for 31 March 2016 (showing the proportion of assets between the classes of investment) and are as follows:-

The assets of the scheme were:

	31 March 2016				31 March 2015			
	Quoted %	Unquoted %	Total %	Asset £000's	Quoted %	Unquoted %	Total %	Asset £000's
Equities	69.4	6.2	75.6	91,953	69.9	6.3	76.2	95,672
Government Bonds	10.3	0.0	10.3	12,528	10.6	0.0	10.6	13,309
Other Bonds	4.6	0.0	4.6	5,595	4.7	0.0	4.7	5,901
Property	4.9	0.0	4.9	5,960	4.3	0.0	4.3	5,399
Cash/Liquidity	1.3	0.0	1.3	1,581	1.9	0.0	1.9	2,386
Other	1.2	2.1	3.3	4,013	0.0	2.3	2.3	2,888
Total	91.7	8.3	100.0	121,630	91.4	8.6	100.0	125,555

Reconciliation of unfunded/funded status to Balance Sheet

	31 March 2016			31 March 2015		
	£000's Unfunded	£000's Funded	£000's All Benefits	£000's Unfunded	£000's Funded	£000's All Benefits
Fair Value of assets	-	121,630	121,630	-	125,555	125,555
Present value of unfunded/ funded defined benefit obligation	12,308	170,484	182,792	13,608	180,797	194,405
Funded status	(12,308)	(48,854)	(61,162)	(13,608)	(55,242)	(68,850)
Impact of minimum funding requirement /asset ceiling	-	-	-	-	-	-
Asset/(liability) recognised on the balance sheet	(12,308)	(48,854)	(61,162)	(13,608)	(55,242)	(68,850)

Reconciliation of present value of scheme liabilities

	£000's		£000's	
	31/03/2016 Unfunded	31/03/2016 All Benefits	31/03/2015 Unfunded	31/03/2015 All Benefits
Opening balance 1 April	13,608	194,405	-	-
Balance transferred in at 1 April 2014	-	-	13,739	180,988
Current service cost	-	2,805	-	1,826
Interest cost	403	5,901	552	7,424
Member Contributions	-	837	-	634
Past service cost	-	50	-	76
Actuarial gain/loss financial assumptn	(276)	(9,370)	668	13,911
Actuarial gain/loss Demographic	0	0	0	0
Actuarial gain/loss experience	(227)	(2,586)	(128)	(1,290)
Curtailments	-	-	-	-
Net increase in liabilities from disposals/acquisitions	-	280	-	-
Benefits paid	(1,200)	(9,530)	(1,223)	(9,164)
Closing balance 31 March	12,308	182,792	13,608	194,405

7.3 Pension disclosures required under IAS 19 (continued)

Reconciliation of fair value of scheme assets	£000's		£000's	
	31/03/2016	31/03/2016	31/03/2015	31/03/2015
	Unfunded	All Benefits	Unfunded	All Benefits
Opening balance 1 April	-	125,555	-	-
Balance transferred in at 1 April 2014	-	-	-	117,095
Interest income on scheme assets	-	3,823	-	4,813
Remeasurement of (losses)/gains	-	(3,082)	-	8,714
Contributions paid by employer	1,200	3,842	1,223	3,463
Member Contributions	-	837	-	634
Net increase in liabilities from disposals/acquisitions	-	185	-	-
Benefits paid	(1,200)	(9,530)	(1,223)	(9,164)
Closing balance 31 March	-	121,630	-	125,555

Actual return on assets	31/03/2015		31/03/2015	
	£000's		£000's	
Interest income on assets	-	3,823	-	4,813
Remeasurement gain/(loss) on assets	-	(3,082)	-	8,714
Actual return on assets	-	741	-	13,527

The amounts recognised in the Comprehensive Income and Expenditure Statement

Cost of Service	31/03/2016 £'000	31/03/2015 £'000
Current Service Cost	2,805	1,826
Past Service Cost	50	76
Curtailments or settlements	-	-
Financing Investment Income and Expenditure		
Interest on net defined benefit liability	2,078	2,611
Total pension cost recognised	4,933	4,513
Remeasurements in Other Comprehensive Income and Expenditure		
Return on plan assets (in excess)/below that recognised in net interest	3,082	(8,714)
Actuarial (gains)/losses due to change in Financial assumption	(9,370)	13,911
Actuarial (gains)/losses due to change in Demographic assumption	-	-
Actuarial (gains) due to liability experience	(2,586)	(1,290)
Total amount recognised in Other Comprehensive income	(8,874)	3,907
Net increase in liabilities from disposals/acquisitions	95	-
Total amount recognised	(3,846)	8,420

Estimated pension expense in future periods

This is an estimate of the charges to the surplus or deficit on the income and expenditure account in future periods, based on the assumptions as at 31 March 2016.

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

	31/03/2017 £'000	31/03/2018 £'000
Projected service cost	2,644	2,729
Past Service cost	-	-
Interest on the net defined benefit liability/(asset)	1,554	1,616
	4,198	4,345

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

	31/03/2017 £'000	31/03/2018 £'000
Interest on the net defined benefit liability/(asset)	386	359
	386	359

Sensitivity Analysis

The sensitivity analysis showing the impact of changing key actuarial assumptions on the present value of the funded defined benefit obligation as at 31 March 2016 and the projected service cost for the year ending 31 March 2017 is set out below. Only the assumptions mentioned are altered all other assumptions remain the same. There is no sensitivity for unfunded benefits on materiality grounds.

