



# Statement of Accounts 2016/17

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# Doncaster MBC Statement of Accounts 2016/17

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## Narrative Report

### Introduction

The accounts of such a large and diverse authority as Doncaster Metropolitan Borough Council are, by their nature, both technical and complex. The information contained within the Statement of Accounts for 2016/17 is presented as simply and clearly as possible. The Narrative Report explains some of the statements and provides a summary of the Council's financial performance as at 31<sup>st</sup> March 2017 along with its financial prospects.

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards ('IFRS') for 2016/17 (the Code) and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy ('CIPFA'). The overriding requirement of the Code is that the Statement of Accounts 'presents a true and fair view' of the financial position and transactions of the Council.

### About Doncaster

The Council is located in the county of South Yorkshire and is one of the oldest boroughs in England having been established since 1194. It is geographically the largest metropolitan district in England covering an approximate area of 57,000 hectares with a population of 304,813.

### Council's Performance

The Council and its partners ('Team Doncaster') are committed to building a strong local economy as the foundation for enabling all residents to achieve their full potential within progressive, healthy, safe and vibrant communities.

- **Performance Position: 93% of service measures at or close to target**

In quarter 4, the overall performance of the Council's service measures is good with 93% (41 out of 44) exceeding or close to local targets. Doncaster has performed well in many areas. At £90.5m, investment into and within Doncaster nearly doubled the target level as did new full time equivalent jobs created through the support of Business Doncaster. Continuing last year's success, 1057 new homes were built across Council and private sector providers, which bucked the national and regional trend by over-delivering against the Council's identified need, at a time when other areas in the region are falling short. Regarding Doncaster's young people, 1175 new apprenticeships have been created since 2013 and first choice school placements at both primary and secondary levels exceed national average levels. Admissions for residential care are lower this year than in previous years and quarter 4 saw the biggest increase in direct payment take up for 2 years. In addition, 70% of the Council's spend was made with Doncaster companies.

Measures that are adrift from the Council's local targets include schools persistent absenteeism at both primary and secondary levels, drug treatment success rates and overall staff sickness levels and outcomes for Care Leavers.

Further details can be found in the Finance and Improvement Report: 2016-17 Quarter 4: -

<https://doncasterintranet.moderngov.co.uk/documents/s11740/Finance%20and%20Performance%20Report%20Quarter%204.pdf>

### Financial Performance

- **Revenue Position: £2.3m overspend**

The outturn position for the Council is a £2.3m overspend. The table below represents General Fund services only. The figures differ from those shown in the statements on pages 9 to 13 as these statements include both General Fund and the Housing Revenue Account (HRA).

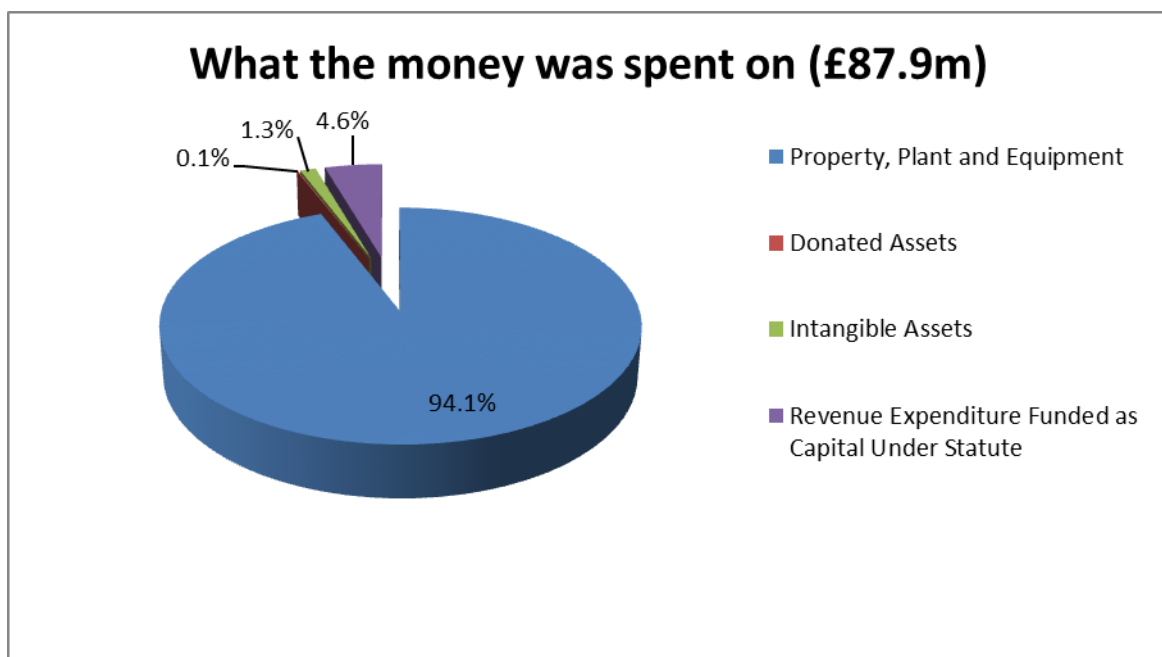
	<b>Gross Budget £m</b>	<b>Net Budget £m</b>	<b>Total Variance £m</b>
<b>Services</b>			
Adults Health and Wellbeing	148.7	72.5	0.9
Learning & Opportunities - Children & Young People	158.2	9.8	0.0
Children's Services Trust	45.7	41.7	1.5
Finance & Corporate Services	123.3	20.7	(1.3)
Regeneration & Environment	72.8	38.2	2.8
<b>Total Services Budgets</b>	<b>548.7</b>	<b>182.9</b>	<b>3.9</b>
<b>Council Wide</b>			
General Financing/Treasury Management	6.0	5.4	0.1
Council-wide savings targets	(1.1)	(1.1)	1.1
Other Council-Wide	26.0	17.9	(2.9)
<b>Subtotal</b>	<b>30.9</b>	<b>22.2</b>	<b>(1.7)</b>
Levying Bodies	18.0	18.0	0.0
Business Rates	0.0	(125.4)	0.1
<b>Subtotal</b>	<b>18.0</b>	<b>(107.4)</b>	<b>0.1</b>
<b>Total General Fund Services</b>	<b>597.6</b>	<b>97.7</b>	<b>2.3</b>

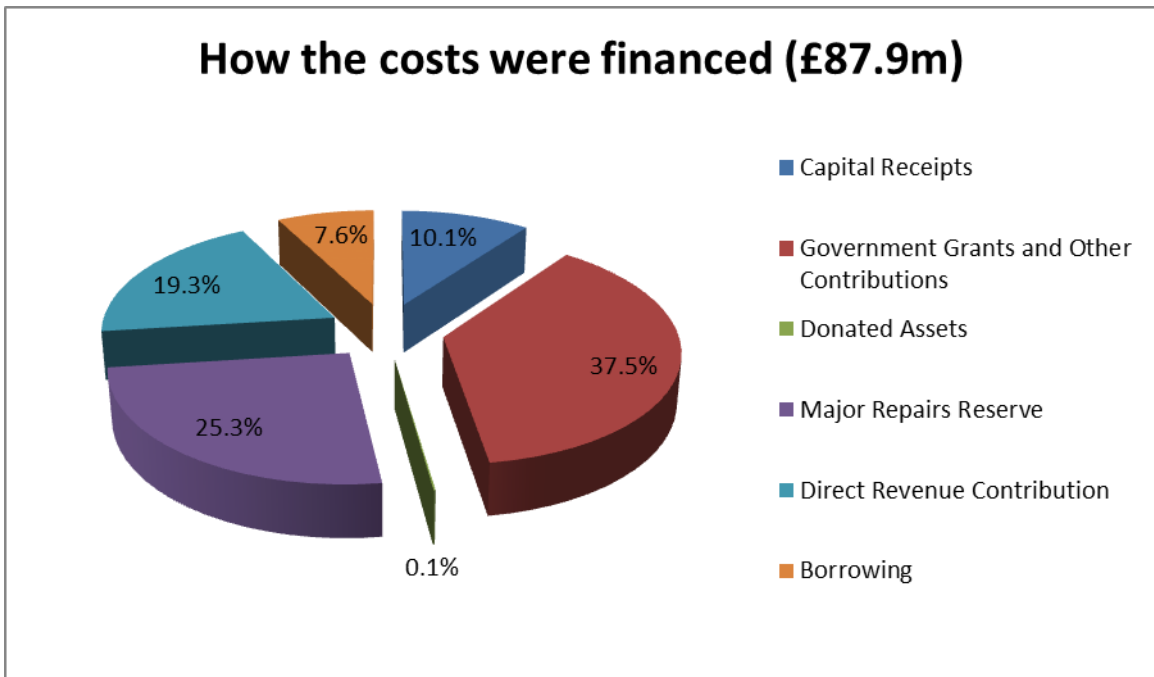
The Regeneration & Environment £2.8m overspend and Children's Trust £1.5m overspend are offset by £1.3m one-off underspends in Finance & Corporate Services and £1.7m one-off underspends in Council-Wide. The position includes the delivery of £37.4m savings towards the £40.2m target, leaving a shortfall of circa £2.8m mainly from the Modern & Productive, Appropriate Assets and Digital Council programmes.

- **Capital Position**

Capital expenditure represents money spent by the Council to purchase, upgrade or improve assets such as buildings, vehicles and roads. The distinction between capital and revenue expenditure is that the Council and its communities receive the benefit from capital expenditure over a longer period of time, usually over a number of years.

The Council spent £87.9m on capital schemes which includes schemes such as the High Speed Rail College, DN7 unity link road, adaptations for the disabled, creation of school places and the school condition programme.

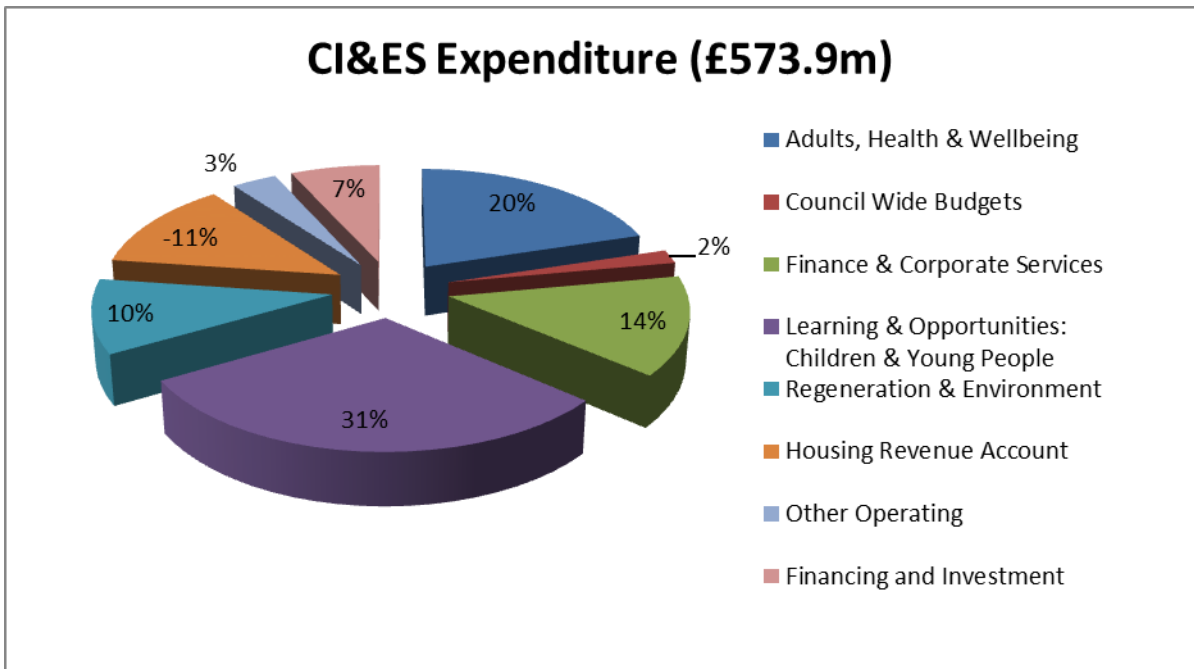


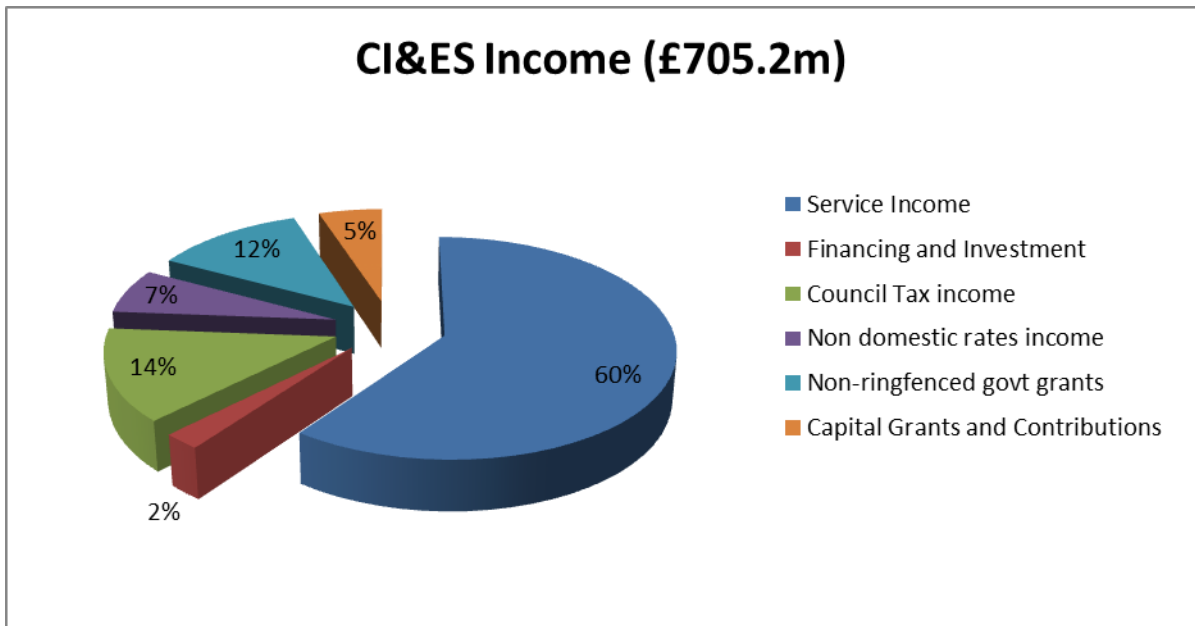


- Cost of the Council’s Services**

The Comprehensive Income and Expenditure Statement (‘CI&ES’) for 2016/17 shows the cost of running the Council’s services and how that was funded between April 2016 and March 2017.

Overall expenditure on Council services was £573.9m, down £168.1m or 22.7% compared to 2015/16. Income was £705.2m, down £15.3m or 2.1% compared to 2015/16. The surplus on provision of services was £131.3m, up £152.8m or 710.7% compared to 2015/16. This was largely due to a revaluation gain in social housing – see Note 5 to the accounts.





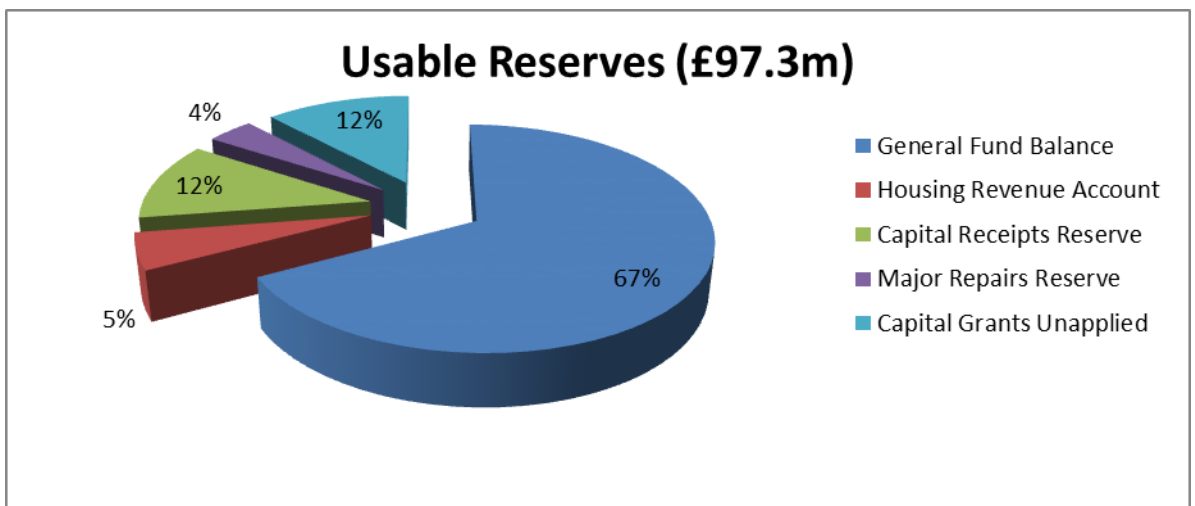
- Balance Sheet**

The Council's net worth increased by £24.7m from £580.0m to £604.7m which is mainly due to an increase in Property, Plant & Equipment partially offset by an increase in the liability related to defined benefit pension scheme.

<u>Balance Sheet</u>	<b>31<sup>st</sup> March 2017</b>
	<b>£m</b>
Non-Current Assets (e.g. Property, Plant & Equipment)	1,586.4
Current Assets (e.g. short term debtors)	101.6
Cash and cash equivalents (net)	(8.9)
Current Liabilities (e.g. short term creditors, short term borrowing)	(71.1)
Long Term Liabilities (e.g. long term borrowing, pension deficit)	(1,003.3)
<b>Net Worth (31<sup>st</sup> March 2016: £580.0m)</b>	<b>604.7</b>
<b>Financed by:</b>	
Usable Reserves (see below)	97.3
Unusable Reserves	507.4
<b>Net Worth (31<sup>st</sup> March 2016: £580.0m)</b>	<b>604.7</b>

- Usable Reserves**

The Council's usable reserves decreased by 4.0% to £97.3m, this includes a decrease in the General Fund reserves of £4.0m or 5.8% to £65.5m.



## Financial Outlook

- **General Fund – Revenue**

The Council's financial position continues to be significantly affected by the Government's plans for deficit reduction which requires local authorities to reduce expenditure or increase income. Despite these considerable funding reductions, the Council is committed to promoting growth and prosperity for its residents. Savings from services will be targeted to deliver value for money and make a difference to those people who need them the most, making the most of technology and redesigning services so they are fit for the future. The Council will continue to work in partnership with local communities, voluntary, charity and faith sectors to integrate and deliver services together.

On 2<sup>nd</sup> March 2017, the Council set a budget which involved setting a target to fund £23.5m of financial pressures in 2017/18, increasing to £66.8m a year by 2021. This arises due to government grant reductions of £10.4m in 2017/18, increasing to £19m a year by 2020/21. On top of the grant reductions the Council is facing significant expenditure pressures which are estimated at £13.1m in 2017/18 and increase to over £47m by 2020/21.

Whilst the financial circumstances are not of the Council's making, it is the Council's responsibility to propose a robust, clear and balanced budget. The budget proposed is based on reduced but sustainable income and only uses minimal one-off reserves in 2017/18 in line with the financial strategy. Delivery of the budget continues to depend on achieving the challenging reductions in spending and delivering high quality key services. The Council has plans to address the £23.5m in 2017/18.

The Medium-Term Financial Forecast for the period 2017/18 to 2020/21 details all the assumptions resulting in the £66.8m savings required by 2021; along with the £23.5m for 2017/18 this includes £13.1m for 2018/19, £14.0m for 2019/20 and £16.2m in 2020/21. It is intended that the Mayor and Full Council will consider a 4-year balanced budget to March 2021 in autumn 2017.

On the 23<sup>rd</sup> June 2016, the United Kingdom voted to leave the European Union (EU). Article 50 has now been triggered giving the UK and the EU 2 years of negotiations with the EU and the rest of the world. The impact of leaving the EU continues to be uncertain and the Council will continue to monitor events closely.

- **The Capital Programme**

The Council continues to invest in the future of the Borough despite the tough economic climate with an estimated £332m of capital investment over 2017/18 to 2020/21 that will continue to stimulate growth and prosperity, with £119m of spend estimated for 2017/18. The Council is investing in projects to further improve education, housing, infrastructure, leisure and culture, as well as attracting investors and visitors to the Borough.

Prime examples of this investment are: -

- Urban Centre - The Council will deliver £30.5m of investment in a range of projects in the urban centre aligned with the Town Centre Master Plan
- The Council will deliver £41.2m of investment in major transport schemes such as the Finningley and Rossington Regeneration Route Scheme (FARRRS) phase 2, A630 West Moor Link dualling and A1/A19 Link Road.

- **Corporate Plan**

A new Corporate Plan has been agreed for 2017/18 which marks the next stage in the Council's improvement journey. It has 4 priority themes: -

- Doncaster Working
- Doncaster Caring
- Doncaster Living
- Doncaster Learning

Further details can be found on the Council's website: -

<http://www.doncaster.gov.uk/services/the-Council-democracy/corporate-plan>

## Risk Management Framework

The Council recognises that risk management is an integral part of good governance and management practice. Managing risks effectively contributes to the delivery of the strategic and operational objectives of the Council.

The Council holds a Risk Management Framework containing key documents. There are currently 18 Strategic Risks and all have been updated as part of the quarter 4 finance and performance reporting process. Further details can be found on the Council's website: -

<http://www.doncaster.gov.uk/services/the-Council-democracy/corporate-plan>

## Explanation of Accounting Statements

- **The Statement of Responsibilities for the Statement of Accounts**  
A brief statement of the Council's financial responsibilities and those of the Chief Financial Officer.
- **Core Financial Statements**
  - **Comprehensive Income and Expenditure Statement** shows the income and expenditure in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
  - **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The (Surplus) or Deficit on the Provision of Services line shows the economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The net (Increase) / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.
  - **Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. 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 shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.



- **Cash Flow Statement** shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital, i.e. borrowing, to the Council.
- **Notes to the Core Financial Statements**  
Notes identify the nature and value of various entries within the core statements often providing additional information to aid the understanding of the accounts.
  - **Expenditure and Funding Analysis ('EFA')** shows how annual expenditure is used and funded from resources (government grants, rents, Council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- **Supplementary Statements**
  - **Housing Revenue Account ('HRA')**, which is consolidated into the main statements, reports on the Council's activities as a social landlord. The HRA reflects a statutory obligation to account separately for local authority housing provision, as defined in particular in schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure (maintenance and administration) and how these are met by rents, subsidy and other income. From 1<sup>st</sup> October 2005, maintenance and administration of the Council's dwellings was transferred to St. Leger Homes of Doncaster Limited, an Arms' Length Management Organisation, limited by guarantee and wholly owned by the Council.
  - **Collection Fund** account reports on the collection of local taxes and their distribution. The account reflects the statutory requirement for billing authorities to establish and maintain a separate Collection Fund, which accounts for the income from Council Tax and National Non-Domestic Rates (NNDR). This income finances the net expenditure requirements of the authorities within the Doncaster Council area, including the Council itself, the South Yorkshire Joint Authorities and Parish Councils.

### Significant Changes in Accounting Policy

The Council's financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') and the CIPFA Code of Practice on Local Authority Accounting 2016/17. The accounting policies presented in Note 1 are compliant with IFRS and have been applied in preparing the financial statements and the comparative information.

There have been no significant changes in accounting policy during 2016/17.

**Steve Mawson**  
**Chief Financial Officer**  
**& Assistant Director - Finance**

(Section 151 officer)

**1<sup>st</sup> June 2017**

## **The Statement of Responsibilities for the Statement of Accounts**

### **The Council's Responsibilities**

The Council 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 Council, that officer is the Chief Financial Officer & Assistant Director - Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

**Cllr Austen White**  
**Chair of Audit Committee**

### **The Chief Financial Officer & Assistant Director - Finance Responsibilities**

The Chief Financial Officer & Assistant Director - Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, the Code.

In preparing this Statement of Accounts, the Chief Financial Officer & Assistant Director - Finance has: -

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

This Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2017.

