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# **Statement of Accounts 2012/13**

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**Doncaster Metropolitan Borough Council**  
**Statement of Accounts 2012/13**

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## Explanatory Foreword

### Introduction

This document is the Statement of Accounts for Doncaster Metropolitan Borough Council. It is a statutory publication that sets out the financial results of the Council's activities for the year ended 31<sup>st</sup> March 2013.

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 2012-13 (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.

The accounts are extremely detailed and complex. This explanatory foreword will hopefully provide the reader with an easily understandable guide to the most significant matters reported in the accounts. Wherever possible the use of technical language is avoided. However, inevitably, there are some areas where it is necessary and a glossary is provided at the back of the publication to explain some of the terms used.

#### *Summary of contents*

The Statement of Accounts consists of the following financial statements that are required to be prepared under the Code:

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

This explains both the Council's and the Director of Finance and Corporate Services' responsibilities in respect of the Statement of Accounts.

#### *Statement of Accounting Policies*

This statement details the legislation and principles on which the financial statements have been prepared and discloses the accounting policies that are significant to the understanding of the Statement of Accounts and the Council's financial position.

#### *The Core Financial Statements*

##### *Comprehensive Income and Expenditure Statement*

This statement shows the cost in year of providing services with generally accepted accounting practices. It shows how the net costs of services have been financed by local taxpayers and central government grants. The Comprehensive Income and Expenditure Statement is presented using the service expenditure analysis set out in CIPFA's Service Reporting Code of Practice (SeRCOP).

##### *Movement in Reserves Statement*

This statement shows the movement in the year on the different reserves held by the Council analysed into useable reserves (those that can be applied to fund expenditure or minimise the impact on taxation) and other reserves.

##### *Balance Sheet*

This statement summarises the Council's financial position as at 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2013. It shows the balances and reserves available to the Council, fixed and current assets employed in its operations, and its borrowing position.

##### *Cash Flow Statement*

This summarises the total movement of cash and cash equivalents during the year.

*Notes to the Core Financial Statements*

The notes provide additional information to support the core statements.

*Supplementary Financial Statements**Housing Revenue Account (HRA) Comprehensive Income and Expenditure Statement*

This account deals with the provision and maintenance of the Council's housing stock. There is a statutory requirement to keep this account separate from the account for other Council services, as defined in the Local Government and Housing Act 1989.

*Notes to the Housing Revenue Account*

The notes provide additional information to support the HRA financial statements.

*Collection Fund*

The Local Government Finance Act 1992 requires each billing authority to establish and maintain a Collection Fund. It shows the transactions of the Council, as the billing authority, in relation to national non domestic rates and Council Tax and illustrates the way in which these have been distributed to the General Fund and precepting authorities. The Collection Fund is managed by the billing authority but its accounts must be kept separate from the Council's accounts.

*Group Accounts*

The Group Accounts give a full picture of the Council's economic activities, financial position, accountability for resources and exposure to risk by reflecting the full extent of the Council's involvement with its group undertakings (St. Leger Homes of Doncaster Limited, The Doncaster Racecourse Management Company Limited and Digital Region Limited).

*Independent Auditor's Report to the Council*

This report details the basis of the external auditor's opinion on the financial statements. The external auditor for this year's Statement of Accounts is the accountancy and audit company, KPMG.

*Summary Accounts*

After conclusion of the audit a separate Summary Statement of Accounts will be prepared which will contain the key elements from the full Statement of Accounts. This abridged version of the accounts will make the information easier to understand and more accessible.

**Financial Performance for 2012/13**

Expenditure falls into two broad areas, namely revenue spending (concerning the provision of Council services) and capital spending (the acquisition and improvement of assets).

**Revenue Spending***General Fund Services*

The General Fund represents where the costs for the year of the Council's major functions (excluding the HRA) are charged. Revenue spending is generally on items that are consumed within a year, and in 2012/13 is financed from Council Tax, Government grants and other income.

During the year there were 144 post reductions, which cost £2.6m and were financed by the specific earmarked reserve.

The table below represents General Fund activities only, and therefore the figures differ from those shown in the statements on pages 13 to 18 since those statements include both General Fund and HRA.

Description	Gross Budget £m	Net Budget £m	Outturn £m	Year-end Variance £m
Adults & Communities	129.43	82.75	77.92	(4.83)
Children & Young People's Service (excludes schools budget)	91.44	45.33	48.52	3.19
Finance & Corporate Services	158.87	26.56	25.52	(1.04)
Regeneration & Environment	79.46	45.09	42.96	(2.13)
Change Programme	(3.73)	(3.73)	(0.10)	3.63
<b>Total Service Budgets</b>	<b>455.47</b>	<b>196.00</b>	<b>194.82</b>	<b>(1.18)</b>
General Financing/Treasury Management	18.55	18.55	14.56	(3.99)
Levying Bodies/Parish Precepts	24.48	24.48	24.46	(0.02)
Other Centrally Funded	9.58	4.25	4.13	(0.12)
<b>Total Council Wide</b>	<b>52.61</b>	<b>47.28</b>	<b>43.15</b>	<b>(4.13)</b>
<b>Total General Fund Services</b>	<b>508.08</b>	<b>243.28</b>	<b>237.97</b>	<b>(5.31)</b>

The Council has achieved an underspend position of £1.48m after adjusting for carry forwards. In addition there is £3.83m of Children's Services income that we were holding in case we needed to pay it back. We have now received information that this income requires writing out to revenue this financial year, and it will be allocated for future spend within Children's Services during 2013/14. Therefore the overall outturn position is £5.31m underspend. This includes achieving a significant proportion of the £30m budget reduction target for the year with the remainder being offset by one-off savings and additional income generated. A summary of the position is provided below:

The General Fund uncommitted revenue reserves as at 31<sup>st</sup> March 2012 are £6.55m and, of this, £0.3m will be used in the 2013/14 budget. The in-year underspend of £5.31m identified above will therefore increase the general fund uncommitted reserves to £11.86m, prior to the carry-forwards and spend of income being added back to the budget at the start of 2013/14.

The underlying commitments the Council has, in the long run, to pay retirement benefits is shown in Note 48. The total liability of £395.859m (2011/12: £317.909m) has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, current statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy insofar as the deficit on the scheme will be made good by increased contributions over the remaining life of employees, as assessed by the actuary. The actuary's detailed assumptions are shown in Note 48 to these accounts.

#### *Housing Revenue Account*

The Council continues to be a major provider of social housing, but works closely with housing associations and other social landlords to provide affordable housing for all tenants in the borough. From 1<sup>st</sup> October 2005, maintenance and administration of the Council's dwellings was transferred to St. Leger Homes of Doncaster Limited (SLHD), an Arm's Length Management Organisation, limited by guarantee and wholly owned by the Council. The Housing Revenue Account (HRA) is a ring-fenced account for the costs and income of housing people in Council-owned accommodation, which ensures that no subsidy can be received from the General Fund.

The HRA outturn position is a surplus of £2.5m compared to a revised budgeted surplus of £0.8m, and this is an under spend of £1.7m. This in year surplus will increase the HRA balance from £6.7m as at 1<sup>st</sup> April 2012 to £9.2m as at 31<sup>st</sup> March 2013.

The Housing Revenue Account for 2012/13 is set out on pages 121 to 126.

#### **Capital Spending**

Capital spending is broadly defined as that spending which generates assets that have a life beyond the year in which the spending occurs. The Council's total in year capital spend was £120.4m. An analysis of capital expenditure is summarised below:-

	Revised Base Budget	Q3 Estimated Spend	Outturn	Variance (Outturn - Q3)	Unfinanced Adjustment	Total Expenditure Requiring Financing
Capital Programme	£m	£m	£m	£m	£m	£m
Adults & Communities	6.396	5.614	<b>4.314</b>	(1.300)	0.000	4.314
Children and Young People Services	28.723	28.904	<b>27.676</b>	(1.228)	0.047	27.723
Finance & Corporate Services	3.606	2.967	<b>2.529</b>	(0.438)	6.280	8.809
Regeneration & Environment	129.768	103.759	<b>85.914</b>	(17.845)	0.000	85.914
<b>Total</b>	<b>168.493</b>	<b>141.244</b>	<b>120.433</b>	<b>(20.811)</b>	<b>6.327</b>	<b>126.760</b>

The reduced spending on capital schemes at the end of the financial year when compared to Quarter 3 estimates is mainly due in part to revisions to the timing of the work being carried out, and therefore the timing of the expenditure.

Capital Financing is the mechanism used to fund capital expenditure and ensures that the available finance sources are applied in the most efficient and effective manner possible.

Sources of finance for 2012/13 include Government grants, prudential borrowing, receipts from asset sales, contributions from sources outside the Council and contributions from revenue budgets and reserves.

In April 2004 a capital finance system was introduced which enables the Council to take out prudential borrowing, provided that it can be demonstrated to be affordable by the Council. The Government does not provide funding to support this borrowing. The Council uses this facility, and is mainly applied in the Regeneration and Environment capital programme for 2012/13.

An analysis of capital financing is summarised below:-

<b>CAPITAL FINANCING 2012/13</b>	<b>£m</b>
Grants and Contributions (in respect of expenditure incurred in year)	86.503
Prudential Borrowing	9.973
Capital Receipts – General Fund	9.531
Direct Revenue Funding	6.531
Supported Capital Expenditure – Revenue	2.155
Capital Receipts – Housing	1.390
Earmarked Reserves	0.906
Unfinanced Expenditure	9.771
<b>Total</b>	<b>126.760</b>

The Council delivers a wide-ranging capital programme including a Housing Decency Programme, school building improvements, children's play facilities, investment in the road infrastructure, environmental improvement works and regeneration schemes.

During 2012/13 we made the following progress:

- the Civic Office building was finished and is operational
- the White Rose Way scheme is nearing completion,
- two MyPlace buildings were opened providing youth facilities in Bentley and Denaby,
- the new performance venue is due to open in September, and
- the Outwood and De Warenne Academy building projects were delivered and opened in February. (See Note 41 for more details).

## Financial Outlook

### *General Fund – Revenue*

The Council's financial position continues to be significantly affected by the national economy and the Government's plans for deficit reduction; this period of austerity is expected to last at least until the end of the decade. The Council continues to respond to the challenge, by presenting options and increasing efficiency, whilst trying to protect the interests of Doncaster residents.

The Council's funding has been fundamentally affected by recent legislation, the Local Government Finance Act 2012 and Welfare Reform Act 2012. The key message is that the overall level of local government funding has reduced and is significantly worse than the original 2010 Spending Review figures. The changes include:-

- Retention of Business Rates - The Local Government Finance Act 2012 abolishes the current system of councils collecting Business Rates and passing the full value collected to central Government and instead allows councils to retain 50% of locally collected business rates. The emphasis is to move local government funding away from a needs based system to one based on business rates. However, the Government has made it clear there will be no updating of needs in this new system until at least 2020. In simple terms this means that additional pressures and risks will be placed on the Council to manage.
- Localisation of Council Tax Benefit - The current Council Tax Benefit system has been abolished and replaced with a local Council Tax Support Scheme from April 2013. Council Tax Benefit will be replaced by a new Council Tax discount similar to the single person's discount. Under the scheme the Council will receive a fixed grant paid to compensate for the reduction in Council Tax income. However, the major change for the Council is that the grant will cover less than 90% of the current level of benefits awarded. The Council was given local discretion from April 2013, to apply exemptions to Council Tax where, for example, improvement works make the building uninhabitable, to introduce an empty homes premium, and to abolish the second homes discount. The Council approved its Local Scheme on 17<sup>th</sup> January 2013 to apply from 1st April 2013 which took advantage of those changes which will increase the level of Council Tax that is raised and mitigate some of the potential effects of the Localisation changes

In February 2013 the Council approved the 2013/14 revenue budget and the Financial Strategy for 2013/14 to 2016/17 within the context of the 2010 Spending Review.

In 2013/14 the budget shortfall is estimated to be £26m and the Council has reviewed all areas of expenditure and produced proposals to achieve a balanced budget. The overarching aim is to make as many savings as possible from making the Council as efficient as it can be. Due to the scale of the funding reductions the proposals include some very difficult decisions which will result in service changes. The scale of the reductions over the four years means that staff reductions are inevitable. To achieve the savings the Council will initially look to delete vacant posts and then seek volunteers. Compulsory redundancy will be the last resort.

In future years the savings required are sizeable and, as the options reduce, it becomes more difficult to find the necessary savings. There is a forecast shortfall of £38m in 2014/15 and more work is needed to generate savings in that year and later years to meet the estimated budget targets (£33m in 2015/16 and £32m in 2016/17) a total of £103m over 3 years. The Council is currently reviewing these assumptions and looking at options for the delivery of savings in future years.

In 2013/14 Councils will receive a new ring fenced Public Health grant for the responsibilities that transferred to local authorities from the NHS. The Health and Social Care Act 2012 provides the statutory basis for local authorities to assume their new public health responsibilities in April 2013. The approved budget includes £19.648m Public Health grant which is, initially, a ring-fenced grant for two years.

### *The Capital Programme*

In February 2013, the Council approved its Capital Programme for 2013/14 to 2016/17 which included £378m of capital investment of which £140m is estimated to be incurred in 2013/14.

Major capital schemes within the 2013/14 to 2016/17 programme include:-

Civic and Cultural Quarter (CCQ) £1.5m in 2013/14 (£41.6m over the four year period)

The Civic Building is now operational and Cast, the new performance venue, is due to open in September 2013. Development work is taking place with the Council's development partner, Muse Developments, to deliver continued regeneration of this area of Doncaster and bring forward leisure, retail and residential schemes. Further phases of the CCQ programme are currently being evaluated.

Finningley and Rossington Regeneration Route Scheme (FARRRS) £25.9m (£45.5m)

Construction will commence once all of the funding agreements with the Department for Business, Innovation and Skills (BiS) and the developers are signed. Negotiations are continuing with parties to secure the required contributions to make the scheme financially viable. BiS have provisionally allocated £18.0m to the scheme through Regional Growth Fund grant. There is likely to be a delay in receiving funding from all the developers and therefore a funding gap to be bridged. Should this occur the Council has agreed to provide up to £8.0m of prudential borrowing, subject to appropriate guarantees being received from the developer. Construction is expected to start on site in 2013 and be completed with the road open to all public traffic in late 2015.

Investment and Modernisation Fund (IMF) £20.0m (£50.0m)

The Investment and Modernisation Fund will act as an internal investment fund to support projects which are aligned to the Council's priorities and which will stimulate growth, assist with meeting the required increase in the level of business rates and employment and/or generate savings in Council budgets.

Funding will be sourced from prudential borrowing taking advantage of the relatively low level of interest rates available to the Council. The borrowing will be self-financing and repaid through revenue savings generated or from sales of the assets developed by the schemes.

Examples of schemes that could utilise this fund include a Waste Transfer Station and a loan to improve Council owned assets managed by DCLT, Proposals are being developed for other schemes to draw on the remaining allocation which will finance regeneration projects to increase the level of business rates receivable, generate savings to Council budgets and increase employment levels.

The Council currently leases some assets to deliver its core services. Reviews are being conducted to assess whether leasing is the most financially advantageous approach and this fund may be used if an alternative to leasing is demonstrated to make a saving and the borrowing costs are self-financing.

St Leger Homes Managed Schemes

The major schemes in this element of the programme include:-

- Affordable Housing £3.1m (£22.6m)
- Housing Decency Work £19.1m (£48.8m)
- Planned Improvements £12.4m (£67.8m)

From 1<sup>st</sup> April 2013, the St. Leger Homes element of the programme became self-financing with the HRA being used in combination with other specific funding to directly support the investment in Decent Homes and Planned Maintenance of the Council's housing stock. This has meant that funding of around £123m will go into the Capital Programme from the HRA over four years.

Included in the schemes is the Council House Building Programme which aims to build in excess of 100 houses on existing Council land. The properties will be retained for social housing purposes.



## Environmental and Sustainability Statement

### *Greenhouse gas emissions*

The Council employs approximately 11,200 staff and serves 305,000 residents covering a geographical area of 224 miles<sup>2</sup>. The area has a diverse demographic made up of heavy and light industry, urban areas, rural areas, towns and villages. As part of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, the Council published its Corporate Energy and Sustainability Statement in October 2010. A CO<sub>2</sub> (carbon) reduction target of 3% year on year has been set, using a baseline year of 2008, in line with the European Union (EU) target of 80% reduction by 2050. Emissions from domestic housing have not been included in the report (as per guidelines).

Scope 1 – Direct emissions. These are from: all owned and leased operational buildings; schools and their associated educational buildings; council owned care homes and day centres; all public buildings e.g. museums and visitors' centres etc.; and council owned vehicles, pool cars and plant.

Scope 2 – Indirect emissions. These are from electricity usage in all the buildings listed in scope 1 and street lighting.

Scope 3 – Other indirect emissions. These have been calculated from business mileage and grey fleet mileage claims and travel by train.

	Baseline Year	Financial Year
	2008/09	2012/13
Scope 1	24,984	26,179
Scope 2	30,244	28,876
Scope 3	782	824
<b>Total t/CO<sub>2</sub></b>	<b>56,010</b>	<b>55,879</b>

### *Waste minimisation & management and the use of finite resources*

The Council's first Environment Strategy was approved by Cabinet in December 2012. This Strategy will help the Council make plans and policies that protect and enhance Doncaster's environment and improve the quality of life for present and future generations. A key aspect of this is to balance the need for economic growth with our obligation to have responsibility for the protection of our local environment.

Although this is a Council strategy, it is produced in light of the need to work in partnership with a wide number of public, private and community organisations. This partnership approach to delivering shared priorities will help us to achieve even greater value for money and make better use of the assets and resources at our disposal.

The strategy identifies our key environmental priorities (under theme areas) and sets out short and longer-term actions that contribute to addressing them, based on two key underlying principles:

- the need to strike a balance between the borough's economic growth and the quality of our local environment; and
- encouraging local people to take responsibility for their local environment.

It is too early to report on the implementation of the strategy, but its adoption demonstrates the Council's commitment to improving Doncaster's environment. Furthermore, it is proposed to produce a separate internal Environmental Policy that would set out broad environmental principles for Council employees.

<b>Theme 1 (T1) - Managing our environmental resources and services</b>	
P1. Waste minimisation	Minimise the creation of waste in the borough and reduce the amount of waste that is going to landfill
P2. Deliver more energy efficient housing	Improve the energy efficiency of social and private rented households and ensure the efficiency of new developments
P3. Effective flood mitigation	Promote flood mitigation and further develop local residents' knowledge of flood risks in order to increase personal flood resilience
<b>Theme 2 (T2) - Ensuring a quality environment</b>	
P4. Protect our air and water quality and address contaminated land issues	Effective monitoring of air & water quality and sites with contaminated land, taking remedial action when required
P5. Create a more attractive street-scene	Improve the look and attractiveness of the borough's Street Scene to support inward investment and to create places that people can be really proud of
<b>Theme 3 (T3) - Valuing our environmental assets</b>	
P6. Protect and promote our historic environment	Increase public understanding of the value of our environment by promoting their social, cultural and economic benefits, whilst protecting its intrinsic value
P7. Protect and promote our natural environment	
P8. Ensure access to high quality green spaces and the countryside	Effective management of our public parks and woodlands and improve access to our public right of way network

#### *Recent developments*

The Localism Act 2011 has removed the powers available to cap local authority budgets. In its place, from 2012/13, authorities are required to seek approval of their electorate in a referendum if any proposed tax increase exceeds the principles set by Parliament. The principles for 2013/14 is 2%. The Council Tax freeze in 2013/14 presents no risk of a referendum being required.