Funded LGPS benefits

Adjustment to discount rate	+0.1%pa	Base Figure	-0.1%pa
Present value of total obligation £000's	168,048	170,484	172,955
% change in present value of total obligation	-1.4%		1.4%
Projected service cost £000's	2,559	2,644	2,731
Approximate % change in projected service cost	-3.2%		3.3%

Adjustment to rate of increase in salaries	+0.1%pa	Base Figure	-0.1%pa
Present value of total obligation £000's	170,995	170,484	169,973
% change in present value of total obligation	0.3%		-0.3%
Projected service cost £000's	2,644	2,644	2,644
Approximate % change in projected service cost	0.0%		0.0%

Adjustment to pension increase rate and the rate of revaluation of pension accounts	+0.1%pa	Base Figure	-0.1%pa
Present value of total obligation £000's	173,894	170,484	167,074
% change in present value of total obligation	2.0%		-2.0%
Projected service cost £000's	2,731	2,644	2,559
Approximate % change in projected service cost	3.3%		-3.2%

Adjustment to mortality age rating assumption	-1 year	Base Figure	+1 year
Present value of total obligation £000's	174,863	170,484	166,093
% change in present value of total obligation	2.6%		-2.6%
Projected service cost £000's	2,735	2,644	2,553
Approximate % change in projected service cost	3.4%		-3.4%

8 Government and Other Grant Income

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

Revenue credited to cost of Service	2015/16 £000's	2014/15 £000's
Highways and Transport		
Special Rail Grant (SRG) - Department for Transport	44,372	43,154
Section 31 LSTF - Department for Transport	2,825	1,125
Section 31 BBAF - Department for Transport	-	998
Smart Grant - Department for Transport	56	-
Community Transport Support Grant - Department for Transport	24	42
Bus Service Operator Grant - Department for Transport	2,063	2,066
Congestion Performance Fund - Department for Transport	4	38
Section 31 Huddersfield Rail Station Gates Grant - DfT	31	-
ERDF Care North Plus/Challenge	42	-
	<u>49,417</u>	<u>47,423</u>
Economic Development Services		
Apprentice Grant for Employers - Dept. Business Innovation & Skills	751	-
Enterprise Advisor - Careers & Enterprise Company	43	-
Strategic Heat Network - Dept. Energy and Climate Change	59	-
Employer Ownership Partnership - Dept. Bus Innovation & Skills	1,700	-
Business Growth Hub - Dept. Business Innovation & Skills	625	-
Growing Places Fund - DCLG	132	-
Headstart - Skills Funding Agency	2,532	-
Housing Stock Condition - Local Authority Partners	93	-
Better Homes Management - Keepmoat	99	-
Access to Finance - Partnership Investment Fund	50	-
LEP Strategic Growth Funding - Dept. Business Innovation & Skills	500	-
	<u>6,584</u>	<u>-</u>

9 **Non-Specific Grant Income**

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

	2015/16 £000's	2014/15 £000's
Capital grants and other Contributions		
Local Growth Fund Allocation -DCLG	68,266	-
Growing Places Fund - DCLG	35,894	-
Green Deal -Dept. Energy and Climate Change	897	-
Central Heating Fund - Dept. Energy and Climate Change	45	-
Integrated Transport Block/Maintenance - DfT	42,317	50,931
Section 31 BBAF - Department for Transport	-	1,230
Section 31 Cycle City Ambition Grant - Department for Transport	11,696	7,163
Section 31 LSTF - Department for Transport	-	94
Cleaner Bus Technology Grant - Department for Transport	-	499
Section 31 Leeds Station Southern Ent - Department for Transport	-	11,760
Section 31 Kirkstall Forge App Bridge - Department for Transport	198	9,375
Section 31 Huddersfield Rail Station Gates Grant	-	101
Other Capital Contributions	3,263	5,660
	<u>162,576</u>	<u>86,813</u>
District Council Levies	<u>101,481</u>	<u>101,093</u>

The funding for the provision of rail services under the franchising arrangements was paid directly to the the Authority. The Authority received the pre-determined sums directly from the Government (DfT) in the first instance. The amounts payable as follows:-

	2015/16 £000's	2014/15 £000's
Payments to Operators	43,467	42,251
Contribution to the Authority administration costs	905	903
	<u>44,372</u>	<u>43,154</u>

10 **Officers' Remuneration and Members Allowances**

	2015/16 £000's	2014/15 £000's
(a) Employees Costs Amounted to:		
Wages and Salaries	11,740	9,395
Social Security Costs	854	651
Other Pension Costs	2,571	2,190
	<u>15,165</u>	<u>12,236</u>
Members' Allowances :-		

The total members' allowances paid in the year to 31 March 2016 was £155,823 (£157,812 31 March 2015) .