**Steve Mawson**  
**Chief Financial Officer**  
**& Assistant Director - Finance**

**(Section 151 officer)**

## Expenditure and Funding Analysis

2015/16				2016/17		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
88,761	8,828	97,589	Adults, Health & Wellbeing	74,258	4,850	79,108
34,173	10,671	44,844	Council Wide Budgets	30,665	(16,277)	14,388
19,668	(12,388)	7,280	Finance & Corporate Services	19,853	(11,821)	8,032
46,673	12,743	59,416	Learning & Opportunities: Children & Young People	52,991	31,131	84,122
41,845	10,852	52,697	Regeneration & Environment	40,359	17,029	57,388
(21,846)	2,399	(19,447)	Housing Revenue Account	(20,588)	(151,614)	(172,202)
<b>209,274</b>	<b>33,105</b>	<b>242,379</b>	<b>Net Cost of Services</b>	<b>197,538</b>	<b>(126,702)</b>	<b>70,836</b>
2,401	23,689	26,090	Other Operating Expenditure	1,671	24,759	26,430
21,304	8,432	29,736	Financing and Investment Income and Expenditure	24,916	10,711	35,627
(223,593)	(53,082)	(276,675)	Taxation and Non-specific Grant income	(218,432)	(45,789)	(264,221)
<b>9,386</b>	<b>12,144</b>	<b>21,530</b>	<b>(Surplus) or deficit</b>	<b>5,693</b>	<b>(137,021)</b>	<b>(131,328)</b>
<b>(85,791)</b>			<b>Opening General Fund and HRA Balance</b>	<b>(76,405)</b>		
<b>9,386</b>			<b>Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year</b>	<b>5,693</b>		
<b>(76,405)</b>			<b>Closing General Fund and HRA Balance at 31 March*</b>	<b>(70,712)</b>		

\* For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

## The Core Financial Statements

### Comprehensive Income and Expenditure Statement

2015/16				2016/17		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
160,332	(62,743)	97,589	Adults, Health & Wellbeing	154,638	(75,530)	79,108
49,034	(4,190)	44,844	Council Wide Budgets	14,846	(458)	14,388
108,849	(101,569)	7,280	Finance & Corporate Services	107,243	(99,211)	8,032
213,257	(153,841)	59,416	Learning & Opportunities: Children & Young People	233,751	(149,629)	84,122
71,871	(19,174)	52,697	Regeneration & Environment	80,218	(22,830)	57,388
57,233	(76,680)	(19,447)	Housing Revenue Account	(95,659)	(76,543)	(172,202)
<b>660,576</b>	<b>(418,197)</b>	<b>242,379</b>	<b>Net Cost of Services</b>	<b>495,037</b>	<b>(424,201)</b>	<b>70,836</b>
2,169	0	2,169	Parish Council Precepts	1,952	0	1,952
2,231	0	2,231	Payments to the Government Housing Capital Receipts Pool	2,491	0	2,491
21,690	0	21,690	(Gains) / Losses on the disposal of non-current assets	21,987	0	21,987
<b>26,090</b>	<b>0</b>	<b>26,090</b>	<b>Other operating expenditure</b>	<b>26,430</b>	<b>0</b>	<b>26,430</b>
20,870	0	20,870	Interest payable & similar charges	21,745	0	21,745
12,213	0	12,213	Pensions interest cost & expected return on pensions Assets	12,238	0	12,238
0	(1,674)	(1,674)	Interest receivable & similar income	0	(1,613)	(1,613)
5	(604)	(599)	Income & expenditure in relation to investment properties & changes in their fair value	5,320	(177)	5,143
22,237	(23,311)	(1,074)	(Surplus) / Deficit on Trading Undertakings not in Net Cost of Services (Note 28)	13,147	(15,033)	(1,886)
<b>55,325</b>	<b>(25,589)</b>	<b>29,736</b>	<b>Financing and investment income and expenditure</b>	<b>52,450</b>	<b>(16,823)</b>	<b>35,627</b>
0	(91,038)	(91,038)	Council tax income	0	(96,448)	(96,448)
0	(46,372)	(46,372)	Non domestic rates redistribution	0	(46,574)	(46,574)
0	(97,218)	(97,218)	Non-ring fenced Government grants (Note 34)	0	(85,297)	(85,297)
0	(42,047)	(42,047)	Capital grants and contributions (Note 34)	0	(35,902)	(35,902)
<b>0</b>	<b>(276,675)</b>	<b>(276,675)</b>	<b>Taxation and non-specific grant income</b>	<b>0</b>	<b>(264,221)</b>	<b>(264,221)</b>
<b>741,991</b>	<b>(720,461)</b>	<b>21,530</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>573,917</b>	<b>(705,245)</b>	<b>(131,328)</b>
		(38,102)	(Surplus) / Deficit on revaluation of non-current assets (Note 24a)			(30,693)
		(51,409)	Actuarial (gains) / losses on pension assets / liabilities (Note 24d)			137,255
		0	(Surplus) / Deficit on revaluation of available for sale financial assets (Note 24i)			(33)
		<b>(89,511)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>106,529</b>
		<b>(67,981)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(24,799)</b>



## Movement in Reserves Statement

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 24) £'000	Total Council Reserves £'000
<b>Balance at 31<sup>st</sup> March 2016 brought forward</b>	<b>(69,545)</b>	<b>(6,860)</b>	<b>(12,502)</b>	<b>(3,561)</b>	<b>(8,917)</b>	<b>(101,385)</b>	<b>(478,566)</b>	<b>(579,951)</b>
<b>Movement in reserves during 2016/17</b>								
<b>Total Comprehensive Income and Expenditure</b>	21,073	(152,401)	0	0	0	<b>(131,328)</b>	<b>106,529</b>	<b>(24,799)</b>
Adjustments between accounting basis and funding basis under regulations (Note 10)	(16,904)	154,018	1,309	(191)	(2,852)	<b>135,380</b>	<b>(135,380)</b>	<b>0</b>
Other Adjustments	(93)	0	0	0	93	<b>0</b>	<b>0</b>	<b>0</b>
<b>(Increase) / Decrease in 2016/17</b>	<b>4,076</b>	<b>1,617</b>	<b>1,309</b>	<b>(191)</b>	<b>(2,759)</b>	<b>4,052</b>	<b>(28,851)</b>	<b>(24,799)</b>
<b>Balance at 31<sup>st</sup> March 2017 carried forward</b>	<b>(65,469)</b>	<b>(5,243)</b>	<b>(11,193)</b>	<b>(3,752)</b>	<b>(11,676)</b>	<b>(97,333)</b>	<b>(507,417)</b>	<b>(604,750)</b>

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 24) £'000	Total Council Reserves £'000
<b>Balance at 31<sup>st</sup> March 2015 brought forward</b>	<b>(79,664)</b>	<b>(6,127)</b>	<b>(10,023)</b>	<b>(11,128)</b>	<b>(12,487)</b>	<b>(119,429)</b>	<b>(392,541)</b>	<b>(511,970)</b>
<b>Movement in reserves during 2015/16</b>								
<b>Total Comprehensive Income and Expenditure</b>	17,684	3,846	0	0	0	<b>21,530</b>	<b>(89,511)</b>	<b>(67,981)</b>
Adjustments between accounting basis and funding basis under regulations (Note 10)	(7,433)	(4,579)	(2,479)	7,567	3,438	<b>(3,486)</b>	<b>3,486</b>	<b>0</b>
Other Adjustments	(132)	0	0	0	132	<b>0</b>	<b>0</b>	<b>0</b>
<b>(Increase) / Decrease in 2015/16</b>	<b>10,119</b>	<b>(733)</b>	<b>(2,479)</b>	<b>7,567</b>	<b>3,570</b>	<b>18,044</b>	<b>(86,025)</b>	<b>(67,981)</b>
<b>Balance at 31<sup>st</sup> March 2016 carried forward</b>	<b>(69,545)</b>	<b>(6,860)</b>	<b>(12,502)</b>	<b>(3,561)</b>	<b>(8,917)</b>	<b>(101,385)</b>	<b>(478,566)</b>	<b>(579,951)</b>

## Balance Sheet

31 <sup>st</sup> March 2016		Notes	31 <sup>st</sup> March 2017	
£'000	£'000		£'000	£'000
1,382,776		Property, Plant & Equipment	12	1,552,823
10,258		Heritage Assets	13	10,163
9,031		Investment Property	14	3,725
3,831		Intangible Assets	15	4,311
2,800		Long Term Investments	16	7,838
7,744		Long Term Debtors	16	7,605
	<b>1,416,440</b>	<b>Long Term Assets</b>		<b>1,586,465</b>
807		Current Intangible Assets		540
25,029		Short Term Investments	16	17,124
6,000		Assets Held for Sale	20	1,500
2,644		Inventories	17	1,590
73,682		Short Term Debtors	18	80,834
16,925		Cash & Cash Equivalents	19	6,529
	<b>125,087</b>	<b>Current Assets</b>		<b>108,117</b>
(12,781)		Cash & Cash Equivalents	19	(15,372)
(38,284)		Short Term Borrowing	16	(22,100)
(45,606)		Short Term Creditors	21	(43,772)
(1,202)		Provisions	22	(954)
(8,897)		Revenue Grants Receipts in Advance	34	(1,921)
(699)		Capital Grants Receipts in Advance	34	(3,851)
	<b>(107,469)</b>	<b>Current Liabilities</b>		<b>(87,970)</b>
(18,718)		Provisions	22	(14,544)
(410,959)		Long Term Borrowing	16	(428,911)
(60,501)		Deferred Liabilities	16, 44	(56,760)
(2,707)		Capital Grants Receipts in Advance	34	(2,137)
(361,222)		Liability related to defined benefit pension scheme	40	(499,510)
	<b>(854,107)</b>	<b>Long Term Liabilities</b>		<b>(1,001,862)</b>
	<b>579,951</b>	<b>Net Assets</b>		<b>604,750</b>
101,385		Usable Reserves		97,333
478,566		Unusable Reserves	24	507,417
	<b>579,951</b>	<b>Total Reserves</b>		<b>604,750</b>

This balance sheet was completed and authorised for issue on 1<sup>st</sup> June 2017, the date to which events after the balance sheet date have been considered.

These accounts present fairly the financial position of Doncaster Metropolitan Borough Council as at 31<sup>st</sup> March 2017.

**Steve Mawson**  
**Chief Financial Officer**  
**& Assistant Director - Finance**

**(Section 151 officer)**

**1<sup>st</sup> June 2017**



## Cash Flow Statement

<b>31<sup>st</sup> March 2016 £'000</b>		<b>31<sup>st</sup> March 2017 £'000</b>
(21,530)	Net surplus or (deficit) on the provision of services	131,328
110,229	Adjustments to net surplus or deficit on the provision of services for non-cash movements <b>(Note 25)</b>	(67,304)
(44,338)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities <b>(Note 25)</b>	(46,220)
<b>44,361</b>	<b>Net cash flows from Operating Activities</b>	<b>17,804</b>
<b>(49,959)</b>	<b>Investing Activities (Note 26)</b>	<b>(27,995)</b>
<b>5,968</b>	<b>Financing Activities (Note 27)</b>	<b>(2,796)</b>
370	Net increase or (decrease) in cash and cash equivalents	(12,987)
3,774	Cash and cash equivalents at the beginning of the reporting period	4,144
<b>4,144</b>	<b>Cash and cash equivalents at the end of the reporting period (see Note 19)</b>	<b>(8,843)</b>

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## 1 Accounting Policies

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31<sup>st</sup> March 2017. The Council is required by the Accounts and Audit Regulations 2015 to prepare an annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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.

### 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 Council 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 Council;
- Revenue from the provision of services is recognised when the Council 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 Council;
- 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.

### Acquired and Discontinued Operations

Operations that have been acquired or discontinued are shown in the relevant year alongside the nature of the acquired or discontinued operation and details of any outstanding liabilities in respect of discontinued operations.

### Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. They are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents include bank overdrafts that are an integral part of the Council's cash management. Investments or loans with a longer maturity at acquisition do not become cash equivalents once their remaining maturity period falls to three months.

In the Cash Flow Statement and Balance Sheet, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year: -

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off. In accordance with the item 8 determination revaluation and impairment losses relating to non-dwelling HRA assets will no longer be reversed;
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisations however, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis, determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Minimum Revenue Provision (MRP) is calculated using the Annuity method. The Annuity method produces a profile of MRP repayments that starts low and increases each year.

### **Collection Fund**

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local Government bodies and the Government. The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and NNDR. The administrative costs associated with the collection process are charged to the General Fund. Collection Fund surpluses declared by the billing authority are apportioned to the relevant precepting bodies in subsequent financial years. Deficits likewise are proportionately charged to the relevant precepting bodies in the following years.

Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year due to the Council. This includes the Council's share of surpluses and deficits on the fund. Regulations specify that sums to be released from the Collection Fund to the General Fund should be the Council's precept plus any share of the previous year's surplus or deficit. Any difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included in the Movement in Reserves Statement.

Debtor and creditor balances relating to individual taxpayers are apportioned between all preceptors and only the Council's share of these are recognised on the Balance Sheet. Any difference between cash collected on behalf of other preceptors and cash paid over to them is included as a creditor (where more cash has been collected than paid over) or a debtor. The Cash Flow Statement includes as operating activities only the Council's share of Council Tax and NNDR collected from taxpayers in the year and the net cost of pursuing Council Tax and NNDR arrears. As cash is collected as agent on behalf of other preceptors, monies (precepts) paid over to them are not revenue activities of the Council and are excluded from operating activities. Cash held as agent, being the difference between other preceptors' cash collected and paid over, is included in other receipts/payments within financing activities.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## Contingent Liabilities

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

## Employee Benefits

- Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

- Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to Council Wide Budgets line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

- Post-Employment Benefits

Employees of the Council are members of three separate pension schemes: -

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The Local Government Pensions Scheme, administered by South Yorkshire Pension Authority;
- The NHS Pension Scheme, administered by NHS Business Services Authority on behalf of NHS organisations.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The arrangements for the Teachers' Pensions Scheme and the NHS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Learning & Opportunities: Children & Young People line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year and the Adults, Health & Wellbeing line is charged with the employer's contributions payable to the NHS pensions in year.

- The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme: -

- The liabilities of the South Yorkshire Pension fund attributable to the Council 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, employee turnover rates etc. and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate of 2.6%. Details of the rates used and assumptions made are included in Note 40 to the core financial statements;
- The assets of South Yorkshire Pension fund attributable to the Council are included in the Balance Sheet at their fair value: -
  - quoted securities – current bid price;
  - unquoted securities – professional estimate;
  - unitised securities – current bid price;
  - property – market value.
- The change in the net pensions liability is analysed into the following components: -

**Service cost comprising: -**

- **current service cost** – 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 employees worked;
- **past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment 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 to Council Wide Budgets.
- **net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council** – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

**Remeasurements comprising: -**

- **the return on plan assets** – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- **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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

**Contributions paid to South Yorkshire 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 retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council 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 transfers 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 but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

- Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. The Council's current policy is not to award enhancements for non-school Council employees, i.e. those who are members of the Local Government Pension Scheme.

### Events after the Reporting Period

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

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

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

### Fair value measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: -

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

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

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

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

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

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

### Financial Instruments

- Financial Liabilities

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income & Expenditure line in the Comprehensive Income and Expenditure statement in the year of repurchase/settlement. Where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account (FIAA) in the Movement in Reserves Statement.

- Financial Assets

Financial assets are classified into two types: -

1. Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
2. Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

- Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Soft loans are loans issued at less than market rates. When these are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument. This results in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the FIAA in the Movement in Reserves Statement.

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

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

- Available-for-Sale Assets:

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.



Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income, e.g. dividends, is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles: -

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis;
- Equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

### **Government Grants and Contributions**

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

1. The Council will comply with the conditions attached to the payments; and
2. The grants or contributions will be received.

Amounts recognised as due to the Council 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 in the form of 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 and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

### **Heritage Assets (Tangible and Intangible)**

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets include Civic Regalia, Exhibits, Statues and Monuments, historic land and buildings, military and scientific equipment, recordings of historically significant events and works of art.

Heritage Assets are recognised on balance sheet at cost or value. Valuations for historic land and buildings have been prepared by in house assets and property valuers over a five year rolling programme. All other categories have been valued by the most appropriate and relevant valuation method including insurance and auction values. They are reviewed annually and updated if more up to date information is available.

There are heritage assets within the Council with an individual value below £10,000 that are not disclosed. The value has been considered to have an immaterial effect and therefore the cost of valuing these assets would again outweigh any benefit.

Revaluation gains and losses and impairments of heritage assets are accounted for in exactly the same way as for Property, Plant and Equipment. Disposal of heritage assets are accounted for in exactly the same way as for Property Plant and Equipment.

Depreciation is not required to be charged on heritage assets as, by nature, they will be preserved for future generations however, some of the buildings within the category of historic land and buildings are still depreciated as determinable lives have been estimated by the internal valuers. These asset lives are reviewed in line with the revaluation programme.

### **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events, e.g. software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

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

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

### **Interest in Companies and Other Entities**

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures. Group Accounts are prepared where these interests are material.

### **Inventories and Long-Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First-In-First-Out (FIFO) costing formula. Long term contracts are

accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

### Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those operators. In relation to its interest in a joint operation, the Council as a joint operator recognises: -

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation;
- Its expenses, including its share of any expenses incurred jointly.

### Leases

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

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

- The Council as Lessee
  - Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between: -

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

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

- Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leases Property, Plant or Equipment. Charges are made on a straight line basis over the life of the asset even if this does not match the pattern of cash payments, e.g. there is a rent free period at the commencement of the lease.

- The Council as Lessor
  - Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure statement as part of the profit or loss on disposal, i.e. netted off against the carrying value of the asset at the time of disposal, matched by a long term lease debtor in the Balance Sheet for the capital value outstanding.

Lease rentals receivable are apportioned between: -

- A charge for the acquisition of the interest in the property – applied to write down the long term debtor; and
- Finance income – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element of the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

- Operating leases

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

### **Non-current Assets - Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund balance, however, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve (for any sale proceeds greater than £10,000).

## Non-current Assets - Property, Plant and Equipment

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

- Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the costs of the item can be measured reliably. Expenditure that maintains but does not add value or increase an assets potential to deliver future economic benefits or service potential is charged as an expense when it is incurred. The de-minimis value of £100,000 is applied when reviewing revenue spend for capital items.

- Measurement

Assets are initially measured at cost, comprising: -

1. The purchase price;
2. Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases: -

1. Infrastructure, community assets and assets under construction – depreciated historical cost;
2. Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
3. Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
4. All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non property assets that have short useful lives or low values (or both), depreciated historical cost is used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued with sufficient regularity to ensure that their carrying amount is not materially different from their current value at the year-end but as a minimum every 5 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by: -

1. Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
2. Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

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

- Impairment

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

Where impairment losses are identified, they are accounted for by: -

1. Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains);
2. Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

- Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable useful life, e.g. freehold land and certain community assets and assets that are not yet available for use, i.e. assets under construction.

Depreciation is calculated on the following bases: -

<b>Asset Category</b>	<b>Useful Life</b>
Other Land & Building	Dependent upon the asset concerned
Vehicles, Plant & Equipment	3 - 20 years, dependent upon the asset
Infrastructure	40 years
Intangible e.g. surveys	Dependent upon the asset concerned
Council dwellings	Having considered the policy for depreciation of Council dwellings the Council has decided to continue with its policy of using the Major Repairs Allowance (MRA) as a proxy depreciation charge

Assets in the course of construction are not depreciated until they are brought into use.

For Property, Plant & Equipment, other than non-depreciable land, non-operational investment properties and assets held for sale, the only ground for not charging depreciation is that the charge would be immaterial.

Depreciation is calculated using the straight-line method.

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

- Disposals and Non- Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are only recognised up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not classified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received in excess of £10,000 are categorised as capital receipts.

A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory allowances) is payable to the Government. Up to 4% of the balance of receipts can be used to fund revenue expenditure. The balance of receipts is required to be credited to the Capital Receipts Reserve and then can only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against Council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

- Enhancement Expenditure and De-recognition of replaced part of an asset

Enhancement expenditure on Property, Plant & Equipment increases both the historic cost and carrying amount records. The enhancement expenditure could be in relation to one component, multiple components or for a single asset that has not been componentised.

The carrying amount of a replaced or restored part of the asset is de-recognised, with the carrying amount of the new component being recognised subject to the capital recognition principles being met.

This recognition and de-recognition takes place regardless of whether the replaced part had been depreciated separately, where it is not practicable to determine the carrying amount of the replaced part the cost of the new part is used as a proxy for the calculation of the old element to be de-recognised (adjustments for depreciation and impairment, are made if required).

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a threshold of £0.5million for determining whether an asset needs to be componentised. This has been set at a level below which the componentisation of an asset would have an insignificant impact upon the level of depreciation charged in the Comprehensive Income and Expenditure Statement.

### **Overheads and Support Services**

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

### **Prior period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

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

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

### **Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the

contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

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

Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Council. The amounts payable to the PFI operators each year are analysed into five elements: -

- **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- **finance cost** – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- **contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- **payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- **lifecycle replacement costs** – Recognised as additions to Property, Plant and Equipment in the Balance Sheet as the scheduled works are carried out and the expenditure is incurred.

### Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party, e.g. from an insurance claim, income is only recognised for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

### Provision for Back Pay Arising from Unequal Pay Claims

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy however, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an Equal Pay Back Pay Account created from amounts credited to the General Fund Balance in the year the provision was made or modified. The balance on the Equal Pay Back Pay Account will be debited back to the General Fund Balance in the Movement in Reserves Statement in future financial years as payments are made.

### Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure.

Specific reserves are available to fund capital or revenue expenditure following approval by Cabinet.



Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies.

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

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

### **Schools**

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

### **Value Added Tax (VAT)**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## **2 Accounting standards that have been issued but have not yet been adopted**

The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Council shall provide known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the Council's financial statements in the period of initial application. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1<sup>st</sup> January of the financial year in question (i.e. on or before 1<sup>st</sup> January 2017 for 2016/17). For this disclosure the proposals for change include: -

- Amendment to the reporting of pension fund scheme transaction costs;
- Amendment to the reporting of investment concentration.

These are not expected to have a material impact on the Council's statement of accounts.

## **3 Critical Judgments in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are: -

### **Central Government Funding**

There is a high degree of uncertainty about future levels of funding for local Government. The Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision other than those already earmarked for closure as part of budget delivery plans.

### **Accounting for non-current schools' assets**

The Council has made the following judgements regarding the accounting treatment of the differing types of schools;

- **Community schools** are run by the local authority, which employs the staff, owns the land and buildings and decides which admission criteria to use. The land and buildings of these schools are accounted for on the Council's balance sheet.

- **Trust schools** are a type of foundation school which forms a charitable trust with an outside partner. They are run by their own governing body, which employs the staff and sets the admission criteria. Land and buildings are transferred out of local authority ownership upon transfer to trust status. These schools are not accounted for on the Council's balance sheet and the assets are treated as a disposal upon transfer to trust status.
- **Voluntary-aided schools** are mainly religious or 'faith' schools and as with foundation schools, the governing body employs the staff and sets the admissions criteria. The school buildings are not accounted for on the Council's balance sheet although the land is.
- **Voluntary-controlled schools** are similar to voluntary aided schools but are run by the local authority. As with community schools, the local authority employs the school's staff and sets the admission criteria. The land and buildings of these schools are accounted for on the Council's balance sheet.
- **Academies** are independently managed, all-ability schools. They are set up by sponsors from business, faith or voluntary groups in partnership with the Department for Education and the Council. Together they fund the land and buildings, with the Government covering the running costs. The land and buildings are usually leased to the academy on a long term lease. The lease terms are reviewed on transfer to determine whether they represent finance or operating lease. Schools which are leased on a finance lease are treated as disposals. The buildings are not included on the Council's balance sheet but the land remains on the balance sheet at a nominal value. Schools which are issued on an operating lease are revalued in the year of transfer.

### Group Accounts

The Council has reviewed its relationship and interest with external organisations and concludes that it does have an interest in subsidiaries, associated companies and joint ventures that are material both individually and in aggregate and therefore a set of Group Accounts has been prepared. This consideration has been made under the provisions of IFRS 10 ('Consolidated Financial Statements') and IFRS 11 ('Joint Arrangements') as required by the Code.

### Property, Plant and Equipment valuations

The Code of Practice has clarified the requirements for valuing Property, Plant and Equipment and states explicitly that revaluations must be 'sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.' In order to be satisfied that the value of assets in the balance sheet is not materially different from the amount that would be given by a full valuation carried out on 31<sup>st</sup> March 2017 the Council, for assets not valued in the year, has judged that their value has not altered materially at the balance sheet date. This judgement is supported by a year-end valuation report provided by the Council's qualified valuers that provides assurance that valuations are materially correct at the balance sheet date.