From 1 April 2013 the regime around the income that Local Authorities collect from National Non Domestic or Business Rates (NNDR) changes from one where the Authority collects purely on behalf of Central Government to one where this income is shared between Central Government, Local Authorities and major precepting bodies. This change affects the retention of that income collected and also carries a risk to the Council for failure to collect rates in comparison with a predetermined funding assessment. Risks of non-collection include rates billed from 1 April 2013, but also those not yet collected from prior years and also appeals that were not resolved before that date.

Universal Credit (UC) is one of the key benefit changes introduced by the Welfare Reform Act 2012. This will see the introduction of a single benefit to replace six benefits currently paid by DWP, HMRC and local authorities. This includes Housing Benefit currently paid by local authorities. The introduction of UC will have a significant impact on the residents of the borough as they will need to adjust to receiving a single monthly benefit payment which will include an element to cover their housing costs. They will need to manage their finances on a monthly basis, pay their rent to their landlord and apply and manage their benefit claim online. UC will have an impact on the Council as it will no longer be responsible for the payment of Housing Benefit.

The Health and Social Care Act 2012 has provoked the most radical restructuring of the NHS since its inception. As part of its implementation Primary Care Trusts (PCTs) have been abolished and replaced with Clinical Commissioning Groups (CCG). One of the key outcomes of this move has been to transfer Public Health responsibilities to Local Authorities from April 1st 2013. This places a responsibility on the Authority to secure services to prevent disease, prolong life and promote health. To support the commissioning of Public Health services the Authority will receive £19.6m as a ring fenced grant in 2013/14. This figure will increase to £20.2m in 2014/15.

The result of the Actuarial revaluation of the South Yorkshire Pension Scheme is due to be announced in October/November of this year and will impact on the Councils contributions to the pension fund from April 2014. Early indications are that further increases in contributions may be required.

The Council's White Rose Way Improvement scheme secured DfT funding and the second part of European Union funding in April 2012 to enable works to start on the second phase on one of the key routes into Doncaster. The improvements to this major gateway are nearing completion and will unlock significant investment opportunities around Lakeside and the town centre encouraging new companies to choose Doncaster as a base for their business operations.

There are many changes facing the Council over the coming years and the challenge will be to continue to protect and deliver priority services whilst the financial resources continue to reduce. The Council is committed to putting plans in place to use the available resources to the maximum benefit and maintain the delivery of services as intended throughout 2013/14 and the following years.

**Simon Wiles**

**Director of Finance and Corporate Services**

**(Section 151 officer)**

**30<sup>th</sup> June 2013**

## **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;
- 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**

**30<sup>th</sup> September 2013**

### **The Director of Finance and Corporate Services' (Chief Financial Officer) Responsibilities**

The Director of Finance and Corporate Services as the Chief Financial Officer 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 Director of Finance and Corporate Services 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 2013.

**Simon Wiles  
Director of Finance and Corporate Services  
(Section 151 officer)**

**30<sup>th</sup> June 2013**

## The Core Financial Statements

### Comprehensive Income and Expenditure Statement

This statement shows the accounting cost 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.

2011/12				2012/13		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
30,155	(26,530)	3,625	Central services to the public	30,287	(26,008)	4,279
25,678	(2,784)	22,894	Cultural and related services	24,962	(2,569)	22,393
33,727	(5,989)	27,738	Environmental and Regulatory	40,481	(5,760)	34,721
28,241	(8,085)	20,156	Planning services	16,485	(5,428)	11,057
325,235	(241,553)	83,682	Children's and education services	293,313	(197,208)	96,105
41,349	(5,337)	36,012	Highways and transport services	43,047	(3,369)	39,678
70,240	(65,391)	4,849	Local authority housing (HRA)	46,439	(69,054)	(22,615)
105,350	(92,328)	13,022	Other housing services	108,216	(95,651)	12,565
111,828	(31,984)	79,844	Adult social care	112,945	(33,413)	79,532
			<i>Exceptional items</i>			
3,519	0	3,519	- Redundancies	3,278	0	3,278
(174)	(105)	(279)	- Equal Pay	0	0	0
1,397	0	1,397	- Pension strain	0	0	0
63,715	0	63,715	- Leisure Trust	0	0	0
6,885	(919)	5,966	Corporate and democratic core	8,132	(655)	7,477
			<i>Non distributed costs</i>			
6,091	0	6,091	- SLHD pre-transfer net pension liability	2,977		2,977
(6,942)	(431)	(7,373)	- past service	(5,849)	(134)	(5,983)
(645)	0	(645)	- surplus properties	1,016	0	1,016
<b>845,649</b>	<b>(481,436)</b>	<b>364,213</b>	<b>Net Cost of Services</b>	<b>725,729</b>	<b>(439,249)</b>	<b>286,480</b>
		101,771	Other operating expenditure (Note 9)			48,093
		48,381	Financing and investment income and expenditure (Note 10)			26,248
		(405,623)	Taxation and non-specific grant income (Note 11)			(326,187)
		<b>108,742</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>34,634</b>
		(4,470)	(Surplus) / Deficit on revaluation of non current assets (Note 25a)			(44,291)
		48,656	Actuarial (gains) / losses on pension assets / liabilities (Note 25d)			74,833
		<b>44,186</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>30,542</b>
		<b>152,928</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>65,176</b>

## Movement in Reserves Statement

This 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 other 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.

	General Fund Balance £'000	Earmarked General Fund Reserves (Note 8) £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 25) £'000	Total Council Reserves £'000
<b>Balance at 31<sup>st</sup> March 2011</b>	<b>(14,447)</b>	<b>(33,904)</b>	<b>(4,940)</b>	<b>(14,391)</b>	<b>(942)</b>	<b>(16,881)</b>	<b>(85,505)</b>	<b>(628,962)</b>	<b>(714,467)</b>
<b>Movement in reserves during 2011/12</b>									
(Surplus) or deficit on the provision of services	140,018	0	(31,276)	0	0	0	108,742	0	<b>108,742</b>
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	44,186	<b>44,186</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>140,018</b>	<b>0</b>	<b>(31,276)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108,742</b>	<b>44,186</b>	<b>152,928</b>
Adjustments between accounting basis and funding basis under regulations (Note 7)	(146,664)	0	29,481	235	(4,195)	(1,704)	(122,847)	122,847	<b>0</b>
Net(Increase)/Decrease before Transfers to Earmarked Reserves	<b>(6,646)</b>	<b>0</b>	<b>(1,795)</b>	<b>235</b>	<b>(4,195)</b>	<b>(1,704)</b>	<b>(14,105)</b>	<b>167,033</b>	<b>152,928</b>
Transfers to/from Earmarked Reserves (Note 8)	8,986	(8,986)	0	0	0	0	0	0	<b>0</b>
Other movement in Reserves	(90)	0	0	0	0	(1)	(91)	3	<b>(88)</b>
<b>(Increase) / Decrease in 2011/12</b>	<b>2,250</b>	<b>(8,986)</b>	<b>(1,795)</b>	<b>235</b>	<b>(4,195)</b>	<b>(1,705)</b>	<b>(14,196)</b>	<b>167,036</b>	<b>152,840</b>
<b>Balance at 31<sup>st</sup> March 2012 carried forward</b>	<b>(12,197)</b>	<b>(42,890)</b>	<b>(6,735)</b>	<b>(14,156)</b>	<b>(5,137)</b>	<b>(18,586)</b>	<b>(99,701)</b>	<b>(461,926)</b>	<b>(561,627)</b>

	General Fund Balance £'000	Earmarked General Fund Reserves (Note 8) £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 25) £'000	Total Council Reserves £'000
<b>Balance at 31<sup>st</sup> March 2012 brought forward</b>	<b>(12,197)</b>	<b>(42,890)</b>	<b>(6,735)</b>	<b>(14,156)</b>	<b>(5,137)</b>	<b>(18,586)</b>	<b>(99,701)</b>	<b>(461,926)</b>	<b>(561,627)</b>
<b>Movement in reserves during 2012/13</b>									
(Surplus) or deficit on the provision of services	40,522	0	(5,888)	0	0	0	34,634	0	34,634
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	30,542	30,542
<b>Total Comprehensive Income and Expenditure</b>	<b>40,522</b>	<b>0</b>	<b>(5,888)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,634</b>	<b>30,542</b>	<b>65,176</b>
Adjustments between accounting basis and funding basis under regulations (Note 7)	(35,657)	0	3,360	4,580	(10,166)	1,669	(36,214)	36,214	0
<b>Net (Increase)/ Decrease before Transfers to Earmarked Reserves</b>	<b>4,865</b>	<b>0</b>	<b>(2,528)</b>	<b>4,580</b>	<b>(10,166)</b>	<b>1,669</b>	<b>(1,580)</b>	<b>66,756</b>	<b>65,176</b>
Transfers to/from Earmarked Reserves (Note 8)	(4,526)	4,364	0	0	0	162	0	0	0
Other movement in Reserves	(10)	0	1	2	0	0	(7)	2	(5)
<b>(Increase) / Decrease in 2012/13</b>	<b>329</b>	<b>4,364</b>	<b>(2,527)</b>	<b>4,582</b>	<b>(10,166)</b>	<b>1,831</b>	<b>(1,587)</b>	<b>66,758</b>	<b>65,171</b>
<b>Balance at 31<sup>st</sup> March 2013 carried forward</b>	<b>(11,868)</b>	<b>(38,526)</b>	<b>(9,262)</b>	<b>(9,574)</b>	<b>(15,303)</b>	<b>(16,755)</b>	<b>(101,288)</b>	<b>(395,168)</b>	<b>(496,456)</b>

## Balance Sheet

The 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'

31st March 2012		Notes	31st March 2013	
£'000	£'000		£'000	£'000
1,294,233		Property, Plant & Equipment	12	1,295,070
9,605		Heritage Assets	13	10,527
10,624		Investment Property	14	17,859
1,733		Intangible Assets	15	2,478
5,237		Long Term Investments	16	3,869
914		Long Term Debtors	16	5,500
	<b>1,322,346</b>	<b>Long Term Assets</b>		<b>1,335,303</b>
1		Short Term Investments	16	240
27		Assets Held for Sale	21	90
976		Inventories	17	885
53,285		Short Term Debtors	19	71,731
35,245		Cash & Cash Equivalents	20	37,912
	<b>89,534</b>	<b>Current Assets</b>		<b>110,858</b>
(3,750)		Cash & Cash Equivalents	20	(229)
(56,793)		Short Term Borrowing	16	(71,893)
(65,672)		Short Term Creditors	22	(71,870)
(15,969)		Provisions	23	(12,842)
(4,282)		Revenue Grants Receipts in Advance	39	(5,514)
(2,827)		Capital Grants Receipts in Advance	39	(3,665)
	<b>(149,293)</b>	<b>Current Liabilities</b>		<b>(166,013)</b>
(11,039)		Provisions	23	(12,826)
(315,252)		Long Term Borrowing	16	(321,748)
(55,295)		Deferred Liabilities	16, 55	(52,479)
(426)		Revenue Grants Receipts in Advance	39	0
(1,039)		Capital Grants Receipts in Advance	39	(780)
(317,909)		Liability related to defined benefit pension scheme	48	(395,859)
	<b>(700,960)</b>	<b>Long Term Liabilities</b>		<b>(783,692)</b>
	<b>561,627</b>	<b>Net Assets</b>		<b>496,456</b>



31st March 2012		Notes	31st March 2013	
£'000	£'000		£'000	£'000
		<b>Financed by:</b>		
		<b>Usable Reserves</b>	24	
12,197		General Fund Balance		11,868
42,890		Earmarked General Fund Reserves	8	38,526
6,735		Housing Revenue Account		9,262
14,156		Capital Receipts Reserve		9,574
5,137		Major Repairs Reserve		15,303
18,586		Capital Grants Unapplied		16,755
	<b>99,701</b>			<b>101,288</b>
		<b>Unusable Reserves</b>		
227,170		Revaluation Reserve	25a	258,445
557,608		Capital Adjustment Account	25b	532,273
(1,096)		Financial Instruments Adjustment Account	25c	(1,072)
(317,909)		Pension Reserve	25d	(395,859)
27		Deferred Capital Receipts Reserve	25e	4,852
1,541		Collection Fund Adjustment	25f	1,791
(5,415)		Accumulated Absences Account	25g	(5,262)
	<b>461,926</b>			<b>395,168</b>
	<b>561,627</b>	<b>Total Reserves</b>		<b>496,456</b>

This balance sheet was completed and authorised for issue on 30<sup>th</sup> June 2013, the date to which events after the balance sheet date have been considered.

I certify that these accounts present fairly the financial position of Doncaster Metropolitan Borough Council as at 31<sup>st</sup> March 2013.

**Simon Wiles**

**Director of Finance and Corporate Services  
(Section 151 Officer)**

## Cash Flow Statement

The 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.

<b>31 March 2012</b>		<b>31 March 2013</b>
<b>£'000</b>		<b>£'000</b>
(108,742)	Net surplus or (deficit) on the provision of services	(34,634)
257,340	Adjustments to net surplus or deficit on the provision of services for non-cash movements	123,383
(56,956)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(62,071)
<b>91,642</b>	<b>Net cash flows from Operating Activities (see Note 26)</b>	<b>26,678</b>
<b>(62,088)</b>	<b>Investing Activities (see Note 27)</b>	<b>(36,978)</b>
<b>(21,900)</b>	<b>Financing Activities (see Note 28)</b>	<b>16,488</b>
7,654	Net increase or decrease in cash and cash equivalents	6,188
23,841	Cash and cash equivalents at the beginning of the reporting period	31,495
<b>31,495</b>	<b>Cash and cash equivalents at the end of the reporting period (see Note 20)</b>	<b>37,683</b>

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## 1 Accounting Policies

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year-end of 31<sup>st</sup> March 2013. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code) and the Service Reporting Code of Practice 2012/13 (SeRCOP) 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

There were no material acquired or discontinued operations during 2012/13.

### Carbon Reduction Commitment Allowances

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme ('CRCEES'). This scheme is currently in its introductory phase which will last until 31<sup>st</sup> March 2013, the second phase will commence 1<sup>st</sup> April 2013 and last until 31<sup>st</sup> March 2020. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions, i.e. carbon dioxide (CO<sub>2</sub>) produced as energy is used. As CO<sub>2</sub> is emitted (i.e. as energy is used) a liability and an expense is recognised. The liability will be discharged by surrendering allowances.

The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date (currently set at £12/tonne of CO<sub>2</sub>). The cost to the Council is recognised and reported

in the costs of the Council's services and is apportioned to services on the basis of energy consumption £0.577m in 2012/13 (£0.566m in 2011/12).

### **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, 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.

### **Collection Fund**

Billing authorities are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). The key feature of the accounting policy is that billing authorities act as agent collecting and distributing monies on behalf of the major preceptors, or the Government (for NNDR).

### **Council Tax**

Council Tax 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 Cashflow Statement includes as operating activities only the Council's share of Council Tax collected from taxpayers in the year, and the net cost of pursuing Council Tax 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.

### NNDR

As all activity is undertaken on behalf of the Government, the balance sheet does not recognise balances relating to individual rate payers as these balances are not assets and liabilities of the Council. The Balance Sheet only recognises cash collected which has not yet been paid over to the Government (creditor) or, where the cash paid over exceeds that collected, the excess is recognised as a debtor.

Cash collected or paid over is not an operating activity of the Council and, except for monies allowed to be retained in respect of the cost of collection and any amounts billed to cover the costs of pursuing unpaid NNDR debts, NNDR transactions are excluded from the Cashflow Statement. Cash held as agent, being the difference between business rates cash collected and paid over, is included in other receipts/payments within financing activities.

The Comprehensive Income and Expenditure Statement recognises the amount of general Government grant receivable from the national pool.

### **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.

### **Donated Assets**

Where assets are transferred for nil consideration or less than fair value (i.e. donated assets) and any conditions of the transfer have not been met, the shortfall of any consideration given against fair value is credited to a Donated Assets Account. Otherwise the credit goes to the Comprehensive Income and Expenditure Statement

### **Employee Benefits**

- Benefits Payable during Employment:

Short-term employee benefits are those due to be settled 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 (e.g. cars) 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 benefits 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 and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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 two 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

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

However, the arrangements for the teacher's scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the 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 earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.9%. Details of the rates used and assumptions made are included in note 48 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
  - unlisted securities – current bid price property – market value.



- The change in the net pensions liability is analysed into seven components:
  - **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 arising from current year decisions whose effect relates to years of service earned years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - **interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - **expected return on assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - **gains or losses on settlements and curtailments** – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve
  - **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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable 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.

As part of the initial set up of SLHD the Council specifically agreed that the pensions' deficit for staff transferring on the 1<sup>st</sup> October 2005 would remain with the Council. The actuary has provided this split as at the end of March 2013 and the net liability of £9.068m has been included in the Council's pension deficit figure as at 31<sup>st</sup> March 2013 (£6.091m as at 31<sup>st</sup> March 2012)

- Discretionary Benefits

The Authority 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

## Exceptional Items

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in Note 5 to the accounts, depending on how significant the items are to an understanding of the Council's 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.

## 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 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. However, 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 either spreading the gain/loss over the remaining term 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 Authority 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.

When soft loans 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 Financial Instruments Adjustment Account 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. For an asset to be classified as being 'held for sale', the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.

For the sale to be highly probable the Council must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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 – based on the share of the company's net worth

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/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, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

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/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 (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**

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 historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, order and decorations (medals), museum and gallery collections and works of art. Such assets may be tangible or intangible assets.

Currently all categories of heritage assets are held at valuation with the exception of recordings of significant events which are held at cost. There are a small number of assets within the categories of Exhibits, statues and monuments and works of art which are also held at cost. Note 13 provides separate disclosure of these categories to identify the totals of assets held at cost or valuation over each category head.

Valuations for Historic Land and buildings have been prepared by in house assets and property valuers, however all other categories of heritage assets valuations have been prepared by various means including curator estimates, valuations by Sheffield Railway auctions and valuations undertaken by Sothebys and Tennants for the purposes of insurance.

The only category of heritage asset which has a formal revaluation programme is the Historic Land and building category which will continue to be revalued over a five year rolling programme. All other heritage assets values will be reviewed annually to identify whether they have been revalued in year, however these assets do not have a formal revaluation programme and revaluations in these categories will only occur where new insurance or expert curator opinions have been updated in the financial year. It is felt that the cost of instigating a revaluation programme over these assets would outweigh the benefits to the presentation of the statement of accounts.