(b) The average number of persons employed was:

	Number	Number
Manual	43	42
Management and Administration	411	368
	<u>454</u>	<u>410</u>

(c) At 31 March 16 the unused holiday entitlement across the Authority totalled:-

	31/03/16 £'000s	31/03/15 £'000s
	<u>242</u>	<u>138</u>

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

d) The Accounts and Audit Regulations 2015 requires the disclosure of the number of senior officers whose remuneration in the year was £50,000 or more, grouped in rising bands of £5,000. The following table therefore shows all senior employees of the Authority in their appropriate band.

Band	Senior Officers 2015/16	Senior Officers 2014/15
£50,001 - £55,000	8	6
£55,001 - £60,000	3	1
£60,001 - £65,000	6	6
£70,001 - £75,000	2	2
£90,001 - £95,000	2	-
£100,001 - £105,000	2	2
£115,001 - £120,000	1	1
	<u>24</u>	<u>18</u>

Termination benefits were paid by the Authority arising from the termination of employment incurring liabilities of £193,691 in 2015/16 (£127,619 2014/15). The exit package payable included voluntary redundancy payments and enhanced pension benefits payable arising from the re-structuring and rationalisation of specific business areas.

Senior Employees

		Compensation					Total
		Salary Fees Allowances Bonuses	Expenses Allowances	for loss of office	Pension Contributions		
Managing Director - Head of Paid Service (Appointed 1/2/16)	2014/15	-	-	-	-	-	-
	2015/16	25,000	-	19	-	3,375	28,394
Director of Passenger Services	2014/15	116,589	-	968	-	15,740	133,297
	2015/16	116,589	-	88	-	15,740	132,417
Director of Development (Resigned 1/11/15)	2014/15	104,055	-	136	-	14,047	118,238
	2015/16	60,699	-	-	-	8,194	68,893
Director of Delivery	2014/15	-	-	-	-	-	-
	2015/16	90,750	-	-	-	12,251	103,001
Director of Resources - S73 Officer	2014/15	104,055	-	-	-	14,047	118,102
	2015/16	104,055	-	-	-	14,047	118,102
LEP Director and Head of Economic Strategy	2014/15	-	-	-	-	-	-
	2015/16	91,702	-	167	-	12,380	104,249
Assistant Director Legal - Monitoring Officer	2014/15	60,410	-	25	-	8,155	68,590
	2015/16	62,214	-	-	-	8,398	70,612

Exit Packages

Exit Package cost band (inc. special payments)	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
							£	£
£0-£20,000	0	0	2	10	2	10	28,806	65,459
£20,001-£40,000	0	0	0	5	0	5	-	128,232
£80,001-£100,000	0	0	1	0	1	0	98,813	-
Total	0	0	3	15	3	15	127,619	193,691

11 Property, Plant & Equipment

- (a) The property assets of the former WYITA Group transferred to the Combined Authority on 1 April 2014.

Previously a revaluation of the Authority's On-Street Furniture was carried out by the Infrastructure Manager as an internal expert. The revaluation was carried out as at 31 March 2008.

All On-Street Furniture was included in the revaluation. The basis of the valuation was depreciated replacement cost as these assets are deemed to be specialised.

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

A revaluation of the Authority's non-infrastructure land and buildings was carried out by an MRICS qualified valuer of Lambert Smith Hampton, a firm of external Chartered Surveyors. The revaluation was carried out as at 31 March 2015 on an Existing Use Value (EUV) basis in accordance with IAS 16. This resulted in an overall valuation of £9,198,000 which gave a gain on revaluation of £1,246,000. A revaluation gain of £190,000 was recognised on Apperley Bridge land held as a Donated Asset.

The Authority have considered the impairment of fixed assets in accordance with IAS 36 and after taking into account factors since external surveyors reviewed the property portfolio can identify no circumstances or events that would affect the carrying values of the assets. A revaluation update by the external surveyors as at 31 March 2016 confirmed this position and provided a revaluation gain on Wellington House of £468,000.

- b) Assets Held for Sale

The Authority has identified Crow Nest Lane office and warehouse facility as an asset to be classified as held for sale as the property is being actively marketed for sale in its current state and a sale is highly probable. The asset was held in non-infrastructure land and buildings and revalued at 31 March 2015, and this value has been used to measure the asset's value for classification as an asset held for sale.

	2015/16 £000's	2014/15 £000's
Balance Outstanding at start of the year	650	-
Balances transferred in 1 April 2014		726
Assets newly classified held for sale :-	-	-
Property plant and Equipment		650
Disposal of property, plant and Equipment in year		(726)
Balance Outstanding at end of the year	<u>650</u>	<u>650</u>

- c) Donated Assets Account

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

Donated Assets Account	2015/16 £000's	2014/15 £000's
Balance at 1 April 2015	668	-
Transfer of balances 1 April 2014		668
Movement in year	-	-
Balance C/fwd 31 March 2016	<u>668</u>	<u>668</u>

11. PROPERTY, PLANT AND EQUIPMENT

d) The movements in the year 1 April 2014 to 31 March 2015 are :