## 4 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31<sup>st</sup> March 2017 for which there is a significant risk of material adjustments in the forthcoming financial year are as follows: -

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Property, Plant and Equipment, HRA valuation (Note 12)</b>	The value of the Council's housing dwellings stock is calculated using beacon properties. These valuations are then adjusted for the vacant possession value for the properties and to reflect their occupation by a secure tenant. This adjustment is considered to reflect the additional risk and liability the public sector landlords undertake when compared with private sector investors. The adjustment factor which is applied to the total vacant possession valuation (based on the beacon valuation) is for local authorities to determine seeking appropriate professional advice where applicable.	The fair value of the Council's housing dwellings stock as at the 31 <sup>st</sup> March 2017 has been determined using an adjustment factor of 41%. A 1% decrease in this adjustment factor would have resulted in a revaluation loss of £15.711m in 2016/17.
<b>Defined Benefit Pension Schemes Liabilities (Note 40)</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Mercers, a firm of consulting actuaries, are engaged to provide the Council with expert advice about the assumptions to be applied.	The net pension liability which the Council has in the long run is estimated to be £499.510m (£361.222m as at 31 <sup>st</sup> March 2016). A 0.1% increase in the discount rate assumption would result in a decrease in the pensions' liability of £31.508m. A 0.1% increase in the inflation rate assumption would result in an increase in the pensions' liability of £32.152m. Similarly, a one year addition to members' life expectancy as at 31 <sup>st</sup> March 2017 would result in an increase in the pensions' liability of £31.007m.
<b>Fair Value Measurements</b>  <b>Investment Properties (Note 14)</b>  <b>Financial Instruments (Note 16)</b>	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk however, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's chief valuation officer and external valuer).	The Council uses indexation techniques and beacon valuations to measure the fair value of some of its investment properties and financial assets and liabilities. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets and liabilities), beacon classifications and others. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets and liabilities.

## 5 Material Items of Income and Expense

In respect of the Housing Revenue Account, the regional adjustment factor, applied to ascertain the value of social housing stock, has increased to 41% compared to 31% which was used last year.

This has meant all social housing stock has had a revaluation gain in year causing a material value of previous impairment losses to be reversed (£153.9m – see Note 12).

## 6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Financial Officer & Assistant Director - Finance on 1<sup>st</sup> June 2017. 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<sup>st</sup> March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The Council has not identified any post Balance Sheet events as at 1<sup>st</sup> June 2017.

## 7 Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis			
	2016/17			
	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 1)	(Note 2)	(Note 3)	
£'000	£'000	£'000	£'000	
Adults, Health & Wellbeing	(2,554)	(279)	7,683	4,850
Council Wide Budgets	4,639	(20,916)	0	(16,277)
Finance & Corporate Services	1,174	(210)	(12,785)	(11,821)
Learning & Opportunities: Children & Young People	25,684	(485)	5,932	31,131
Regeneration & Environment	17,488	(412)	(47)	17,029
Housing Revenue Account	(151,614)	0	0	(151,614)
<b>Net Cost of Services</b>	<b>(105,183)</b>	<b>(22,302)</b>	<b>783</b>	<b>(126,702)</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(24,564)</b>	<b>12,130</b>	<b>2,115</b>	<b>(10,319)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(129,747)</b>	<b>(10,172)</b>	<b>2,898</b>	<b>(137,021)</b>

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis			
	2015/16			
	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 1)	(Note 2)	(Note 3)	
£'000	£'000	£'000	£'000	
Adults, Health & Wellbeing	4,219	(2,576)	7,185	8,828
Council Wide Budgets	2,544	9,942	(1,815)	10,671
Finance & Corporate Services	980	(1,705)	(11,663)	(12,388)
Learning & Opportunities: Children & Young People	12,525	(3,257)	3,475	12,743
Regeneration & Environment	13,691	(2,393)	(446)	10,852
Housing Revenue Account	2,399	0	0	2,399
<b>Net Cost of Services</b>	<b>36,358</b>	<b>11</b>	<b>(3,264)</b>	<b>33,105</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(34,011)</b>	<b>13,275</b>	<b>(225)</b>	<b>(20,961)</b>

Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	2,347	13,286	(3,489)	12,144
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#### Note 1 Adjustment for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line and for: -

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

#### Note 2 Net Change for Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income: -

- For **services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs;
- For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

#### Note 3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute: -

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts;
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for Council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- For **services** this represents the allocation of charges for services that support the provision of services to the public, e.g. Finance, I.T., Human Resources, Legal Services etc. as required by SeRCOP.

## 8 Segmental Income

Income received on a segmental basis is analysed below: -

	2015/16	2016/17
	Fees, charges and other service income	Fees, charges and other service income
Services	£'000	£'000
Adults, Health & Wellbeing	(24,829)	(27,640)
Council Wide Budgets	(2,616)	(267)
Finance & Corporate Services	(4,464)	(4,722)
Learning & Opportunities: Children & Young People	(7,178)	(7,958)
Regeneration & Environment	(18,764)	(15,287)
Housing Revenue Account	(74,867)	(76,543)
<b>Total Fees, charges and other service income analysed on a segmental basis</b>	<b>(132,718)</b>	<b>(132,417)</b>

The amounts in the table differ from the Fees, charges and other service income in Note 9 due to income relating to Trading Operations of £14.983m (£22.072m in 2015/16).

## 9 Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows: -

	2015/16	2016/17
	£'000	£'000
<b>Expenditure / Income</b>		
<b>Expenditure</b>		
Employee benefits expenses	222,749	196,603
Other services expenses	358,661	361,082
Support service recharges	43,537	39,466
Depreciation, amortisation, impairment	57,871	(83,647)
Interest payments	33,083	33,983
Precepts and levies	2,169	1,952
Payments to Housing Capital Receipts Pool	2,231	2,491
Gain on the disposal of assets	21,690	21,987
<b>Total expenditure</b>	<b>741,991</b>	<b>573,917</b>
<b>Income</b>		
Fees, charges and other service income	(154,790)	(147,400)
Interest and investment income	(2,278)	(1,790)
Income from Council tax and non-domestic rates	(137,410)	(143,022)
Government grants and contributions	(425,983)	(413,033)
<b>Total income</b>	<b>(720,461)</b>	<b>(705,245)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>21,530</b>	<b>(131,328)</b>

## **10 Adjustments between Accounting Basis and Funding Basis under Regulations**

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

### **General Fund Balance**

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

### **Housing Revenue Account Balance**

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority Council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### **Major Repairs Reserve**

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied for these purposes at the year-end.

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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



2016/17	Usable Reserves				
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to Revenue Resources</b>					
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>					
Pensions costs (transferred to (or from) the Pensions Reserve)	10,172	0	0	0	0
Financial instruments (transferred to the Financial Instruments Adjustments Account)	202	0	0	0	0
Council tax & NNDR (transfers to (or from) Collection Fund)	(859)	0	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	(2,241)	0	0	0	0
Equal pay settlements (transferred to the Unequal Pay/Back Pay Account)	4	0	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(40,365)	113,278	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>(33,087)</b>	<b>113,278</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,670	7,701	(10,371)	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(281)	281	0	0
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(2,491)	0	2,491	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	22,387	0	(22,387)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,282	0	0	0	0
Former SYCC debt	1,626	0	0	0	0
PFI Finance Lease - principal repayment	2,093	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	3,648	10,748	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>8,828</b>	<b>40,555</b>	<b>(7,599)</b>	<b>(22,387)</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>					
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	8,910	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	22,196	0

	Usable Reserves				
2016/17	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
Application of capital grants to finance capital expenditure	0	0	0	0	4,692
Cash payments in relation to deferred capital receipts	0	0	(6)	0	0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	7,359	185	0	0	(7,544)
Use of Capital Receipts Reserve to finance provision	(4)	0	4	0	0
<b>Total Adjustments to Capital Resources</b>	<b>7,355</b>	<b>185</b>	<b>8,908</b>	<b>22,196</b>	<b>(2,852)</b>
<b>Total Adjustments</b>	<b>(16,904)</b>	<b>154,018</b>	<b>1,309</b>	<b>(191)</b>	<b>(2,852)</b>

	Usable Reserves				
2015/16	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to Revenue Resources</b>					
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>					
Pensions costs (transferred to (or from) the Pensions Reserve)	(13,286)	0	0	0	0
Financial instruments (transferred to the Financial Instruments Adjustments Account)	214	2	0	0	0
Council tax & NNDR (transfers to (or from) Collection Fund)	1,460	0	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	1,815	0	0	0	0
Equal pay settlements (transferred to the Unequal Pay/Back Pay Account)	34	0	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(11,916)	(40,433)	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>(21,679)</b>	<b>(40,431)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	5,789	4,875	(10,664)	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(231)	(146)	377	0	0
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(2,231)	0	2,231	0	0

2015/16	Usable Reserves				
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
Posting of HRA resources from revenue to the Major Repairs Reserve	0	21,531	0	(21,531)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	191	0	0	0	0
Former SYCC debt	1,478	0	0	0	0
PFI Finance Lease - principal repayment	1,823	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	3,928	9,575	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>10,747</b>	<b>35,835</b>	<b>(8,056)</b>	<b>(21,531)</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>					
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	5,548	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	29,098	0
Application of capital grants to finance capital expenditure	0	0	0	0	6,988
Cash payments in relation to deferred capital receipts	0	0	(5)	0	0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	3,533	17	0	0	(3,550)
Use of Capital Receipts Reserve to finance provision	(34)	0	34	0	0
<b>Total Adjustments to Capital Resources</b>	<b>3,499</b>	<b>17</b>	<b>5,577</b>	<b>29,098</b>	<b>3,438</b>
<b>Total Adjustments</b>	<b>(7,433)</b>	<b>(4,579)</b>	<b>(2,479)</b>	<b>7,567</b>	<b>3,438</b>

## 11 Movements in Earmarked Reserves

	Balance at 31 <sup>st</sup> March 2015	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31 <sup>st</sup> March 2016	Transfers Out 2016/17	Transfers In 2016/17	Balance at 31 <sup>st</sup> March 2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund:</b>							
Service Transformation Fund	6,441	(3,273)	3,723	6,891	(4,907)	9,147	11,131
Balances held by schools under a scheme of delegation	14,333	(2,320)	45	12,058	(3,470)	34	8,622
Health & Social Care Transformation Fund	1,792	(823)	0	969	(79)	7,630	8,520
Severance costs	5,286	(5,618)	2,172	1,840	(4,986)	8,192	5,046
NNDR - Contingency against Risks and Volatility	1,459	0	705	2,164	0	747	2,911
Adult Social Care Contracts	0	0	0	0	0	1,545	1,545
New NNDR Incentive Scheme	500	(41)	1,000	1,459	(85)	0	1,374
Stronger Families Programme	1,337	(198)	0	1,139	(43)	119	1,215
Section 278 Agreements	933	(43)	0	890	(21)	335	1,204
S106 Agreements	992	(159)	191	1,024	(184)	202	1,042
Civic Office Major Items Replacement	596	0	195	791	0	175	966
Revenue contribution to the capital programme	1,501	(28)	0	1,473	(548)	0	925
Investment & Modernisation Fund - Revenue	910	0	0	910	0	0	910
Public Health	2,236	(1,464)	264	1,036	(261)	0	775
Other	20,661	(4,841)	2,669	17,788	(14,491)	1,159	4,456
<b>Total</b>	<b>58,977</b>	<b>(18,808)</b>	<b>10,964</b>	<b>50,432</b>	<b>(29,075)</b>	<b>29,285</b>	<b>50,642</b>

### Service Transformation Fund

This reserve was established for Service Transformation. It will be used to help DMBC achieve its savings targets in a timely and well managed way.

### Balances held by schools under a scheme of delegation

This reserve represents balances held by schools under delegated schemes and the Dedicated Schools Grant (DSG) underspend. The Scheme of Financing Schools, prepared in accordance with the School Standards and Framework Act 1998, provides that under-spending and over-spending will accrue to the school and be added to any balance brought forward from a previous year and as a consequence balances from school budgets have been built up over many years. The DSG conditions of grant provide that any underspend on DSG must be carried forward to support the schools budget in the future years in line with the Schools and Early Years Finance (England) Regulations.

### Health & Social Care Transformation Fund

This reserve will be used to support the Adult Social Care and Health transformation and deliver work on the Doncaster Place Plan. The aim is to further develop out of hospital services and to foster community resilience, so that we can better support people and families, provide services.

### Severance costs

The earmarked reserve is being used to fund the redundancy and retirement costs for post reductions in subsequent years. The remaining balance will be used to fund retirement and redundancy costs in 2017/18.

### **NNDR - Contingency against Risks and Volatility**

This reserve was created to provide a contingency against the considerable increase in uncertainty to the Council's core funding arising from the introduction of Business Rates Retention from 1st April 2013.

### **Adult Social Care Contracts**

The money has been set aside to meet Adult Social Care expenditure in 2017/18, including domiciliary care and Learning Disability support contracts and development of the Intermediate Care agenda.

### **New NNDR Incentive Scheme**

Fund to facilitate incentives to potential investors where there is a clear demonstration that it would lead to a sustainable and substantial contribution to economic growth within the borough. Most of this fund has been allocated.

### **Stronger Families Programme**

The Council and its partners have developed a Stronger Families programme in line with the Government's initiative, to provide an integrated approach to supporting families with additional needs. A significant element of the funding is performance based, and as such the level of funding is difficult to forecast. DMBC have been awarded the phase 2 Troubled Families grant from 2015/16 for the new expanded five year programme but exact funding for each year of the programme is confirmed annually. Funds are drawn down from or added to the earmarked reserve to meet the in-year costs of delivering the programme.

### **Section 278 agreements**

Section 278 of The Highways Act 1980 allows the Council to receive payment from developers prior to the work being carried out to improve highways. The substantial part of the balance is to be spent on the Frenchgate interchange over its lifetime.

### **Section 106 agreements**

Section 106 of the Town and Country Planning Act 1990 allows developers to make payments to the Council in lieu of their planning obligations. This balance represents money paid by developers that is to be used to fund revenue expenditure in the future.

### **Civic Office Major Items Replacement**

The reserve is to be used for major items replacement for the Civic Office. A planned programme has been drawn up and includes, for example, £1.1m in 2022/23 for electrical installations. The reserve is added to each year from an annual revenue budget.

### **Revenue Contribution to the Capital Programme**

This reserve was created to meet the revenue costs associated with major capital projects - for example the work required to produce bids to the Sheffield City Region Infrastructure Fund. Projects that will benefit from the reserve include the National College for High Speed Rail and Property Investment programme.

### **Investment & Modernisation Fund – Revenue**

This revenue reserve was established to support the revenue elements of the Investment & Modernisation Fund.

### **Public Health**

The responsibility for the Public Health service transferred to the Council on the 1st April 2013, with the service funded from a Department of Health ring-fenced grant. This reserve has been created as a prudent measure to meet any unforeseen costs associated with the service. The service has significant savings targets and this reserve will be used to manage the implementation of the service changes required.

### **Others**

A number of other minor reserves are earmarked for specific purposes.

## 12 Property, Plant and Equipment

### Movements in 2016/17

2016/17									
	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>At 1<sup>st</sup> April 2016</b>	<b>508,920</b>	<b>617,867</b>	<b>43,852</b>	<b>296,991</b>	<b>3,379</b>	<b>59,731</b>	<b>6,942</b>	<b>1,537,682</b>	<b>25,930</b>
Additions	24,026	10,830	3,837	14,184	222	2,573	27,065	82,737	0
Donation	0	0	0	52	0	0	0	52	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(19,076)	(62)	0	0	1,717	19,019	0	1,598	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	153,910	(16,326)	0	0	(149)	(2,617)	0	134,818	(275)
De-recognition – disposals	(5,996)	(3,652)	(183)	0	(7)	(4,291)	0	(14,129)	0
De-recognition – other	(6,765)	(1,676)	(3,811)	(2,851)	(29)	0	0	(15,132)	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	(1,500)	0	(1,500)	0
Reclassification within PPE	13,079	(73)	530	(1,650)	1,036	(4,576)	(8,346)	0	0
<b>At 31<sup>st</sup> March 2017</b>	<b>668,098</b>	<b>606,908</b>	<b>44,225</b>	<b>306,726</b>	<b>6,169</b>	<b>68,339</b>	<b>25,661</b>	<b>1,726,126</b>	<b>25,655</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>At 1<sup>st</sup> April 2016</b>	<b>(21,608)</b>	<b>(45,573)</b>	<b>(20,245)</b>	<b>(66,804)</b>	<b>(229)</b>	<b>(447)</b>	<b>0</b>	<b>(154,906)</b>	<b>0</b>
Depreciation charge	(21,421)	(14,803)	(3,718)	(5,967)	(50)	(61)	0	(46,020)	(849)
Depreciation & Impairment written out to the Revaluation Reserve	21,608	6,872	0	0	49	338	0	28,867	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(1,964)	(631)	0	(149)	0	(1,428)	(88)	(4,260)	0
De-recognition – disposals	0	404	145	0	0	0	0	549	0
De-recognition – other	0	0	2,467	0	0	0	0	2,467	0
Reclassification within PPE	(105)	14	(329)	438	(106)	13	75	0	0
<b>At 31<sup>st</sup> March 2017</b>	<b>(23,490)</b>	<b>(53,717)</b>	<b>(21,680)</b>	<b>(72,482)</b>	<b>(336)</b>	<b>(1,585)</b>	<b>(13)</b>	<b>(173,303)</b>	<b>(849)</b>
<b>Net Book Value</b>									
<b>At 31<sup>st</sup> March 2017</b>	<b>644,608</b>	<b>553,191</b>	<b>22,545</b>	<b>234,244</b>	<b>5,833</b>	<b>66,754</b>	<b>25,648</b>	<b>1,552,823</b>	<b>24,806</b>
<b>At 31<sup>st</sup> March 2016</b>	<b>487,312</b>	<b>572,294</b>	<b>23,607</b>	<b>230,187</b>	<b>3,150</b>	<b>59,284</b>	<b>6,942</b>	<b>1,382,776</b>	<b>25,930</b>

## Comparative Movements in 2015/16

2015/16									
	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>At 1<sup>st</sup> April 2015</b>	<b>509,735</b>	<b>574,120</b>	<b>37,200</b>	<b>222,675</b>	<b>3,357</b>	<b>71,361</b>	<b>56,398</b>	<b>1,474,846</b>	<b>0</b>
<b>Opening balances restatement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>197</b>
<b>At 1<sup>st</sup> April 2015 adjusted</b>	<b>509,735</b>	<b>574,120</b>	<b>37,200</b>	<b>222,675</b>	<b>3,357</b>	<b>71,361</b>	<b>56,398</b>	<b>1,474,846</b>	<b>197</b>
Additions	34,636	34,723	9,344	12,337	113	49	28,447	<b>119,649</b>	25,733
Donation	0	1,874	0	0	0	0	0	<b>1,874</b>	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(14,905)	12,638	0	0	(6)	(9,302)	543	<b>(11,032)</b>	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,213)	(2,033)	0	0	(75)	(3,319)	(3,489)	<b>(16,129)</b>	0
De-recognition – disposals	(3,075)	(5,440)	(276)	0	0	(3,179)	0	<b>(11,970)</b>	0
De-recognition – other	(10,461)	(1,772)	(2,416)	(4,241)	(3)	0	0	<b>(18,893)</b>	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	(9,300)	0	<b>(9,300)</b>	0
Assets reclassified (to)/from Investment	0	0	0	0	0	8,700	0	<b>8,700</b>	0
Assets reclassified (to)/from Intangible	0	0	0	(63)	0	0	0	<b>(63)</b>	0
Reclassification within PPE	203	3,757	0	66,283	(7)	4,721	(74,957)	<b>0</b>	0
<b>At 31<sup>st</sup> March 2016</b>	<b>508,920</b>	<b>617,867</b>	<b>43,852</b>	<b>296,991</b>	<b>3,379</b>	<b>59,731</b>	<b>6,942</b>	<b>1,537,682</b>	<b>25,930</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>At 1<sup>st</sup> April 2015</b>	<b>(21,123)</b>	<b>(54,259)</b>	<b>(18,493)</b>	<b>(61,155)</b>	<b>(188)</b>	<b>(9,913)</b>	<b>0</b>	<b>(165,131)</b>	<b>0</b>
Depreciation charge	(20,751)	(16,205)	(3,028)	(5,637)	(41)	(31)	0	(45,693)	0
Depreciation & Impairment written out to the Revaluation Reserve	14,955	24,268	0	0	0	9,913	0	<b>49,136</b>	0
Depreciation & Impairment written out to the Surplus/Deficit on the Provision of Services	6,168	0	0	0	0	0	0	<b>6,168</b>	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(852)	(515)	0	(12)	0	(49)	0	<b>(1,428)</b>	0
De-recognition – disposals	0	762	271	0	0	4	0	<b>1,037</b>	0
De-recognition – other	0	0	1,005	0	0	0	0	<b>1,005</b>	0
Reclassification within PPE	(5)	376	0	0	0	(371)	0	<b>0</b>	0
<b>At 31<sup>st</sup> March 2016</b>	<b>(21,608)</b>	<b>(45,573)</b>	<b>(20,245)</b>	<b>(66,804)</b>	<b>(229)</b>	<b>(447)</b>	<b>0</b>	<b>(154,906)</b>	<b>0</b>
<b>Net Book Value</b>									
<b>At 31<sup>st</sup> March 2016</b>	<b>487,312</b>	<b>572,294</b>	<b>23,607</b>	<b>230,187</b>	<b>3,150</b>	<b>59,284</b>	<b>6,942</b>	<b>1,382,776</b>	<b>25,930</b>
<b>At 31<sup>st</sup> March 2015</b>	<b>488,612</b>	<b>519,861</b>	<b>18,707</b>	<b>161,520</b>	<b>3,169</b>	<b>61,448</b>	<b>56,398</b>	<b>1,309,715</b>	<b>0</b>

Depreciation is provided for on all Property, Plant & Equipment with a finite useful life according to the accounting policy detailed in Note 1

## Capital Commitments

At 31<sup>st</sup> March 2017, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2016/17 and future years budgeted to cost £18.864m. Similar commitments at 31 March 2016 were £16.784m. The major commitments are:

	<b>£'000</b>
Rail College	4,197
Willmott Dixon Bristol Grove	10,621
Willmott Dixon Willow Estate	4,046
<b>Total</b>	<b>18,864</b>

## Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. The policy is shown under accounting policies in Note 1.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at Historical Cost</b>	0	0	22,545	234,244	1,707	0	25,648	<b>284,144</b>
<b>Valued at Fair Value as at:</b>								
<b>31<sup>st</sup> March 2017</b>	644,608	90,496	0	0	2,409	17,685	0	<b>755,198</b>
<b>31<sup>st</sup> March 2016</b>	0	189,373	0	0	27	49,069	0	<b>238,469</b>
<b>31<sup>st</sup> March 2015</b>	0	108,902	0	0	937	0	0	<b>109,839</b>
<b>31<sup>st</sup> March 2014</b>	0	53,661	0	0	621	0	0	<b>54,282</b>
<b>31<sup>st</sup> March 2013</b>	0	110,759	0	0	132	0	0	<b>110,891</b>
<b>Total Cost or Valuation</b>	<b>644,608</b>	<b>553,191</b>	<b>22,545</b>	<b>234,244</b>	<b>5,833</b>	<b>66,754</b>	<b>25,648</b>	<b>1,552,823</b>

## Fair Value Hierarchy – Surplus Assets

All surplus assets were valued at Level 2 of the fair value hierarchy in 2015/16 and 2016/17.

Valuation Techniques used to Determine Level 2 Fair Values for surplus assets.

## Significant Observable Inputs – Level 2

The fair value for the properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.