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.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment – see accounting policy for property, plant and equipment.

The Council may occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal

proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see accounting policy for property, plant and equipment).

Depreciation is not required to be charged on heritage asset 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).

Intangible assets are measured initially at cost. Amounts are only re-valued 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 their 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 asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation 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 (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **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.

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

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures which require it to prepare Group Accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost less any provision for losses.

### **Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant and equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the ventures. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of interests in the joint venture and income that it earns from the venture.

### **Landfill Allowances Schemes**

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a government grant.

After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

### **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. 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. 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 lease 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, 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 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 within 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).

Subsequent lease rentals 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 fixed 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, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. 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 (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **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 £20,000 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.

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 – fair value, determined using the basis of existing use value for social housing (EUV-SH);
3. All other assets – fair 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 fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Assets included in the Balance Sheet at fair value are re-valued with sufficient regularity to ensure that their carrying amount is not materially different from their fair 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 1st 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 30, 40 or 50 years
Vehicles, Plant & Equipment	3 - 15 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.

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. 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 derecognised, with the carrying amount of the new component being recognised subject to the capital recognition principles being met.

This recognition and derecognition 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 derecognised (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 those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2012/13 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

### **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. For instance, the Council may be

involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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.

### **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. 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 appropriated back into the General Fund Balance in the Movement in Reserves Statement 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 that 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.

### **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 2012/13 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. 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 by the Code for the relevant financial year.

- IAS 19 Employee Benefits (June 2011 Amendments)

There are a number of changes to the definitions and terminology of various Employee Benefits defined under IAS19. These changes will not impact on the accounting measurement but will focus amendments to reclassification of pension fund asset and liability components and the point at which termination benefits are recognised as an accrued commitment in the Balance Sheet.

- IAS 1 Presentation of Financial Statements –Other Comprehensive Income (June 2011 Amendments)

The 2013/14 Code includes amendments to the Comprehensive Income and Expenditure Statement as a result of the June 2011 amendments to IAS1. There are amendments to the grouping and classification of items presented in the Other Comprehensive Income section of the Comprehensive Income and Expenditure Statement. As this standard only addresses presentation issues, no disclosure of the impact of the change is required.

- IFRS 7 Financial Instruments Disclosures–Offsetting Financial Assets and Liabilities (December 2011 Amendments)

The changes require information that will enable users of the Council's financial statements to evaluate the effect or potential effect of netting. The disclosures supplement the other disclosure requirements of the Code and are required for all recognised financial instruments that are set off in accordance with the Code. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with the Code. The Council will provide the required disclosures for all transferred financial assets that are not de-recognised and for any continuing involvement in a transferred asset.

- IAS 12 Deferred Tax: Recovery of Underlying Assets (December 2010 Amendments)

This section of the Code has been amended to reflect the amendments to IAS12 issued in December 2010. The changes only apply to local authorities in limited circumstances.

## 3 Critical Judgments in Applying Accounting Policies

In applying the accounting policies set out above the Council has made certain judgements about complex transactions or those involving uncertainty about future events. Areas of judgement that have the most significant effect on the amounts recognised in the Financial Statements (apart from those involving estimations which are dealt with in note 4) include the following:

### Central Government Funding

There remains a high degree of uncertainty about the effect of future levels of funding for local government. However, 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

### Property, Plant & Equipment – replacement components

Under the Code guidelines, each component of an item of Property, Plant and Equipment should be separately identified and depreciated where the cost is significant in relation to the total cost of the asset. Local authorities are only required to follow these requirements where significant components of material items of Property, Plant and Equipment have been identified. The Council has determined that only assets with a value of above £0.5million will be subject to componentisation. On recognition

of a replacement component, where the historic cost of the component is not readily identifiable, the Council has estimated the historic cost of the old component by indexing the value of the new component using an appropriate indexation factor. A proportion of both accumulated depreciation and any applicable Revaluation Reserve are also derecognised using a similar basis.

#### **Private Finance Initiative (PFI) and Similar Arrangements (see note 43)**

The Council is deemed to control the services provided through PFI and similar service concession arrangements and also to control the residual value of the assets at the end of the contract. The Council has concluded that Mexborough Science College should remain and be recognised on the Council's 2012/13 Balance Sheet at a net book value of £21.815 million. The finance lease liabilities for this asset, together with that of Sir Thomas Wharton College (which transferred to trust status in March 2010 and subsequently to academy status in February 2013), are recognised on the Council's Balance Sheet under Current (£1.507m) and Long Term Liabilities (£39.729m). The operator's model has been examined to identify the service element of the unitary charge. The service element of the unitary charge is inflated annually by an agreed indexation factor in accordance with the contract. The implicit interest rate is calculated by discounting the non-service element of the unitary charge at a rate that brings it back to the fair value of the asset which is taken as the costs of construction or refurbishment.

#### **Leases (see note 42)**

Leases have been classified between operating and finance leases according to the Code guidelines and the evaluation criteria in the appropriate accounting standard. However the fundamental issue in classification is the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or lessee and therefore classification depends on the circumstances of each individual lease. The Council is also deemed to control assets that fall within contractual arrangements which involve the provision of a service using specific underlying assets and which therefore are considered to contain a lease. If any of these arrangements and leases is judged to be representative of a finance lease the asset will be recognised as Property, Plant and Equipment on the Council's Balance Sheet with an associated liability for the finance lease shown under Current and Long Term Liabilities.

#### **Grant Income**

Grant income is recognised in the Comprehensive Income and Expenditure Statement, but its accounting treatment is dependent on the conditions, and the interpretation of these, in respect of each grant funding stream.

#### **Provisions and Contingent Liabilities, Municipal Mutual Insurance (MMI) (see Notes 23 & 49)**

MMI were the Council's insurer until their demise in 1992 when they ceased writing new business. A scheme of Arrangements was set up with its creditors under which MMI continued to settle all outstanding claims whilst they had sufficient funds to do so. In the eventuality that the company became insolvent, then a claw back clause would be triggered with the Council, as a scheme creditor, liable to repay MMI a percentage of all their claim amounts paid by MMI from September 1992.

Ernst & Young, the scheme administrators for MMI, have concluded, following the triggering of the scheme of arrangement in November 2012, that the initial levy to be imposed on scheme creditors, including the Council, is 15% of all claims paid by MMI since September 1992 although financial modelling by KPMG suggests that the final levy could be between 9.5% and 28%. Because of the latent nature of many of the claims and the fact that many of the trends in reporting continue to be adverse, the projections are subject to substantial uncertainty and it is not possible to guarantee that the initial levy will be sufficient or that the remaining liabilities will fall within the projected ranges. In applying the accounting policies for provisions and contingent liabilities and viewing the projections only as a best estimate given information currently available, the Council has recognised its estimated financial obligations with regard to MMI as a provision (£2.558m) and a contingent liability (£5.625m) in the Council's financial statements.

#### **Group Accounts**

The Council, where it has a material interest in entities that are regarded as subsidiaries, associates or joint ventures, is required to produce supplementary information in the form of summarised Group Accounts. The Council has reviewed its relationships with third parties under these requirements and has concluded that, for 2012/13, the Group boundary incorporates St Leger Homes of Doncaster Limited, Doncaster Racecourse Management Company Limited and Digital Region Limited.

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

Due to the increased number of local authority schools which are opting to change their status, the Council has made the following judgments 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, decides which 'admissions 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 admissions criteria. For example, a business or educational charity aiming to raise standards and explore new ways of working. Land and buildings are transferred out of local authority ownership upon the transfer to the trust status. These schools are not accounted for on the Council's Balance Sheet and the assets are treated as a disposal upon the transfer to Trust status.

Voluntary-aided schools are mainly religious or 'faith' schools, as with foundation schools, the governing body employs the staff and sets the admissions criteria. The buildings of these schools are not accounted for on the Council's Balance Sheet however 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 admissions 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 local authority. 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 a 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.

**Depreciation**

Assets are depreciated over useful lives that are dependent upon the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current level of spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

**Employee Benefits**

The Council is required to accrue for employee benefits earned but not taken by the 31 March 2013. The information to calculate the accrual is not readily available. In order to comply with the accounting requirements, the Council has undertaken stratified sampling of staff across the Council. In addition calculations have been made on the value of annual leave carried forward by teachers and other schools staff. The results of these calculations form the largest part of the accrual due to timing of the financial year end within the academic year.

**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 2013 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>	Local authorities are required to use the specific bases and methods of valuation set out in the 'Guidance on Stock Valuation for Resource Accounting'. The value of the Council's housing dwellings stock is arrived at by using beacon properties to assess the vacant possession value for properties, adjusted to reflect their occupation by a secure tenant. The adjustment is considered to reflect the additional risk and liability the public sector landlords undertake when compared with private sector investors. An adjustment factor is applied to the total vacant possession valuation based on the beacon valuation. Post self-financing this is for local authorities to determine seeking appropriate professional advice where applicable. An adjustment factor of 31% has been applied to the valuations in the 2012/13 accounts.	The fair value of the Council's housing dwellings stock as at the 31st March 2013 is measured with the regional adjustment factor. However a further 1% decrease in the regional adjustment factor would have resulted in a revaluation loss of £15.7m in 2012/13
<b>Defined Benefit Pension Schemes Liabilities (Note 48)</b>	Estimation of the net liability to pay pensions depends on a number of complex judgments 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 £395.859m (£317.909m as at 31st March 2012). A 0.1% increase in the discount rate assumption would result in a decrease in the pensions' liability of £20.227m (excluding the element for SLHD staff with regard to the pre-transfer date). Conversely a 0.1% increase in the inflation rate assumption would result in an increase in the pensions' liability of £20.625m. Similarly a one year addition to members' life expectancy as at 31st March 2013 would result in an increase in the pensions' liability of £22.737m

## 5 Material Items of Income and Expense

All material items of Income and Expense are shown on the face of the Comprehensive Income and Expenditure Statement and the Housing Revenue Account.

## 6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance and Corporate Services on 30<sup>th</sup> June 2013. 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 2013, 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 30<sup>th</sup> June 2013.

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

This note details the adjustments that are made to the total income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority 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 the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied 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.

2012/13						
Usable Reserves						
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation of non-current assets	(26,877)	(19,494)	0	0	0	46,371
Charges for impairment of non-current assets	(2,067)	(1,820)	0	0	0	3,887
Revaluation losses on Property, Plant and Equipment	(29,383)	6,210	0	0	0	23,173
Revaluation gain/loss on Assets Held for Sale	110	0	0	0	0	(110)
Movements in the fair value of Investment Properties	416	0	0	0	0	(416)
Amortisation of intangible assets	(518)	0	0	0	0	518
Capital grants and contributions applied	28,065	260	0	0	0	(28,325)
Revenue expenditure funded from capital under statute	(21,924)	(32)	0	0	0	21,956
Revenue grants to fund revenue expenditure funded from capital under statute	15,719	0	0	0	0	(15,719)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(28,460)	(31,019)	0	0	0	59,479
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	8,847	0	0	0	0	(8,847)
Former SYCC debt	1,111	0	0	0	0	(1,111)
PFI Finance lease - principal repayment	1,564	0	0	0	0	(1,564)
Finance leases - principal repayments	126	0	0	0	0	(126)
Capital expenditure charged against the General Fund and HRA balances	3,368	4,069	0	0	0	(7,437)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	7,579	0	0	0	(7,579)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	9,248	(9,248)

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,377	1,847	(7,224)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	10,921	0	0	(10,921)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	(42)	42	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(869)	0	869	0	0	0
Transfer from deferred capital receipts reserves upon receipt of cash	0	0	(10)	0	0	10
Unattached capital receipts	14	4	(18)	0	0	0
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,835	0	0	0	0	(4,835)
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Transfer decent homes backlog funding to MRR	0	23,883	0	(23,883)	0	0
Transfer depreciation to MRR	0	19,494	0	(19,494)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	33,211	0	(33,211)
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	24	0	0	0	0	(24)

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (See Note 48)	(28,752)	0	0	0	0	28,752
Employer's pensions contributions and direct payments to pensioners payable in the year	25,635	0	0	0	0	(25,635)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
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	250	0	0	0	0	(250)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
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	153	0	0	0	0	(153)
<b>Total Adjustments</b>	<b>(35,657)</b>	<b>3,360</b>	<b>4,580</b>	<b>(10,166)</b>	<b>1,669</b>	<b>36,214</b>

2011/12 Comparative Figures						
Usable Reserves						
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation of non-current assets	(29,710)	(13,242)	0	0	0	42,952
Charges for impairment of non-current assets	(2,311)	(1,534)	0	0	0	3,845
Revaluation losses on Property, Plant and Equipment	(69,360)	(20,653)	0	0	0	90,013
Movements in the fair value of investment properties	(60)	0	0	0	0	60
Amortisation of intangible assets	(260)	0	0	0	0	260
Capital grants and contributions applied	34,932	2,047	0	0	0	(36,979)
Revenue expenditure funded from capital under statute	(41,139)	0	0	0	0	41,139
Revenue grants to fund revenue expenditure funded from capital under statute	20,587	0	0	0	0	(20,587)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(97,220)	(15,783)	0	0	0	113,003
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	8,615	0	0	0	0	(8,615)
Former SYCC debt	1,010	0	0	0	0	(1,010)
PFI Finance lease - principal repayment	1,619	0	0	0	0	(1,619)
Finance leases - principal repayments	92	0	0	0	0	(92)
Capital expenditure charged against the General Fund and HRA balances	4,566	4,344	0	0	0	(8,910)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	7,898	0	0	0	(7,898)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	6,194	(6,194)

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	10,044	1,938	(11,982)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	11,394	0	0	(11,394)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	(80)	80	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(908)	0	908	0	0	0
Unattached capital receipts	126	39	(165)	0	0	0
HRA self financing	0	59,769	0	0	0	(59,769)
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve :</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2)	0	0	0	0	2
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	12,636	0	(12,636)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	8,441	0	(8,441)
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	24	0	0	0	0	(24)

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (See Note 48)	(27,924)	0	0	0	0	27,924
Employer's pensions contributions and direct payments to pensioners payable in the year	28,691	0	0	0	0	(28,691)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
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	493	0	0	0	0	(493)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
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	3,533	0	0	0	0	(3,533)
<b>Total Adjustments</b>	<b>(146,664)</b>	<b>29,481</b>	<b>235</b>	<b>(4,195)</b>	<b>(1,704)</b>	<b>122,847</b>



## 8 Transfers To / From Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2012/13

	Balance at 1 April 2011	Transfers Out 2011/12	Transfers In 2011/12	Balance at 31 March 2012	Transfers Out 2012/13	Transfers In 2012/13	Balance at 31 March 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund:</b>							
Balances held by schools under a scheme of delegation	10,728	(3,265)	4,663	12,126	(2,641)	92	9,577
Borough Investment Fund	7,012	(381)	1,298	7,929	(266)	790	8,453
Severance costs granted after 2010/11	0	(349)	4,090	3,741	(2,821)	1,800	2,720
Adult Social Care System implementation	0	0	2,336	2,336	(127)	0	2,209
S106 agreements	1,936	(2,140)	1,995	1,791	(302)	444	1,933
Lakeside plots 8 & 9 commuted sum	0	0	1,598	1,598	0	16	1,614
S278 agreements	0	(150)	1,195	1,045	0	225	1,270
Change Programme costs	480	(704)	1,835	1,611	(1,944)	1,590	1,257
Work, Skills & Enterprise Programme	4,412	(2,099)	0	2,313	(1,880)	736	1,169
Reserve against Medium Term Financial Strategy Risk	0	0	1,000	1,000	(115)	0	885
Ofsted & Carlile Reports	0	0	0	0	0	640	640
Troubled Families	0	0	0	0	0	631	631
Single Homelessness	0	0	465	465	(80)	0	385
HR Shared Service implementation	0	0	870	870	(653)	0	217
Severance costs granted in 2010/11	2,782	(1,326)	0	1,456	(1,456)	0	0
CCQ Furniture Reserve	0	0	500	500	(500)	0	0
Other	6,554	(6,473)	4,028	4,109	(2,875)	4,332	5,566
<b>Total</b>	<b>33,904</b>	<b>(16,887)</b>	<b>25,873</b>	<b>42,890</b>	<b>(15,660)</b>	<b>11,296</b>	<b>38,526</b>
<b>Movement in year (see Movement in Reserves Statement) (MIRS)</b>				<b>8,986</b>			<b>(4,364)</b>

### Schools Balances

This reserve represents balances held by schools under delegated schemes. 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.

### **Borough Investment Fund**

This reserve was established in 2002 to provide funding for the delivery of the Transformational Projects Investment Programme (TPIP) and now also provides for schemes largely in the Regeneration and Environment capital programme. The reserve is built up over a number of years to allow for early repayment of debt at the end of a defined loan period, usually twenty five years.

### **Severance costs granted after 2010/11**

The Council capitalised redundancy costs and pension strain costs occurring in 2011/12 from the post reductions. This earmarked reserve was created to fund those costs that could not be capitalised. The earmarked reserve has been used to fund the redundancy costs and the full three year costs of retirement for 2012/13 post reductions. The reserve was increased by £1.8m approved in the Finance and Performance Report for quarter 3 and the remaining balance will be used to fund retirement and redundancy costs granted in 2013/14.

### **Adult Social Care System**

This will be used to purchase and implement a new case management integrated finance system for Adult Social Care. This contract has been awarded and legal documentation is currently being agreed.

### **Section 106 agreements**

S106 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.

### **Lakeside plots 8 & 9 commuted sum**

Money received on sale of land on the basis that it will be used for on going maintenance of the surrounding area.

### **Section 278 agreements**

S278 of The Highways Act 1980 allows the Council to receive payment from developers prior to the work being carried out to improve highways. The remaining balance includes £721k to be spent on the Frenchgate interchange over its lifetime.

### **Change Programme costs**

These reserves will be used to fund the Change Programme, to enable the savings to be delivered in future years. It will fund one-off costs including the Change Programme Team and specific support required to deliver the projects e.g. review and release of assets, customer service improvements and in-house service reviews. The reserve will be fully utilised in 2013/14.

### **Work, Skills & Enterprise Programme**

This reserve was established from Local Enterprise Growth Initiative (LEGI) and Working Neighbourhoods Funds (WNF) elements of the 2008/09 Area Based Grant that were not fully spent and further supplemented by under spending on these elements in 2009/10. It has been utilised in 2011/12 and 2012/13 to fund the development of the work, skills and enterprise programme, which supports the delivery of the Economic Strategy and closure of the output gap by delivering a customised approach to the needs of businesses, communities and individuals. The reserve balance at 31<sup>st</sup> March 2013 represents the amount available to support delivery of the programme during 2013/14.