	TOTAL £000's	LAND AND BUILDINGS ASSETS £000's	INFRA-STRUCTURE ASSETS £000's	DONATED ASSETS HELD FOR SALE £000's	VEHICLES OWNED £000's	VEHICLES LEASED £000's	EQUIPMENT OWNED £000's	EQUIPMENT LEASED £000's	PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION £000's
<u>COST VALUATION</u>									
Opening Balance	140,517	8,861	71,133	1,013	726	-	-	-	-
Transferred in at 1 April 2014	7,901	-	241	-	-	-	8	22,067	54
Additions	-	-	5,495	-	-	-	-	79	14,397
Transfer from payments on assets in course of construction	-	-	-	-	-	-	-	69	6,223
Disposals	(1,275)	-	-	-	(726)	-	-	-	(5,564)
Revaluation Adjustments	527	337	-	190	-	-	-	-	-
Reclassification Adjustments	-	-	440	(440)	-	-	-	-	-
Write off to Revenue	(794)	-	-	-	-	-	-	-	-
Transfer Assets held for sale	-	(650)	-	-	650	-	-	-	(794)
At 31 March 2015	146,876	8,548	77,309	763	650	23,067	8	22,215	54
									14,262

ACCUMULATED DEPRECIATION

Opening Balance	-	-	-	-	-	-	-	-	-
Transferred in at 1 April 2014	55,998	681	21,349	627	-	-	8	20,187	-
Charge for the year	5,300	228	2,467	47	-	13,092	-	764	54
Disposals	(549)	-	-	-	-	1,794	-	-	-
Reclassification adjustments	-	-	308	(308)	-	(549)	-	-	-
Revaluation Adjustments	(909)	(909)	-	-	-	-	-	-	-
Transfer Assets held for Sale	-	-	-	-	-	-	-	-	-
At 31 March 2015	59,840	0	24,124	366	-	14,337	8	20,951	54

NET BOOK VALUES

31 March 2015	87,036	8,548	53,185	397	650	8,730	-	1,264	-
Opening Balance	-	-	-	-	-	-	-	-	14,262
Transferred in 1 April 2014	84,519	8,180	49,784	386	726	9,166	-	1,880	-

11. PROPERTY, PLANT AND EQUIPMENT

e) The movements

in the year

1 April 2015 to

31 March 2016 are :

	TOTAL £000's	LAND AND BUILDINGS ASSETS £000's	INFRA- STRUCTURE ASSETS £000's	DONATED ASSETS HELD FOR SALE £000's	VEHICLES OWNED £000's	VEHICLES LEASED £000's	EQUIPMENT OWNED £000's	EQUIPMENT LEASED £000's	PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION £000's
<u>COST VALUATION</u>									
Opening Balance	146,876	8,548	77,309	763	23,067	8	22,215	54	14,262
Additions	1,819	-	292	-	137	-	6	-	1,384
Transfer from payments on assets in course of construction	-	-	178	-	-	-	166	-	(344)
Disposals	(727)	-	(130)	-	(597)	-	-	-	-
Revaluation Adjustments	235	235	-	-	-	-	-	-	-
Reclassification Adjustments	-	-	-	-	-	-	-	-	-
Write off to Revenue	(290)	-	-	-	-	-	-	-	-
Transfer Assets held for sale	-	-	-	-	-	-	-	-	(290)
At 31 March 2016	147,913	8,783	77,649	763	22,607	8	22,387	54	15,012

ACCUMULATED DEPRECIATION

Opening Balance	59,840	-	24,124	366	14,337	8	20,951	54	-
Charge for the year	5,414	272	2,588	32	1,765	-	757	-	-
Disposals	(727)	-	(130)	-	(597)	-	-	-	-
Reclassification adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	(233)	(233)	-	-	-	-	-	-	-
Transfer Assets held for Sale	-	-	-	-	-	-	-	-	-
At 31 March 2016	64,294	39	26,582	398	15,505	8	21,708	54	-

NET BOOK VALUES

31 March 2016	83,619	8,744	51,067	365	7,102	-	679	-	15,012
Opening Balance									
31 March 2015	87,036	8,548	53,185	397	8,730	-	1,264	-	14,262

12 Related Party Transactions

The Combined Authority is required to disclose material transactions with related parties in accordance with IAS 24 "Related party transactions". Related parties are bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which it might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

MEMBERS

The Combined Authority requires Members to complete a declaration of Related Party Transactions and this information is used to prepare this note. All members have at least two roles under the Local Government Act 1985 in that they are members of one of the five constituent levying Metropolitan District Councils or City of York Council and are appointed to the Combined Authority or co-opted to one of its committees. Other than this no Member has declared any such transaction with the Authority.

The 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 Authority. Government grant funding received is disclosed in Note 8 and 9.

- The Authority receives financing through its Levy and contributions to the economic activities of the City Region from the District Councils.
- The Authority provides agency services for Education transport for which they are paid fees.
- The Authority received Local Transport Block Funding of which an allocation was paid to the District Councils.