## 13 Heritage Assets

### Reconciliation of the Carrying Value of Heritage Assets Held by the Council

2016/17	Civic Regalia	Exhibits, Statues & Monuments	Historic Land & Buildings	Military & Scientific Equipment	Recording of Historically Significant Events	Works of Art	Total Assets
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1<sup>st</sup> April 2016</b>	<b>136</b>	<b>2,476</b>	<b>5,608</b>	<b>12</b>	<b>44</b>	<b>3,084</b>	<b>11,360</b>
Additions	0	0	26	0	0	0	26
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	141	0	0	0	(12)	129
De-recognition	0	0	(14)	0	0	0	(14)
<b>At 31<sup>st</sup> March 2017</b>	<b>136</b>	<b>2,617</b>	<b>5,620</b>	<b>12</b>	<b>44</b>	<b>3,072</b>	<b>11,501</b>
<b>Depreciation &amp; Impairment</b>							
<b>At 1<sup>st</sup> April 2016</b>	<b>0</b>	<b>0</b>	<b>(1,088)</b>	<b>0</b>	<b>0</b>	<b>(14)</b>	<b>(1,102)</b>
Depreciation	0	0	(236)	0	0	0	(236)
<b>At 31<sup>st</sup> March 2017</b>	<b>0</b>	<b>0</b>	<b>(1,324)</b>	<b>0</b>	<b>0</b>	<b>(14)</b>	<b>(1,338)</b>
<b>Net Book Value At 31<sup>st</sup> March 2017</b>	<b>136</b>	<b>2,617</b>	<b>4,296</b>	<b>12</b>	<b>44</b>	<b>3,058</b>	<b>10,163</b>

2015/16	Civic Regalia	Exhibits, Statues & Monuments	Historic Land & Buildings	Military & Scientific Equipment	Recording of Historically Significant Events	Works of Art	Total Assets
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1<sup>st</sup> April 2015</b>	<b>136</b>	<b>2,451</b>	<b>5,742</b>	<b>12</b>	<b>44</b>	<b>3,084</b>	<b>11,469</b>
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	25	(50)	0	0	0	(25)
Revaluation increases / (decreases) recognised in surplus or deficit on the provision of services	0	0	(84)	0	0	0	(84)
<b>At 31<sup>st</sup> March 2016</b>	<b>136</b>	<b>2,476</b>	<b>5,608</b>	<b>12</b>	<b>44</b>	<b>3,084</b>	<b>11,360</b>
<b>Depreciation &amp; Impairment</b>							
<b>At 1<sup>st</sup> April 2015</b>	<b>0</b>	<b>0</b>	<b>(873)</b>	<b>0</b>	<b>0</b>	<b>(14)</b>	<b>(887)</b>
Depreciation	0	0	(236)	0	0	0	(236)
Depreciation & Impairment written out to the Revaluation Reserve	0	0	21	0	0	0	21
<b>At 31<sup>st</sup> March 2016</b>	<b>0</b>	<b>0</b>	<b>(1,088)</b>	<b>0</b>	<b>0</b>	<b>(14)</b>	<b>(1,102)</b>
<b>Net Book Value At 31<sup>st</sup> March 2016</b>	<b>136</b>	<b>2,476</b>	<b>4,520</b>	<b>12</b>	<b>44</b>	<b>3,070</b>	<b>10,258</b>

#### Civic Regalia

This is a collection of mayoral ceremonial chains, pendants and robes held at the Mansion House. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

### Exhibits, Statues and Monuments

This category includes items of decorative art, pottery and furniture. Decorative Art collection has just under 500 items from the Hull Grundy collection of costume jewellery, treen, textiles, glassware, metalwork (including the Doncaster Gold Cups) and a collection of art medals. Monuments within this category include cemetery and War memorials. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

### Historic Land and Buildings

One of the main items held within this category is Cusworth Hall, which is a grade 1 listed building set in acres of historic parkland with lakes and plantations with dramatic views across the town. The site, which was extensively restored between 2003 and 2007, invites visitors to experience a wealth of architecture, heritage and landscape history. Other main items include cemeteries. Valuations for historic land and buildings have been prepared by in house assets and property valuers as part of a five year rolling programme. The Council holds several other listed buildings; however they do not meet the definition of a Heritage asset as they are used as office accommodation and therefore classified as operational land and buildings.

### Military and Scientific Equipment

This is a small collection of less than 500 items, concentrating on a small number of specific regiments. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

### Recording of Historically Significant events

These include more than a thousand title deeds (including the series of royal charters), the four volumes of the borough courtier (or act book) detailing the Council's decisions from the mid-16<sup>th</sup> century up to the municipal reforms of the 1830s, records of the manor court of Doncaster from the 1450s, the records of the borough courts from 1533 onwards and accounts of the borough collectors, the chamberlain, and other finance officers from 1551 until the mid-19<sup>th</sup> century. Recording of Historically Significant events are valued at cost.

### Works of Art

There is a small fine art collection of around 1,750 items consisting of oil paintings, watercolours, prints, drawings, sculpture/bronzes and art photographs. The art collection aims to provide visitors with access to a wide variety of artistic styles over the last 250 years. A large section of the prints collection is related to Doncaster, either through portraying Doncaster scenes or horseracing. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

## 14 Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement: -

	2015/16 £'000	2016/17 £'000
Rental income from investment property	179	177
Direct operating expenses arising from investment property	(5)	(14)
<b>Net gain/(loss)</b>	<b>174</b>	<b>163</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties during the year: -

	2015/16 £'000	2016/17 £'000
<b>Balance at start of the year</b>	<b>17,306</b>	<b>9,031</b>
Net gains/(losses) from fair value adjustments	425	(5,306)
Transfers to/from Property, Plant and Equipment	(8,700)	0
<b>Balance at end of the year</b>	<b>9,031</b>	<b>3,725</b>

### Fair Value Hierarchy

All investment properties were valued at Level 2 of the fair value hierarchy. Details as at 31<sup>st</sup> March 2017 are as follows: -

Recurring fair value measurement using:	Fair Value as at 31 March 2017 £'000
<b>Agricultural Land</b>	1,455
<b>Commercial Unit</b>	792
<b>Industrial Unit</b>	1,478
<b>Total</b>	<b>3,725</b>

Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties

#### Significant Observable Inputs – Level 2

The fair value for the properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

### 15 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware, item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The Council does not revalue its software assets as they are currently of immaterial value and have a life of no more than 10 years.

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

	2015/16 £'000	2016/17 £'000
<b>Other Assets</b>		
Balance at start of year		
- Gross carrying amounts	6,268	7,314
- Accumulated amortisation	(3,016)	(3,483)
Net carrying amount at start of year	3,252	3,831
Additions - Purchases	983	1,134
Assets reclassified - GBV	63	0
Amortisation for the period	(467)	(654)
Net carrying amount at end of year	<b>3,831</b>	<b>4,311</b>
Comprising:		
- Gross carrying amounts	7,314	8,448
- Accumulated amortisation	(3,483)	(4,137)
	<b>3,831</b>	<b>4,311</b>

## 16 Financial Instruments and Nature and Extent of Risks Arising From Financial Instruments

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

	Long Term		Current	
	31 <sup>st</sup> March 2016 £'000	31 <sup>st</sup> March 2017 £'000	31 <sup>st</sup> March 2016 £'000	31 <sup>st</sup> March 2017 £'000
<b>Investments</b>				
Loans and receivables	28	5,066	25,029	8,067
Loans and receivables - Cash Equivalents (Note 19)	0	0	16,900	6,500
Available for sale financial assets	0	0	0	9,057
Unquoted equity investment at cost (b)	2,772	2,772	0	0
<b>Total investments</b>	<b>2,800</b>	<b>7,838</b>	<b>41,929</b>	<b>23,624</b>
<b>Debtors</b>				
Loans and receivables	7,744	7,605	0	0
Financial assets carried at contract amount (trade debt)	0	0	22,978	22,891
<b>Total Debtors</b>	<b>7,744</b>	<b>7,605</b>	<b>22,978</b>	<b>22,891</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost (a)	410,959	428,911	38,284	22,100
<b>Total borrowings</b>	<b>410,959</b>	<b>428,911</b>	<b>38,284</b>	<b>22,100</b>
<b>Other Long Term Liabilities</b>				
PFI lease liabilities (Note 38)	52,199	50,247	2,093	1,952
Metropolitan debt (SYCC)	8,302	6,513	1,626	1,789
<b>Total other long term liabilities</b>	<b>60,501</b>	<b>56,760</b>	<b>3,719</b>	<b>3,741</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount (trade credit)	0	0	8,323	8,825
<b>Total creditors</b>	<b>0</b>	<b>0</b>	<b>8,323</b>	<b>8,825</b>

**Note a** - Under accounting requirements the carrying value of the financial instrument is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

**Note b** - Shares held by the Council are unquoted and there is no readily available market on which to value them. Whilst there are a variety of methods to value unquoted shares, none of them provide reliable fair values and therefore the shares have not been re-valued and are included in the accounts at open book value.

### Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:-

	2015/16			2016/17			
	Financial Liabilities measured at amortised cost	Financial Assets Loans and receivables	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	(20,870)	0	(20,870)	(21,721)	0	(24)	(21,745)
Reductions in fair value	0	0	0	0	0	0	0
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(20,870)</b>	<b>0</b>	<b>(20,870)</b>	<b>(21,721)</b>	<b>0</b>	<b>(24)</b>	<b>(21,745)</b>
Interest income	0	1,674	1,674	0	1,613	0	1,613
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>1,674</b>	<b>1,674</b>	<b>0</b>	<b>1,613</b>	<b>0</b>	<b>1,613</b>
<b>Net gain/(loss) for the year</b>	<b>(20,870)</b>	<b>1,674</b>	<b>(19,196)</b>	<b>(21,721)</b>	<b>1,613</b>	<b>(24)</b>	<b>(20,132)</b>

### Fair Values of Financial Assets

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

In providing their fair value calculations the discount rate used by the PWLB is taken from the 'new borrowing rate' set of rates in force at close of business on the last working day of the financial year.

The fair values calculated are as follows: -

Financial assets measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31 <sup>st</sup> March 2016 £'000	As at 31 <sup>st</sup> March 2017 £'000
<b>Available for Sale:</b>				
Other financial instruments classified as Available for Sale	Level 1	Unadjusted quoted prices in active markets for identical shares (see * below)	0	9,057
<b>Total</b>			<b>0</b>	<b>9,057</b>

### \*Other financial Instruments Classified as Available for Sale

The unadjusted quoted prices are based on a valuation provided by our custodian. It includes bid and ask prices that are formed on a 'best efforts' basis using the expertise and experience of their personnel, information and marketing intelligence available to the custodian at the time the valuation is prepared.

### Transfers between Levels of the Fair Value Hierarchy

There were no transfers between input levels 1 and 2 during the year.

### Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

### The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions: -

- For loans from the PWLB payable, new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows: -

Financial Liabilities	31 <sup>st</sup> March 16		31 <sup>st</sup> March 17	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	306,421	395,163	309,476	438,941
Non-PWLB debt	142,822	161,342	141,535	166,448
<b>Total Liabilities</b>	<b>449,243</b>	<b>556,505</b>	<b>451,011</b>	<b>605,389</b>

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31<sup>st</sup> March 2017) arising from a commitment to pay interest to lenders above current market rates.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the reduced interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £309.476m would be valued at £531.948m but, if the authority were to seek to realise the projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £529.567m.

Financial Assets	31 <sup>st</sup> March 16		31 <sup>st</sup> March 17	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Short term investments	41,957	41,943	14,567	14,583
Long term investments	0	0	5,066	5,113
Long term debtors	7,744	7,744	7,605	7,605
<b>Total Assets</b>	<b>49,701</b>	<b>49,687</b>	<b>27,238</b>	<b>27,301</b>

The fair value of the assets is greater than the carrying amount because the Council's portfolio of investments includes a number of fixed rate investments where the interest rate payable is higher than the rates available for similar investments in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31<sup>st</sup> March 2017) arising from a commitment to receive interest from lenders above current market rates.

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty but it is impractical to use these figures and the difference is likely to be immaterial.

Assets with a carrying value different to fair value are measured at input level 2 of the fair value hierarchy.

## Nature and Extent of Risks Arising From Financial Instruments

### Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are: -

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

### Overall procedures for managing risks

The Council's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services.

Risk Management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

#### a) Credit Risk - Investments

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This Council regards it as being a prime objective to ensure the security of the principal sums it invests. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with information provided by various credit rating agencies. The Annual Investment Strategy also considers maximum amounts and time limits for each financial institution.

The Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current ratings of counterparties but also takes into account credit watches and outlooks from credit rating agencies, Credit Default Swap spreads which provide early warning of likely changes in credit ratings and sovereign ratings to select counterparties from only the most creditworthy countries. The full Investment Strategy for 2016/17 was approved by Full Council on 1st March 2016. An analysis of the credit criteria and lending limits at the time the investment was placed is given below for outstanding deposits at 31st March 2017.

	Estimated maximum exposure to default £'000	Amount £'000	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default £'000
Bond rated	31 <sup>st</sup> March 16	31 <sup>st</sup> March 17	31 <sup>st</sup> March 17	31 <sup>st</sup> March 17	31 <sup>st</sup> March 17
AAA	0	0	0.00%	0.00%	0
AA	5	15,500	0.01%	0.03%	5
A	20	13,000	0.07%	0.08%	10
BBB	0	0	0.15%	0.19%	0
<b>Total</b>	<b>25</b>	<b>28,500</b>			<b>15</b>

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £28.5m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits but there is no evidence at the 31<sup>st</sup> March 2017 that this was likely to crystallise.

No Credit Limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

#### **b) Other Credit Risks**

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings within parameters set by the Council.

The Council also has trade debtors of £22.891m (22.978m in 2015/16) outstanding at the year end. The Council does not generally allow credit for its trade debtors, such that £14.499m of the £22.891m balance is past its due date for payment (£14.772m of £22.978m in 2015/16). The past due amount can be analysed by age as follows: -

<b>2015/16 £'000</b>		<b>2016/17 £'000</b>
5,773	Less than 3 months	4,721
1,587	3 to 6 months	1,566
1,673	6 months to 1 year	2,118
5,739	More than 1 year	6,094
<b>14,772</b>	<b>Total Trade Debtors</b>	<b>14,499</b>

#### **c) Liquidity Risk**

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loan Board (PWLB) and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

All sums owing from financial assets are due to be paid in less than one year, with the exception of one £5m fixed term deposit with Lloyds Banking Group which matures in May 2018.

#### **d) Refinancing and Maturity Risk**

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

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes: -

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.



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

MATURITY PROFILE	UPPER LIMIT	LOWER LIMIT	Actual 31 <sup>st</sup> March 2016		Actual 31 <sup>st</sup> March 2017	
	%	%	%	£'000	%	£'000
Less than one year	30	0	7.80	34,586	3.90	17,190
Between one and two years	50	0	2.75	12,187	5.14	22,687
Between two and five years	50	0	9.15	40,560	6.93	30,560
Between five and ten years	75	0	7.03	31,161	7.96	35,101
Between ten and twenty years	95	10	8.62	38,213	12.28	54,175
Between twenty and thirty years			10.40	46,093	5.94	26,205
Over thirty years			54.25	240,382	57.85	255,181
<b>TOTAL</b>			<b>100.00</b>	<b>443,182</b>	<b>100.00</b>	<b>441,100</b>

For the Prudential Code the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender has the right to increase the interest rate payable without limit, such as in a Lender Offer Borrower Offer (LOBO) loan, this should be treated as a right to require repayment. Following an assessment of this type of loan, it is unlikely that the interest rate will be increased at the next call date and therefore the loan maturity date has been set as per the original contract. They will continue to be assessed against interest rate expectations.

#### e) Market Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects: -

- Borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates - the fair value of the liabilities borrowing will fall (no impact on revenue balances);
- Investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

Investments – With the exception of one £5m Lloyds Banking Group investment, all deposits will mature within a year, and the majority are at fixed rates of interest. The protection of capital is more important than maximising a return. However, in order to ensure an adequate return is achieved compatible with this risk principle, an appropriate benchmark is used to measure the interest earned.

Borrowing – The majority of the debt portfolio is at fixed rates of interest that ensures certainty of borrowing costs. In order to protect the Council against adverse movements in interest rates the policy is to keep the variable interest rate debt to a maximum of 30%. The actual variable element in 2016/17 equated to 0%.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 30% of its borrowing in variable rate loans. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rate loans would be postponed.

The Corporate Financial Management Group has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the quarterly budget monitoring reports during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

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

2015/16 £'000		2016/17 £'000
	<b>External Debt</b>	
0	Increase in interest payable on variable rate borrowings	170
0	Share attributable to the HRA	34
	<b>Investments</b>	
(419)	Increase in interest receivable on variable rate investments	(235)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

#### f) Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in a foreign currency and thus have no exposure to loss arising from movement in exchange rates. If income or expenditure is incurred in a foreign currency, exposure is eliminated as soon as it is identified by immediate conversion to ensure certainty of values.

#### g) Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds. However, it does have shareholdings to the value of £2.772m in a number of joint ventures and in local industry. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, generally associated with the economic regeneration of the borough, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio.

The shares are unquoted equity investments and are accounted for at the open book value.

## 17 Inventories

2016/17	Consumable Stores £'000	Transport £'000	General Materials £'000	Total £'000
<b>Balance outstanding at start of year</b>	<b>2,451</b>	<b>134</b>	<b>59</b>	<b>2,644</b>
Purchases	4,982	1,050	2,877	<b>8,909</b>
Recognised as an expense in the year	(6,042)	(1,032)	(2,868)	<b>(9,942)</b>
Written off balances	0	(21)	0	<b>(21)</b>
<b>Balance outstanding at year-end</b>	<b>1,391</b>	<b>131</b>	<b>68</b>	<b>1,590</b>

Comparative 2015/16	Consumable Stores £'000	Transport £'000	General Materials £'000	Total £'000
<b>Balance outstanding at start of year</b>	<b>511</b>	<b>172</b>	<b>67</b>	<b>750</b>
Purchases	5,546	964	2,742	<b>9,252</b>
Recognised as an expense in the year	(3,606)	(990)	(2,744)	<b>(7,340)</b>
Written off balances	0	(12)	(6)	<b>(18)</b>
<b>Balance outstanding at year-end</b>	<b>2,451</b>	<b>134</b>	<b>59</b>	<b>2,644</b>

## 18 Debtors

	31 <sup>st</sup> March 2016 £'000	31 <sup>st</sup> March 2017 £'000
<b>Debtors</b>		
Central Government bodies	11,790	12,049
Other local authorities	1,751	1,702
NHS bodies	4,763	6,800
Public corporations and trading funds	48	22
Other entities and individuals	47,050	40,844
<b>Sub Total</b>	<b>65,402</b>	<b>61,417</b>
Payments in advance	8,280	19,417
<b>Total</b>	<b>73,682</b>	<b>80,834</b>

## 19 Cash and Cash Equivalents

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

	31 <sup>st</sup> March 2016 £'000	31 <sup>st</sup> March 2017 £'000
Cash held by the Council	25	29
Bank overdraft	(12,781)	(15,372)
Cash investments regarded as cash equivalents (bank current accounts and short-term deposits with bank, building societies and other banking sector)	16,900	6,500
<b>Total Cash and Cash Equivalents</b>	<b>4,144</b>	<b>(8,843)</b>

## 20 Assets Held For Sale

	Current	
	2015/16 £'000	2016/17 £'000
<b>Balance outstanding at start of year</b>	<b>0</b>	<b>6,000</b>
Assets newly classified as held for sale: Property, Plant and Equipment	9,300	1,500
Assets newly classified as held for sale: Revaluation Gains	0	100
Assets declassified as held for sale: Assets sold	(3,300)	(6,100)
<b>Balance outstanding at year-end</b>	<b>6,000</b>	<b>1,500</b>

## 21 Creditors

	31 <sup>st</sup> March 2016 £'000	31 <sup>st</sup> March 2017 £'000
<b>Creditors</b>		
Central Government bodies	(9,915)	(6,496)
Other local authorities	(1,852)	(3,099)
NHS bodies	(2,034)	(1,591)
Public corporations and trading funds	(8)	(8)
Other entities	(27,415)	(27,930)
<b>Sub Total</b>	<b>(41,224)</b>	<b>(39,124)</b>
Receipts in Advance	(4,382)	(4,648)
<b>Total</b>	<b>(45,606)</b>	<b>(43,772)</b>

## 22 Provisions

Provisions are included in the accounts for potential liabilities that are likely or certain to be incurred but there is a degree of uncertainty as to the amount concerned or the dates on which these may arise.

	Insurance fund	NNDR Appeals	Grant Claw-back	Municipal Mutual Insurance	Other Provisions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2016</b>	10,871	4,491	1,980	1,795	783	<b>19,920</b>
<b>Additional provisions made in 2016/17</b>	436	1,219	0	0	0	<b>1,655</b>
<b>Amounts used in 2016/17</b>	(2,155)	(2,382)	0	0	(244)	<b>(4,781)</b>
<b>Unused amounts reversed in 2016/17</b>	0	0	(432)	(823)	(41)	<b>(1,296)</b>
<b>Balance at 31<sup>st</sup> March 2017</b>	<b>9,152</b>	<b>3,328</b>	<b>1,548</b>	<b>972</b>	<b>498</b>	<b>15,498</b>
<b>Short Term Provisions</b>	800	0	0	0	154	954
<b>Long Term Provisions</b>	8,352	3,328	1,548	972	344	14,544

### Insurance Fund

The Council self-insures part of its insurable financial risk by holding excesses on the various insurance policies that it has in place, currently with Zurich Municipal. These excesses apply to various categories of cover including property, motor, public liability and employer's liability, and any claim that falls below the policy excess will be a cost to the Council.

The insurance provision covers the estimated value of outstanding insurance claims for which the Council has a potential legal liability, as at 31 March 2017 this was estimated to be approximately £8.902m and it is estimated that the cost to the Council of settling these claims will be £7.787m based on previous claims experience.

In addition, the Council continues to monitor claims experience and has identified an appropriate reserve to meet other potential insurance claims Incurred But Not Reported (IBNR), the value of those claims being estimated at £1.365m, this together with a reserve for emerging claims gives a total insurance fund value of £9.152m.

### NNDR Appeals

Under the Business Rates Retention scheme 50% of local business rates income is retained locally (Doncaster retains 49% and passes on 1% to the South Yorkshire Fire and Rescue Authority) and 50% is passed to Central Government. Business rate payers can appeal against the rateable value and provision must be made for successful appeals. The total provision for appeals as at 31st March 2017 is £6.793m. The Council's share is £3.328m (49%). The decrease in provision is largely due to receiving fewer backdated appeals for 2016/17 than expected and the release of the provision for those appeals, partially offset by an increase in the overall number of appeals received.

### Grant Claw-back

The provision has been established to meet the cost of potential claw-back of grants, specifically in relation to the Derelict Land Grant (DLG), Land Reclamation Programme Grant (LRPG) and European Regional Development Fund (ERDF). DLG and LRPG were used for the reclamation of land to facilitate future development. As part of the grant conditions, on disposal, appropriation or bringing the land into use the Council has to repay grant based on the after value of the land. During 2016/17, £0.432m has been released from the provision following confirmation that European Commission that are no longer seeking repayment of grant.

### Municipal Mutual Insurance

MMI were the Council's insurer until their demise in 1992 when they ceased writing new business. A Scheme of Arrangement was set up with its creditors under which MMI continued to settle outstanding claims whilst they had sufficient funds to do so. In the eventuality that the company became insolvent then a clawback clause would be triggered with the Council liable to repay MMI. This Scheme of Arrangement was triggered in November 2012 and so a levy was imposed on all scheme creditors, including the Council, who have been paid amounts in respect of scheme liabilities. An initial levy set

at 15% by the administrators has been paid in 2013/14 with projected outcomes for a solvent run-off ranging anywhere between 9.5% and 28% at that time. However, in January 2016 MMI advised that due to volatile classes remaining uncertain the Levy range had been extended to be 15%-34%. A further Levy notice was issued in March 2016 for a further 10% repayment (£0.823m), the Council's provision has been set at 34%, being the upper limit as advised by MMI. The remaining provision totalling £0.972m represents 9% against paid claims and 34% of outstanding claims and £21k that has been set aside due to the volatility of MMI accounts and potential further levy announcements.

### Other Provisions

This balance represents the Council's other provisions and includes provisions for Stadium Management Company, Equal Pay Claims, Section 117 Mental Health Act and various other smaller provisions.

## 23 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

## 24 Unusable Reserves

31 <sup>st</sup> March 2016 £'000		31 <sup>st</sup> March 2017 £'000
295,364	Revaluation Reserve (Note 24a)	308,088
548,373	Capital Adjustment Account (Note 24b)	694,450
(1,356)	Financial Instruments Adjustment Account (Note 24c)	(1,154)
(372,427)	Pension Reserve (Note 24d)	(499,510)
4,834	Deferred Capital Receipts Reserve (Note 24e)	4,828
4,782	Collection Fund Adjustment (Note 24f)	3,923
(1,000)	Accumulated Absences Account (Note 24g)	(3,241)
(4)	Unequal Pay Back Pay Account (Note 24h)	0
0	Available for Sale Financial Instruments Reserve (Note 24i)	33
<b>478,566</b>	<b>Total Unusable Reserves</b>	<b>507,417</b>

### 24a Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Heritage assets. The balance is reduced when assets with accumulated gains are: -

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1<sup>st</sup> April 2007, the date that the Reserve was created.

Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2015/16 £'000		2016/17 £'000
<b>268,610</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>295,364</b>
64,265	Upward revaluation of assets	61,736
(26,163)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(31,043)
<b>38,102</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>30,693</b>
(5,589)	Difference between fair value depreciation and historical cost depreciation	(4,871)
(5,759)	Accumulated gains on assets sold or scrapped	(13,098)
<b>(11,348)</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>(17,969)</b>

<b>295,364</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>308,088</b>
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## 24b 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 acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and assets held for sale and gains recognised on donated assets that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains.

2015/16 £'000		2016/17 £'000	
<b>530,745</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>548,373</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
(25,178)	Charges for depreciation of non-current assets	(24,835)	
(20,751)	Charges for depreciation on Council dwellings	(21,421)	
(1,429)	Charges for impairment of non-current assets	(4,260)	
(9,939)	Revaluation gains / (losses) on Property, Plant and Equipment	134,752	
(467)	Charges for amortisation of non-current assets	(654)	
(2,722)	Revenue expenditure funded from capital under statute	(4,003)	
(32,121)	Amounts of non-current asset written off on disposal or sale as part of P/L on disposal to CI&ES	(32,359)	
<b>(92,607)</b>			<b>47,220</b>
11,348	Adjusting amounts written out of the Revaluation Reserve	17,969	
<b>(81,259)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>65,189</b>
<b>Capital financing applied in the year:</b>			
5,548	Use of the Capital Receipts Reserve to finance new capital expenditure	8,910	
29,098	Use of the Major Repairs Reserve to finance new capital expenditure	22,196	
38,497	Capital grants and contributions credited to the CI&ES that have been applied to capital financing	28,356	
6,988	Application of grants to capital financing from the Capital Grants Unapplied Account	4,692	
14,839	Capital expenditure charged against the General Fund and HRA balances	17,039	
191	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	1,282	
1,823	Write down of PFI Finance Liabilities	2,093	
1,478	Former South Yorkshire County Council debt repayment	1,626	
<b>98,462</b>			<b>86,194</b>
425	Movements in the market value of Investment Properties debited or credited to the CI&ES	(5,306)	
<b>548,373</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>694,450</b>

### 24c 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 Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited 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. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result the balance on the account at 31<sup>st</sup> March 2017 will be charged to the General Fund.

2015/16 £'000		2016/17 £'000	
<b>(1,572)</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>(1,356)</b>
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0	
216	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	202	
<b>216</b>	<b>Amount by which finance costs charged to the Comprehensive Income and Expenditure are different from finance costs chargeable in the year in accordance with statutory requirements</b>		<b>202</b>
<b>(1,356)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(1,154)</b>

### 24d Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding is set aside by the time the benefits are paid.

2015/16 £'000		2016/17 £'000	
<b>(410,550)</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>(372,427)</b>
51,409	Actuarial gains or losses on pensions assets and liabilities		(137,255)
(41,346)	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 (see Note 40)		(17,673)
28,060	Employer's pensions contributions and direct payments to pensioners payable in the year (see Note 40)		27,845
<b>(372,427)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(499,510)</b>

### 24e Deferred Capital Receipts Reserve

2015/16 £'000		2016/17 £'000	
<b>4,839</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>4,834</b>
(5)	Transfer to the capital Receipts Reserve upon receipt of cash		(6)

<b>4,834</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>4,828</b>
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The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

#### 24f Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council tax payers and non-domestic rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2015/16 £'000		2016/17 £'000
<b>3,322</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>4,782</b>
1,460	Amount by which Council tax income credited to the comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	(859)
<b>4,782</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>3,923</b>

#### 24g Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave, flexi leave and time off in lieu (TOIL) entitlement carried forward at 31<sup>st</sup> March.

Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2015/16 £'000		2016/17 £'000
<b>(2,815)</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>(1,000)</b>
2,815	Settlement or cancellation of accrual made at the end of the preceding year	1,000
(1,000)	Amounts accrued at the end of the current year	(3,241)
1,815	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,241)
<b>(1,000)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>(3,241)</b>

#### 24h Unequal Pay Back Pay Account

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Council provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the General Fund Balance until such time as cash might be paid out to claimants.

2015/16 £'000		2016/17 £'000
<b>(38)</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>(4)</b>
0	Increase in provision for back pay in relation to Equal Pay cases	0
34	Cash settlements paid in year	4
<b>34</b>	Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	<b>4</b>
<b>(4)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>0</b>

#### 24i Available for Sale Financial Instruments Reserve



The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are: -

- revalued downwards or impaired and the gains are lost;
- disposed of and the gains are realised.

2015/16 £'000		2016/17 £'000
0	<b>Balance at 1<sup>st</sup> April</b>	0
0	Upward revaluation of investments	33
0	Downward revaluation of investments not charged to the Surplus / Deficit on the Provision of Services	0
0	<b>Surplus or deficit on revaluation of investments not posted to the Surplus or Deficit on the Provision of Services</b>	<b>33</b>
0	Accumulated gains on investments sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	0
0	<b>Balance at 31<sup>st</sup> March</b>	<b>33</b>

## 25 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items: -

2015/16 £'000		2016/17 £'000
1,595	Interest received	1,439
(20,784)	Interest paid	(21,684)

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

2015/16 £'000		2016/17 £'000
45,929	Depreciation	46,256
11,474	Impairment and valuations	(130,558)
467	Amortisation	654
(8,374)	Donated Assets	0
(12,554)	Increase/(Decrease) in creditors	(7,987)
20,242	(Increase)/Decrease in debtors	(10,956)
(2,077)	(Increase)/Decrease in inventories	1,321
24,491	Movement in pension liability	1,033
32,121	Carrying amount of non-current assets held for sale, sold or de-recognised	32,359
(1,490)	Other non-cash items charged to the net surplus or deficit on the provision of services	574
<b>110,229</b>		<b>(67,304)</b>

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

2015/16 £'000		2016/17 £'000
(10,664)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,371)
(33,674)	Capital Grants credited to surplus or deficit on the provision of services	(35,849)
<b>(44,338)</b>		<b>(46,220)</b>

## 26 Cash Flow Statement – Investing Activities

2015/16 £'000		2016/17 £'000
(102,610)	Purchase of property, plant and equipment, investment property and intangible assets	(83,871)
(25,004)	Purchase of short-term and long-term investments	(22,038)
10,669	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	10,377
40,000	Proceeds from short-term and long-term investments	25,000
25,979	Capital grant received	42,292
1,007	Other capital cash receipts	245
<b>(49,959)</b>	<b>Net cash flows from investing activities</b>	<b>(27,995)</b>

## 27 Cash Flow Statement – Financing Activities

2015/16 £'000		2016/17 £'000
93,177	Cash receipts of short and long term borrowing	36,626
170	Other receipts from financing activities	0
(1,791)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(2,092)
(85,588)	Repayments of short- and long-term borrowing	(36,546)
0	Other payments for financing activities	(784)
<b>5,968</b>	<b>Net cash flows from financing activities</b>	<b>(2,796)</b>

## 28 Trading Operations

The Council has established 6 trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. The trading operations are separated into two groups, those which are an integral part of the Council's services to the public and those that are support services to the Council's services to the public, e.g. schools catering. The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations.

The table below shows the (surplus)/deficit position after the IAS19 pension adjustment. The surpluses before the IAS19 pension adjustment for services to the public included in expenditure of continuing operations and support services recharged to expenditure of continuing operations were £1.134m and £0.643m respectively.

	2015/16			2016/17		
	Turnover	Expenditure	(Surplus) / Deficit	Turnover	Expenditure	(Surplus) / Deficit
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Services to the public included in Expenditure of Continuing Operations</b>						
Markets	(1,441)	2,141	700	(1,330)	1,677	347
Bereavement Services	(2,932)	1,851	(1,081)	(2,998)	1,860	(1,138)
Parking	(1,803)	1,602	(201)	(1,759)	1,508	(251)
Trade Waste	(2,329)	1,385	(944)	(2,099)	1,994	(105)
<b>Total Services to the public included in Expenditure of Continuing Operations</b>	<b>(8,505)</b>	<b>6,979</b>	<b>(1,526)</b>	<b>(8,186)</b>	<b>7,039</b>	<b>(1,147)</b>
<b>Support services recharged to Expenditure of Continuing Operations</b>						
Metro Clean	(5,413)	5,661	248	(2,057)	1,969	(88)
Schools Catering	(9,393)	9,597	204	(4,790)	4,139	(651)
<b>Total Support services recharged to Expenditure of Continuing Operations</b>	<b>(14,806)</b>	<b>15,258</b>	<b>452</b>	<b>(6,847)</b>	<b>6,108</b>	<b>(739)</b>
<b>Net surplus credited to Other Operating Expenditure</b>	<b>(23,311)</b>	<b>22,237</b>	<b>(1,074)</b>	<b>(15,033)</b>	<b>13,147</b>	<b>(1,886)</b>

### Services to the public included in Expenditure of Continuing Operations

#### Markets

The Markets undertaking is regarded as one of the foremost in the region. It includes three retail sites providing a wide range of produce and goods as well as a Wholesale Market supplying local businesses.

#### Bereavement Services

Bereavement Services has management responsibility for the crematorium, thirteen cemeteries, thirteen closed churchyards and community War Memorials in the Borough (excluding Elmfield Park). The Crematorium complies with the requirements of the Environmental Protection Act 1990.

#### Parking Services

The Parking Services department operates both on and off street parking in the town centre and rural areas. The department's responsibilities include a range of services relating to the operational management of the car parks, including revenue collection and control as well as the maintenance of the car park assets. The department also maintains and manages on street pay and display machines including the processing of parking tickets (Penalty Charge Notices).

#### Business waste and recycling (commercial and trade)

The Council provides an extensive range of waste collection and disposal services available to all businesses located in Doncaster. Expenditure includes the collection cost of trade refuse and commercial recycling, along with the associated trade refuse disposal costs. Turnover includes income from businesses and other external parties including schools.

### Support Services recharged to Expenditure of Continuing Operations

#### Metro Clean

Metro Clean is the Council's in-house building cleaning service provider responsible for the cleaning at numerous sites across the borough. These include the majority of schools and academies, all St Leger Homes' buildings, all internal Council sites and 8 NHS LIFT buildings.

#### Schools Catering

Schools Catering provides meals in Doncaster for schools and academies.

## 29 Pooled Budget Arrangements

The Council has entered into a pooled budget arrangement with Doncaster Clinical Commissioning Group (CCG) for the provision of integrated health and social care services for people in the Doncaster area, the services being provided by the Council or the CCG depending on the client requirements. The Council and the CCG have an annual agreement in place for funding these services, with partners contributing funds to the agreed budget in line with funding allocations, taking responsibility for its own deficit or surplus.

The pooled budget is hosted by Doncaster CCG.

	2015/16			2016/17		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Funding provided to the pooled budget:						
the Council	0	2,085	2,085	0	1,965	<b>1,965</b>
Doncaster CCG	22,078	0	22,078	22,869	0	<b>22,869</b>
	<b>22,078</b>	<b>2,085</b>	<b>24,163</b>	<b>22,869</b>	<b>1,965</b>	<b>24,834</b>
Expenditure met from the pooled budget:						
the Council	6,920	2,085	9,005	7,967	1,965	<b>9,932</b>
Doncaster CCG	15,158	0	15,158	14,902	0	<b>14,902</b>
	<b>22,078</b>	<b>2,085</b>	<b>24,163</b>	<b>22,869</b>	<b>1,965</b>	<b>24,834</b>
Net surplus arising on the pooled budget during the year	0	0	0	0	0	0

## 30 Members' Allowances

The Council paid the following amounts to Council Members and Co-optees during the year.

2015/16		2016/17
£		£
892,969	Allowances	878,484
3,281	Expenses	2,564
1,754	Co-opted members	1,524
<b>898,004</b>	<b>Total</b>	<b>882,572</b>

## 31 Officers' Remuneration

### Senior Officer Remuneration

Title / Name	Year	Gross Salary	Additional payments	Compensation for loss of office	Employer Pension Contribution	Total
		£	£	£	£	£
<b>Chief Executive</b> J Miller	<b>2016/17</b>	149,000	0	0	19,221	<b>168,221</b>
	<b>2015/16</b>	149,000	900	0	19,337	<b>169,237</b>
<b>Director of Adults, Health &amp; Wellbeing</b> K Curry - Note 1	<b>2016/17</b>	159,650	0	0	0	<b>159,650</b>
	<b>2015/16</b>	38,750	0	0	0	<b>38,750</b>
<b>Director of Adults, Health &amp; Wellbeing</b> D Hamilton – Note 2	<b>2015/16</b>	115,500	57	36,000	11,126	<b>162,683</b>
<b>Director of Regeneration &amp; Environment</b> P Dale	<b>2016/17</b>	120,379	0	0	15,529	<b>135,908</b>
	<b>2015/16</b>	120,379	900	0	15,645	<b>136,924</b>
<b>Director of Learning Opportunities: Children &amp; Young People</b> D Allen – Note 3	<b>2016/17</b>	120,000	0	0	15,480	<b>135,480</b>
	<b>2015/16</b>	72,581	900	0	9,479	<b>82,960</b>
<b>Director of Learning Opportunities: Children &amp; Young People</b> E Brazil – Note 4	<b>2015/16</b>	33,575	3,160	0	0	<b>36,735</b>
<b>Director of Finance &amp; Corporate Services</b> S Wiles – Note 5	<b>2016/17</b>	96,213	0	0	12,412	<b>108,625</b>
	<b>2015/16</b>	113,357	810	0	14,727	<b>128,894</b>
<b>Director of Public Health</b> R Suckling	<b>2016/17</b>	100,308	0	0	14,344	<b>114,652</b>
	<b>2015/16</b>	100,308	1,126	0	14,473	<b>115,907</b>
<b>Monitoring Officer</b> S Fawcus - Note 6	<b>2016/17</b>	84,435	0	0	10,892	<b>95,327</b>
	<b>2015/16</b>	6,967	0	0	899	<b>7,866</b>
Monitoring Officer R Harvey – Note 6	<b>2015/16</b>	83,817	0	0	10,812	<b>94,629</b>
<b>Section 151 Officer</b> S Mawson – Note 5	<b>2016/17</b>	45,719	0	0	5,898	<b>51,617</b>

**Note 1** – K Curry started work with the Council on 18<sup>th</sup> January 2016 and left 31<sup>st</sup> March 2017. K Curry, although not regarded as an employee of the Council under employment law, occupied on an interim basis the role of the Director of Adult's, Health and Well-Being Services and is therefore included within this note as a senior officer of the Council.

**Note 2** – D Hamilton started work with the Council on 4<sup>th</sup> August 2014 and left the Council on 31<sup>st</sup> December 2015.

**Note 3** – D Allen started work with the Council on 24<sup>th</sup> August 2015.

**Note 4** – E Brazil left the Council on 24<sup>th</sup> June 2015. E Brazil, although not regarded as an employee of the Council under employment law, occupied the statutory role of the Director of Children's Services and is therefore included within this note as a senior officer of the Council. The figures include all payments received by E Brazil, e.g. expense allowances and the estimated monetary value of any other benefits received otherwise than in cash.

**Note 5** – S Wiles was Section 151 Officer from 1<sup>st</sup> April to 30<sup>th</sup> September 2016. S Mawson became Section 151 Officer on 1<sup>st</sup> October 2016.

**Note 6** – R Harvey left the Council on 29<sup>th</sup> February 2016. S Fawcus became Monitoring Officer on 1<sup>st</sup> March 2016.

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions), expressed in bands of £5,000, is as below: -

2015/16			Salary Banding £	2016/17		
DMBC	Schools	Total		DMBC	Schools	Total
32	31	63	50,000 - 54,999	18	20	38
18	36	54	55,000 - 59,999	9	28	37
19	22	41	60,000 - 64,999	18	11	29
8	8	16	65,000 - 69,999	4	11	15
2	8	10	70,000 - 74,999	1	10	11
1	4	5	75,000 - 79,999	0	4	4
3	4	7	80,000 - 84,999	4	2	6
2	0	2	85,000 - 89,999	3	1	4
8	1	9	90,000 - 94,999	8	1	9
1	0	1	95,000 - 99,999	1	0	1
1	0	1	100,000 - 104,999	0	0	0
0	0	0	105,000 - 109,999	0	0	0
0	0	0	110,000 - 114,999	0	0	0
1	0	1	115,000 - 119,999	1	0	1
0	0	0	120,000 - 124,999	0	0	0
0	0	0	125,000 - 214,999	0	0	0
1	0	1	215,000 - 219,999	0	0	0
<b>97</b>	<b>114</b>	<b>211</b>	<b>Total</b>	<b>67</b>	<b>88</b>	<b>155</b>

The table above excludes the senior employees and posts shown above, whose remuneration for 2015/16 and 2016/17 is shown in the senior officer remuneration analysis. The inclusion of termination payments has had the effect of certain employees being in a higher band for 2015/16 and 2016/17 than would otherwise be the case.

### Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The information does not include any costs relating to schools.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0 - £20,000	13	21	103	101	116	122	928,056	850,505
£20,001 - £40,000	1	5	20	23	21	28	544,670	726,591
£40,001 and above	0	0	4	2	4	2	335,300	126,014
<b>Total</b>	<b>14</b>	<b>26</b>	<b>127</b>	<b>126</b>	<b>141</b>	<b>152</b>	<b>1,808,026</b>	<b>1,703,110</b>

### 32 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors, KPMG: -

	2015/16 £'000	2016/17 £'000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	165	165
Fees payable to KPMG for the certification of grant claims and returns for the year	27	34
Fees payable in respect of other services provided by KPMG during the year	6	3
<b>Total</b>	<b>198</b>	<b>202</b>

### 33 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by DSG provided by the Department for Education (DfE). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2016

The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details for the deployment of DSG receivable for 2016/17 are as follows: -

	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2016/17 before academy recoupment	22,638	205,977	228,615
Academy figure recouped for 2016/17	1,520	110,330	111,850
<b>Total DSG after academy recoupment for 2016/17</b>	<b>21,118</b>	<b>95,647</b>	<b>116,765</b>
Plus: Brought Forward from 2015/16	3,994	0	3,994
<b>Agreed initial budgeted distribution in 2016/17</b>	<b>25,112</b>	<b>95,647</b>	<b>120,759</b>
In-year adjustments	26	0	26
<b>Final budgeted distribution for 2016/17</b>	<b>25,138</b>	<b>95,647</b>	<b>120,785</b>
Less: Actual central expenditure	21,741	0	21,741
Less: Actual ISB deployed to schools	0	95,647	95,647
<b>Carry forward to 2017/18</b>	<b>3,397</b>	<b>0</b>	<b>3,397</b>



### 34 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17: -

	2015/16 £'000	2016/17 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
<b>Capital Grants and Contributions</b>		
Department for Business, Innovation and Skills - National College's Investment Fund	1,808	10,474
Sheffield City Region Local Growth Fund for Rail College	0	5,000
Department for Transport - Local Transport Plan (Maintenance)	6,107	4,813
Department for Education - New Pupil Places (Basic Need)	1,733	4,613
Department for Education - Local Authority Capital Maintenance	2,302	2,231
Homes and Communities Agency - Empty Property	1,020	1,647
SCRIF- Finningley & Rossington Regeneration Route Scheme extension	0	1,058
Department for Transport - Local Transport Plan (Central Pot)	2,486	1,027
Developer Contributions – Finningley and Rossington Regeneration Route Scheme (FARRRS)	12,870	31
Department for Education - Targeted Basic Need Programme	1,522	0
Finningley and Rossington Regeneration Route Scheme (FARRRS) - Road Infill Donated Asset	8,374	0
Other Grants and Contributions	3,825	5,008
<b>Total</b>	<b>42,047</b>	<b>35,902</b>
<b>Non-Ring fenced Government Grants</b>		
Revenue Support Grant	60,943	48,011
Business Rates Retention Top Up Grant	26,972	27,197
New Homes Bonus	3,479	5,051
Business Rate Relief: Reimbursement for Local Authority Income Loss Payments	3,340	2,875
Troubled Families	758	1,227
Other	1,726	936
<b>Total</b>	<b>97,218</b>	<b>85,297</b>
<b>Credited to Services</b>		
Dedicated Schools Grant (DSG)	119,713	116,791
Mandatory Rent Allowance: subsidy	49,085	48,159
Mandatory Rent Rebates: subsidy	42,555	41,319
Public Health Grant	22,184	25,055
Pupil Premium	10,330	9,353
Private Finance Initiative (PFI) Annuity Grant	3,478	3,478
Universal Infant Free School Meals (UIFSM) Funding	2,864	2,820
Education Services Grant	2,773	2,454
Department for Environment, Food and Rural Affairs (Defra) Waste Infrastructure Grant	2,683	2,385
Department for Education - Improvement Grant	1,244	1,965
Housing Benefit & Council Tax Admin Benefit Subsidy	2,050	1,783
Independent Living Fund Grant	593	751
PE & Sports Grant	764	725
Skills Funding Agency Safeguarded Learning	1,022	712
Initial Teacher Training Grant	795	686
Skills Funding Agency Sixth Forms	687	679
Discretionary Housing Payments	570	676
Youth Justice Board	766	675
DECC Central Heating Fund	7	620
Other Grants	5,780	3,839
<b>Total</b>	<b>269,943</b>	<b>264,925</b>

	2015/16 £'000	2016/17 £'000
<b>Contributions</b>		
Primary Care Trust - Section 256 and Section 75	9,797	18,698
Primary Care Trust Continuing Healthcare Contribution to care packages	2,410	3,263
Other	4,568	4,949
<b>Total</b>	<b>16,775</b>	<b>26,910</b>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows: -

	Current		Long Term	
	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000
<b>Revenue Grants Receipts in Advance</b>				
Growing Places Fund	0	1,010	0	0
Reablement Grant	7,630	0	0	0
Other	1,267	911	0	0
<b>Total</b>	<b>8,897</b>	<b>1,921</b>	<b>0</b>	<b>0</b>
<b>Capital Grants &amp; Contributions Receipts in Advance</b>				
Early Years Capital Fund (Department for Education)	0	1,873	0	0
Section 106	0	706	2,581	2,137
Other Grant & Contribution	699	1,272	126	0
<b>Total</b>	<b>699</b>	<b>3,851</b>	<b>2,707</b>	<b>2,137</b>

### 35 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to Control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council 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 Council.

#### Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grant information is shown in Note 34.

#### Members

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2016/17 is shown in Note 30. Members have disclosed material transactions with related parties during 2016/17. These are Rotherham, Doncaster and South Humber Foundation Trust £16.9m, Doncaster and Bassetlaw Hospital NHS Foundation Trust £2.8m, Yorkshire Purchasing Organisation £1.9m, Doncaster Deaf Trust £1.2m and Doncaster East Internal Drainage Board £0.6m.

The Register of Members' Interest is open to public inspection at the Civic Centre during office hours, on application, and is also available on the Council's website.

#### Officers

Officers have disclosed material transactions in 16/17 with Doncaster Children's Services Trust providing £47.210m under the terms of service delivery contract and to Zurich Municipal Management services £1.1m.

## Other Public Bodies

The Council pays levies towards the services provided by the Sheffield City Region Combined Authority (SCR CA). The amount paid to SCR CA in 2016/17 was £13.476m (£15.185m in 2015/16).

## Entities controlled or significantly influenced by the Council

- **Subsidiary**

### **St Leger Homes of Doncaster Limited (SLHD)**

This is a company limited by guarantee and does not have any share capital. The Council is the sole member. The company was formed on 1<sup>st</sup> October 2005 to provide housing management and other services on behalf of the Council.

Details of the relationship with this company are shown within the Group Accounts.

- **Joint Ventures and Associates**

### **Digital Region Limited**

Digital Region Limited is a joint venture whose members comprise Rotherham MBC, Sheffield CC, Barnsley MBC, Doncaster MBC and the Secretary of State for Business, Innovation and Skills (BIS) who inherited Yorkshire Forward's interests in March 2012 following the abolition of the Regional Development Agencies.

The company was set up to manage and procure a high speed broadband network in the South Yorkshire region and to undertake the promotion of the network to the service provider market. Under the original business model, achievement of this objective was dependent upon the company generating sufficient revenue sales in the early years of operation. However, due to a range of factors, the target level of sales was not achieved.