### **Reserve against Medium Term Financial Strategy Risk**

The purpose of this reserve is to provide a contingency against non-delivery of various efficiency savings projects. It is being used to fund the one-off costs expected in 2013/14 as set out in the budget report to Council on 21/02/13.

### **Ofsted & Carlile Reports**

This funding of £640k has been established to earmark resources for the CYPs Improvement Plan actions to be delivered in 2013/14 as set out on the Cabinet report 27<sup>th</sup> March 2013.

**Troubled Families**

The Troubled Families grant is received from the Government to support families so that they can become less reliant on public services and more independent. The programme of works commenced in 2012/13 and will be rolled out during 2013/14.

**Single Homelessness**

Ring fenced DCLG Grant funding to address and prevent single homelessness regionally (working in partnership with Rotherham, Sheffield and Barnsley).

**HR Shared Service implementation**

This was partly utilised in 2012/13 and the remainder will be fully used in 2013/14 for the implementation of the HR shared service.

**Severance costs granted in 2010/11**

This reserve was created to fund the second and third year costs paid to the South Yorkshire Pension Fund for pension strain costs arising from early retirements granted in 2010/11. The reserve was fully utilised in 2012/13 as this was the third and final year.

**CCQ Furniture Reserve**

This reserve was fully utilised in 2012/13 to assist in the fitting out of the new Civic Offices that opened in late 2012.

**Others**

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

**9 Other Operating Expenditure**

<b>2011/12</b>		<b>2012/13</b>
<b>£'000</b>		<b>£'000</b>
1,875	Parish Council Precepts	1,944
(2,114)	(Surplus) / Deficit on Trading Undertakings not in Net Cost of Services (Note 31)	(2,182)
908	Payments to the Government Housing Capital Receipts Pool	869
101,102	(Gains) / Losses on the disposal of non-current assets	47,462
<b>101,771</b>	<b>TOTAL</b>	<b>48,093</b>

**10 Financing and Investment Income and Expenditure**

<b>2011/12</b>		<b>2012/13</b>
<b>£'000</b>		<b>£'000</b>
42,352	Interest payable and similar charges	16,890
7,983	Pensions interest cost and expected return on pensions Assets	10,331
(1,849)	Interest receivable and similar income	(373)
60	Income and expenditure in relation to investment properties and changes in their fair value (Note 14)	(470)
(165)	Other investment income	(20)
0	Revaluation (Increase) / Decrease on Assets held for Sale	(110)
<b>48,381</b>	<b>TOTAL</b>	<b>26,248</b>

**11 Taxation And Non Specific Grant Incomes**

<b>2011/12</b>		<b>2012/13</b>
<b>£'000</b>		<b>£'000</b>
(95,987)	Council tax income	(96,146)
(110,717)	Non domestic rates redistribution	(133,206)
(2,396)	Transfer of Collection Fund (Surplus) / Deficit	(2,250)
(69,965)	Non-ring fenced government grants (Note 39)	(34,798)
(126,558)	Capital grants and contributions (Note 39)	(59,787)
<b>(405,623)</b>	<b>TOTAL</b>	<b>(326,187)</b>

## 12 Property, Plant and Equipment Movements in 2012/13

2012/13									
	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 2012</b>	<b>507,763</b>	<b>589,772</b>	<b>52,595</b>	<b>173,867</b>	<b>3,022</b>	<b>76,300</b>	<b>56,854</b>	<b>1,460,173</b>	<b>24,321</b>
<b>Opening balances reclassification</b>	<b>21</b>	<b>(576)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>130</b>	<b>425</b>	<b>0</b>	<b>(1)</b>
<b>At 1<sup>st</sup> April 2012 adjusted</b>	<b>507,784</b>	<b>589,196</b>	<b>52,595</b>	<b>173,867</b>	<b>3,022</b>	<b>76,430</b>	<b>57,279</b>	<b>1,460,173</b>	<b>24,320</b>
Additions	38,186	9,636	5,622	5,828	250	496	37,151	97,169	74
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(4,155)	6,038	0	0	43	5,833	1,744	9,503	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,292)	(13,021)	0	0	(21)	(278)	(16,100)	(31,712)	0
De-recognition – disposals	(850)	(29,075)	(306)	0	0	(6,940)	0	(37,171)	0
De-recognition – other	(21,249)	(1,073)	(5,392)	(2,581)	(673)	(2,254)	(62)	(33,284)	(61)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	(940)	0	(940)	0
Assets reclassified (to)/from Investment	0	(669)	0	0	0	0	0	(669)	0
Assets reclassified (to)/from Heritage	0	0	0	0	0	0	(60)	(60)	0
Reclassification within PPE	1,416	6,059	0	1,089	932	7,683	(17,179)	0	0
Other movements in cost or valuation	0	(63)	0	0	0	0	0	(63)	0
<b>At 31<sup>st</sup> March 2013</b>	<b>518,840</b>	<b>567,028</b>	<b>52,519</b>	<b>178,203</b>	<b>3,553</b>	<b>80,030</b>	<b>62,773</b>	<b>1,462,946</b>	<b>24,333</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>at 1<sup>st</sup> April 2012</b>	<b>(14,145)</b>	<b>(67,533)</b>	<b>(34,772)</b>	<b>(47,580)</b>	<b>(194)</b>	<b>(1,625)</b>	<b>(91)</b>	<b>(165,940)</b>	<b>(1,876)</b>
<b>Opening balances reclassification</b>	<b>0</b>	<b>440</b>	<b>0</b>	<b>(1)</b>	<b>(1)</b>	<b>(13)</b>	<b>(425)</b>	<b>0</b>	<b>1</b>
<b>At 1<sup>st</sup> April 2012 adjusted</b>	<b>(14,145)</b>	<b>(67,093)</b>	<b>(34,772)</b>	<b>(47,581)</b>	<b>(195)</b>	<b>(1,638)</b>	<b>(516)</b>	<b>(165,940)</b>	<b>(1,875)</b>
Depreciation charge	(18,880)	(19,090)	(3,415)	(4,482)	(52)	(248)	0	(46,167)	(650)
depreciation written out to the Revaluation Reserve	5,240	28,604	0	0	0	90	0	33,934	0
depreciation written out to the Surplus/Deficit on the Provision of Services	8,502	0	0	0	0	0	0	8,502	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	(191)	0	0	0	0	(4)	(195)	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(1,820)	(1,990)	0	(52)	0	0	(25)	(3,887)	0
De-recognition – disposals	0	2,367	169	0	0	351	0	2,887	0
De-recognition – other	0	(1,464)	4,213	46	69	0	62	2,926	7
Reclassification within PPE	(47)	7,546	(1)	1	(72)	(7,852)	425	0	0
other movements in depreciation and impairment	0	64	0	0	0	0	0	64	0
<b>At 31<sup>st</sup> March 2013</b>	<b>(21,150)</b>	<b>(51,247)</b>	<b>(33,806)</b>	<b>(52,068)</b>	<b>(250)</b>	<b>(9,297)</b>	<b>(58)</b>	<b>(167,876)</b>	<b>(2,518)</b>
<b>Net Book Value</b>									
<b>at 31<sup>st</sup> March 2013</b>	<b>497,690</b>	<b>515,781</b>	<b>18,713</b>	<b>126,135</b>	<b>3,303</b>	<b>70,733</b>	<b>62,715</b>	<b>1,295,070</b>	<b>21,815</b>
<b>at 31<sup>st</sup> March 2012</b>	<b>493,618</b>	<b>522,239</b>	<b>17,823</b>	<b>126,287</b>	<b>2,828</b>	<b>74,675</b>	<b>56,763</b>	<b>1,294,233</b>	<b>22,445</b>

## Comparative Movements in 2011/12

2011/12									
	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 2011</b>	<b>525,212</b>	<b>747,966</b>	<b>54,244</b>	<b>168,134</b>	<b>2,751</b>	<b>81,666</b>	<b>21,000</b>	<b>1,600,973</b>	<b>24,299</b>
Additions	34,236	17,441	3,417	7,040	169	61	39,762	102,126	34
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(613)	(18,270)	0	0	468	4,506	0	(13,909)	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(35,967)	(72,016)	0	0	(231)	(10,476)	0	(118,690)	0
De-recognition – disposals	(951)	(80,913)	(3,918)	0	0	(2,351)	0	(88,133)	0
De-recognition – other	(13,912)	(2,671)	(1,053)	(1,601)	(2)	106	0	(19,133)	(12)
Assets reclassified (to)/from Held for Sale	0	(643)	0	0	0	(2,084)	0	(2,727)	0
Other movements in cost or valuation	(242)	(1,122)	(95)	294	(133)	4,872	(3,908)	(334)	0
<b>At 31<sup>st</sup> March 2012</b>	<b>507,763</b>	<b>589,772</b>	<b>52,595</b>	<b>173,867</b>	<b>3,022</b>	<b>76,300</b>	<b>56,854</b>	<b>1,460,173</b>	<b>24,321</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>at 1<sup>st</sup> April 2011</b>	<b>(19,851)</b>	<b>(74,920)</b>	<b>(33,016)</b>	<b>(42,826)</b>	<b>(178)</b>	<b>(8,044)</b>	<b>(83)</b>	<b>(178,918)</b>	<b>(1,231)</b>
Depreciation charge	(12,637)	(20,553)	(4,775)	(4,601)	(51)	(141)	0	(42,758)	(645)
depreciation written out to the Revaluation Reserve	94	17,694	0	0	24	0	0	17,812	0
depreciation written out to the Surplus/Deficit on the Provision of Services	12,361	2,133	0	0	0	6,796	0	21,290	0
impairment losses/(reversals) recognised in the Revaluation Reserve	12	0	0	0	0	0	0	12	0
impairment losses/(reversals) recognised in the Surplus/ Deficit on the Provision of Services	5,877	(44)	(2)	(233)	0	(59)	(1)	5,538	0
De-recognition – disposals	0	8,001	2,146	0	0	0	0	10,147	0
De-recognition – other	0	(22)	529	99	(4)	(2)	0	600	0
other movements in depreciation and impairment	(1)	178	346	(19)	15	(175)	(7)	337	0
<b>At 31<sup>st</sup> March 2012</b>	<b>(14,145)</b>	<b>(67,533)</b>	<b>(34,772)</b>	<b>(47,580)</b>	<b>(194)</b>	<b>(1,625)</b>	<b>(91)</b>	<b>(165,940)</b>	<b>(1,876)</b>
<b>Net Book Value</b>									
<b>at 31<sup>st</sup> March 2012</b>	<b>493,618</b>	<b>522,239</b>	<b>17,823</b>	<b>126,287</b>	<b>2,828</b>	<b>74,675</b>	<b>56,763</b>	<b>1,294,233</b>	<b>22,445</b>
<b>at 31<sup>st</sup> March 2011</b>	<b>505,361</b>	<b>673,046</b>	<b>21,228</b>	<b>125,308</b>	<b>2,573</b>	<b>73,622</b>	<b>20,917</b>	<b>1,422,055</b>	<b>23,068</b>

## Depreciation

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 2013, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2013/14 and future years budgeted to cost £40.827m. Similar commitments at 31<sup>st</sup> March 2012 were £54.717m. The major commitments are:

	<b>£'000</b>
Finningley & Rossington Regeneration Route Scheme	27,972
Waste PFI – Capital Contribution	7,710
White Rose Way – Phase 2	3,425
North Doncaster Sustainable Access (Adwick Rail Bridge)	1,720
	<b>40,827</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>			18,713	126,135	1,181		62,715	<b>208,744</b>
<b>Valued at Fair Value as at:</b>								
<b>31<sup>st</sup> March 2013</b>	497,690	132,616			48	5,395		<b>635,749</b>
<b>31<sup>st</sup> March 2012</b>		48,534			889	13,045		<b>62,468</b>
<b>31<sup>st</sup> March 2011</b>		169,250			88	40,861		<b>210,199</b>
<b>31<sup>st</sup> March 2010</b>		138,674			480	5,657		<b>144,811</b>
<b>31<sup>st</sup> March 2009</b>		26,707			617	5,775		<b>33,099</b>
<b>Total Cost or Valuation</b>	<b>497,690</b>	<b>515,781</b>	<b>18,713</b>	<b>126,135</b>	<b>3,303</b>	<b>70,733</b>	<b>62,715</b>	<b>1,295,070</b>

## 13 Heritage Assets

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

2012/13

	Civic Regalia	Exhibits, Statues & Monuments	Historic Land & Buildings	Military & Scientific Equipment	Recording of Historically Significant Events	Works of Art	Total Assets
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>1<sup>st</sup> April 2012</b>	136	1,948	7,120	12	42	2,529	11,787
Additions	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	492	0	0	1	555	1,048
Reclassification (to) / from PPE	0	60	0	0	0	0	60
Other movements in cost or valuation	0	14	0	0	0	0	14
<b>31<sup>st</sup> March 2013</b>	136	2,514	7,120	12	43	3,084	12,909
<b>Depreciation and impairment</b>							
<b>1<sup>st</sup> April 2012</b>	0	0	(2,168)	0	0	(14)	(2,182)
Depreciation	0	0	(200)	0	0	0	(200)
<b>31<sup>st</sup> March 2013</b>	0	0	(2,368)	0	0	(14)	(2,382)
<b>Net Book Value</b>							
<b>At 31<sup>st</sup> March 2013</b>	136	2,514	4,752	12	43	3,070	10,527

2011/12

	Civic Regalia	Exhibits, Statues & Monuments	Historic Land & Buildings	Military & Scientific Equipment	Recording of Historically Significant Events	Works of Art	Total Assets
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>1<sup>st</sup> April 2011</b>	136	1,938	7,112	12	42	1,984	11,224
Additions	0	0	8	0	0	0	8
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	10	0	0	0	545	555
<b>31<sup>st</sup> March 2012</b>	136	1,948	7,120	12	42	2,529	11,787
<b>Depreciation and impairment</b>							
<b>1<sup>st</sup> April 2011</b>	0	0	(1,974)	0	0	(14)	(1,988)
Depreciation	0	0	(194)	0	0	0	(194)
<b>31<sup>st</sup> March 2012</b>	0	0	(2,168)	0	0	(14)	(2,182)
<b>Net Book Value</b>							
<b>At 31<sup>st</sup> March 2012</b>	136	1,948	4,952	12	42	2,515	9,605



**Civic Regalia**

There are a collection of mayoral ceremonial chains, pendants and robes held at the Mansion House.

**Exhibits, Statues and Monuments**

This category includes items of decorative art, pottery and furniture. The 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.

**Historic Land and Buildings**

The main items held within this category include cemeteries and Cusworth Hall which is a grade 1 listed building is set in acres of historic parkland with lakes, 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, landscape and history. The Council holds several listed buildings which have been considered for classification as a heritage asset; however they do not currently meet the definition as they are used as office accommodation which means they are classified with operational land and buildings and not included in Heritage Assets.

**Military and Scientific Equipment**

This is a small collection of less than 500 items, concentrating on a small number of specific regiments.

**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.

Significant donations are comparatively few, but of the major collections that the council owns, paid no money for, and which did not form part of the muniments inherited from the predecessor authorities (Doncaster County Borough, Doncaster RDC, Thorne RDC, Adwick UDC, Bentley UDC, Conisbrough UDC, Mexborough UDC, Tickhill UDC, and the West Riding CC) the estate papers of the Thellusson family of Brodsworth, the papers of the solicitors Baxter & Somerville, the negatives from the studio of the Marsden's the commercial photographers and the staff records from the GNR/LNER/BR Locomotive Engineering Works are of the most significance.

**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.

There are heritage assets which the Council owns that are not included within the disclosures of Note 13, in line with the heritage asset accounting policy these assets have individual values of below £10,000 and include items such as artefacts from the Museum displays. The values of these assets are considered to have an immaterial effect on the presentation of the statement of accounts and therefore the cost of valuing them would outweigh any benefit.

**2012/13 Additions**

There were no additions made to heritage assets in 2012/13 (£8k in 2011/12)

## 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

	<b>2011/12</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Rental income from investment property	34	68
Direct operating expenses arising from investment property	0	(14)
<b>Net gain/(loss)</b>	<b>34</b>	<b>54</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 over the year:

	<b>2011/12</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Balance at start of the year	16,834	10,624
<b>Additions:</b>		
Purchases	0	0
Construction	0	0
Subsequent expenditure	0	0
<b>Disposals</b>	(6,150)	6,150
Net gains/losses from fair value adjustments	(60)	416
<b>Transfers:</b>		
to/from Inventories	0	0
to/from Property, Plant and Equipment	0	669
Other changes	0	0
<b>Balance at end of the year</b>	<b>10,624</b>	<b>17,859</b>

\* Disposal correction for 2011/12 regarding part of the Earth Centre site which was disposed in error.

## 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 useful lives assigned to the major software suites used by the Council are:

	<b>Other Assets</b>
0-3 years	Elearning Platform, Electronic Document Management System (EDMS), Strategic Intelligent Transport System (SITS), Technology Forge Asset Management Programme, Verisecure cash receipting system, Customer Relation Management (CRM) System, Highways and Transport Asset Management Programme (HAMP / TAMP), E-Marketplace
4-5 years	None
6-10 years	Childrens Information System, Application Publishing and Centralisation software, Corporate Financial System, Housing Benefits Management System

The carrying amount of intangible assets is amortised on a straight-line basis. Of the £521,457 amortisation, £89,451 was charged to revenue in 2012/13 to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	<b>2011/12</b>	<b>2012/13</b>
	<b>Others Assets</b>	<b>Others Assets</b>
	<b>£'000</b>	<b>£'000</b>
Balance at start of year		
- Gross carrying amounts	715	2,429
- Accumulated amortisation	(90)	(696)
Net carrying amount at start of year	625	1,733
Additions - Purchases	1,368	1,266
Assets reclassified - GBV	346	0
Assets reclassified - accumulated depreciation & impairment	(346)	0
Amortisation for the period	(260)	(521)
Net carrying amount at end of year	<b>1,733</b>	<b>2,478</b>
Comprising:		
- Gross carrying amounts	2,429	3,695
- Accumulated amortisation	(696)	(1,217)
	<b>1,733</b>	<b>2,478</b>

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 Council has entered into a number of contracts to replace various systems. The future budgeted cost of these systems is £610k.