The figures for 2015/16 are set out below:

Amounts received by WYCA	Education transport		Transport Levy		LCR LEP Funding	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
	£m	£m	£m	£m	£m	£m
Bradford MDC	1.86	2.05	23.92	23.85	0.19	-
Calderdale MDC	0.75	0.80	9.15	9.12	0.12	-
Kirklees MDC	0.49	0.38	18.72	18.63	0.10	-
Leeds City Council	1.33	1.89	34.16	34.03	0.08	-
Wakefield MDC	1.81	1.96	15.53	15.46	0.05	-
	6.24	7.08	101.48	101.09	0.54	0.00

Amounts paid by WYCA	LTP Block Funding		Transport Fund		Local Growth Fund Loans	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
	£m	£m	£m	£m	£m	£m
Bradford MDC	7.74	6.26	0.23	0.19	-	-
Calderdale MDC	4.89	4.61	0.03	0.73	0.3	-
Kirklees MDC	8.69	5.82	0.14	0.41	0.2	-
Leeds City Council	12.25	10.50	0.19	1.35	2.6	-
Wakefield MDC	5.67	4.42	15.4	2.75	-	-
	39.24	31.61	15.99	5.43	3.1	-

Officers

Mr A Lythgo was the Head of Paid Service for the Combined Authority up to 31 January 2016 and also the Chief Executive of Kirklees Council. No remuneration was paid to Mr A Lythgo for undertaking the role of Head of Paid Service for the Combined Authority.

Yorcard Ltd is a Joint Venture trading company operated in conjunction with SYPTE and is fully disclosed in note 24. Mr John Henkel is a Director of West Yorkshire Combined Authority and of Yorcard Ltd.

West Yorkshire Ticketing (TICCO) Ltd administers and develops a range of multi-operator, multi-modal tickets.

Mr John Henkel is a Director of the West Yorkshire Combined Authority and of TICCO Ltd. During the year ended 31 March 2016 recharges totalling £40,000 (£82,000 to 31 March 2015) were invoiced by TICCO Ltd to the Authority.

ITSO Services Ltd is a trading company established to promote the development of interoperable smart card applications to public transport. Mr John Henkel is a Director of West Yorkshire Combined Authority and of ITSO Services Ltd. During the year ended 31 March 2016 fees totalling £0 (£0 to 31 March 2015) were invoiced by ITSO Services Ltd to the Authority.

Payments to Operators

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

Payments for concessionary fares are made in accordance with the Authority's concessionary fares scheme which is based on the reimbursement guidance issued by the Department for Transport. The 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 Authority, within the overall framework of the Authority's policies, where they are considered to be socially necessary and no commercial service or adequate commercial service exists. All licensed operators are eligible to submit tenders for services required.

Payments are made to one franchised rail operator for the provision of local rail services. A note of the effect of rail franchising and the funding arrangements is attached as part of these accounts on page 38 (Note 9).

In accordance with its overall policies the Combined Authority administers a prepaid ticket scheme. The 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 Authority. This prepaid ticket income is included in the Authority's revenue account together with an equivalent amount shown as payment to operators.

All these payments to operators are summarised in the Comprehensive Income and Expenditure Statement segmental reporting on page 33.

13 Exceptional Item

There were no exceptional items in 2015/16 or in 2014/15.

14 Taxation

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

15 Short Term Debtors

	31 March 16	31 March 15
	£000's	£000's
Central government bodies	4,159	14,230
Other Local Authorities	6,006	3,906
Bodies external to general government	4,241	3,294
	<u>14,406</u>	<u>21,430</u>

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

16 Cash & Cash Equivalents

	31 March 16	31 March 15
	£000's	£000's
Bank Current Accounts	12,400	9,175
	<u>12,400</u>	<u>9,175</u>

Cash balances include £5.6m held on behalf of third parties. The liability to repay these amounts is included under creditors.

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

17 Long Term Debtor - Loans

	31 March 16	31 March 15
	£000's	£000's
Soft Loans		
Balance at 1 April 2015	-	-
Nominal Value of Loans advanced during year	4,832	-
Fair Value Adjustment on Initial recognition	(926)	-
Effective interest to write back to carrying value	5	-
Balance at 31 March 2016	<u>3,911</u>	-
Other Loans Advanced		
Balance at 1 April 2015	-	-
Loans transferred during year	23,837	-
Loans repaid	(125)	-
Impairment of Loan	(4,800)	-
Balance at 31 March 2016	<u>18,912</u>	-

The loan of £4.8m to Oxford GB limited was impaired in full at 31 March 2016 on the basis that the company entered into administration with little prospect of the loan being repaid.

18 Trade and Other Payables

	31 March 16 £000's	31 March 15 £000's
Central government bodies	319	180
Other Local Authorities	10,498	5,471
Bodies external to general government	20,871	19,399
	<u>31,688</u>	<u>25,050</u>

DEFERRED INCOME

	31 March 16 £000's	31 March 15 £000's
Central government	5,073	10,705
Other local authorities	-	-
Bodies external to general government	242	138
	<u>5,315</u>	<u>10,843</u>

Notes

- (a) Central government deferred income relates to Grants received in advance where conditions have not been met at the year end.
- (b) Other Local Authorities deferred income relates to capital contributions to small infrastructure projects that have not yet been complete and conditions remain outstanding.