The shareholders therefore took a decision in 2013 to commence an orderly and solvent closure of Digital Region Limited. A funding agreement was subsequently signed by all shareholders to ensure that sufficient funds would be made available to enable services to be migrated without interruption of business and to enable the company to meet its debts as they fell due. In the Council's case this amounted to £2m of capital loans and up to £7.58m of further support, of which £6.280m is covered by a capitalisation direction received from DCLG in 2011/12, against which the Council has advanced £5.34m.

To achieve a solvent liquidation of the company, a restructure of the company's balance sheet was completed during 2015 prior to a liquidator being appointed on 30th June 2015. As a consequence, the Council's shareholding is now 150 'A' shares (10%), 6 'B' shares (8.57%) and 3,870,041 'C' shares (8.57%). The final distribution of the remaining shareholder funds was made in 2016/17.

### **Doncaster Racecourse Management Company Limited**

The company was formed on 1<sup>st</sup> January 2006 to develop and operate the Racecourse. The Council has 190 shares of £1 each, which is 19% of the share capital.

The accounts for the year ended 31<sup>st</sup> December 2015 show net assets valued at £11.241m (£8.998m in 2014). The company made a profit for the year of £2.243m after tax (£1.496m after tax for the year ended 31<sup>st</sup> December 2014). Over the first 30 years of the racecourse's operation the Council will receive 7.5% of profits of the original business plan projections and 19% of any super profits. Although the information is from the 31<sup>st</sup> December 2015 accounts, based upon more recent management information, the 31<sup>st</sup> December 2016 accounts will not be materially different.

### 36 Capital Expenditure and Capital Financing

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 and PFI/PP contracts), 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed within this note.

	2015/16 £'000	2016/17 £'000
<b>Opening Capital Financing Requirement</b>	<b>547,995</b>	<b>582,472</b>
<b>Capital investment:</b>		
Property, Plant and Equipment *	119,649	82,737
Donated Property, Plant and Equipment *	1,874	52
Heritage Assets **	0	27
Intangible Assets ***	983	1,134
Long term loans and advances	7,710	0
Revenue Expenditure Funded from Capital Under Statute	2,722	4,003
<b>Sources of Finance:</b>		
Capital receipts	(5,548)	(8,910)
Government grants and other contributions	(37,110)	(32,996)
Donated Assets	(8,374)	(52)
Major Repairs Reserve	(29,098)	(22,196)
Direct revenue contributions	(14,839)	(17,039)
MRP / loans fund principal	(3,492)	(5,001)
<b>Closing Capital Financing Requirement</b>	<b>582,472</b>	<b>584,231</b>
<b>Explanation of movements in year:</b>		
MRP / loans fund principal	(3,492)	(5,001)
Donated Assets	(6,500)	0
Increase in underlying need to borrowing (unsupported by Government financial assistance)	23,968	7,810
Assets acquired under PFI/PPP contracts	25,733	0
Un-financed expenditure	(5,232)	(1,049)
<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>34,477</b>	<b>1,759</b>

\* These figures match to the additions lines in Note 12 – Property, Plant and Equipment

\*\* These figures match to the additions lines in Note 13 – Heritage Assets

\*\*\* These figures match to the additions lines in Note 15 – Intangible Assets

### 37 Leases

#### a) Council as lessee

##### Finance Leases

The Council has not classified any leases as Finance Leases.

##### Operating Leases

The Council has entered into a number of operating leases for vehicles, plant and equipment and land and buildings. The expenditure charged to the services line in the Comprehensive Income and Expenditure during the year in relation to these leases is as below: -

	Rent Paid in Year	
	2015/16 £'000	2016/17 £'000
Hire of plant and machinery	669	159
Land and buildings	1,199	1,150
<b>Total</b>	<b>1,868</b>	<b>1,309</b>

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

	Land and buildings	Other operating leases	Land and buildings	Other operating leases
	2015/16 £'000		2016/17 £'000	
<b>Operating leases which expire:</b>				
Within 1 year	1,094	159	1,137	74
Between 1 and 5 years	3,421	82	3,337	2
After 5 years	8,643	0	7,910	0
<b>Total</b>	<b>13,158</b>	<b>241</b>	<b>12,384</b>	<b>76</b>

#### b) Council as lessor

##### Finance Leases

The Council has entered into two finance lease arrangements, one for Doncaster Racecourse and one for the Keepmoat Stadium. The Council has a gross investment in the leases made up of the minimum lease payments expected to be received over the remaining lease terms. There is no residual value anticipated at the end of either of the lease terms. The minimum lease payments comprise settlement of the long-term debtor for the interest in each property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. Both lease arrangements are for a term of 99 years. The Council entered into the lease arrangements for Doncaster Racecourse and the Keepmoat Stadium in January 2006 and August 2012 respectively.

The gross investment is made up of the following amounts: -

	31 <sup>st</sup> March 2016 £'000	31 <sup>st</sup> March 2017 £'000
<b>Finance lease debtor (net present value of minimum lease payments):</b>		
Current	5	5
Non-Current	4,814	4,811
Finance Income	15,755	15,535
<b>Gross investment in the lease</b>	<b>20,574</b>	<b>20,351</b>

The gross investment in leases and the minimum lease payments will be received over the following periods: -

	Gross Investment in the Lease		Minimum Lease Payments	
	31 <sup>st</sup> March 2016 £'000	31 <sup>st</sup> March 2017 £'000	31 <sup>st</sup> March 2016 £'000	31 <sup>st</sup> March 2017 £'000
Not later than one year	223	223	223	223
Later than one year and not later than five years	893	893	893	893
Later than five years	19,458	19,235	19,458	19,235
<b>Total</b>	<b>20,574</b>	<b>20,351</b>	<b>20,574</b>	<b>20,351</b>

In both of the above arrangements, the minimum lease payments do not include rents that are contingent on events taking place after the balance sheet date.

The Council currently leases a number of land and school buildings to academies on long term arrangements. Where these have been classified as finance leases the schools have subsequently been treated as disposals and are excluded from the Council's balance sheet in line with the appropriate accounting standard and accounting policy (see Note 3, Critical Judgements in Applying Accounting Policies).

### Operating Leases

The Council has properties which it leases out under operating leases which generate revenue. The future minimum lease payments receivable under non-cancellable leases in future years are: -

	Land and buildings	
	2015/16 £'000	2016/17 £'000
<b>Operating leases which expire:</b>		
Within 1 year	1,365	1,603
Between 1 and 5 years	3,871	4,130
After 5 years	22,990	22,439
<b>Total</b>	<b>28,226</b>	<b>28,172</b>

## 38 Private Finance Initiatives (PFI) and Similar Contracts

Details of the PFI arrangements entered into by the Council are disclosed below along with information relating to payments still to be made under the contracts.

### Schools PFI Contracts

In 2007/08 the Council entered a contract over 25 years with Doncaster School Solutions and committed to making payments estimated at £6.8m per annum on average over the 25 years for the provision of two secondary PFI schools. The variable element of the payments are inflated by RPIX each year. The contractor payments began in December 2008 with actual payments of £6.339m in 2016/17 (£6.308m in 2015/16). The contract is due to expire in 2033/34.

Sir Thomas Wharton College transferred to Trust Status with effect from 1st March 2010 and then to be an Academy from 1st February 2013, so the asset is no longer recognised on the Council's balance sheet in accordance with the Council's accounting policies. Mexborough Science College has also transferred to be an Academy from 1st January 2015 and the asset is also no longer recognised on the Council's balance sheet. The unitary charge will continue to be paid by the Council over the remaining contract period with the liability shown between repayment of the finance lease liability, interest and unitary charge.

### Waste Management PFI Contract

Barnsley, Doncaster and Rotherham jointly entered into a PFI contract with 3SE (Shanks, Scottish and Southern Energy) on the 30th March 2012. The contract is for the construction, development and operation of a new mechanical biological treatment plant (ITS facility) to dispose of the of the Councils' residual waste. The facility has a processing capacity of 250,000 tonnes p.a, and anaerobic digestion facility (AD facility) to generate power from gas emissions for use on site and produce a bio-compost for land remediation. The ITS AD facility is constructed on land at Bolton Road, Rotherham, this land was in the ownership of Rotherham MBC but was part disposed to Barnsley and Doncaster, based on 1/3rd equal shares.

The period of operation is 25 years from the Service Commencement Date which was 3rd July 2015. The local authorities have the option to extend the service element of the contract by a further 5 years. If this option is not exercised, the facility reverts to the ownership of the local authorities at the end of the 25 year contract at nil cost, otherwise it will revert after 30 years. The financing costs, operating costs and lifecycle replacement will be met through unitary payments payable by the three local authorities and third party revenue contributions.

Rotherham MBC, as lead authority, make the unitary payment initially and then recover the proportionate shares due from Barnsley and Doncaster respectively. 62% of the unitary payment increases annually by January's RPIX figure. The PFI asset and liability are shared 30% Barnsley, 40% Doncaster, and 30% Rotherham. This is considered a reasonable basis as it corresponds to each Council's share of the Guaranteed Minimum Tonnage.

### Property, Plant and Equipment

The assets used to provide services at the Waste Management facility are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.

### Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. The Payments remaining to be made under the PFI contracts at 31<sup>st</sup> March 2017 are as follows: -

#### Breakdown of the Repayment of the Finance Lease Liability;

PFI Scheme	Within 1 year £'000	Within 2-5 years £'000	Within 6-10 years £'000	Within 11-15 years £'000	Within 16-20 years £'000	Within 21-25 years £'000	Total £'000
Sir Thomas Wharton College	787	3,891	4,062	6,596	1,745	0	17,081
Mexborough Science College	802	3,968	4,144	6,729	1,780	0	17,423
Waste Management PFI	363	542	1,722	3,109	5,625	6,335	17,696
<b>Total</b>	<b>1,952</b>	<b>8,401</b>	<b>9,928</b>	<b>16,434</b>	<b>9,150</b>	<b>6,335</b>	<b>52,200</b>

#### Breakdown of the Interest payments;

PFI Scheme	Within 1 year £'000	Within 2-5 years £'000	Within 6-10 years £'000	Within 11-15 years £'000	Within 16-20 years £'000	Within 21-25 years £'000	Total £'000
Sir Thomas Wharton College	666	2,324	2,191	1,166	87	0	6,434
Mexborough Science College	679	2,370	2,236	1,189	88	0	6,562
Waste Management PFI	2,435	9,471	11,130	9,585	6,635	1,636	40,892
<b>Total</b>	<b>3,780</b>	<b>14,165</b>	<b>15,557</b>	<b>11,940</b>	<b>6,810</b>	<b>1,636</b>	<b>53,888</b>

#### Breakdown of the remaining Unitary Charge;

Although the payments made to the contractor are described as unitary charge, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

PFI Scheme	Within 1 year £'000	Within 2-5 years £'000	Within 6-10 years £'000	Within 11-15 years £'000	Within 16-20 years £'000	Within 21-25 years £'000	Total £'000
Sir Thomas Wharton College	1,725	6,883	11,061	10,730	4,626	0	35,025
Mexborough Science College	1,760	7,021	11,282	10,944	4,719	0	35,726
Waste Management PFI	6,450	28,716	39,827	45,990	54,694	40,747	216,424

<b>Total</b>	<b>9,935</b>	<b>42,620</b>	<b>62,170</b>	<b>67,664</b>	<b>64,039</b>	<b>40,747</b>	<b>287,175</b>
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### **39 Pensions Schemes Accounted for as Defined Contribution Schemes**

#### **Teachers' Pension Scheme**

Teachers employed by the Council are members of the Teachers' Pension Scheme. The scheme is a Defined Benefit scheme administered by the Department for Children, Schools and Families. It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based upon a percentage of members' pensionable salaries.

Although the scheme is unfunded, teachers' pensions use a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2016/17, the Council's contribution to the Department for Children, Schools and Families in respect of teachers' retirement benefits was £6.35m (£6.25m in 2015/16), which represents 16.5% of teachers' pensionable pay (16.5% in 2015/16). In addition a further sum of £3.27m (£3.35m in 2015/16) was paid to former teachers representing the cost of added years and related increases. Amendments to the scheme came into force in 1997/98 under the Pensions Act 1995 making employers responsible for additional costs of the scheme.

#### **NHS Pension Scheme**

Public Health staff transferred into the Council on 1<sup>st</sup> April 2013. These staff are members of the NHS Pension Scheme. The scheme is a Defined Benefit scheme administered by NHS Pensions as a multi-employer scheme in which the Council's liability cannot be separated out. It provides staff with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based upon a percentage of members' pensionable salaries.

It is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2016/17, the Council's contribution to Public Health staff in respect of retirement benefits was £0.108m (£0.15m in 2015/16) which represents 14.3% of related pensionable pay.

### **40 Defined Benefit Pension Schemes**

#### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

#### **Local Government Pension Scheme**

The Council participates in the South Yorkshire Pension Scheme which is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The Council is responsible for liabilities relating to the South Yorkshire Pension Fund, up to the date of transfer, relating to staff transferred to St Leger Homes of Doncaster Ltd (SLHD) which was formed on 1<sup>st</sup> October 2005 to provide housing management and other services on behalf of the Council and



Doncaster Children's Services Trust (DCST) which became operational on 1<sup>st</sup> October 2014 to provide children's services on behalf of the Council. Any surplus/deficit for SLHD and DCST is shown in their own respective accounts. The Council provides a guarantee for SLHD and DCST for the pension fund deficit which is included in the contingent liability note.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balances via the Movement in Reserves Statement during the year:

<b>Local Government Pension Scheme</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
<b>Service cost comprising:</b>		
Current service cost	26,504	22,767
Past service costs	487	513
(gains)/loss from settlements and curtailments	1,266	(7,371)
Removal of accumulated balance of SLHD net pension liability	(2,287)	(7,311)
Removal of accumulated balance of DCST net pension liability	3,163	(3,163)
<b>Financing and Investment Income and Expenditure</b>		
Net Interest expense	12,213	12,238
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>41,346</b>	<b>17,673</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	21,322	(172,076)
Actuarial gains and losses arising on changes in demographic assumptions	0	(9,950)
Actuarial gains and losses arising on changes in financial assumptions	(72,731)	327,586
Other - Experience gains and losses	0	(8,305)
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(51,409)</b>	<b>137,255</b>
<b>Movement in the Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(13,286)	10,172
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>		
Employers' contributions payable to scheme	28,060	27,845

#### **Pension Assets and Liabilities Recognised in the Balance Sheet**

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefit plans is as follows: -

<b>Local Government Pension Scheme</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
Present value of the defined benefit obligation	(1,314,460)	(1,576,487)
Fair value of plan assets	953,238	1,076,977
<b>Net Liability arising from defined benefit obligation</b>	<b>(361,222)</b>	<b>(499,510)</b>

**Reconciliation of the Movement in the Fair Value of Scheme (Plan Assets)**

<b>Local Government Pension Scheme</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Opening fair value of scheme assets</b>	<b>937,946</b>	<b>953,238</b>
Removal of accumulated balance of SLHD plan assets	0	(35,438)
Removal of accumulated balance of DCST plan assets	0	(25,293)
<b>Adjusted opening fair value of scheme assets</b>	<b>937,946</b>	<b>892,507</b>
Interest Income	29,441	31,807
<i>Remeasurement gain/(loss):</i>		
- The return on plan assets, excluding the amount included in the net interest expense	(21,322)	172,076
- Other - Admin Expenses & Settlements	(437)	(2,493)
Contribution from employer	16,855	16,640
Contributions from employees into the scheme	6,901	6,487
Benefits paid	(38,380)	(40,047)
<b>Closing balance at 31<sup>st</sup> March</b>	<b>931,004</b>	<b>1,076,977</b>
Movement in SLHD plan assets	(3,059)	0
Movement in DCST plan assets	25,293	0
<b>Closing balance at 31<sup>st</sup> March</b>	<b>953,238</b>	<b>1,076,977</b>

**Reconciliation of present value of the scheme liabilities (defined benefit obligation):**

<b>Local Government Pension Scheme</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Opening balance at 1<sup>st</sup> April</b>	<b>(1,326,086)</b>	<b>(1,314,460)</b>
Removal of accumulated balance of SLHD scheme liabilities	0	42,749
Removal of accumulated balance of DCST scheme liabilities	0	28,456
<b>Adjusted opening balance at 1 April</b>	<b>(1,326,086)</b>	<b>(1,243,255)</b>
Current service cost	(26,504)	(22,767)
Interest cost	(41,654)	(44,045)
Contributions from scheme participants	(6,901)	(6,487)
<i>Remeasurement (gains) and losses</i>		
- Actuarial gains/losses arising from changes in demographic assumptions	0	9,950
- Actuarial gains/losses arising from changes in financial assumptions	72,731	(327,586)
- Other – Experience gains and losses	0	8,305
Past service cost	(50)	(99)
Losses/(gains) on curtailments	(1,266)	(2,467)
Benefits paid	38,380	40,047
Liabilities extinguished on settlement	0	11,917
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(1,291,350)</b>	<b>(1,576,487)</b>
Movement in SLHD scheme liabilities	5,346	0
Movement in DCST scheme liabilities	(28,456)	0
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(1,314,460)</b>	<b>(1,576,487)</b>

In October 2014 the Council made a one-off payment to the Pension Fund of £28.013m to cover future deficit liabilities for the period from 2014/15 to 2016/17. In line with the Council's accounting policies £5.603m was accounted for in 2014/15, £11.205m is accounted for in 2015/16 with the remainder (£11.205m) being offset against the pension liability on the balance sheet. In 2016/17, the pension reserve (note 24d, £499.510m) and the net pension liability (£499.510m) have been brought into line as the prepayment arrangements are accounted for in 2016/17.

**Local Government Pension Scheme assets comprised:**

	Fair value of scheme assets	
	2015/16 £'000	2016/17 £'000
<b>Cash and cash equivalents</b>	16,694	17,016
<b>Equity Instruments:</b>		
UK quoted	172,030	192,887
Overseas quoted	377,406	463,639
<b>Bonds</b>		
UK Government fixed	564	0
UK Government indexed	114,188	124,283
Overseas Government fixed	25,882	29,294
UK other	47,137	47,710
Overseas other	12,874	19,278
<b>Property</b>		
UK Direct	96,646	87,127
Property Funds	14,790	13,785
<b>Alternatives</b>		
Pooled Investment Vehicles	75,027	81,958
<b>Total</b>	<b>953,238</b>	<b>1,076,977</b>

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been estimated by Mercer Human Resource Consulting Limited, an independent firm of actuaries, estimates for the Council fund being based on the latest full valuation of the scheme as at 1<sup>st</sup> April 2017.

The significant assumptions used by the actuary have been: -

Beginning of period		End of period
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners</b>	
23.0	Men	22.9
25.7	Women	25.7
	<b>Longevity at 65 for future pensioners</b>	
25.4	Men	25.1
28.5	Women	28.0
2.0%	Rate of inflation	2.3%
3.75%	Rate of increase in salaries	3.55%
2.0%	Rate of increase in pensions	2.3%
3.6%	Rate for discounting scheme liabilities	2.6%

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

	<b>Impact on the Defined Benefit Obligation in the Scheme</b>	
	<b>Increase in Assumption £'000</b>	<b>Decrease in Assumption £'000</b>
Longevity (increase or decrease in 1 year)	31,007	(31,007)
Rate of inflation (increase or decrease by 0.1%)	32,152	(32,152)
Rate of salaries (increase or decrease by 0.1%)	5,292	(5,292)
Rate of pensions (increase or decrease by 0.1%)	32,152	(32,152)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(31,508)	31,508

### **Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31<sup>st</sup> March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Council anticipates paying £43.749m expected contributions to the scheme in 2017/18. The estimated weighted average duration of the defined benefit obligation for scheme members is 20 years.

### **West Yorkshire Superannuation Fund**

Payments in 2016/17 totalling £0.029m (£0.059m in 2015/16) were made to the West Yorkshire Superannuation Fund being the Council's share of payments to employees of the former West Riding County Council incurred as a result of the Local Government Reorganisation in 1974.

## **41 Contingent Liabilities**

### **St Leger Homes of Doncaster Ltd Pension Liability**

The Council has given an undertaking to assume responsibility for liabilities relating to the South Yorkshire Pension Fund relating to staff transferred to St Leger Homes of Doncaster Ltd which was formed on 1<sup>st</sup> October 2005 to provide housing management and other services on behalf of the Council. The actuary has assessed the deficit at £41.963m as at 31<sup>st</sup> March 2017. The Council considers it unlikely that this guarantee will be exercised so it is disclosed as a contingent liability in the Council's own accounts.

### **Doncaster Children's Services Trust Pension Liability**

The Council has given an undertaking to assume responsibility for liabilities relating to the South Yorkshire Pension Fund relating to staff transferred to Doncaster Children's Services Trust which became operational on 1<sup>st</sup> October 2014 to provide children's services on behalf of the Council. The actuary has assessed the deficit at £17.186m as at 31<sup>st</sup> March 2017. The Council considers it unlikely that this guarantee will be exercised so it is disclosed as a contingent liability in the Council's own accounts.

### **Municipal Mutual Insurance Ltd (MMI)**

MMI were the Council's insurer until their demise in 1992 when they ceased writing new business. A Scheme of Arrangement was set up with its creditors under which MMI continued to settle outstanding claims whilst they had sufficient funds to do so. In the eventuality that the company became insolvent then a clawback clause would be triggered with the Council liable to repay MMI. This Scheme of

Arrangement was triggered in November 2012 and so a levy was imposed on all scheme creditors, including the Council, who have been paid amounts in respect of scheme liabilities. An initial levy set at 15% by the administrators has been paid in 2013/14 with projected outcomes for a solvent run-off ranging anywhere between 9.5% and 28% at that time. However, in January 2016 MMI advised that due to volatile classes remaining uncertain the Levy range had been extended to be 15%-34%. Whilst a further Levy notice was issued in March 2016 for a further 10% repayment, the Council's provision has been set at 34%, being the upper limit as advised by MMI, totalling an outstanding amount of £0.951m. This contingent liability covers the remaining claims up to 100% (£5.844m).

### **Sterefibre stockpile**

In Partnership with other Councils, Doncaster Council contracted for the treatment and disposal of a proportion of its residual waste. Some of the material produced from the waste has been successfully deployed but since the contractor went into administration in Autumn 2012, the majority of the material remains stockpiled at a site in Doncaster operated by a third party. The administrator has advised that contractually the ownership of the material has now been passed onto the third party. Doncaster Council served a planning enforcement notice on the site operator to remove the fibre by 30<sup>th</sup> October 2013 and Planning Committee subsequently agreed to extend the period for compliance to 30<sup>th</sup> October 2014 for the consideration of various options but the notice has not been complied with and the fibre remains on site. The Council has obtained external legal advice that confirms there is no basis for the third party to recover costs from the Council. Depending on a number of future events the Council may or may not need to act under its Default Powers to remove the material. If this is the case, the cost of removing and disposing of the material could be significant and it is possible that the full cost will not be recoverable. The value of any liability cannot be measured with sufficient reliability because it depends on the actions of the third party and subsequent decisions of the Planning Committee. A 6 day planning inquiry is to be heard later in 2017.

### **Doncaster Culture & Leisure Trust (DCLT) Pension Liability**

The Council provides a third party guarantee for the DCLT pension deficit liability. The actuary has assessed this deficit to be in the order of at £5.19m as at 31<sup>st</sup> March 2017. The Council considers it unlikely that this guarantee will be exercised so this is disclosed as a contingent liability in the Council's own accounts.

## **42 Contingent Assets**

### **Claims for Recovery of Tax**

The Council is pursuing an outstanding claim against HMRC in respect of the recovery of landfill tax where material was put to certain uses by the landfill operator on site. The claim dates back to October 1996. The quantity and strength of the claim remains under review. There has been no change to our position during 2016/17.

## **43 Trust Funds**

Trust Funds are held for specified purposes in which the Council has an interest but do not form part of the Council's finances. They are maintained by the Council and, where appropriate, invested by the Council as trustee either externally or in the consolidated loans and advances pool. Further details on the Trust can be obtained upon request.

## **44 Deferred Liabilities**

These liabilities totalling £56.760m (£60.501m at 31<sup>st</sup> March 2016) are payable in a period exceeding 12 months and include the following: -

- a) £6.513m (£8.302m at 31<sup>st</sup> March 2016) in respect of debt taken over from the former South Yorkshire County Council which by arrangement are payable over a repayment period ending 31<sup>st</sup> March 2021 and for which the Council's loan management rests with Rotherham MBC;
- b) £50.247m (£52.199m at 31<sup>st</sup> March 2016) relating to PFI schemes' long term liabilities as disclosed in Note 16 and 38.