<b>System Name</b>	<b>Date Contract Commenced</b>	<b>Financial year in which the system should be operational</b>	<b>Ongoing Commitment £'000</b>
Integrated Childrens information system	July 2011	2011/12	44
Corporate Financial System	November 2012	2013/14	125
Customer Relation Management System	February 2012	2012/13	441
<b>Total</b>			<b>610</b>

## 16 Financial Instruments

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

	Long Term		Current	
	31 March 2012 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2013 £'000
<b>Investments</b>				
Loans and receivables	2,464	1,097	32,379	36,260
Unquoted equity investment at cost (b)	2,773	2,772	0	0
<b>Total investments</b>	<b>5,237</b>	<b>3,869</b>	<b>32,379</b>	<b>36,260</b>
<b>Debtors</b>				
Loans and receivables	914	5,500	0	0
Financial assets carried at contract amount (trade debt)	0	0	14,464	18,421
<b>Total Debtors</b>	<b>914</b>	<b>5,500</b>	<b>14,464</b>	<b>18,421</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost (a)	315,252	321,748	56,793	71,893
<b>Total borrowings</b>	<b>315,252</b>	<b>321,748</b>	<b>56,793</b>	<b>71,893</b>
<b>Other Long Term Liabilities</b>				
PFI lease liabilities (Note 43)	41,243	39,729	1,561	1,507
Finance lease liabilities (Note 42)	52	0	95	52
Metropolitan debt (SYCC)	13,972	12,750	1,110	1,222
Other	28	0	0	0
<b>Total other long term liabilities</b>	<b>55,295</b>	<b>52,479</b>	<b>2,766</b>	<b>2,781</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount (trade credit)	0	0	14,673	8,413
<b>Total creditors</b>	<b>0</b>	<b>0</b>	<b>14,673</b>	<b>8,413</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 - Unquoted equity investment at cost - 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

### Material Soft Loans Made by the Council

The Council has not made any material loans to voluntary or other organisations at less than market rates of interest, sometimes referred to as soft loans. Therefore, no accounting adjustments as stipulated by the Code have been necessary in the 2012/13 accounts.

### Employee Car Loans

The Council makes loans for car purchases for employees within the Council who are in posts that require them to drive regularly on the Council's business. The closing balance as at 31<sup>st</sup> March 2013 was £45k (£103k as at 31<sup>st</sup> March 2012). The loans are included in long term debtors.

## Reclassifications

During 2012/13 the Council did not reclassify any of its investments.

## Income, Expense, Gains and Losses

	2011/12			2012/13		
	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000
Interest expense (Note 10)	(42,352)	0	(42,352)	(16,890)	0	(16,890)
Impairment losses ( See Note a Below)	0	(2,000)	(2,000)	0	0	0
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(42,352)</b>	<b>(2,000)</b>	<b>(44,352)</b>	<b>(16,890)</b>	<b>0</b>	<b>(16,890)</b>
Interest income (Note 10)	1,849	0	1,849	0	373	373
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>1,849</b>	<b>0</b>	<b>1,849</b>	<b>0</b>	<b>373</b>	<b>373</b>
<b>Net gain/(loss) for the year</b>	<b>(40,503)</b>	<b>(2,000)</b>	<b>(42,503)</b>	<b>(16,890)</b>	<b>373</b>	<b>(16,517)</b>

Note a - 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 Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement

During 2008/09 a number of Icelandic banks had difficulty in meeting their obligations and this Authority has, in respect of the investment in default, made appropriate provision for reduced repayment and this is reflected in the fair value.

## Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For loans from the PWLB and the other loans payable borrowing rates from the PWLB 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 in the next 12 months or is a trade or other receivable 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 valuations from the Council's advisors use the Net Present Value (NPV) approach, which provides an estimate of the value of payments in the future in today's terms. This is a widely accepted valuation technique commonly used in the private sector.

The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration, i.e. equal to the outstanding period from

valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, we have used the prevailing rate of a similar instrument with a published market rate, as the discount factor.

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 estimated range of interest rates at 31<sup>st</sup> March 2013 are between 0.96% and 4.05% for loans from the PWLB, market loans payable were between 0.38% and 4.13% and between 0.35% and 0.38% for loans and receivables. No early repayment is recognised. An investment with an Icelandic bank has been treated as impaired (see note 51)

The fair values calculated are as follows:

	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2013	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial liabilities	372,045	403,383	390,252	442,250

The fair value 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.

	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2013	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and receivables	32,379	32,379	37,255	35,776
Long-term debtors	914	914	5,500	5,500

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.

The carrying amount of short-term trade receivables is considered to be a reasonable approximation of fair value. With regard to the unquoted equity investments these are carried at cost as are the shares with unquoted companies where there are no commercial share dealings to enable fair value to be calculated.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value

The Council currently provides overdraft facility guarantees for the Stadium Management Company (see Note 23) of £0.100m and Doncaster Chamber of Commerce (see Note 49) of £0.075m.

The Council guarantees the full amount of the St Leger Homes of Doncaster Limited net pensions' deficit of £16.900m (see Note 49).

The Council has agreed to underwrite the liability of Doncaster Culture and Leisure Trust in respect of their local government pension scheme. This was valued at £1.907m as at 31<sup>st</sup> March 2012.

## 17 Inventories

2012/13	Consumable Stores Building and Civil Engineer Works £'000	ICT £'000	Inpress £'000	Grounds Maintenance £'000	Education incl Canteens £'000	Transport £'000	Other £'000	TOTAL £'000
<b>Balance outstanding at start of year</b>	<b>399</b>	<b>31</b>	<b>13</b>	<b>22</b>	<b>87</b>	<b>242</b>	<b>182</b>	<b>976</b>
Purchases	1,500	0	100	21	2,686	1,737	253	<b>6,297</b>
Recognised as an expense in the year	(1,453)	0	(103)	(22)	(2,681)	(1,777)	(270)	<b>(6,306)</b>
Written off balances	(16)	(31)	0	0	(11)	0	(24)	<b>(82)</b>
<b>Balance outstanding at year-end</b>	<b>430</b>	<b>0</b>	<b>10</b>	<b>21</b>	<b>81</b>	<b>202</b>	<b>141</b>	<b>885</b>

## Comparative 2011/12

2011/12	Consumable Stores Building and Civil Engineer Works £'000	ICT £'000	Inpress £'000	Grounds Maintenance £'000	Education incl Canteens £'000	Transport £'000	Other £'000	TOTAL £'000
<b>Balance outstanding at start of year</b>	<b>465</b>	<b>36</b>	<b>12</b>	<b>20</b>	<b>127</b>	<b>270</b>	<b>173</b>	<b>1,103</b>
Purchases	1,481	19	120	22	2,458	1,696	279	<b>6,075</b>
Recognised as an expense in the year	(1,581)	(22)	(119)	(20)	(2,460)	(1,723)	(246)	<b>(6,171)</b>
Written off balances	0	(2)	0	0	(38)	(1)	(25)	<b>(66)</b>
Reversals of write-offs in previous years	34	0	0	0	0	0	1	<b>35</b>
<b>Balance outstanding at year-end</b>	<b>399</b>	<b>31</b>	<b>13</b>	<b>22</b>	<b>87</b>	<b>242</b>	<b>182</b>	<b>976</b>



## 18 Construction Contracts

This note applies only to construction contracts in the financial statements of contractors and therefore only applies to construction that the Council is undertaking for its customers.

This disclosure note does not relate to contracts where the Council is the customer and does not therefore include assets under construction that are on the balance sheet within property, plant and equipment.

	<b>Campsmount Technology College</b>	<b>Kirk Sandall Junior School</b>	<b>Outwood Academy Adwick</b>	<b>De Warne Academy</b>	<b>Ridgewood Academy</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cost Incurred to date	10,984	1,676	17,824	9,189	7,226
Revenue recognised:					
- before 1 April 2012	(10,754)	(1,680)	(9,534)	(2,284)	(6,158)
- during 2012/13	(230)	4	(8,290)	(6,905)	(1,068)
<b>Profit / (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### **Campsmount Technology College - total estimated contract value £11,023k; incurred to date £10,984k**

In 2010/11 and 2011/12 this project was financed by a grant from the Department for Education via Partnership for Schools (£2,300k), Insurance settlement (£7,242k), CYPs capital resources (£852k) and a contribution from the school element of the insurance settlement and other delegated funding (£360k) and recognised as revenue in 2010/11 and 2011/12. The remaining £230k cost incurred in 2012/13 was financed through CYPs capital resources (£206k) and a contribution from the school element of the insurance settlement and other delegated funding (£24k) - all recognised as revenue in 2012/13.

The cost incurred to date has been derived from the construction contract's defined milestones that have specific payment values attached. Payment is made when one of the milestones has been completed, i.e. there are no part payments.

### **Kirk Sandall Junior School - total estimated contract value £1,676k; incurred to date £1,676k**

Advances of £10,837k were received from the Department for Education via Partnerships for Schools in 2009/10 and 2010/11 for the Primary Capital Programme - £1,650k (later amended to £1,680k) was approved for a new hall and refurbishment at Kirk Sandall Junior School. £291k was used to finance the physical building costs and recognised as revenue in 2010/11 with the balance of £1,389k being used and recognised as revenue in 2011/12. In 2012/13 the retention figure has been amended by £4k to reflect the new amount now payable.

The project has reached practical completion - the cost incurred to date derives from actual expenditure plus an accrual amount for the difference between actual expenditure and the Quantity Surveyor's assessment of the final account.

Note that the school converted to trust status 1<sup>st</sup> September 2010 with the Trust assuming control over the school and all its assets from that date; the cost incurred to date of £1,680k includes £151k incurred prior to the transfer of assets to the trust.

### **Outwood Academy, Adwick - total estimated contract value £17,868k; incurred to date £17,824k**

In 2011/12 £9,534k was incurred for the rebuilding of Outwood Academy Adwick. This was financed by £9,410k from the Department for Education via Partnerships for Schools and £124k from the Outwood Grange Academy Trust and recognised as revenue in 2011/12. The 2012/13 costs of

£8,290k were financed from the Department for Education (£5,916k,) Outwood Grange Academy Trust (£2,104k) and CYPS capital resources (£270k and recognised as revenue in 2012/13.

The cost incurred to date has been derived from the construction contract's defined milestones that have specific payment values attached. Payment is made when one of the milestones has been completed, i.e. there are no part payments.

**De Warenne Academy - total estimated contract value £9,427k; incurred to date £9,189k**

In 2011/12 £2,284k was incurred for the rebuilding of De Warenne Academy. This was financed by £2,284k from the Department for Education via Partnerships for Schools and recognised as revenue in 2011/12. The 2012/13 costs of £6,905k were financed from the Department for Education and recognised as revenue in 2012/13.

The cost incurred to date has been derived from the construction contract's defined milestones that have specific payment values attached. Payment is made when one of the milestones has been completed, i.e. there are no part payments.

**Ridgewood Academy - total estimated contract value £7,226k; incurred to date £7,226k**

In 2009/10, 2010/11 and 2011/12 £6,205k was incurred for the construction of Ridgewood Post 16 Centre. This was financed by £6,205k Young Peoples Learning Agency (YPLA). The 2012/13 costs of £1,021k were financed by YPLA (£722k) and CYPS capital resources (£299k). Costs of £47k un-financed from 2011/12 were also financed in 2012-13, totalling £1,068k financed in 2012-13. These costs were Council assets in 2011/12 and previous and transferred to the Academy upon completion.

The cost incurred to date has been derived from the construction contract's defined milestones that have specific payment values attached. Payment is made when one of the milestones has been completed, i.e. there are no part payments.

**19 Debtors**

	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Debtors</b>		
Central Government bodies	9,385	25,119
Other local authorities	1,364	1,755
NHS bodies	1,997	1,097
Other entities and individuals	36,620	40,152
	<b>49,366</b>	<b>68,123</b>
Payments in advance	3,919	3,608
<b>Total</b>	<b>53,285</b>	<b>71,731</b>

**20 Cash and Cash Equivalents**

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

	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2013</b>
	<b>£'000</b>	<b>£'000</b>
Cash held by the Council	2,867	1,892
Bank overdraft	(3,750)	(229)
Cash investments regarded as cash equivalents (bank current accounts and short-term deposits with bank, building societies and other banking sector)	32,378	36,020
<b>Total Cash and Cash Equivalents</b>	<b>31,495</b>	<b>37,683</b>

**21 Assets Held For Sale**

	<b>Current</b>	
	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>
<b>Balance outstanding at start of year</b>	<b>7,637</b>	<b>27</b>
<b>Assets newly classified as held for sale:</b>		
Property, Plant and Equipment	2,724	1,030
Revaluation Gains	0	110
<b>Assets declassified as held for sale:</b>		
Property, Plant and Equipment	0	(90)
Assets sold	(10,334)	(987)
<b>Balance outstanding at year-end</b>	<b>27</b>	<b>90</b>

**22 Creditors**

	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Creditors</b>		
Central Government bodies	(9,160)	(9,079)
Other local authorities	(5,262)	(3,124)
NHS bodies	(1,001)	(692)
Public corporations and trading funds	(52)	(3,523)
Other entities	(48,535)	(53,119)
	<b>(64,010)</b>	<b>(69,537)</b>
<b>Receipts in Advance</b>	(1,662)	(2,333)
<b>Total</b>	<b>(65,672)</b>	<b>(71,870)</b>

All receipts in advance were incorrectly shown in Note 39 Grant Income in 2011/12. Only receipts in advance relating to grants should have been shown in Note 39 with all other receipts in advance shown in Note 22. The figures have been amended accordingly.

## 23 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

	Balance at 1 <sup>st</sup> April 2012	Additional provisions made in 2012/13	Amounts used in 2012/13	Unused amounts reversed in 2012/13	Balance at 31 <sup>st</sup> March 2013
	£'000	£'000	£'000	£'000	£'000
Insurance fund provision	8,352	340	(100)	0	8,592
Provision for Digital Region Limited	6,280	1,300	(1,201)	0	6,379
South Yorkshire Trading Standards	3,007	0	0	0	3,007
Provision for MMI	0	2,558	0	0	2,558
Provision for clawback of grant	1,843	0	(23)	0	1,820
Provision for Stadium Management Company	2,019	80	(1,340)	0	759
Equal Pay Capitalisation	2,288	1,056	(2,649)	0	695
Section 117 Mental Health Act provision	631	0	0	0	631
Provision for land charges	0	426	0	0	426
Provision for Terms & Conditions - claims settlement	0	359	0	0	359
Provision for repayment of income related to land sales	311	0	0	0	311
Provision for Bank Account Schools Cash Balance	0	131	0	0	131
Provision for Dedicated Schools' Grant Threshold	1,602	0	0	(1,602)	0
Provision for 53 <sup>rd</sup> week payment	675	0	(435)	(240)	0
<b>Total</b>	<b>27,008</b>	<b>6,250</b>	<b>(5,748)</b>	<b>(1,842)</b>	<b>25,668</b>

### Insurance

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, 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<sup>st</sup> March 2013 this was estimated to be approximately £9.6m, and it is estimated that the cost to the Council of settling these claims will be £6.4m 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, the value of those claims being estimated at £2.1m, which gives a total insurance fund value of £8.6m.

### Provision for Digital Region Limited

The original provision of £6.28m covered the potential costs, attributable to the Council, of a new supplier to take over the running and management of the network with full accountability for operating costs, sales, marketing and revenue as at the end of 2011/12. The provision covers the expected costs of the termination of the current contract and the anticipated costs of a procurement exercise

which was estimated to be completed at the end of May 2013. The provision has been extended by £1.3m, funded from revenue contingencies, due to a longer than expected procurement process with a subsequent delay in a new operator taking over the network, a higher than estimated contractor cost due to a longer contract term and additional expert advice being required. £1.2m of the capitalisation direction received from CLG in 2011/12 to cover the full costs of the provision has been used in 2012/13. This direction allowed costs to be treated as revenue expenditure funded from capital under statute.

### **South Yorkshire Trading Standards**

In February 2006 the South Yorkshire Trading Standards organisation was reviewed and found to be financially unviable and was subsequently closed down. The Council's share of the cost of recovering the financial losses incurred as well as the closure costs has been estimated at £3.007m but this will not necessarily be the final settlement. It is expected that the matter will be settled in 2013/14.

### **Provision for 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 all 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. A levy may now be imposed on all scheme creditors including the Council who have been paid amounts in respect of scheme liabilities. The initial levy has been set at 15% (of claims payments) by the scheme's administrators in order to achieve a solvent run-off although the projected outcomes could be anywhere in the range between 9.5% and 28%. Because of the nature of many of the claims and the fact that trends continue to be adverse the projections are subject to substantial uncertainty.

This provision has been set at £2.558m and has been calculated using the higher 28% projected level.

### **Provision for Grant Claw-back**

Over a number of years, predominantly during the 1990's, the council applied for and received approval for Derelict Land Grant from English Partnerships or Land Reclamation Programme grant from Yorkshire Forward for a number of projects throughout the borough.

The approved projects had specific outcomes that mainly were the reclamation of council owned land and for an agreed after use for the land, e.g. industrial development site, public open space. The grant intervention rate was 100%.

As part of the grant conditions, on disposal or appropriation of the land or its bringing into use, the council had to repay grant based on the 'after value' of the land. The provision has been created to enable the council to fund potential repayment of grant. It is expected that the matter will be settled within the next two or three years.

### **Provision for the Stadium Management Company**

The provision covers liabilities for the deferred income from Keepmoat Stadium naming rights and bank overdraft guarantee. There has been a decision on the future operating of the Stadium and the outstanding liabilities are to be met by the Council. The provision has been increased by £80,000 based on the estimated closing position of the SMC.

### **Equal Pay Compensation**

The provision was established in 2010/11 to meet the costs of the equal pay claims. The provision has been reviewed based on 702 equal pay claims relating to the pay structure in place prior to the implementation of pay and grading review (December 2009). This is the likely amount based on agreed settlements and estimates of future settlements of known claims not yet agreed. The majority of these claims were settled in 2012/13 and it is expected that the remainder will be settled in 2013/14. The provision has been increased by £1.056m as more claims have been received than estimated (702 compared to the estimate of 561 in last year's accounts).

### **Section 117 Mental Health Act**

The Government, via the High Courts, have decided that local authorities cannot charge any person receiving aftercare service under Section 117 of the Mental Health Act. The Assistant Director of Legal & Democratic Services has advised that the council is required to take all reasonable measures to contact current and former service users who may have been charged for services under s117 of the Mental Health Act and to reimburse, with interest, those who have paid for such services.

The Council has ceased charging for such services. The Council must retain adequate sums available to cover the necessary reimbursements. During 2012/13 there have been no refunds made from the provision. The amount of the provision required has been reviewed and will be maintained at the same level of £631k based on the latest assessment. A working group has been set up to progress the outstanding cases in 2013/14. Due to the complexity of the issues involved settlement is likely to go on beyond 2013/14.

### **Provision for Land Charges**

The Council is a defendant in proceedings brought by a group of property search companies for refunds of fees paid to the Council to access land charges data. In the current litigation the Council faces a claim of £217k plus interest and costs. A second group of property search companies are also seeking to claim refunds although no proceedings have yet been issued. The Council has been informed that the value of those claims at present is £125k plus interest and costs.

### **Provision for Terms & Conditions claims settlement**

The Council reached an agreed settlement on 5<sup>th</sup> June 2013 with Unison, Unite and GMB covering 541 staff members (9% of the total staff affected) who were claiming their pay was wrongly handled during the changes to Terms and Conditions that were implemented in May 2012. The settlement is estimated at £359k and will be paid prior to August 2013.