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

19 Loans Outstanding

	31 March 16 £000's	31 March 15 £000's
Lender:-		
Public Works Loans Board	52,249	53,251
Other Market Loans	25,323	25,321
Short Term Loans	3,000	2,500
	<u>80,572</u>	<u>81,072</u>
Maturity:-		
Loans repayable within 12 months	5,072	4,572
1-2 years	500	1,000
2-5 years	-	500
5-10 years	-	-
in more than 10 years	75,000	75,000
	<u>80,572</u>	<u>81,072</u>

20 Capital Expenditure and Financing

	2015/16 £000's	2014/15 £000's
Capital investment		
Operational assets acquired in year	119,003	81,063
Sources of finance		
Borrowing (credit approvals)	-	-
Capital receipts	-	-
Government grants and other contributions	119,003	81,063
Revenue contributions	-	-
	<u>119,003</u>	<u>81,063</u>

21 Financial Instruments

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

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

21 Financial Instruments Continued

Loans Advanced and Borrowings

Fair value is determined by calculating the Net Present Value of future cash flows, thus estimating the value of future payments in today's terms. This is a widely accepted and commonly used valuation technique. The discount rate used should be equal to the current rate for a similar loan from a comparable lender. This will be the market rate applicable on the date of valuation for a loan with the same outstanding period to maturity.

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

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

The discount rates used for the evaluation were obtained by WYCA from Capita. Capita is a leading and independent provider of capital financing, treasury advisory and strategic advisory consulting services to the public sector.

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

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

Financial instruments not measured at fair value

Financial assets		Financial liabilities	
Type	Valuation Technique	Type	Valuation Technique
Loans Advanced (Long term Debtor)	Discounted cashflows : The valuation model considers the present value of the cashflows expected over the remaining life of each loan discounted using a risk adjusted representative rate for new loans indicative of economic conditions and security at the measurement date 31 March 2016.	Loans/Borrowings	Discounted cashflows : The valuation model considers the present value of the cashflows expected over the remaining life of each loan discounted using lending rates for new loans based on PWLB rates at the measurement date 31 March 2016.
Soft Loans	Discounted cashflows : The valuation model considers the present value of the cashflows expected over the remaining life of each loan discounted using the PWLB new loan rates at the measurement date 31 March 2016.	Trade Payables	The fair value of trade payables is deemed to be the invoiced or billed amount.
Trade and other receivables	The fair value of trade and other receivables is taken to be the invoiced or billed amount.		
Short term Investments	The valuation of the fixed term deposits which have no secondary market would be based on an investment with a similar lender for the remaining period of deposit at rates available at the measurement date. The accrued interest added on this basis would provide a fair value for the short term investments.		

Hedging Instruments

The Authority holds no financial instruments that could be classified as hedging instruments.

21 Financial Instruments Continued

	Effective		31 March 16	31 March 15
Current	interest rate	Maturity	£000's	£000's
Durham County Council	0.50%	Apr 2016	2,000	-
Rhondda Cynon Taff Borough Council	0.55%	Apr 2016	1,000	-
Salford MBC	0.42%	Apr 2015	-	2,500
PWLB - EIP	2.81%	Jun 2015	-	500
PWLB - EIP	2.81%	Dec 2015	-	500
PWLB - EIP	2.81%	Jun 2016	500	-
PWLB - EIP	2.81%	Dec 2016	500	-
			4,000	3,500
Non- Current				
Public Works Loan Board	3.70%	Jan 2056	5,000	5,000
Public Works Loan Board	4.40%	Jan 2052	5,000	5,000
Public Works Loan Board	4.40%	Jul 2054	8,000	8,000
Public Works Loan Board	4.40%	Jun 2053	8,000	8,000
Public Works Loan Board	4.55%	Jun 2052	4,000	4,000
Public Works Loan Board	4.55%	Apr 2055	6,000	6,000
Public Works Loan Board	4.55%	Apr 2056	6,000	6,000
Public Works Loan Board	4.55%	Apr 2057	8,000	8,000
PWLB - EIP	2.81%	Jun 2016	-	500
PWLB - EIP	2.81%	Dec 2016	-	500
PWLB - EIP	2.81%	Jun 2017	500	500
Barclays - LOBO's	3.97%	May 2065	5,000	5,000
Barclays - LOBO's	3.80%	Aug 2065	5,000	5,000
Barclays - LOBO's	3.99%	Oct 2066	5,000	5,000
Barclays - LOBO's	4.30%	Dec 2076	5,000	5,000
Barclays - LOBO's	4.32%	May 2077	5,000	5,000
			75,500	76,500
Total			79,500	80,000

Management of risks arising from financial instruments

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

Credit risk is the risk that amounts due to the Authority may not be received. Almost all of the Authority's loans and investments are made for treasury management purposes, to generate income from available balances. The parameters within which these investments are made are set out within the approved Treasury Management Policy. The effect of this policy is to restrict as far as is practicable the Authority's exposure to risk from the failure of a financial institution. It ensures that deposits are placed only with limited numbers of financial institutions whose credit rating is independently assessed as being sufficiently secure. The term and maximum deposit is also restricted to reduce risk exposure. The 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 borrowers credit status and security provided. The financial status and credit score of the companies are regularly reviewed and monitored in order to minimise the instances of loss. The Local Growth Fund loans are to District Authorities who are deemed to be low risk on the basis they are backed by government and required by law to make provision for loan repayments. Liquidity risk is the risk that the Authority may not have sufficient cash available to meet its day to day obligations to meet payments. The Authority has access to borrowings from the Public Works Loans Board and commercial lenders to meet long term spending and shorter term cashflow requirements and these arrangements provide the appropriate level of finance to support the Authority's current and future requirements. Also measures are in place to actively manage the loan portfolio to ensure refinancing, if required, can be done in a way to minimise the risk of exposure to adverse rates.