## Housing Revenue Account

### Comprehensive Income and Expenditure Account

The Housing Revenue Account reflects a statutory obligation to account separately for local authority housing provision, as defined in particular in Part 6, Schedule 4, of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure (maintenance and administration) and how these are met by rents, subsidy and other income.

From the 1<sup>st</sup> October 2005, maintenance and administration of the Council's dwellings was transferred to St. Leger Homes of Doncaster Limited, an Arm's Length Management Organisation, limited by guarantee and wholly owned by the Council.

2015/16 £'000		Notes	2016/17	
			£'000	£'000
	<b>Expenditure</b>			
9,719	Repairs and maintenance		11,330	
21,478	Supervision and management		20,327	
915	Rents, rates, taxes and other charges		770	
	Depreciation of Property, Plant & Equipment	8		
20,751	On dwellings		21,421	
780	On other assets		950	
11,296	Impairment of fixed assets	9	2,311	
(8,789)	Reversal of previous Impairment loss	9	(153,990)	
0	Amortisation of Intangible assets		16	
6	Debt management costs		9	
317	Movement in the allowance for bad debts		419	
<b>56,473</b>	<b>Total Expenditure</b>			<b>(96,437)</b>
	<b>Income</b>			
(74,870)	Dwelling rents (gross)		(74,329)	
(819)	Non-dwelling rents (gross)		(825)	
(327)	Charges for services and facilities		(569)	
(664)	Contributions towards expenditure		(444)	
<b>(76,680)</b>	<b>Total Income</b>			<b>(76,167)</b>
<b>(20,207)</b>	<b>Net cost of HRA Services as included in the whole authority Income and Expenditure Account</b>			<b>(172,604)</b>
760	HRA share of Corporate and Democratic Core		401	
<b>(19,447)</b>	<b>Net Income/(Cost) for HRA Services</b>			<b>(172,203)</b>
	<b>HRA share of the operating income and expenditure included in the whole authority Income and Expenditure Account</b>			
12,647	Gain or (loss) on sale of HRA non-current assets		9,896	
11,778	Interest payable and similar charges		11,802	
(95)	Interest receivable and similar income		(64)	
(1,037)	Capital Grants and Contributions receivable		(1,832)	
<b>3,846</b>	<b>(Surplus) or Deficit for the year on HRA services</b>			<b>(152,401)</b>

## Movement on the HRA Statement

This statement identifies those amounts in addition to the HRA Income and Expenditure Account surplus or deficit for the year that are required by statute to be charged to or credited to the HRA Balance. The reconciliation statement summarises the differences between the outturn on the HRA Income and Expenditure Account and the HRA Balance.

2015/16		Notes	2016/17	
£'000			£'000	£'000
(6,127)	<b>Balances on the HRA at the end of the previous year</b>			(6,860)
3,846	(Surplus) or deficit for the year on the HRA Income and Expenditure statement		(152,401)	
(4,579)	Adjustments between accounting basis and funding basis under statute (note10)		154,018	
(733)	Net (increase) or decrease before transfers to or from reserves		1,617	
(733)	(Increase) or decrease in year on the HRA			1,617
(6,860)	<b>Balance on the HRA at the end of the current year</b>			(5,243)

## Notes to the Statement of Movement on the Housing Revenue Account Balance

### 1 The number and type of dwellings in the Council's housing stock

31 <sup>st</sup> March 2016		31 <sup>st</sup> March 2017
16,629	Houses and bungalows	16,589
2,410	Low-rise flats and maisonettes	2,350
1,401	Medium and high-rise flats	1,399
<b>20,440</b>	<b>Total</b>	<b>20,338</b>

### 2 Major Repairs Reserve (MRR)

2015/16		2016/17
£'000		£'000
(11,128)	Balance as at 1 <sup>st</sup> April	(3,561)
(780)	Transfer Depreciation Non Dwellings to MRR	(966)
(20,751)	Transfer Depreciation Dwellings to MRR	(21,421)
29,098	Financing of capital expenditure	22,196
<b>(3,561)</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>(3,752)</b>

### 3 Rent arrears, excluding amounts collectable on behalf of other agencies

31 <sup>st</sup> March 2016		31 <sup>st</sup> March 2017
£'000		£'000
1,271	Former Tenants Rent Arrears	1,143
1,968	Current Tenants Rent Arrears	1,858
<b>3,239</b>	<b>Total</b>	<b>3,001</b>

The bad debt provision in respect of all un-collectable rent arrears was £1.663m (£1.737m in 2015/16). The aggregate balance sheet provision in respect of all un-collectable debts relating to the Housing Revenue Account was £1.825m (£1.926m in 2015/16).

#### 4 Movement of Property, Plant & Equipment

2015/16 Total  £'000		Council Dwellings  £'000	Other Operational Land & Buildings £'000	Other Property, Plant & Equipment £'000	2016/17 Total  £'000
	<b>Cost or Valuation</b>				
<b>534,940</b>	<b>At 1<sup>st</sup> April 2016</b>	<b>508,920</b>	<b>13,131</b>	<b>16,712</b>	<b>538,763</b>
<b>43,196</b>	Additions	24,026	900	11,099	<b>36,025</b>
<b>(14,263)</b>	Revaluation increases/(decreases) recognised in the Revaluation Reserve	(19,076)	(194)	2,363	<b>(16,907)</b>
<b>(7,377)</b>	Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	153,910	65	0	<b>153,975</b>
<b>(6,027)</b>	De-recognition – disposals	(5,996)	(364)	(4,019)	<b>(10,379)</b>
<b>(11,494)</b>	De-recognition – other	(6,765)	(72)	(475)	<b>(7,312)</b>
<b>(212)</b>	Reclassifications within PPE	13,079	(73)	(13,006)	<b>0</b>
<b>538,763</b>	<b>At 31<sup>st</sup> March 2017</b>	<b>668,098</b>	<b>13,939</b>	<b>12,674</b>	<b>694,165</b>
	<b>Accumulated Depreciation and Impairment</b>				
<b>(23,341)</b>	<b>At 1<sup>st</sup> April 2016</b>	<b>(21,608)</b>	<b>(1,476)</b>	<b>(1,197)</b>	<b>(24,281)</b>
<b>(21,531)</b>	Depreciation charge	(21,421)	(500)	(450)	<b>(22,371)</b>
<b>15,770</b>	Depreciation & Impairment written out to the Revaluation Reserve	21,608	65	15	<b>21,688</b>
<b>6,168</b>	Depreciation & Impairment written out to the Surplus/Deficit on the Provision of Services	0	0	0	<b>0</b>
<b>(1,356)</b>	impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(1,964)	(244)	(88)	<b>(2,296)</b>
<b>0</b>	De-recognition – other	0	95	0	<b>95</b>
<b>9</b>	Reclassifications within PPE	(105)	14	91	<b>0</b>
<b>(24,281)</b>	<b>At 31<sup>st</sup> March 2017</b>	<b>(23,490)</b>	<b>(2,046)</b>	<b>(1,629)</b>	<b>(27,165)</b>
<b>514,482</b>	<b>Net Book Value as at 31<sup>st</sup> March 2017</b>	<b>644,608</b>	<b>11,347</b>	<b>11,045</b>	<b>667,000</b>

#### 5 Vacant possession value of dwellings

The vacant possession value of dwellings within the HRA following annual revaluation as at 1<sup>st</sup> April 2016 was £1.540 billion. A difference arises between the vacant possession valuation £1.540 billion and the valuation used for balance sheet purposes of £631 million because the latter represents the social housing value of tenanted dwellings. The difference £0.909 billion indicates the economic cost to Government of providing Council Housing at less than open market rents.



## 6 Capital expenditure on land, houses and other property within the HRA and the sources of funding.

2015/16 £'000		2016/17 £'000
	<b>Capital expenditure per asset classification:</b>	
34,636	Council Dwellings	24,026
838	Other operational Land and Buildings	900
3,847	Vehicles Plant and equipment	605
3,875	Assets Under Construction	9,634
0	Community Assets	27
0	Surplus Assets	833
65	Intangible Assets	65
<b>43,261</b>		<b>36,090</b>
	<b>Sources of funding:</b>	
(32)	Useable Capital Receipts	(805)
(1,309)	Capital Grants and Contributions	(1,739)
(29,075)	Major Repairs Reserve	(22,050)
(9,172)	Direct revenue financing	(10,748)
(3,673)	Unsupported borrowing	(748)
<b>(43,261)</b>		<b>(36,090)</b>

## 7 Capital receipts from the disposals of land, houses and other property within the HRA

2015/16 £'000		2016/17 £'000
4,775	Houses (Council Dwellings)	6,607
95	Land	1,043
0	Other Property	51
<b>4,870</b>	<b>Total</b>	<b>7,701</b>

## 8 Depreciation charged to the HRA

2015/16 £'000		2016/17 £'000
20,751	Council Dwellings	21,421
500	Other Land and Buildings	500
280	Other PPE	450
<b>21,531</b>		<b>22,371</b>

**9 Impairment charge to HRA.**

<b>2015/16 £'000</b>		<b>2016/17 £'000</b>
9,622	Revaluation Loss on Council Dwellings	0
882	Revaluation Loss relating to non-Council Dwelling Assets	347
308	Impairment due to Council Dwelling demolition in year and proposed future	1,472
484	Consumption of Economic Benefit re Council Dwellings	492
(8,789)	Reversal of previous impairment loss re Council Dwellings	(153,990)
<b>2,507</b>		<b>(151,679)</b>

The regional adjustment factor, applied to ascertain the value of social housing stock, has increased to 41% compared to 31% which was used last year. This has meant all social housing stock has had a revaluation gain in year causing a material value of previous impairment losses to be reversed.

**10 Revenue Expenditure Funded from Capital Under Statute**

In 2016/17 and 2015/16 the costs to the HRA were nil.

## Collection Fund

The account reflects the statutory requirement contained in Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate Collection Fund, which accounts for the income from Council Tax, National Non-Domestic Rates (NNDR) and residual Community Charge. This income finances the net expenditure requirements of the authorities within the Doncaster Council area, including the Council itself, the South Yorkshire Joint Authorities and Parish Councils. The Collection Fund accounts are prepared on an accruals basis. There is no requirement for a separate Collection Fund Balance Sheet and Collection Fund balances are consolidated into the Council's balance sheet.

## Collection Fund Account

2015/16 £'000		Notes	2016/17 £'000
	<b>Amounts required by statute to be credited to the Collection Fund</b>		
(108,767)	Council Tax (showing the amount receivable, net of benefits discounts for prompt payments and transitional relief)	1	(114,418)
(96,006)	Non-Domestic Rates (showing the amount receivable, net of discretionary and mandatory reliefs)	2	(94,885)
(2,381)	Contribution towards previous year's Collection Fund deficit - Non-Domestic Rates		(1,273)
<b>(207,154)</b>	<b>Total Income</b>		<b>(210,576)</b>
	<b>Amounts required by statute to be debited to the Collection Fund</b>		
	Precepts and demands from major preceptors and the authority - Council Tax	3	
88,602	- Doncaster Council		93,691
11,220	- South Yorkshire Police Authority		11,804
5,022	- South Yorkshire Fire and Rescue Authority		5,212
	Shares of Non-Domestic Rating income to major preceptors and the (billing) authority - Non-Domestic Rates		
45,789	- Doncaster Council		47,709
934	- South Yorkshire Fire and Rescue Authority		974
46,723	Payment with respect to central share (including allowable deductions) of the Non-Domestic Rating income to be paid to central government by billing authorities		48,683
680	Transitional protection payments Non-Domestic Rates		119
	Impairment of debts/appeals for Council Tax		
563	- write-offs of uncollectable amounts		873
466	- allowance for impairment		(436)
	Impairment of debts/appeals for Non-Domestic Rates:		
2,381	- write-offs of uncollectable amounts		2,590
(1,620)	- allowance for impairment		(2,939)
374	Charge to General Fund for allowable collection costs for Non-Domestic Rates		374
2,968	Contributions towards previous year's Collection Fund surplus for Council Tax		3,346
<b>204,102</b>	<b>Total Expenditure</b>		<b>212,000</b>

2015/16 £'000		Notes	2016/17 £'000
	<b>Opening fund balance:</b>		
(6,160)	- Council Tax		(6,085)
4,114	- Non-Domestic Rates		989
	<b>Closing fund balance:</b>		
(6,085)	- Council Tax		(6,013)
989	- Non-Domestic Rates		2,340
	<b>Movement on fund balance:</b>		
75	- Council Tax		72
(3,125)	- Non-Domestic Rates		1,351
	Accumulated surplus/deficit of the Collection Fund (Council Tax) is attributable to the following:-		
(5,134)	- Doncaster Council		(5,073)
(656)	- South Yorkshire Police Authority		(648)
(295)	- South Yorkshire Fire and Rescue Authority		(292)
<b>(6,085)</b>			<b>(6,013)</b>
	Accumulated surplus/deficit of the Collection Fund (Non-Domestic Rates) is attributable to the following:-		
485	- Doncaster Council		1,147
494	- Central Government		1,170
10	- South Yorkshire Fire and Rescue Authority		23
<b>989</b>			<b>2,340</b>

## Notes to the Collection Fund Account

### 1 Council Tax

Income from Council Tax is derived from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated values as at 1<sup>st</sup> April 1991. The Tax Base calculation is based upon the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for the Local Council Tax Support (LCTS) scheme, discounts and exemptions. Individual charges are calculated by estimating the amount of income required to fund the demands on the Collection Fund and then dividing this by the Tax Base (see note 3).

The table below shows the number of properties in each band and the equivalent number of band D properties: -

Band	Number of Dwellings in the Band	Less LCTS, Exemptions, Discounts & Other Changes	Adjusted Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwelling	Council Tax 2016/17 (Excluding Parishes) £
A	79,582	(26,909)	52,673	6/9	35,115	940.75
B	23,996	(3,660)	20,336	7/9	15,817	1,097.52
C	14,494	(1,748)	12,746	8/9	11,330	1,254.32
D	8,764	(642)	8,122	1	8,122	1,411.11
E	4,277	(263)	4,014	11/9	4,906	1,724.70
F	1,909	(74)	1,835	13/9	2,651	2,038.27
G	852	(22)	830	15/9	1,384	2,351.86
H	125	(60)	65	18/9	130	2,822.22
<b>Total</b>	<b>133,999</b>	<b>(33,378)</b>	<b>100,621</b>		<b>79,455</b>	
					(2,384)	
					<b>77,071</b>	

## Reconciliation of Council Tax income to the tax base: -

2015/16		2016/17
78,071	No of Band D properties	79,455
£1,359.57	Band D rate	£1,411.11
£1,885,611	Parish Precepts	£1,952,039
£'000		£'000
(108,029)	Estimated Income	(114,072)
(738)	In year changes	(346)
(108,767)	Income	(114,418)

The in-year changes in 2016/17 are due to an increase in the number of band D properties to 77,270, compared with 77,071 used in the calculation of the budget. This is mainly attributable to 523 fewer Local Council Tax Scheme discounts being awarded and lower than expected growth of 324 dwellings.

## 2 NNDR

Under statutory arrangements, NNDR are collected locally on the basis of a nationally determined rate in the pound charged on the rateable value of the property. The multiplier is set nationally by Central Government and local rateable values are provided by the Valuation Office Agency (VOA). In 2016/17 the Standard Rate was 49.7p (49.3p in 2015/16) and the Small Business Rate was 48.4p (48.0p in 2015/16).

Since 1<sup>st</sup> April 2013 and the introduction of the Local Government Finance Act 2012, business rates are shared between Central and Local government. 50% of local business rates income is retained locally (Doncaster retains 49% and passes on 1% to the South Yorkshire Fire and Rescue Authority) and 50% is passed to Central Government. The local retention of business rates model calculates the difference between each Council's individual business rate baseline and their calculated baseline funding level and either a top up or a tariff will be paid to Councils from Central Government. The emphasis of these reforms is to move Local Government funding away from a needs based system to one based on business rates. Central Government have made it clear there will be no updating of needs in this new system until at least 2020. Doncaster Council received top-up funding of £27.197m, which represents the difference between our individual business rate baseline funding level of £42.693m and the calculated baseline level of £69.890m.

The Business Rates collectable after reliefs and provisions was £94.885m in 2016/17 (£96.006m in 2015/16) and was based on a rateable value for the Council's area of £234,897,126 as at 24<sup>th</sup> March 2017 (£233,555,877 as at 30<sup>th</sup> March 2016). Full revaluations are carried out every five years and the next revaluation was due in April 2015, however Central Government announced in October 2012 the decision to postpone the next business rates revaluation until 2017. The Government is continuing to develop the Business Rates system for 100% retention by Local Government in 2019/20, with a number of consultations being released during 2016/17.

## 3 Precepts and Demands

Expenditure requirements financed by the Collection Fund: -

	Net Budget Requirement	Band D Equivalent Dwellings	Band D Council Tax
	£'000		£
Doncaster Council Demand *	91,739	77,071	1,190.32
S Y Police Authority	11,804	77,071	153.16
S Y Fire and Rescue Authority	5,212	77,071	67.63
<b>Total</b>	<b>108,755</b>		<b>1,411.11</b>

\* Excludes Parish Precepts of £1,952,039

## Group Accounts

### The Core Financial Statements

#### Group Comprehensive Income and Expenditure Statement

2015/16				2016/17		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
160,332	(62,743)	97,589	Adults, Health & Wellbeing	154,638	(75,530)	79,108
49,034	(4,190)	44,844	Council Wide Budgets	14,846	(458)	14,388
108,849	(101,569)	7,280	Finance & Corporate Services	107,243	(99,211)	8,032
213,257	(153,841)	59,416	Learning & Opportunities: Children & Young People	233,751	(149,629)	84,122
71,871	(19,174)	52,697	Regeneration & Environment	80,218	(22,830)	57,388
58,935	(76,680)	(17,745)	Housing Revenue Account	(94,132)	(76,543)	(170,675)
<b>662,278</b>	<b>(418,197)</b>	<b>244,081</b>	<b>Net Cost of Services</b>	<b>496,564</b>	<b>(424,201)</b>	<b>72,363</b>
2,169	0	2,169	Parish Council Precepts	1,952	0	1,952
2,231	0	2,231	Payments to the Government Housing Capital Receipts Pool	2,491	0	2,491
21,690	0	21,690	(Gains) / Losses on the disposal of non-current assets	21,987	0	21,987
<b>26,090</b>	<b>0</b>	<b>26,090</b>	<b>Other operating expenditure</b>	<b>26,430</b>	<b>0</b>	<b>26,430</b>
20,870	0	20,870	Interest payable & similar charges	21,745	0	21,745
12,937	0	12,937	Pensions interest cost & expected return on pensions Assets	12,884	0	12,884
0	(1,674)	(1,674)	Interest receivable & similar income	0	(1,613)	(1,613)
5	(604)	(599)	Income & expenditure in relation to investment properties & changes in their fair value	5,320	(177)	5,143
21,797	(22,871)	(1,074)	(Surplus) / Deficit on Trading Undertakings not in Net Cost of Services	12,704	(14,590)	(1,886)
<b>55,609</b>	<b>(25,149)</b>	<b>30,460</b>	<b>Financing and investment income and expenditure</b>	<b>52,653</b>	<b>(16,380)</b>	<b>36,273</b>
0	(91,038)	(91,038)	Council tax income	0	(96,448)	(96,448)
0	(46,372)	(46,372)	Non domestic rates redistribution	0	(46,574)	(46,574)
0	(97,218)	(97,218)	Non-ring fenced Government grants	0	(85,297)	(85,297)
0	(42,047)	(42,047)	Capital grants and contributions	0	(35,902)	(35,902)
<b>0</b>	<b>(276,675)</b>	<b>(276,675)</b>	<b>Taxation and non-specific grant income</b>	<b>0</b>	<b>(264,221)</b>	<b>(264,221)</b>
<b>743,977</b>	<b>(720,021)</b>	<b>23,956</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>575,647</b>	<b>(704,802)</b>	<b>(129,155)</b>
		(38,102)	(Surplus) / Deficit on revaluation of non-current assets			(30,693)
		(57,173)	Actuarial (gains) / losses on pension assets / liabilities			157,636
		0	(Surplus) / Deficit on revaluation of available for sale financial assets			(33)
		<b>(95,275)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>126,910</b>
		<b>(71,319)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(2,245)</b>

## Group Movement in Reserves Statement

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	(Group) Share of Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31<sup>st</sup> March 2016 brought forward</b>	<b>(69,545)</b>	<b>(6,860)</b>	<b>(12,502)</b>	<b>(3,561)</b>	<b>(8,917)</b>	<b>(101,385)</b>	<b>(478,566)</b>	<b>(579,951)</b>	<b>19,139</b>	<b>(560,812)</b>
<b>Movement in reserves during 2016/17</b>										
<b>Total Comprehensive Income and Expenditure</b>	<b>21,073</b>	<b>(152,401)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(131,328)</b>	<b>106,529</b>	<b>(24,799)</b>	<b>22,554</b>	<b>(2,245)</b>
Adjustments between accounting basis and funding basis under regulations	(16,904)	154,018	1,309	(191)	(2,852)	<b>135,380</b>	<b>(135,380)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other Adjustments	(93)	0	0	0	93	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(Increase) / Decrease in 2016/17</b>	<b>4,076</b>	<b>1,617</b>	<b>1,309</b>	<b>(191)</b>	<b>(2,759)</b>	<b>4,052</b>	<b>(28,851)</b>	<b>(24,799)</b>	<b>22,554</b>	<b>(2,245)</b>
<b>Balance at 31<sup>st</sup> March 2017 carried forward</b>	<b>(65,469)</b>	<b>(5,243)</b>	<b>(11,193)</b>	<b>(3,752)</b>	<b>(11,676)</b>	<b>(97,333)</b>	<b>(507,417)</b>	<b>(604,750)</b>	<b>41,693</b>	<b>(563,057)</b>

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	(Group) Share of Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31<sup>st</sup> March 2015 brought forward</b>	<b>(79,664)</b>	<b>(6,127)</b>	<b>(10,023)</b>	<b>(11,128)</b>	<b>(12,487)</b>	<b>(119,429)</b>	<b>(392,541)</b>	<b>(511,970)</b>	<b>22,477</b>	<b>(489,493)</b>
<b>Movement in reserves during 2015/16</b>										
<b>Total Comprehensive Income and Expenditure</b>	<b>17,684</b>	<b>3,846</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,530</b>	<b>(89,511)</b>	<b>(67,981)</b>	<b>(3,338)</b>	<b>(71,319)</b>
Adjustments between accounting basis and funding basis under regulations	(7,433)	(4,579)	(2,479)	7,567	3,438	<b>(3,486)</b>	<b>3,486</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other Adjustments	(132)	0	0	0	132	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(Increase) / Decrease in 2015/16</b>	<b>10,119</b>	<b>(733)</b>	<b>(2,479)</b>	<b>7,567</b>	<b>3,570</b>	<b>18,044</b>	<b>(86,025)</b>	<b>(67,981)</b>	<b>(3,338)</b>	<b>(71,319)</b>
<b>Balance at 31<sup>st</sup> March 2016 carried forward</b>	<b>(69,545)</b>	<b>(6,860)</b>	<b>(12,502)</b>	<b>(3,561)</b>	<b>(8,917)</b>	<b>(101,385)</b>	<b>(478,566)</b>	<b>(579,951)</b>	<b>19,139</b>	<b>(560,812)</b>

## Group Balance Sheet

31 <sup>st</sup> March 2016		Notes	31 <sup>st</sup> March 2017	
£'000	£'000		£'000	£'000
1,383,542		Property, Plant & Equipment	c	1,553,348
10,258		Heritage Assets		10,163
9,031		Investment Property		3,725
3,831		Intangible Assets		4,311
2,800		Long Term Investments		7,838
7,744		Long Term Debtors		7,605
	<b>1,417,206</b>	<b>Long Term Assets</b>		<b>1,586,990</b>
807		Current Intangible Assets		540
25,029		Short Term Investments		17,124
6,000		Assets Held for Sale		1,500
3,371		Inventories	d	2,323
70,736		Short Term Debtors	e	75,949
19,714		Cash & Cash Equivalents	f	10,770
	<b>125,657</b>	<b>Current Assets</b>		<b>108,206</b>
(12,781)		Cash & Cash Equivalents	f	(15,372)
(38,284)		Short Term Borrowing		(22,100)
(46,683)		Short Term Creditors	g	(44,039)
(1,202)		Provisions		(954)
(8,897)		Revenue Grants Receipts in Advance		(1,921)
(699)		Capital Grants Receipts in Advance		(3,851)
	<b>(108,546)</b>	<b>Current Liabilities</b>		<b>(88,237)</b>
(18,977)		Provisions		(14,891)
(410,959)		Long Term Borrowing		(428,911)
(60,501)		Deferred Liabilities		(56,760)
(2,707)		Capital Grants Receipts in Advance		(2,137)
(380,361)		Liability related to defined benefit pension scheme	i	(541,203)
	<b>(873,505)</b>	<b>Long Term Liabilities</b>		<b>(1,043,902)</b>
	<b>560,812</b>	<b>Net Assets</b>		<b>563,057</b>
101,385		Usable Reserves		97,333
459,427		Unusable Reserves		465,724
	<b>560,812</b>	<b>Total Reserves</b>		<b>563,057</b>



**Group Cash Flow Statement**

<b>31<sup>st</sup> March 2016 £'000</b>		<b>31<sup>st</sup> March 2017 £'000</b>
(21,530)	Net surplus or (deficit) on the provision of services	131,328
116,535	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(65,852)
(44,338)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(46,220)
<b>50,667</b>	<b>Net cash flows from Operating Activities</b>	<b>19,256</b>
<b>(49,959)</b>	<b>Investing Activities</b>	<b>(27,995)</b>
<b>5,968</b>	<b>Financing Activities</b>	<b>(2,796)</b>
6,676	Net increase or (decrease) in cash and cash equivalents	(11,535)
257	Cash and cash equivalents at the beginning of the reporting period	6,933
<b>6,933</b>	<b>Cash and cash equivalents at the end of the reporting period (see Note f)</b>	<b>(4,602)</b>

## Notes to the Group Core Financial Statements

### a Details of the Group

#### Subsidiary – St Leger Homes of Doncaster Limited (SLHD)

This is a company limited by guarantee and does not have any share capital. The Council is the sole member. The company was formed on 1<sup>st</sup> October 2005 to provide housing management and other services on behalf of the Council.