### **Provision for Repayment of Income Related to Land Sales**

The provision covers the potential repayment of income received in relation to the disposal of two unrelated pieces of land, which were received in 2006/07 and 2011/12. In both cases repayment may be required as there are discrepancies between the amounts expected and the amounts received. Legal advice is being considered and it is hoped that the issues will be resolved in 2013/14.

### **Provision for Bank Account Schools Cash Balance**

The provision has been established to meet the potential cost of funding the historic difference between total cash at bank and surplus school balances. The provision relates specifically to three maintained bank account schools. The cash held in the bank accounts should match exactly to the school surplus balance once the appropriate adjustments have been considered. This is not the case with the three schools in question. If either school was to convert to an academy at any point in the future (likely), the historic cash difference should be returned to the Council. However, as there is no proof of the council making an overpayment of funding, the schools are likely to take the view that the historic cash difference should remain with them. If this was to occur, the provision would need to be utilised.

### **Provision for Dedicated Schools Grant Threshold**

The provision was established to meet the cost of any repayment to the DfE of Dedicated Schools Grant (DSG) in respect of Teachers Pay Threshold Grant relating to schools converting to academy status over the years 2009/10 to 2011/12. On conversion to academies the DfE pass this funding directly to academies and it is recouped against the schools formula funding. However because Doncaster calculates this element separately to its schools funding formula the funding was expected to be recouped by the DfE and therefore a provision for £1.602m was created. DfE have now advised that the recoupment process has closed for 2012/13 and years previous, unless there are exceptional circumstances. Therefore this provision is not needed.

### **Provision for 53<sup>rd</sup> Week Payment**

The provision has been established for the purpose of meeting costs that occur every five years but the impact of which should be reflected in the council's revenue account on an equal basis each year. A 53<sup>rd</sup> payment is made every five years and impacts on the fees payable to all independent care contractors. 2012/13 is a 53<sup>rd</sup> week payment year and therefore the balance at the end of this year is nil.

**24 Usable Reserves**

Details of the Council's usable reserves are given in the table below

<b>Usable Reserve</b>	<b>Balance 31<sup>st</sup> March 2012 (£'000's)</b>	<b>Balance 31<sup>st</sup> March 2013 (£'000's)</b>	<b>Purpose of Reserve</b>
General Fund	12,197	11,868	Resources available to meet future running costs for non-housing services
Earmarked General Fund Reserves (see Note 8)	42,890	38,526	Voluntarily set aside to meet specific future spending plans
Housing Revenue Account	6,735	9,262	Resources available to meet future running costs for council housing
Capital Receipts Reserve	14,156	9,574	Proceeds of fixed asset sales available to meet future capital investment
Major Repairs Reserve	5,137	15,303	Resources available to meet capital investment in council housing
Capital grants and contributions unapplied	18,586	16,755	Resources available to meet future capital investment

**25 Unusable Reserves**

<b>31 March 2012</b>		<b>31 March 2013</b>
<b>£'000</b>		<b>£'000</b>
227,170	Revaluation Reserve (Note 25a)	258,445
557,608	Capital Adjustment Account (Note 25b)	532,273
(1,096)	Financial Instruments Adjustment Account (Note 25c)	(1,072)
(317,909)	Pension Reserve (Note 25d)	(395,859)
27	Deferred Capital Receipts Reserve (Note 25e)	4,852
1,541	Collection Fund Adjustment (Note 25f)	1,791
(5,415)	Accumulated Absences Account (Note 25g)	(5,262)
<b>461,926</b>	<b>Total Unusable Reserves</b>	<b>395,168</b>



## 25a 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.

2011/12		2012/13
£'000		£'000
259,929	<b>Balance at 1<sup>st</sup> April</b>	227,170
28,066	Upward revaluation of assets	54,838
(23,596)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(10,547)
4,470	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	44,291
(5,602)	Difference between fair value depreciation and historical cost depreciation	(5,074)
(31,627)	Accumulated gains on assets sold or scrapped	(7,942)
(37,229)	<b>Amount written off to the Capital Adjustment Account</b>	(13,016)
227,170	<b>Balance at 31<sup>st</sup> March</b>	258,445

## 25b 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 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.

Note 7 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2011/12 £'000		2012/13 £'000	
648,044	Balance at 1 <sup>st</sup> April		557,608
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
(30,315)	Charges for depreciation of non-current assets	(27,487)	
(12,637)	Charges for depreciation on council dwellings	(18,880)	
(3,845)	Charges for impairment of non-current assets	(3,887)	
(90,015)	Revaluation losses on Property, Plant and Equipment	(23,174)	
(260)	Amortisation of intangible assets	(521)	
(20,552)	Revenue expenditure funded from capital under statute	(21,956)	
(113,003)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(59,479)	
(60)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	416	
0	Revaluation gain/loss on Assets held for sale	110	
<b>(270,627)</b>			<b>(154,858)</b>
37,229	Adjusting amounts written out of the Revaluation Reserve	13,016	
<b>(233,398)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>(141,842)</b>
<b>Capital financing applied in the year:</b>			
11,394	Use of the Capital Receipts Reserve to finance new capital expenditure	10,921	
8,441	Use of the Major Repairs Reserve to finance new capital expenditure	33,211	
36,979	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	44,044	
6,194	Application of grants to capital financing from the Capital Grants Unapplied Account	9,248	
59,769	HRA Settlement Grant	0	
8,615	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	8,847	
8,910	Capital expenditure charged against the General Fund and HRA balances	7,437	
<b>140,302</b>			<b>113,708</b>
1,619	Write down of PFI Finance Liabilities	1,564	
92	Write down of Finance Lease Liabilities	126	
1,010	Former South Yorkshire County Council debt repayment	1,111	
(1)	Other	(2)	
<b>557,608</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>532,273</b>

## 25c 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 deemed. As a result the balance on the Account at 31<sup>st</sup> March 2013 will be charged to the General Fund.

2011/12		2012/13	
£'000		£'000	
<b>(1,120)</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>(1,096)</b>
24	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	24	
<b>24</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>24</b>
<b>(1,096)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(1,072)</b>

## 25d 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. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay's 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 will have been set aside by the time the benefits come to be paid.

2011/12		2012/13
£'000		£'000
<b>(270,020)</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>(317,909)</b>
(48,656)	Actuarial gains or losses on pensions assets and liabilities	(74,833)
(27,924)	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 48)	(28,752)
28,691	Employer's pensions contributions and direct payments to pensioners payable in the year (see Note 48)	25,635
<b>(317,909)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>(395,859)</b>

**25e Deferred Capital Receipts Reserve**

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.

2011/12		2012/13
£'000		£'000
29	<b>Balance at 1<sup>st</sup> April</b>	<b>27</b>
(2)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive Income and Expenditure Statement	4,835
0	Transfer to the capital Receipts Reserve upon receipt of cash	(10)
27	<b>Balance at 31<sup>st</sup> March</b>	<b>4,852</b>

**25f Collection Fund Adjustment Account**

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

2011/12		2012/13
£'000		£'000
1,048	<b>Balance at 1<sup>st</sup> April</b>	<b>1,541</b>
493	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	250
1,541	<b>Balance at 31<sup>st</sup> March</b>	<b>1,791</b>

**25g 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.

2011/12		2012/13
£'000		£'000
(8,948)	<b>Balance at 1<sup>st</sup> April</b>	<b>(5,415)</b>
8,948	Settlement or cancellation of accrual made at the end of the preceding year	5,415
(5,415)	Amounts accrued at the end of the current year	(5,262)
3,533	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	153
(5,415)	<b>Balance at 31<sup>st</sup> March</b>	<b>(5,262)</b>

## 26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2011/12 £'000		2012/13 £'000
1,779	Interest received	290
(42,301)	Interest paid	(17,159)
40	Dividends received	0

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

2011/12 £'000		2012/13 £'000
46,797	Depreciation	37,202
175,433	Impairment and downward valuations	36,227
260	Amortisation	521
(2,553)	Increase/Decrease in creditors	6,305
(2,294)	Increase/Decrease in debtors	(15,058)
127	Increase/Decrease in inventories	91
(6,858)	Movement in pension liability	3,117
10,113	Other non-cash items charged to the net surplus or deficit on the provision of services	57,104
<b>221,025</b>		<b>125,509</b>

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

2011/12 £'000		2012/13 £'000
988	Proceeds from short-term (not considered to be cash equivalents) and long term investments (includes investments in associates, joint ventures and subsidiaries)	1,425
(12,066)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(12,035)
(44,878)	Any other items for which the cash effects are investing or financing cash flows	(51,461)
<b>(55,956)</b>		<b>(62,071)</b>

## 27 Cash Flow Statement – Investing Activities

2011/12 £'000		2012/13 £'000
(103,501)	Purchase of property, plant and equipment, investment property and intangible assets	(120,433)
(1)	Purchase of short-term and long-term investments	0
(6,009)	Other payments for investing activities	(219)
14,146	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,333
1,012	Proceeds from short-term and long-term investments	0
32,265	Other receipts from investing activities	76,341
<b>(62,088)</b>	<b>Net cash flows from investing activities</b>	<b>(36,978)</b>

**28 Cash Flow Statement – Financing Activities**

<b>2011/12 £'000</b>		<b>2012/13 £'000</b>
59,730	Cash receipts of short- and long-term borrowing	65,400
4,610	Other receipts from financing activities	(3,686)
(1,733)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,691)
(84,507)	Repayments of short- and long-term borrowing	(43,535)
<b>(21,900)</b>	<b>Net cash flows from financing activities</b>	<b>16,488</b>

## 29 Amounts Reported For Resource Allocation Decisions

The disclosure note for Amounts Reported for Resource Decisions has been included within the group section of these accounts.

## 30 Acquired and Discontinued Operations

This disclosure note shows where operations have been acquired or discontinued in the year, the nature of the acquired or discontinued operations and details of any outstanding liabilities in respect of discontinued operations.

During the 2012/13 financial year there were no acquired or discontinued operations

## 31 Trading Operations

The Council has established 7 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. Details of those units for 2012/13 are as below

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.

	2011/12 £'000	2012/13 £'000
<b>Net (surplus) / deficit on trading operations</b>	<b>(2,114)</b>	<b>(2,182)</b>
Services to the public included in Expenditure of Continuing Operations	(337)	(274)
Support services recharged to Expenditure of Continuing Operations	(1,777)	(1,908)
<b>Net (surplus) / deficit charged to Other Operating Expenditure (Note 9)</b>	<b>(2,114)</b>	<b>(2,182)</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.

	2011/12 £'000		2012/13 £'000	
<b>Turnover</b>	(1,805)		(1,840)	
<b>Expenditure</b>	1,468		1,566	
<b>(Surplus) / Deficit</b>		<b>(337)</b>		<b>(274)</b>

## Support Services recharged to Expenditure of Continuing Operations

### Highways

This section carries out work on capital construction schemes and the repair and maintenance of highways, street lighting and drainage.

	2011/12 £'000		2012/13 £'000	
Turnover	(11,365)		(9,913)	
Expenditure	11,229		9,478	
<b>(Surplus) / Deficit</b>		<b>(136)</b>		<b>(435)</b>

### Metro Clean

Metro Clean is the Council's in-house building cleaning service responsible for the cleaning at hundreds of sites across the borough (including schools, libraries, care homes, offices etc.).

	2011/12 £'000		2012/13 £'000	
Turnover	(6,586)		(5,847)	
Expenditure	6,040		5,598	
<b>(Surplus) / Deficit</b>		<b>(546)</b>		<b>(249)</b>

### InPress (Print Unit)

Using the latest technology, Inpress are equipped to place great emphasis on service, quality and performance delivery. The combination of these elements enables them to provide a complete service: Pre-press, Litho Printing, Digital Copying and Finishing.

	2011/12 £'000		2012/13 £'000	
Turnover	(657)		(648)	
Expenditure	745		668	
<b>(Surplus) / Deficit</b>		<b>88</b>		<b>20</b>

### Public Building Maintenance

The Public Building Maintenance team carry out electrical, mechanical and general building repairs and maintenance to schools and public buildings throughout the borough. A Help Desk is in operation, which includes provision of an emergency response team.

Adaptation work in partnership with British Red Cross to private dwellings throughout Doncaster is carried out.

The team deliver medium new builds and refurbishment work. The section also manages the stores function for Doncaster Council.

	2011/12 £'000		2012/13 £'000	
Turnover	(5,674)		(8,270)	
Expenditure	5,502		7,778	
<b>(Surplus) / Deficit</b>		<b>(172)</b>		<b>(492)</b>

### F M Catering

Under the direction of Facilities Management delivers the Council's internal catering requirements at the Civic Building (Vibe), Carr House Garden Restaurant and Mansion House planned events. Buffets are available on request at these locations.



	2011/12 £'000		2012/13 £'000	
Turnover	(267)		(253)	
Expenditure	256		253	
(Surplus) / Deficit		(11)		0

### Transport

The service is responsible for the acquisition and management of the Council's and St Leger Homes Ltd fleet of vehicles, plant and equipment, inclusive of statutory compliance with the goods vehicle operators licence requirements.

It operates a fully equipped vehicle body repair workshop, vehicle and plant maintenance and repair workshop which are located at North Bridge and Sunnyside Depots. The service also operates a passenger transport service which involves taking older people into day centres and day-care, people to social education centres and arranging transport for children that are in the care of the Council.

	2011/12 £'000		2012/13 £'000	
Turnover	(9,275)		(9,109)	
Expenditure	8,275		8,357	
(Surplus) / Deficit		(1,000)		(752)

### 32 Agency Services

The Council is allowed to undertake certain work on behalf of other bodies and authorities. The nature and amount of any significant agency income and expenditure is required to be disclosed under the Code.

No significant agency services have been identified in 2012/13 (nil 2011/12)

### 33 Road Charging Schemes under the Transport Act 2000

The Council does not currently operate a road charging or workplace charging scheme

### 34 Pooled Budget Arrangements

The Council has not entered into pooled budget arrangements under section 31 of the Health Act 1999

### 35 Members' Allowances

The Code requires the disclosure of the total amount of members' allowances paid under the Local Authorities (Members' Allowances) Regulations 2003.

2011/12		2012/13
£		£
801,042	Basic allowance	756,000
218,149	Special responsibility allowance	234,720
1,058	Travel	4,535
17,309	Co-opted members	7,834
<b>1,037,558</b>	<b>Total</b>	<b>1,003,089</b>

**36 Officers Remuneration****Senior Officer Remuneration**

<b>Title / Name</b>	<b>Year</b>	<b>Gross Salary</b>	<b>Allowances &amp; Expenses</b>	<b>Additional payments</b>	<b>Compensation for loss of office</b>	<b>Employer Pension Contribution</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Chief Executive</b> J Miller	2012/13	149,000	0	0	0	29,204	<b>178,204</b>
<b>Chief Executive</b> R Vincent to December 2011 – <b>Note 1 &amp; 2</b>	2011/12	132,603	0	0	0	19,794	<b>152,397</b>
<b>Chief Executive</b> J Miller from January 2012	2011/12	37,250	0	0	0	7,003	<b>44,253</b>
<b>Director of Adults &amp; Communities</b> J Beck	2012/13	122,940	0	0	0	24,096	<b>147,036</b>
	2011/12	124,221	854	0	0	23,353	<b>148,428</b>
<b>Director of Regeneration &amp; Environment</b> P Dale	2012/13	125,501	0	0	0	24,598	<b>150,099</b>
	2011/12	128,063	854	0	0	24,076	<b>152,993</b>
<b>Director of Children &amp; Young People's Services</b> C Pratt	2012/13	125,501	0	0	0	24,598	<b>150,099</b>
	2011/12	128,063	854	0	0	24,076	<b>152,993</b>
<b>Director of Change</b> K Atherton <b>Note 4</b>	2012/13	82,232	0	0	65,016	16,091	<b>163,339</b>
	2011/12	112,695	1,005	0	0	21,187	<b>134,887</b>
<b>Director of Finance &amp; Corporate Services (Section 151 Officer)</b> S Wiles	2012/13	112,695	0	0	0	22,088	<b>134,783</b>
	2011/12	112,695	854	0	0	21,187	<b>134,736</b>
<b>Monitoring Officer</b> R Harvey	2012/13	92,305	0	0	0	18,072	<b>110,377</b>
	2011/12	93,486	841	0	0	17,575	<b>111,902</b>
<b>Head of Danum School</b> Kelvin Simmons - <b>Note 3</b>	2011/12	78,582	339	0	0	11,085	<b>90,006</b>

**Note 1** - On secondment from Kirklees Council until December 2011. It was agreed between the authorities that Doncaster should include the remuneration in their notes.

**Note 2** - No claim was made for the Elections Returning Officer.

**Note 3** - The cost relates to the period of April to September 2011 (6 months). Danum School transferred to an Academy from 1<sup>st</sup> October 2011

**Note 4** – The costs relate to April to December 2012. Post excluded from structure.

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

2011/12			Salary banding	2012/13		
DMBC	Schools	Total	£	DMBC	Schools	Total
41	47	88	50,000 - 54,999	20	35	55
34	52	86	55,000 - 59,999	19	44	63
13	29	42	60,000 - 64,999	9	34	43
9	15	24	65,000 - 69,999	4	13	17
1	5	6	70,000 - 74,999	2	5	7
3	2	5	75,000 - 79,999	1	4	5
5	7	12	80,000 - 84,999	9	2	11
4	0	4	85,000 - 89,999	2	1	3
2	1	3	90,000 - 94,999	1	0	1
0	1	1	95,000 - 99,999	0	3	3
1	0	1	100,000 - 104,999	0	0	0
0	0	0	105,000 - 109,999	0	1	1
<b>113</b>	<b>159</b>	<b>272</b>	<b>Total</b>	<b>67</b>	<b>142</b>	<b>209</b>

The table above excludes the senior employees and posts whose remuneration for 2011/12 and 2012/13 are 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 2011/12 and 2012/13 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 (£)	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
£0 - £20,000	47	37	170	64	217	101	1,405,804	749,217
£20,001 - £40,000	4	12	21	11	25	23	696,254	604,045
£40,001 - £60,000	1	1	9	8	10	9	490,163	381,329
£60,001 - £80,000	2	0	3	8	5	8	345,671	604,016
£80,001 and above	0	0	5	3	5	3	539,334	271,310
<b>TOTAL</b>	<b>54</b>	<b>50</b>	<b>208</b>	<b>94</b>	<b>262</b>	<b>144</b>	<b>3,477,226</b>	<b>2,609,917</b>

The retirement cost included in the exit packages above were all charged in 2011/12 for that year and are charged in 2012/13 for this year.

### 37 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, the Audit Commission in 2011/12 and KPMG in 2012/13.

	<b>2011/12</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the external auditors with regard to external audit services carried out by the appointed auditor for the year	335	218
Fees payable to the external auditors for the certification of grant claims and returns for the year	125	41
Fees payable in respect of other services provided by external auditors during the year	82	4
<b>Total</b>	<b>542</b>	<b>263</b>

### 38 Dedicated Schools Grant

Education authorities in England are required by the Code to include a note demonstrating whether the Dedicated Schools Grant (DSG) has been deployed in accordance with the Accounts and Audit Regulations 2003 (as amended).