Interest rate risk is the risk that future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Authority's long term lending is at fixed interest rates but it also borrows some of its money in the form of lender option borrower option loans (LOBOs). 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 Authority is also affected by fluctuations in shorter term interest rates as this impacts on the interest that can be earned in the year on deposits. This is carefully monitored and opportunities to secure advantageous interest rates are considered.

The 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 Authority's interest payable and receivable would have varied by a net £130k if interest rates varied by 1% in the year.

The Authority is not exposed to any material currency risk.

22 Reserves

	31 March 16	31 March 15
	£000's	£000's
Usable Reserves	65,221	38,316
Unusable Reserves	(40,570)	(71,644)
Total Reserves	24,651	(33,328)

Usable Reserves

The General Fund Balance is a non-earmarked usable reserve and can be applied to fund any form of general revenue expenditure that aligns with the policies and objectives of the WYCA. The General Fund Balance has a surplus of £9.83m at 31 March 2016 (£7.95m 31 March 2015).

The Total Reserves balance for the Authority includes a Rail Reserve under Usable Reserves which recognises the disposal of Rail Rolling stock and Yorkshire 6 funding surpluses with the reserve totalling £2.075m at 31 March 2016. The Rail Reserve is ear-marked for rail infrastructure investment and is to be held pending future investment into identified rail projects. As at 31 March 2016 the Rail Reserve has so far provided £805k of funding for the Leeds Station Southern Entrance scheme.

The Total Reserves balance for the Authority includes an NGT Reserve of £0.99m under Usable Reserves at 31 March 2016 (£1.066m 31 March 2015), earmarked for the purpose of delivering the Leeds NGT scheme. In May 2016 the Secretary of State announced that the NGT scheme would not be approved to progress although the £173.5m allocated to it would be made available for public transport in Leeds. Plans to spend this money will be progressed during 2016 along with the future utilisation of the NGT reserve.

In addition the Reserves include the West Yorkshire Transport Fund Reserve to reflect additional levy contributions from the Districts to develop strategic transport schemes in West Yorkshire. The reserve has a balance of £16.23m at 31 March 2016 (£1.93m 31 March 15).

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

	2015/16	2014/15
	£000's	£000's
Opening Balance	25,297	12,523
Capital receipts unapplied	10,799	12,774
Balance carried Forward	<u>36,096</u>	<u>25,297</u>

Unusable Reserves

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 Authority as finance for the costs of acquisition, construction and enhancement.

	2015/16	2014/15
	£000's	£000's
Opening Balance	(15,283)	-
Balance transferred in	-	(20,768)
Revenue Funded from Capital Under statute	(112,243)	(73,956)
Depreciation	(5,414)	(5,300)
Capital Grants applied to financing	-	-
Statutory provision for the financing of Capital Investment (MRP)	3,531	3,678
Capital receipts applied	142,840	81,063
Impairment of GPF Loans	(4,800)	-
Balance at the end of the Year	<u>8,631</u>	<u>(15,283)</u>

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 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.

22 Reserves Continued

	2015/16 £000's	2014/15 £000's
Balance at 1 April	(40)	37
Premiums incurred in the year	(82)	(83)
Discounts received in year	6	6
Effective Interest rate adjustment- Soft Loans	(920)	-
Balance at 31 March	<u>(1,036)</u>	<u>(40)</u>

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.

	2015/16 £000's	2014/15 £000's
Balance at 1 April	(68,850)	(63,893)
Actuarial gains and losses on pension assets and liabilities	8,874	(3,907)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive income and Expenditure Statement	(4,933)	(4,513)
Net increase in liability on disposal/acquisition	(95)	-
Employers pension contributions	3,842	3,463
Balance at 31 March	<u>(61,162)</u>	<u>(68,850)</u>

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.

	2015/16 £000's	2014/15 £000's
Balance at 1 April	11,861	-
Transfer of balances 1 April 2014	-	10,425
Surplus on revaluation	468	1,436
Balance at 31 March	<u>12,329</u>	<u>11,861</u>

Donated Assets Account

Donated assets are those that were received at little or no cost to the Authority but are recognised on the balance sheet at fair value to reflect the true benefit of these assets. The Donated Asset account is a corresponding reserve that recognises the true value of the asset. See note 11c.

23 Provisions

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

	2015/16	2014/15
At 1 April	154	151
Arising during year	20	3
Utilised in year	-	-
At 31 March	<u>174</u>	<u>154</u>

The Combined Authority as at 31 March 2016 has provided for liabilities relating to the now insolvent company Mutual Municipal Insurance (MMI) Ltd representing the potential clawback of claims made by the former West Yorkshire Passenger Transport Executive in previous years. There were no further provisions for organisational restructure at 31 March 2016 as specified in IAS37. There were no environmental provisions at 31 March 2016.