### b Accounting Policies

#### Statement of Accounting Policies

The group accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances as those for the Council. As far as can be ascertained, there are no material differences between the accounting policies of the group entity and the Council which require realignment.

### c Property, Plant and Equipment

Details for the Council are shown in note 12. Details for SLHD are shown below: -

	Year Ended 31st March 2017 £000	Restated Year Ended 31st March 2016 £000
<b>Cost</b>		
At 1 April 2016	1,205	1,205
Additions	0	0
At 31 March 2017	1,205	1,205
<b>Depreciation</b>		
At 1 April 2016	439	198
Charge for the year	241	241
At 31 March 2017	680	439
<b>Net Book Value</b>	<b>525</b>	<b>766</b>

### d Inventories

2016/17	Consumable Stores £'000	Transport £'000	General Materials £'000	Total £'000
<b>Balance outstanding at start of year</b>	<b>3,178</b>	<b>134</b>	<b>59</b>	<b>3,371</b>
Purchases	7,572	1,050	2,877	11,499
Recognised as an expense in the year	(8,602)	(1,032)	(2,868)	(12,502)
Written off balances	(24)	(21)	0	(45)
<b>Balance outstanding at year-end</b>	<b>2,124</b>	<b>131</b>	<b>68</b>	<b>2,323</b>

Comparative 2015/16	Consumable Stores £'000	Transport £'000	General Materials £'000	Total £'000
<b>Balance outstanding at start of year</b>	<b>1,212</b>	<b>172</b>	<b>67</b>	<b>1,451</b>
Purchases	8,282	964	2,742	11,988
Recognised as an expense in the year	(6,294)	(990)	(2,744)	(10,028)
Written off balances	(22)	(12)	(6)	(40)
<b>Balance outstanding at year-end</b>	<b>3,178</b>	<b>134</b>	<b>59</b>	<b>3,371</b>

**e Debtors**

	<b>31<sup>st</sup> March 2016 £'000</b>	<b>31<sup>st</sup> March 2017 £'000</b>
<b>Debtors</b>		
Central Government bodies	11,790	12,049
Other local authorities	1,751	1,702
NHS bodies	4,763	6,800
Public corporations and trading funds	48	22
Other entities and individuals	43,716	35,644
<b>Sub Total</b>	<b>62,068</b>	<b>56,217</b>
Payments in advance	8,668	19,732
<b>Total</b>	<b>70,736</b>	<b>75,949</b>

**f Cash and Cash Equivalents**

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

	<b>31<sup>st</sup> March 2016 £'000</b>	<b>31<sup>st</sup> March 2017 £'000</b>
Cash held by the Group	25	29
Bank balance / (overdraft)	(9,992)	(11,131)
Cash investments regarded as cash equivalents (bank current accounts and short-term deposits with bank, building societies and other banking sector)	16,900	6,500
<b>Total Cash and Cash Equivalents</b>	<b>6,933</b>	<b>(4,602)</b>

**g Creditors**

	<b>31<sup>st</sup> March 2016 £'000</b>	<b>31<sup>st</sup> March 2017 £'000</b>
<b>Creditors</b>		
Central Government bodies	(11,742)	(7,255)
Other local authorities	(1,852)	(3,099)
NHS bodies	(2,034)	(1,591)
Public corporations and trading funds	(8)	(8)
Other entities	(25,432)	(26,499)
<b>Sub Total</b>	<b>(41,068)</b>	<b>(38,452)</b>
Receipts in Advance	(5,615)	(5,587)
<b>Total</b>	<b>(46,683)</b>	<b>(44,039)</b>

## h Officers' Remuneration

### Senior Officer Remuneration

Details for the Council are shown in note 12. Details for SLHD are shown below: -

	<b>Restated Year Ended 31st March 2016 £000</b>	<b>Year Ended 31st March 2017 £000</b>
<b>Remuneration of directors</b>		
<b>Members of the Board of Directors</b>		
Directors' emoluments	20	19
None of the Directors are members of the defined benefit pension scheme	0	0
<b>Members of the Executive Management Team</b>		
The Executive Management Team, including the Chief Executive Officer, received emoluments as follows:		
Aggregate emoluments (wages and salary) payable to the Executive Management Team. (Including pension contributions. No benefits in kind were received.)	429	419

The Group's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions), expressed in bands of £5,000, is as below: -

2015/16			Salary Banding	2016/17		
Group	Schools	Total	£	Group	Schools	Total
32	31	63	50,000 - 54,999	18	20	38
25	36	61	55,000 - 59,999	18	28	46
19	22	41	60,000 - 64,999	18	11	29
8	8	16	65,000 - 69,999	4	11	15
2	8	10	70,000 - 74,999	1	10	11
1	4	5	75,000 - 79,999	0	4	4
3	4	7	80,000 - 84,999	4	2	6
2	0	2	85,000 - 89,999	3	1	4
8	1	9	90,000 - 94,999	8	1	9
1	0	1	95,000 - 99,999	1	0	1
1	0	1	100,000 - 104,999	0	0	0
0	0	0	105,000 - 109,999	0	0	0
0	0	0	110,000 - 114,999	0	0	0
1	0	1	115,000 - 119,999	1	0	1
0	0	0	120,000 - 124,999	0	0	0
0	0	0	125,000 - 214,999	0	0	0
1	0	1	215,000 - 219,999	0	0	0
<b>104</b>	<b>114</b>	<b>218</b>	<b>Total</b>	<b>76</b>	<b>88</b>	<b>164</b>

The table above excludes the senior employees and posts shown above, whose remuneration for 2015/16 and 2016/17 is shown in the senior officer remuneration analysis. The inclusion of termination payments has had the effect of certain employees being in a higher band for 2015/16 and 2016/17 than would otherwise be the case.

## Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The information does not include any costs relating to schools.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0 - £20,000	15	22	104	104	119	126	964,943	892,054
£20,001 - £40,000	1	5	20	23	21	28	544,670	726,591
£40,001 and above	0	0	4	2	4	2	335,300	126,014
<b>Total</b>	<b>16</b>	<b>27</b>	<b>128</b>	<b>129</b>	<b>144</b>	<b>156</b>	<b>1,844,913</b>	<b>1,744,659</b>

## i Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers the Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

### Local Government Pension Scheme

The Group participates in the South Yorkshire Pension Scheme which is a funded defined benefit final salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Group recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The Council is responsible for liabilities relating to the South Yorkshire Pension Fund, up to the date of transfer, relating to staff transferred to SLHD and Doncaster Children's Services Trust (DCST) which became operational on 1<sup>st</sup> October 2014 to provide children's services on behalf of the Council. Any surplus/deficit for SLHD and DCST is shown in their own respective accounts. The Council provides a guarantee for SLHD and DCST for the pension fund deficit which is included in the contingent liability note.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balances via the Movement in Reserves Statement during the year:

<b>Local Government Pension Scheme</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
<b>Service cost comprising:</b>		
Current service cost	30,405	26,568
Past service costs	581	615
(gains)/loss from settlements and curtailments	1,290	(7,371)
Removal of accumulated balance of SLHD net pension liability	(2,287)	(7,311)
Removal of accumulated balance of DCST net pension liability	3,163	(3,163)
<b>Financing and Investment Income and Expenditure</b>		
Net Interest expense	12,937	12,884
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>46,089</b>	<b>22,222</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	23,590	(190,006)
Actuarial gains and losses arising on changes in demographic assumptions	0	(11,038)
Actuarial gains and losses arising on changes in financial assumptions	(80,763)	362,046
Other - Experience gains and losses	0	(3,366)
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(57,173)</b>	<b>157,636</b>
<b>Movement in the Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(15,712)	7,999
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>		
Employers' contributions payable to scheme	30,377	30,221

#### **Pension Assets and Liabilities Recognised in the Balance Sheet**

The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows: -

<b>Local Government Pension Scheme</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
Present value of the defined benefit obligation	(1,426,369)	(1,733,702)
Fair value of plan assets	1,046,008	1,192,499
<b>Net Liability arising from defined benefit obligation</b>	<b>(380,361)</b>	<b>(541,203)</b>

**Reconciliation of the Movement in the Fair Value of Scheme (Plan Assets)**

<b>Local Government Pension Scheme</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Opening fair value of scheme assets</b>	<b>1,028,103</b>	<b>1,046,008</b>
Removal of accumulated balance of SLHD plan assets	0	(35,438)
Removal of accumulated balance of DCST plan assets	0	(25,293)
<b>Adjusted opening fair value of scheme assets</b>	<b>1,028,103</b>	<b>985,277</b>
Interest Income	32,538	35,174
<i>Remeasurement gain/(loss):</i>		
- The return on plan assets, excluding the amount included in the net interest expense	(23,590)	190,006
- Other - Admin Expenses & Settlements	(505)	(2,565)
Contribution from employer	19,172	19,016
Contributions from employees into the scheme	8,006	7,654
Benefits paid	(39,950)	(42,063)
<b>Closing balance at 31<sup>st</sup> March</b>	<b>1,023,774</b>	<b>1,192,499</b>
Movement in SLHD plan assets	(3,059)	0
Movement in DCST plan assets	25,293	0
<b>Closing balance at 31<sup>st</sup> March</b>	<b>1,046,008</b>	<b>1,192,499</b>

**Reconciliation of present value of the scheme liabilities (defined benefit obligation):**

<b>Local Government Pension Scheme</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Opening balance at 1<sup>st</sup> April</b>	<b>(1,438,720)</b>	<b>(1,426,369)</b>
Removal of accumulated balance of SLHD scheme liabilities	0	42,749
Removal of accumulated balance of DCST scheme liabilities	0	28,456
<b>Adjusted opening balance at 1 April</b>	<b>(1,438,720)</b>	<b>(1,355,164)</b>
Current service cost	(30,405)	(26,568)
Interest cost	(45,475)	(48,058)
Contributions from scheme participants	(8,006)	(7,654)
<i>Remeasurement (gains) and losses</i>		
- Actuarial gains/losses arising from changes in demographic assumptions	0	11,038
- Actuarial gains/losses arising from changes in financial assumptions	80,763	(362,046)
- Other – Experience gains and losses	0	3,366
Past service cost	(76)	(129)
Losses/(gains) on curtailments	(1,290)	(2,467)
Benefits paid	39,950	42,063
Liabilities extinguished on settlement	0	11,917
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(1,403,259)</b>	<b>(1,733,702)</b>
Movement in SLHD scheme liabilities	5,345	0
Movement in DCST scheme liabilities	(28,456)	0
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(1,426,369)</b>	<b>(1,733,702)</b>

In October 2014 the Council made a one-off payment to the Pension Fund of £28.013m to cover future deficit liabilities for the period from 2014/15 to 2016/17. In line with the Council's accounting policies £5.603m was accounted for in 2014/15, £11.205m is accounted for in 2015/16 with the remainder (£11.205m) being offset against the pension liability on the balance sheet. In 2016/17, the pension reserve (note 24d, £499.510m) and the net pension liability (£499.510m) have been brought into line as the prepayment arrangements are accounted for in 2016/17.

**Local Government Pension Scheme assets comprised:**

	Fair value of scheme assets	
	2015/16 £'000	2016/17 £'000
<b>Cash and cash equivalents</b>	18,317	18,841
<b>Equity Instruments:</b>		
UK quoted	188,757	213,577
Overseas quoted	414,152	513,371
<b>Bonds</b>		
UK Government fixed	601	0
UK Government indexed	125,302	137,614
Overseas Government fixed	28,405	32,436
UK other	51,720	52,828
Overseas other	14,145	21,346
<b>Property</b>		
UK Direct	106,053	96,473
Property Funds	16,228	15,264
<b>Alternatives</b>		
Pooled Investment Vehicles	82,328	90,749
<b>Total</b>	<b>1,046,008</b>	<b>1,192,499</b>

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been estimated by Mercer Human Resource Consulting Limited, an independent firm of actuaries, estimates for the Group fund being based on the latest full valuation of the scheme as at 1<sup>st</sup> April 2017.

The significant assumptions used by the actuary have been: -

Beginning of period		End of period
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners</b>	
23.0	Men	22.9
25.7	Women	25.7
	<b>Longevity at 65 for future pensioners</b>	
25.4	Men	25.1
28.5	Women	28.0
2.0%	Rate of inflation	2.3% Council 2.2% SLHD
3.75%	Rate of increase in salaries	3.55% Council 3.45% SLHD
2.0%	Rate of increase in pensions	2.3% Council 2.2% SLHD
3.6%	Rate for discounting scheme liabilities	2.6%

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



	<b>Impact on the Defined Benefit Obligation in the Scheme</b>	
	<b>Increase in Assumption £'000</b>	<b>Decrease in Assumption £'000</b>
Longevity (increase or decrease in 1 year)	33,913	(33,913)
Rate of inflation (increase or decrease by 0.1%)	36,448	(36,448)
Rate of salaries (increase or decrease by 0.1%)	6,394	(6,394)
Rate of pensions (increase or decrease by 0.1%)	36,448	(36,448)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(35,689)	35,689

### **Impact on the Group's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Group has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31<sup>st</sup> March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Group anticipates paying £46.057m expected contributions to the scheme in 2017/18. The estimated weighted average duration of the defined benefit obligation for scheme members is 20 years.

### **West Yorkshire Superannuation Fund**

Payments in 2016/17 totalling £0.029m (£0.059m in 2015/16) were made to the West Yorkshire Superannuation Fund being the Group's share of payments to employees of the former West Riding County Council incurred as a result of the Local Government Reorganisation in 1974.

## Glossary

### Accounting Period

The period of time covered by the accounts is normally a period of twelve months commencing on 1<sup>st</sup> April. The end of the accounting period is the Balance Sheet date.

### Accounting Policies

These are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting financial statements.

### Amortisation

An accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement over a period of years rather than when the initial payment is made. Its purpose is to charge / credit the cost / income over the accounting periods that gain benefit for the respective item.

### Asset

An asset is a resource controlled by the Council as a result of past events from which future economic benefits or service potential is expected to flow to the Council.

- A current asset is an amount which is expected to be realised within 12 months.
- A non-current asset is an amount which is expected to be realised after more than 12 months.

### Budgets

A statement of the Council's forecast spend, i.e. net revenue expenditure for the year.

### Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure that adds to and not merely maintains the value of an existing fixed asset.

### Capital Financing

These are funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

### Capital Receipts

The proceeds from the disposal of land or other Property, Plant & Equipment. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government and up to 4% of the balance of receipts can be used to fund revenue expenditure.

### Capitalisation

Capitalisation is the means by which the Department for Communities and Local Government, exceptionally, permits local authorities to treat revenue costs as capital costs. This means that these costs can be funded from capital, including by borrowing or use of capital receipts, and enables authorities to meet these costs over a number of years. Capitalisation is a relaxation of accounting convention, that revenue costs should be met from revenue resources. It also permits authorities to borrow for revenue purposes, with implications for the levels of public sector borrowing. As such, capitalisation is strictly controlled and subject to an application process, with applications assessed against clear criteria.

### Cash

Comprises cash on hand and demand deposits.

### Cash Equivalents

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Chartered Institute of Public Finance and Accountancy ('CIPFA')

The Chartered Institute of Public Finance and Accountancy is the professional body for people in public finance.

**Collection Fund**

A fund administered by the Council recording receipts from Council Tax, National Non-Domestic Rates and payments to the General Fund.

**Community Assets**

These are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include parks, historic buildings, museum exhibits and works of art.

**Corporate and Democratic Core**

The corporate and democratic core (CDC) comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

**Council Tax**

A banded property tax, based on assessed property values at 1<sup>st</sup> April 1991, that is levied on domestic properties.

**Credit Risk**

The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.

**Creditor**

Amount owed by the Council for works done, goods received or services rendered within the accounting period but for which payment has not been made by the end of that accounting period.

**Debtor**

Amount owed to the Council for works done, goods received or services rendered within the accounting period but for which payment has not been received by the end of that accounting period.

**Dedicated Schools Grant ('DSG')**

A ring-fenced grant for schools paid by the Department for Education (DfE) to the Council.

**Defined Benefit Scheme**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

**Defined Contribution Scheme**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**Depreciation**

The measure of the wearing out, consumption or other reduction in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

**De-Recognition**

The process applied to assets that are no longer deemed to be controlled by the Council, either by sale, demolition or any other form of disposal.

**Donated Assets**

Assets that are received or acquired as gifts from other entities.

**Earmarked Reserve**

A sum set aside in a reserve for a specific purpose.

**Equity**

The Council's value of total assets less total liabilities.

**Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

**Exceptional Items**

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less, where applicable, any grants receivable towards the purchase or use of the asset.

**Finance Lease**

A method of acquiring non-current assets where under the lease agreement all the risks and rewards of ownership of a fixed asset are substantially transferred to the Council, in return for rental payments to the legal owner of the asset.

**Financial Instrument**

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities and includes both the most straightforward financial assets such as trade receivable (debtors) and trade payable (creditors) and the most complex ones such as derivatives.

**General Fund Balances**

These are accumulated surpluses on the General Fund. They can be applied to reduce borrowing, reduce the Council Tax, or be held for use in future years.

**General Fund Services**

This comprises all services provided by the Council with the exception of services relating to the provision of local Council housing which is accounted for in the Housing Revenue Account. The net cost of General Fund services is met by Council Tax, Government grants and National Non-Domestic Rates.

**Government Grants**

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

**Heritage Assets**

Heritage assets are held and maintained by the Council principally for their contribution to knowledge and culture. Heritage assets can have historical, artistic, scientific, geophysical or environmental qualities.

**Historic Cost**

This represents the original cost of acquisition, construction or purchase of a non-current asset.

**Housing Benefits**

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central Government.

**Housing Revenue Account ('HRA')**

This account includes all revenue expenditure and income relating to the provision, maintenance and administration of Council housing. It is a statutory requirement that the account be maintained separately ('ring-fenced') from General Fund services.

**Impairment**

A reduction in the value of a fixed asset not caused by general changes in market values, e.g. obsolescence or physical damage.

**Infrastructure Assets**

These are assets where ownership cannot be transferred and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and drainage facilities.

**Intangible Assets**

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

**International Financial Reporting Standards ('IFRS')**

International Financial Reporting Standards are principles-based Standards, Interpretations and the Framework adopted by the International Accounting Standards Board ('IASB').

**Investments**

A long-term investment is an investment that is being held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long term can be clearly demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

**Liability**

A liability is a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources. A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which is expected to be settled within 12 months.
- A non-current liability is an amount which is expected to be settled after more than 12 months.

**Liquid Resources**

Current asset investments that are readily disposable by the Council without disrupting its business and are either: -

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

**Local Authority (Scotland) Accounts Advisory Committee ('LASAAC')**

The CIPFA/LASAAC Local Authority Code Board is established as a standing committee of CIPFA and LASAAC for the purpose of preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting.

**Long-Term Contract**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

**Major Repairs Allowance**

A revenue grant received as part of the Council's Housing Subsidy used to finance major housing repairs.

**Materiality**

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

**Minimum Revenue Provision ('MRP')**

This is the minimum amount that must be charged to the Council's revenue account each year to provide for the repayment of loans used to finance capital expenditure.

**National Non-Domestic Rates ('NNDR')**

These are often referred to as Business Rates and are a levy on business properties. NNDR are collected by the Council and paid into their Collection Fund. This amount is then distributed 49% to the Council's General Fund, 1% to the SY Fire and Rescue Authority and 50% to central Government. The central Government share is then redistributed nationally, partly back to local authorities through Revenue Support Grant.

**Net Book Value ('NBV')**

The amount at which Property, Plant & Equipment are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

**Net Expenditure**

Gross expenditure less specific grants and income for charging for services.

**Net Realisable Value**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

**Non-Current Assets**

These are tangible assets used by the Council in the provision of services that yield benefits to the Council for a period of more than one year.

**Non-Distributed Costs**

These are overheads for which no user benefits and as such are not apportioned to services.

**Operating Lease**

A lease other than a finance lease. This is a method of financing assets, which allows the Council to use but not own an asset in exchange for rental payments but where the risks and rewards of ownership are not substantially transferred.

**Operational Assets**

These are non-current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has a responsibility.

**Post Balance Sheet Events**

Those events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the statement of accounts is signed and authorised for issue by the responsible financial officer.

**Precept**

The proportion of total Council Tax that is due to local parishes and various authorities, e.g. the Police, Fire and Rescue Authorities and which is collected on their behalf by the Council.

**Prior Year Adjustments**

Material adjustments, applicable to prior years and arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates in prior years.

**Private Finance Initiative ('PFI')**

A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset and which traditionally have been provided by the Council. The Council will pay for the provision of this service, which is linked to availability, performance and levels of usage.

**Property, Plant & Equipment**

These are tangible assets used by the Council in the provision of services that yield benefits to the Council for a period of more than one year.

### **Provisions**

Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.

### **Public Works Loan Board ('PWLB')**

A Government agency that provides long-term loans to local authorities at interest rates lower than prevailing market rates. The Council is able to borrow a proportion of its capital financing requirement from this source.

### **Rateable Value**

The annual assumed rental of a hereditament, which is used for NNDR purposes.

### **Recharges**

The transfer of costs within the Council from one account to another to reflect work undertaken on behalf of another service.

### **Related Party**

For the Council's purposes, related parties are deemed to include the elected Members of the Council and their partners; the Chief Officers of the Council and the companies in which the Council has an interest.

### **Remuneration**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

### **Reserves**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

### **Residual Value**

The net realisable value of an asset at the end of its useful life.

### **Retail Price Index Excluding Mortgage Interest Payments ('RPIX')**

The RPIX is a measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a basket of retail goods and services equivalent to the all items Retail Price Index (RPI) excluding mortgage interest payments.

### **Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

### **Revaluation Reserve**

Records unrealised revaluation gains arising (since 1<sup>st</sup> April 2007) from holding non-current assets.

### **Revenue Contributions**

A method of financing capital expenditure through the Comprehensive Income and Expenditure Statement.

### **Revenue Expenditure**

Expenditure on the day-to-day running costs of services, e.g. employees, premises, supplies and services.

### **Revenue Support Grant ('RSG')**

This is a Government grant paid to the Council to finance the Council's general expenditure. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

**Ring Fencing**

This refers to the statutory requirement that certain accounts such as the Housing Revenue Account must be maintained separately from the General Fund services.

**Service Reporting Code of Practice ('SeRCOP')**

The Service Reporting Code of Practice is published by the Chartered Institute of Public Finance and Accountancy ('CIPFA') and provides guidance for accounting and defines the cost data for performance indicators.

**Specific Government Grants**

These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.

**Termination Benefits**

These are benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

**Trust Funds**

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

**Useful Life**

The period over which the Council will derive benefits from the use of a fixed asset.



**Independent auditor's report to the members of Doncaster Metropolitan  
Borough Council**