The Council's expenditure on schools is funded primarily by DSG provided by the Department for Education. 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 2011.

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

Details for the deployment of DSG receivable for 2012/13 are as follows:

	<b>Central Expenditure</b>	<b>Individual Schools Budget</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Final DSG for 2012/13	25,743	183,823	209,566
Plus: Brought forward from 2011/12 (overspend)	1,732	(352)	1,380
<b>Agreed budgeted distribution in 2012/13</b>	<b>27,475</b>	<b>183,471</b>	<b>210,946</b>
Less: Academy figure recouped for 2012/13	(1,572)	(65,163)	(66,735)
Less: Prior year adjustments – Academy Teachers Threshold Pay Grant (see note a)	(1,602)	0	(1,602)
Less: In-year adjustments - Academy Teachers Threshold Pay Grant (see note b)	0	(2,229)	(2,229)
<b>Final budgeted distribution for 2012/13</b>	<b>24,301</b>	<b>116,079</b>	<b>140,380</b>
Less: Actual central expenditure	(25,228)	0	(25,228)
Less: Actual ISB deployed to schools	0	(116,079)	(116,079)
<b>Net carry forward to 2013/14</b>	<b>(927)</b>	<b>0</b>	<b>(927)</b>

**Note a.** Release of prior year provision - see note 23 (Provision for DSG Threshold)

**Note b.** Transfer to corporate resources of 2012/13 Teachers Threshold Grant as set out in Note a above.

### 39 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13:

	2011/12	2012/13
	£'000	£'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
<b>Capital Grants and Contributions - Note 11</b>		
Homes and Communities Agency - Decent Homes	0	23,000
Department for Transport - White Rose Way	0	5,969
Department of Communities and Local Government - White Rose Way	0	4,715
Department for Education - Local Authority Capital Maintenance	5,610	3,562
Department for Transport - Local Transport Plan (LTP) Maintenance	3,874	3,039
Department for Education - New Pupil Places (Basic Need)	3,610	3,018
Department for Transport - Local Transport Plan (LTP) Central Pot	2,429	2,662
Big Lottery Fund - My Place	2,646	1,902
Arts Council - Civic Cultural Quarter	0	1,130
South Yorkshire Passenger Transport Executive - A630 Balby Road	401	1,123
Department for Education - Devolved Formula Capital	5,118	982
European Regional Development Fund - Energy Efficiency	0	883
Community Energy Saving Programme - Borough Wide Decency	0	850
Department of Health - Adults Personal Social Services Capital Grant	775	791
Department of Health - Reablement	0	786
Community Energy Saving Programme - Wheatley	0	702
Department Of Environment (DOE) - Improvement Grants	567	688
Department for Education - 2 year old entitlement	0	686
Carbon Emissions Reduction Target - Borough Wide Decency	0	672
S.106 Contributions	1,172	566
Yorkshire Electricity Contribution	0	360
Homes and Community Agency - Hesley Court	960	260
Local Government of Yorkshire and Humber - Emarket Place	107	245
NPower Juice Fund - Biomass Boiler	0	230
Yorkshire Forward - Civic & Cultural Quarter (CCQ)	1,599	106
HRA Self Financing - Principal	59,769	0
HRA Self Financing - Premium	21,912	0
Standards Fund - Capital	6,599	0
Department for Communities & Local Government - White Rose Way	4,138	0
Young Peoples Learning Agency - Ridgewood Post 16	3,110	0
Housing Market Renewal Fund (HMRF)	1,027	0
Regional Housing Board (RHB) Grant	225	0
Other Grants & Contributions	910	860
<b>Total</b>	<b>126,558</b>	<b>59,787</b>
<b>Non-Ring fenced Government Grants – Note 11</b>		
Early Intervention Grant	15,052	15,651
Learning Disability & Health Reform	10,279	10,551
Revenue Support Grant	34,223	2,582
Council Tax Freeze Grant	2,353	2,355
Local Services Support Grant	4,092	1,339
Troubled Families- Set up Costs	20	874
New Homes Bonus	478	853
Yorkshire and Humberside Arts Grant	115	173
Social Care Reform Grant - Department of Health	2,336	0
Single Homelessness Grant	465	0
Adult Stroke Services - Department of Health	220	0
Positive Futures- Home Office	158	0
Other	174	420
<b>Total</b>	<b>69,965</b>	<b>34,798</b>

<b>Credited to Services</b>		
Dedicated Schools Grant (DSG)	179,360	141,307
Mandatory Rent Allowances: subsidy	49,833	50,812
Mandatory Rent Rebates: subsidy	40,360	41,909
Council Tax Benefit: subsidy	22,743	22,582
Department for Education Academies	11,694	12,721
Skills Funding Agency Sixth Forms	12,815	6,123
Pupil Premium	3,599	5,629
PFI Annuity Grant	3,478	3,478
Housing and Council Tax Admin Benefit Subsidy	2,911	2,850
Outwood Sports Pitch Contribution	124	2,204
European Regional Development Fund Grant	803	1,412
Youth Justice Board	976	925
Ridgewood post 16 Learning Skills Council	0	769
Skills Funding Agency Safeguarded Learning	498	754
Music Services	817	735
Training & Development Agency for Schools	738	473
Skills Funding Agency Pupils Placed Out of Authority	458	413
Skills Funding Agency Apprentices	407	389
NNDR Costs of Collection Allowance	365	372
Child Workforce Development Council	518	230
Higher Education Funding Council for England	236	222
Discretionary Housing Payments	89	199
Graduate Teacher Programme	183	179
Nursery Milk Scheme	117	123
Asylum Seekers Children's Grant	123	107
Future Jobs Fund (phase 2)	215	101
DfE Year 7 Catch up Premium	0	98
DfE Raising the Participation Age	0	75
DfT - Local Sustainable Transport Fund (LSTF)	0	60
Additional Funding Grant	164	49
Campsmount Insurance	6,858	0
Standards Fund Grant (DFES)	3,491	0
Department for Education Building Schools for the Future Campsmount	1,536	0
Pot Hole Repair Grant	925	0
Campsmount Community Space	342	0
Cenex – Low Carbon Vehicle Procurement Programme	247	0
Regional Improvement and Efficiency Partnerships	185	0
Skills Funding Agency Grant	86	0
Diploma Grant	64	0
Department for Work and Pensions - Housing Benefit Transition Funding	59	0
New Deal Grant	54	0
Other Grants	520	361
<b>Total</b>	<b>347,991</b>	<b>297,661</b>
<b>Contributions</b>		
Primary Care Trust - Continuing Healthcare Contribution to care packages	4,841	6,304
Primary Care Trust - Section 256	5,052	4,737
Rotherham MBC Contribution for Coroners	491	517
Section 278 Agreement	473	225
Doncaster & Bassetlaw Hospitals NHS Foundation Trust - Library	0	214
Prison Libraries funding Hatfield/Moorlands Young Offenders Institute	170	171
Section 106	482	147
Lakeside Commuted Sum	1,847	0
Section 278 Agreement – Teesland	851	0
Rotherham, Doncaster and South Humber Contribution to Child and Adolescent Mental Health Service	301	0

Earth Centre	225	0
Primary Care Trust Contribution to Patient & Medical Library	219	0
Primary Care Trust Continuing Healthcare Contribution to Out of Authority Placements	166	0
Other	1,231	1,189
<b>Total</b>	<b>16,349</b>	<b>13,504</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	
	2011/12	2012/13	2011/12	2012/13
	£'000	£'000	£'000	£'000
<b>Capital Grants &amp; Contributions Receipts in Advance</b>				
Department of Environment – Improvement Grant	532	1,138	0	0
Department for Transport - Local Transport Plan (LTP) Maintenance	0	939	0	0
Devolved Formula Capital	1,434	932	0	0
Section 106	0	153	974	770
Hesley Court	260	0	0	0
Emarketplace	388	143	0	0
Other Grant & Contribution	213	360	65	10
<b>Total</b>	<b>2,827</b>	<b>3,665</b>	<b>1,039</b>	<b>780</b>

	Current		Long Term	
	2011/12	2012/13	2011/12	2012/13
	£'000	£'000	£'000	£'000
<b>Revenue Grants Receipts in Advance</b>				
Reablement Grant	0	5,183	0	0
Graduate Teacher Programme Grant	0	173	0	0
Esmee Fairburn Grant	0	57	0	0
We Sense It Grant	0	40	0	0
Hospital Library Grant	0	22	0	0
Skills Funding Agency Grant	0	18	0	0
Dance Whispers Grant	0	17	0	0
Section 256 income social care	2,499	0	0	0
Section 256 income funding adaptations	1,123	0	0	0
Receipts in advance open space	0	0	411	0
Children's Workforce Development Council funding c/fwd to 12/13	167	0	0	0
Other	493	4	15	0
<b>Total</b>	<b>4,282</b>	<b>5,514</b>	<b>426</b>	<b>0</b>

All receipts in advance were shown in Note 39 Grant Income in 2011/12. Only receipts in advance relating to grants should have been shown in Note 39 with all other receipts in advance shown in Note 22. The figures have been amended accordingly.



#### 40 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.

#### Members and Officers

During the year the Council transacted with the following organisations which were related parties due to their connection with the Council and Council members, chief officers of the Council and other related parties.

2011/12 £'000	Organisation	General Nature of transactions	2012/13 £'000
676	Barnsley Metropolitan Borough Council	Waste Procurement Costs and contribution to Sheffield City Region	553
331	Protocol Education Ltd	Provide teaching staff	331
7	Doncaster Rovers FC	Stadium naming rights and contribution towards insurance	309
287	Doncaster Arts (DARTS)	Various grant contributions to support projects such as "Otherwise creative..." and "Reach Out".	292
102	Zurich	Property rental and dilapidation payments	272
310	Doncaster & Bassetlaw Hospital	Coroners Service	165
263	Doncaster College	Educational courses, training and tuition fees	140
56	English Heritage	Annual Grant	95
5	Local Government Association	Subscription Fee	61
82	North East Doncaster Citizens Advice Bureau	Core Funding	52
42	Open University	Tuition Fees	49
58	Mexborough Citizens Advice Bureau	Service level agreement payments	46
286	North Doncaster Development Trust (NDDT)	Pupil Transport	33
33	Local Government Yorkshire & Humber	Subscription Fee	29
45	South Yorkshire Centre For Inclusive	Advocacy services	25
84	Efficacy-Services For Children	Project management fees	25
3	Yorkshire Adoption Agency Ltd	Inter-agency fees for child placements	23
20	Victim Support	Payment of grant	20
1	Danum Windows Ltd	Supply and installation of windows and doors	10
9	Welcome to Yorkshire	Annual membership fee	10
8	Stainforth Community Resource	Hire of premises and grant for upkeep of premises	8
18	Conisbrough Community Association	Day care services	6
2	Doncaster & District Deaf Society	Room hire	0

#### Central government

Central government has significant influence control 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 receipts outstanding at 31<sup>st</sup> March 2013 are shown in Note 39.

The Council maintains involvement with a number of related businesses and companies. The assets and liabilities of these companies are not included in the Council's accounts.

Information has been provided about the shareholding, general purposes of the companies, the proportion of the Council's shareholding and the sum of any dividends received where applicable.

Unless otherwise stated there were no significant debts between the Council and the companies listed as at 31<sup>st</sup> March 2013

### **Other Public Bodies**

#### **Arthur Street (Doncaster) Developments Limited**

The Council holds 19.9% (£100,000) of the ordinary share capital and preference shares of £266,000.

The principal activity of the company during the year is rental of offices to enterprise agencies engaged in the assistance of business in Doncaster and surrounding areas. The company has developed a business innovation centre to serve as a business incubator unit.

The audited accounts for the year ended 31<sup>st</sup> July 2012 show net assets valued at £1,121,428 (£1,409,980 in 2010/11). The company made a profit for the year of £61,793 before tax, £61,448 after tax (a profit of £33,762 before tax, £11,589 after tax in 2010/11). The Council has waived its right to dividends on preference shares since 2004/05, however, no such waiver has been made since 2007/08 so the dividends were due. During 2011/12 the Council received dividends on preference shares of £23,976 related to the company's 2010/11 financial year and £95,904 related to previous financial years. During 2012/13 the Council received £23,976 relating to the company's 2011/12 financial year.

The accounts show an unrealised loss on the revaluation of property investments of £350,000 resulting in a net total loss recognised since the July 2011 report of £288,552.

The accounts of the company may be obtained from The Company Secretary, Doncaster Business Innovation Centre, Ten Pound Walk, Doncaster DN4 5HZ.

#### **BDR Property Limited (formerly called Arpley Gas Limited)**

The Council has 8.1% of the share capital.

The company's principal activity is the management of the Thurcroft landfill site.

The audited accounts for the year ended 31<sup>st</sup> December, 2011 show net assets of £4,871,000 (£4,995,000 in 2010). The company made a loss of £124,000 before and after tax in 2011 (£20,000 profit before and after tax in 2010). No dividends were paid in 2011. The loss for the financial year was withdrawn from reserves resulting in a corresponding reduction in the total shareholders' funds in the year.

The company was dormant during the financial year ended 31<sup>st</sup> December 2007. On 27<sup>th</sup> February 2008, the Company by way of a special resolution changed its name with effect from 16<sup>th</sup> March 2008, to BDR Property Limited. On 27<sup>th</sup> February 2008, a Joint Venture Agreement was entered into between the company's shareholders, Waste Recycling Group Limited, Barnsley Metropolitan Borough Council, Doncaster Metropolitan Borough Council and Rotherham Metropolitan Borough Council (the "Shareholders"), whereby the company, subject to certain conditions, would acquire from BDR Waste Disposal Limited the freehold and leasehold property known as Thurcroft landfill site. There has been very slow progress with this transaction and it has not yet been completed. On 11<sup>th</sup> May 2012 the Company's parent company, Waste Recycling Group Limited, changed its name to FCC Environment (UK) Ltd ("FCCE"). The Company operates under a waste management agency agreement with FCC Recycling (UK) Limited (formerly known as Waste Recycling Limited), a fellow subsidiary of FCCE.

In 2011 a provision of £100k was made in respect of a challenge from the Environment Agency in respect of contaminated soil. The challenge has now been removed so the £100k can be returned to the accounts therefore improving the projected financial position.

The Council owes £405,000 in relation to the shares acquisition.

The accounts of the company may be obtained from The Company Secretary, Ground Floor West, 900 Pavillion Drive, Northampton Business Park, Northampton, NN4 7RG.

### **Donbac Limited**

This is a company limited by guarantee.

The aims of the company are to promote the formation and assist in the development of businesses in Doncaster and the surrounding area. This is principally realised by investing in projects operated by partner agencies.

The accounts for the year ended 31<sup>st</sup> March 2012 show net assets valued at £1,869,704 (£1,816,520 in 2010/11). The company made a profit for the year of £53,184 before and after tax (a loss of £11,713 before and after tax in 2010/11). No dividend was paid.

The Council entered into a contract with Donbac to manage a £400,000 loan fund. The loan fund is used to help small and medium sized enterprises in the local area. Donbac are now recovering the loans and returning the funds to the Council and for this they are being paid £1,946 per month.

The accounts of the company may be obtained from The Company Secretary, PO Box 978, Sidings Court, Lakeside, Doncaster, DN2 5NU

### **Doncaster LIFT (formerly Doncaster Community Solutions Limited)**

The Council has 5% of the share capital.

The principal activity of the company is to design, build, finance, and manage premises under the Government's LIFT initiative.

The accounts for the year ended 31<sup>st</sup> December 2012 show net assets of £85,000 (£33,000 in 2011). The company made a profit for the year of £402,000 before tax and £402,000 after tax (a profit of £299,000 before tax, £305,000 after tax in 2011). A dividend of £350,000 was declared in the year of which the Council received £17,500.

The Council has provided a subordinated loan debt of £136,000. Note 15 of the company's accounts state that the loan carries a coupon of 10% and is repayable in quarterly instalments that commenced on 30<sup>th</sup> June 2007 and are due to end on 31<sup>st</sup> December 2036.

The accounts may be obtained from The Company Secretary, Asset Management Solutions Limited, 3rd Floor, 46 Charles Street, Cardiff, CF10 2GE.

### **Doncaster Culture and Leisure Trust**

The Council owns no shareholding in the company and is ineligible to receive any dividends that might be paid.

The company's principal activity is the operation of the Leisure Complex, "The Dome". As from 2011/12 this has formed part of the Doncaster Culture and Leisure Trust.

The audited accounts for the year ended 31<sup>st</sup> March 2012 show net assets of £1,571,862 Cr (£2,882 in 2010/11). The Trust's net outgoing resources in 2011/12 were £313,599 (net outgoing resources £297,138 in 2010/11).

An amount of £519,642 was paid in respect of utility for 2012/13 that is to be deducted from the 2013/14 management fee.

The Council supports this company by making grants to the Doncaster Culture and Leisure Trust to support charitable activities operated by the company at the Dome. Grant paid to the Trust in 2011/12 totalled £2,884,490. In 2012/13, total subsidy provided of £2,705,000 was paid to Doncaster Culture and Leisure Trust.

The Council has agreed to underwrite the liability of Doncaster Culture and Leisure Trust in respect of Local Government Pension Scheme in the event that the charity is unable to meet such liabilities. This was valued at £1,907,000 in the accounts ending 31<sup>st</sup> March 2012.

The accounts of the company may be obtained from The Company Secretary, Doncaster Leisure Park, Bawtry Road, Doncaster DN4 7PD.

### **Doncaster Venture Capital Limited**

The company repurchased 40% of its share capital in 1999/2000. In 2003/04, 2004/05 and 2005/06 the company repurchased 50% of its shares. In 2010/11 the company reduced its share capital by 99%.

The principal activity of the company was the provision of venture capital including the direct investing of funds in small and medium sized businesses in South Yorkshire with particular reference to the Doncaster area. The company is now in the process of being liquidated.

The accounts up to 31<sup>st</sup> March 2011 showed net assets of £202,347, net profit before tax of £170,528 and after tax of £154,749. These were the last set of accounts produced before the process of liquidation commenced. A declaration of solvency shows that there was a balance of £42,486 to be distributed between shareholders. The Council holds 30 shares worth and will receive a distribution of 36p per share

The accounts of the company may be obtained from The Company Secretary, 39 Howden Close, Doncaster, DN4 7JN

### **Groundwork Dearne Valley**

This is a company limited by guarantee and does not have any share capital.

The company was formed in 1995 to promote, conserve and improve the natural environment of the Dearne Valley.

The audited accounts for the year ended 31<sup>st</sup> March 2012 show net assets of £147,381 (net assets of £130,250 in 2011). The company made a surplus for the year of £10,579 before and after tax (a surplus of £116,024 before and after tax in 2010/11). No dividend was paid.