24 Joint Venture

At 31 March 2016 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 PTE 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 Authority's accounts. The performance and financial position of the Authority's share of Yorcard Ltd is disclosed below in accordance with IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities :-

	2015/16 £000's	2014/15 £000's
Turnover and other income		
Expenses	788	673
Profit before Tax	(788)	(675)
Taxation	-	(2)
Profit after Tax	-	(2)
Fixed Assets	4	8
Current Assets	250	228
Liabilities due within 1yr	(245)	(223)
Liabilities due after 1yr or more	(4)	(8)

Net Assets	5	5
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25 Auditors Remuneration

	2015/16 £000's	2014/15 £000's
Audit Services	33	40
Other Services	4	2
	37	42

26 Financial Commitments

	31 March 16 £000's	31 March 15 £000's
(a) <u>Capital Commitments</u>		
Contracted For but not Provided in the Accounts	121,973	59,501
Authorised but not Contracted For	16,441	50,593
	138,414	110,094

Capital Commitments Contracted For but not Provided in the Accounts has increased significantly reflecting approvals for the £68.3m Growth Deal projects.

Capital Commitments Authorised but not contracted for have decreased at 31 March 2016. This reflects the approval of large scale capital schemes last year such as West Yorkshire Transport Fund schemes of £36.3m and LTP transport block payments of £10.3m which have not yet been approved for the forthcoming year.

(b) Revenue Commitments - Operating Leases

The Authority has a number of bus contracts that incorporate a lease under IFRIC4. The Authority has a number of contracts with operators that convey the right to use specific assets in return for a series of payments to deliver services under the Authority's tendered service obligations. The minimum lease payments are substantially for service provision with a small proportion for the rental of the assets. The fact that the life of the contracts are substantially shorter than the asset's economic useful life means these contracts are deemed to be operating leases.

Bus Operator Payments - IFRIC 4

	2015/16 £000's	2014/15 £000's
Minimum lease payments under operating leases recognised in the year :	2,338	3,031
Within 1 year	1,340	2,338
Within 2-5 years	3,244	4,584
Beyond 5 years	-	-
	4,584	6,922

26 Financial Commitments continued

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

<u>Bus Operator Payments - IFRIC 12</u>	<u>2015/16</u> <u>£000's</u>	<u>2014/15</u> <u>£000's</u>
Minimum lease payments under IFRIC 12 recognised in the year :	<u>5,273</u>	<u>5,242</u>
Within 1 year	5,261	5,117
Within 2-5 years	12,429	14,637
Beyond 5 years	-	2,483
	<u>17,690</u>	<u>22,237</u>

27 Contingent Liabilities

The Combined Authority had a contingent liability at 1 April 2015 arising from possible claims relating to NGT acquisitions. The liability continues at 31 March 2016 but it is not practical to disclose an estimate of the financial effect, amount and timing due to the uncertainty.

28 Going Concern

The accounts of the Combined Authority have been prepared on a going concern basis. The West Yorkshire Combined Authority order 2014 created the Combined Authority at 1st April 2014 and provided that all the assets, liabilities and functions of the Integrated Transport Authority and Passenger Transport Executive were transferred across. This was deemed to be a transfer of services under combinations of public sector bodies and therefore the presumption of going concern continues in accordance with the code. The pension liability does not undermine the presumption of going concern as the Combined Authority is making additional pension contributions to address the deficit.

29 Events After the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Chief Financial Officer on 29 September 2016. There have been no adjustments to the financial statements for events after the balance sheet date on the basis that the announcement to abort the NGT scheme was a condition that arose after the reporting period and therefore is a non-adjusting event.

30 Transfer of Balances

The West Yorkshire Combined Authority (WYCA) came into being on 1 April 2014 by virtue of the West Yorkshire Combined Authority Order 864/2014 (the 2014 Order). At the same time, the WYITA and WYPTE were dissolved. All of the functions, assets, liabilities and powers of the WYITA and WYPTE were transferred to the WYCA under the provisions of the 2014 Order. As part of its Economic Development and regeneration functions WYCA became the accountable body for the Leeds City Region Local Enterprise Partnership (LEP) at 1 April 15 with balances relating to the LEP transferred from Leeds City Council. The balances transferred are disclosed below:-

	01 April 15 £000's
Non-current assets	
Property, Plant, Equipment	-
Donated Assets	-
Assets held for sale	-
	<u>-</u>
Current Assets	
Short term investment	-
Short term debtors	3
Cash and cash equivalents	15,767
	<u>15,770</u>
Long term Debtors	23,837
Total assets	<u>39,607</u>
Current liabilities	
Short term borrowing	-
Trade and Other payables	-
Accruals and deferred income	(3,476)
Provisions	-
	<u>(3,476)</u>
Long term borrowing	-
Other long term liabilities	
Net Pension liability	-
Net Assets	<u>36,131</u>
Usable Reserves	
General Fund Balance	763
Capital Grants Unapplied Reserve	11,531
Rail Reserve	-
NGT Reserve	-
WY Transport Fund Reserve	-
	<u>12,294</u>
Unusable Reserves	
Capital Adjustment Account	23,837
Financial instrument adjustment account	-
Donated Asset Account	-
Pension Reserves	-
Revaluation Reserve	-
	<u>23,837</u>
Total Reserves	<u>36,131</u>