The audit of the 2011/12 accounts highlighted the financial effect of not making the adjustments and disclosures required by FRS17, which would have resulted in net incoming resources for the period decreasing by £17,000 and the total funds at 31<sup>st</sup> March 2012 decreasing by £632,000

In 2011/12 payments were made to the company for work undertaken totalling £6,776 (£13,825 in 2010/11). The payments made to the Council from Groundwork Dearne Valley totalled £85 (£1,030 in 2010/11). The Council did not make a core funding contribution to the company in either 2011/12 or 2010/11.

The financial accounts of the company may be obtained from The Borough Secretary's Office, Barnsley Metropolitan Borough Council, Town Hall, Barnsley S70 2TA

### **Lakeside Sports Complex LLP**

This is a Limited Liability Partnership (LLP).

The principal activity of the partnership is the management of the Keepmoat Stadium and operating activities associated with the stadium. The LLP commenced trading in January 2007 and ceased trading in September 2012.

The accounts for year ended 31<sup>st</sup> March 2012 are not yet available. The audited accounts for the year ended 31<sup>st</sup> March 2011 show net liabilities valued at £1,815,720 (£1,572,719 in 2009/10). The company made a loss for the year of £243,001 before and after tax (a profit of £107,296 before and after tax in 2009/10). No dividends were paid or declared. The accounts have been prepared on a non-going concern basis because, where previous funding shortfalls have been made up by the Council, the LLP have been informed that once the funds allotted to it are exhausted there will be no more money made available to fund day to day running costs of the business. From September 2012 the Keepmoat Stadium was leased to Doncaster Rovers. The process of winding up the LLP is underway and should be concluded in 2013.

The Council maintains surrounding grounds and cover insurance for the facility in recognition that the stadium is a community facility. The profits and losses of the LLP shall be allocated 100% to the Council. The bank overdraft facility is secured by a guarantee from the Council.

The Council has paid £1m towards the LLP's overdraft plus grants of £250k in 2012/13. There is likely to be a further payment of approximately £50k once the accounts are finalised and the LLP is wound up.

The accounts for the company when completed may be obtained from The Company Secretary, Stadium Management Company, Keepmoat Stadium, Stadium Way, Doncaster DN4 5JW.

### **Yorkshire Purchasing Organisation**

The Yorkshire Purchasing Organisation (YPO) was established in 1974 to fulfil the supplies requirements of a number of local authorities. Doncaster is one of thirteen local authority members.

The company's main activities are the supply of stationery and other supplies to local authorities, schools and the voluntary sector. The company has 13 members one of which is the Council.

The audited accounts for the year ended 31<sup>st</sup> December 2012 show net assets £15,846,000 (£20,098,000 in 2011). The company made a loss for the year of £4,252,000 (a profit of £5,092,000 in 2011).

The value of invoiced business (stock and direct supply only) with the Council was £19,169,000 in 2012 (£16,229,000 in 2011).

The accounts of the company may be obtained from YPO, 41 Industrial Park, Wakefield, WF2 0XE

### **Doncaster Chamber of Commerce**

The Council owns no shareholding in the company.

The principal activity of the company is that of the representation and service of the business community within the area administered by Doncaster Metropolitan Borough Council.

The accounts for the period ended 31<sup>st</sup> March 2012 show net liabilities of £159,564 (£43,401 in 2010/11). The accounts are not modified however the auditors have highlighted that there is uncertainty regarding the level of the company's business support contracts from April 2013. In addition the company's overdraft facility is due for renewal February 2013 and although there has been no indication from the bank that the facility would be withdrawn, uncertainty does exist given the deficiency in net assets.

The company are projecting a profit of approximately £53k in the 12 months following these accounts which will be insufficient to eliminate the reserves deficit of £159,564. In addition there is uncertainty in the level of income the company will receive from the business support contracts from April 2013, and consequently the company is forecasting to break even in the year ended March 2014.

The Council has provided a £75k guarantee for the bank overdraft facility of the Doncaster Chamber of Commerce. This has been reduced from £100k.

The accounts of the company may be obtained from The Company Secretary, Doncaster Chamber of Commerce, Doncaster Business Innovation Centre, Ten Pound Walk, Doncaster, DN4 5HX.

### **Entities Controlled or Significantly Influenced by the Council**

The summarised group financial statements that follow on page 131 show the consolidated position of the Council with St. Leger Homes of Doncaster Limited accounted for as a subsidiary undertaking. Digital Region Limited and Doncaster Racecourse Management Company Limited are accounted for as joint ventures under the provisions of IAS31 - Interests in Joint Ventures.

#### **St. Leger Homes of Doncaster Limited**

This is a company limited by guarantee and does not have any share capital.

The Council is the sole member and undertakes, in the event of the organisation being wound up, to contribute such amount as may be required for the payment of the debts and liabilities of the company and after satisfaction of all the debts and liabilities the remaining assets will be transferred to the Council's Housing Revenue Account.

It was formed on 1st October 2005 to provide housing management and other services on behalf of the Council.

The Council paid St. Leger Homes of Doncaster Limited a management fee of £29m in 2012/13 (£30m in 2011/12) for it to manage and maintain the Council's Housing Revenue Account stock on its behalf and manage the Housing General Fund capital programme.

St Leger Homes of Doncaster Limited used £5.17m (£5.19m in 2011/12) of this management fee to buy back services from the Council under a service level agreement including; grounds maintenance, transport, safety wardens, payroll and information services. In addition to the management fee, St Leger Homes of Doncaster Limited also received £7.4m relating to recharges for capital schemes.

The total housing capital programme expenditure for 2012/13 was £42.0m (£37.6m in 2011/12) of which £38.8m (£34.7m in 2011/12) was on HRA properties and £3.2m (£2.9m in 2011/12) was on non-HRA properties.

The accounts may be obtained from The Company Secretary, St. Leger Homes of Doncaster Limited, St Leger Court, White Rose Way, Doncaster DN4 5ND

#### **Digital Region Limited**

The Council has a 6/70ths share in the company. The ownership model will alter in 2013/14 but proportions have not yet been finalised.

The aim of the company is to build a next generation fibre optic broadband network throughout South Yorkshire. The network will provide access for both the public and private sectors to facilitate improvement in the economic performance of the region.

DRL is finalising a re-procurement process and until that is completed the format of the company is unclear. As a result DRL do not expect to be able to publish statutory accounts until December 2013. Therefore the latest information available has been used to complete the analysis.

The draft accounts for the year ended 31<sup>st</sup> March, 2012 show net liabilities of £98,353,000. The company made a loss of £88,469,000 before tax and £88,271,000 after tax in 2012/13. No dividends have been declared.

The figures above have been taken from the version of the interim accounts that have been adjusted for the withdrawal of Yorkshire Forward from the company. There were no intercompany transactions during the financial year ending the 31<sup>st</sup> March 2013, aside from the running cost payments that totalled £1.2m.

The accounts for the company may be obtained from The Company Secretary, Electrical Works, Sheffield Digital Campus, Sheffield, S1 2BJ.

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

The Council has 190 shares of £1 each, which is 19% of the share capital. The Council has made a share premium payment of £2m, which was used to help fund the cost of the Grandstand redevelopment. The company was formed on 1<sup>st</sup> January 2006 to develop and operate the Racecourse.

The accounts for the year ended 31<sup>st</sup> December 2011 show net assets valued at £6,086,630 (£6,791,011 in 2010). The company made a loss for the year of £700,452 before and after tax (a loss of £1,441,861 before and after tax in 2010). Cumulative losses to 31<sup>st</sup> December 2011 amount to £5,914,370. No dividend has been paid. 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.

A copy of the accounts may be obtained from the Company Secretary, R. Mercer, 408 The Strand, London WC2R 0NE.

#### 41 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/PPP 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.

	<b>2011/12</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Capital Financing Requirement</b>	<b>551,489</b>	<b>534,726</b>
<b>Capital investment</b>		
Property, Plant and Equipment *	102,125	97,169
Heritage Assets **	7	0
Intangible Assets ***	1,368	1,266
Long term loans and advances	2,209	42
Revenue Expenditure Funded from Capital Under Statute	41,139	21,956
<b>Sources of Finance</b>		
Capital receipts	(11,394)	(10,921)
HRA self financing	(59,769)	0
Government grants and other contributions	(63,761)	(53,292)
Major Repairs Reserve	(8,441)	(33,211)
Direct revenue contributions	(8,910)	(7,437)
MRP / loans fund principal	(11,336)	(11,648)
<b>Closing Capital Financing Requirement</b>	<b>534,726</b>	<b>538,650</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrowing (supported by government financial assistance)	22,211	2,155
MRP / loans fund principal	(11,336)	(11,648)
Increase in underlying need to borrowing (unsupported by government financial assistance)	26,072	9,972
HRA self financing	(59,769)	0
Unfinanced expenditure	6,059	3,445
Increase / (decrease) in Capital Financing Requirement	<b>(16,763)</b>	<b>3,924</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



## 42 Leases

### a) Council as lessee

#### Finance Leases

The Council has acquired plant, vehicles and equipment under leases accounted for as finance leases under IAS17 - Leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	2011/12	2012/13
	£'000	£'000
Vehicles, Plant, Furniture and Equipment	229	139
<b>Total</b>	<b>229</b>	<b>139</b>

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	2011/12	2012/13
	£'000	£'000
Finance lease liabilities (net present value of minimum lease payments):		
Current	95	52
Non-current	52	0
Minimum lease payments	147	52
Finance costs payable in future years	5	1

Outstanding obligations to make payments under these finance lease arrangements as at 31<sup>st</sup> March 2013, accounted for as part of the long term liabilities (Note 16) (excluding finance costs), are as follows

	Minimum Lease Payments		of which Finance Lease Liabilities	
	31 March 12	31 March 13	31 March 12	31 March 13
	£'000	£'000	£'000	£'000
Not later than one year	99	53	95	52
Later than one year and not later than five years	53	0	52	0
Later than five years	0	0	0	0
<b>Total</b>	<b>152</b>	<b>53</b>	<b>147</b>	<b>52</b>

#### 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	
	2011/12	2012/13
	£ 000	£ 000
Hire of plant and machinery	2,253	2,065
Land and buildings	1,450	1,521
<b>Total</b>	<b>3,703</b>	<b>3,586</b>

**Annual commitments under non-cancellable operating leases:**

	Land and buildings	Other operating leases	Land and buildings	Other operating leases
	2011/12		2012/13	
	£'000	£'000	£'000	£'000
<b>Operating leases which expire:</b>				
Within 1 year	1,417	1,574	1,214	1,655
Between 1 and 5 years	4,160	1,291	4,436	1,477
After 5 years	10,999	0	11,366	0
<b>Total</b>	<b>16,576</b>	<b>2,865</b>	<b>17,016</b>	<b>3,132</b>

The 2011/12 figures above have been restated to include all future rent payments rather than just the following years rent.

**b) Council as lessor**

**Finance Leases**

The Council has entered into two finance lease arrangements, one for the Keepmoat Stadium and the other for Doncaster Racecourse. 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 lease arrangement for Doncaster Racecourse, effective 1<sup>st</sup> January 2006, was previously recognised as an operating lease in the Council's accounts. The Council entered into the lease arrangement for the Keepmoat Stadium in August 2012.

The gross investment is made up of the following amounts:

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2013
	£000	£000
Finance lease debtor (net present value of minimum lease payments):	1	4
Non-Current	2,016	4,827
Finance Income	9,453	16,414
<b>Gross investment in the lease</b>	<b>11,470</b>	<b>21,245</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 12	31 <sup>st</sup> March 13	31 <sup>st</sup> March 12	31 <sup>st</sup> March 13
	£'000	£'000	£'000	£'000
Not later than one year	123	223	123	223
Later than one year and not later than five years	493	893	493	893
Later than five years	10,854	20,129	10,854	20,129
<b>Total</b>	<b>11,470</b>	<b>21,245</b>	<b>11,470</b>	<b>21,245</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.

Annual income from operating leases where DMBC acts as lessor are as below

	Land and buildings	
	2011/12	2012/13
	£'000	£'000
Operating leases which expire:		
Within 1 year	1,537	1,564
Between 1 and 5 years	3,925	3,837
After 5 years	25,070	26,455
<b>Total</b>	<b>30,352</b>	<b>31,856</b>

The 2011/12 figures above have been restated to include all future rent due rather than just the following years rent.

### 43 Private Finance Initiatives and Similar Contracts

#### Private Finance Initiatives and Similar Contracts

##### a) Schools PFI

In 2007/08 the council committed to making payments estimated at £5.8m per annum under a contract with Doncaster School Solutions for the provision of two secondary PFI schools. The actual level of payments will be inflated each year. The contractor payments began in December 2008 with actual payments of £6.112m in 2012/13 (£6.012m in 2011/12).

1 <sup>st</sup> April 2011	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2013
<b>The value of assets held under PFI arrangements and similar contracts (£'000)</b>			
23,662	23,068	Property, Plant & Equipment - other land & buildings NBV b/fwd	22,445
129	34	Lifecycle replacement costs	74
(111)	(12)	De-recognised component	(54)
(612)	(645)	less depreciation	(650)
<b>23,068</b>	<b>22,445</b>	<b>Net Book Value c/fwd</b>	<b>21,815</b>
<b>The value of liabilities resulting from PFI arrangements and similar contracts (£'000)</b>			
1,622	1,565	Current liabilities: Finance lease principal repayment due within one year	1,507
42,801	41,236	Long Term Liabilities: Deferred Liabilities (finance lease liability)	39,729
<b>44,423</b>	<b>42,801</b>	<b>Total</b>	<b>41,236</b>

An analysis of the amounts is shown below with the contract due to expire in 2033/34.

<b>Details of payments due to be made under PFI arrangements and similar contracts (£'000)</b>								
	<b>Sir Thomas Wharton College (see Note 1 below)</b>			<b>Mexborough Science College</b>				<b>Total</b>
	Repayment of finance lease liability	Unitary charge (other)	Total	Repayment of finance lease liability	Interest	Service charge	Lifecycle replacement	
Within 1 year	746	2,314	3,060	761	812	1,415	133	3,121
Within 2-5 years	3,375	9,219	12,594	3,442	2,924	6,023	456	12,845
Within 6-10 years	4,448	12,164	16,612	4,537	2,863	8,416	1,129	16,945
Within 11-15 years	4,494	13,202	17,696	4,584	2,074	9,522	1,871	18,051
Within 16-20 years	6,870	12,053	18,923	7,007	927	10,773	595	19,302
Within 21-25 years	483	2,147	2,630	493	19	1,546	625	2,683
<b>Total</b>	<b>20,416</b>	<b>51,099</b>	<b>71,515</b>	<b>20,824</b>	<b>9,619</b>	<b>37,695</b>	<b>4,809</b>	<b>72,947</b>

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

**Note 1**

Sir Thomas Wharton College transferred to Trust Status with effect from 1<sup>st</sup> March 2010 and so the asset is no longer recognised on the Council's Balance Sheet in accordance with the Council's accounting policies. 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 and unitary charge (other)

**b) Waste Management PFI**

The Council, in partnership with Barnsley and Rotherham Councils, has entered into a 25 year contract with 3SE to dispose of the authorities' residual waste. The project is supported by a joint award of £77.4m PFI credits.

Financial close occurred 30<sup>th</sup> March 2012. The planned service commencement date is 1<sup>st</sup> July 2015, with the commissioning period scheduled to start six months prior to this and therefore no payments in respect of the unitary charge have yet been made.

The unitary charge payments are estimated to total £721m (nominal) for the partnership over the contract term. The net present value of the unitary charge payments is £255.4m. The Council's share of the total unitary charge is estimated to be £281m (nominal), £220m net of PFI credits.

The analysis of the amounts due going forward are shown below with the contract due to expire in 2040/41

<b>Details of payments due to be made under Waste Management PFI</b>	
	<b>Unitary charge (£'000)</b>
Within 1 year	0
Within 2-5 years	24,300
Within 6-10 years	47,340
Within 11-15 years	51,900
Within 16-20 years	58,110
Within 21-25 years	66,310
Within 26-29 years	32,960
<b>Total</b>	<b>280,920</b>

#### **44 Impairment Losses**

During 2012/13 the Council has recognised an impairment loss of £18.2m relating to the revaluation of the Civic Building, Public realm and associated infrastructure becoming operational. A further £1.8m has been recognised upon other Council offices becoming vacant and being held for demolition as a result of the decant to the new Civic Building. A £5m impairment has been recognised as a result of the decant of the old Outwood Academy School building which is due to be demolished in early 2013/14. The change in valuation method for libraries has also resulted in an impairment loss of £3.8m reflecting the new community lease arrangements which are now in place.

#### **45 Capitalisation of Borrowing Costs**

The Council did not capitalise any interest charges in 2012/13

#### **46 Termination Benefits**

The Council terminated the contracts of a number of employees in 2012/13 incurring liabilities of £2.610m (£3.477m in 2011/12) - see Note 36 for the number of exit packages and total cost per band.

#### **47 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 2012/13, the Council's contribution to the Department for Children, Schools and Families in respect of teachers' retirement benefits was £8.356m (£10.792m in 2011/12), which represents 14.1% of teachers' pensionable pay (14.1% in 2011/12). In addition a further sum of £3.082m (£3m in 2011/12) 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.

#### **48 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 that needs to be disclosed 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 required to be made 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 has given an undertaking to assume responsibility for liabilities relating to the Pension Fund relating to staff transferred to St Leger Homes of Doncaster Limited which was formed on 1<sup>st</sup> October 2005 to provide housing management and other services on behalf of the Council (Details of St Leger Homes of Doncaster Limited retirement benefits are included in the Group Accounts on pages 131 to 141. The following transactions relate to Council staff only and 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 £'000</b>	<b>2011/12</b>	<b>2012/13</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services</b>		
Current service cost	21,223	21,427
Past service costs	18	25
Settlements and curtailments	(7,391)	(6,008)
SLHD pre-transfer net pension liability	6,091	2,977
<b>Financing and Investment Income and Expenditure</b>		
Interest cost	50,063	47,942
Expected return on scheme assets	(42,080)	(37,611)
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>27,924</b>	<b>28,752</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
Actuarial (gains) and losses	48,656	74,833
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>76,580</b>	<b>103,585</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 and FRS17	767	(3,117)
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>		
Employers' contributions payable to scheme	28,691	25,635

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in the actuarial gains and losses on pensions assets and liabilities line was a loss of £74.833m as at 31<sup>st</sup> March 2013 (a loss of £48.656m as at 31<sup>st</sup> March 2012).

#### **Assets and Liabilities in Relation to Post-employment (Retirement) Benefits**

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

<b>Local Government Pension Scheme £'000</b>		
	<b>2011/12</b>	<b>2012/13</b>
Opening balance at 1 <sup>st</sup> April	(921,715)	(1,025,165)
Current service cost	(21,223)	(21,427)
Interest cost	(50,063)	(47,942)
Contributions by scheme participants	(8,205)	(7,322)
Actuarial gains and losses	(34,395)	(128,513)
Benefits paid	36,252	33,348
Past service costs	(18)	(25)
Curtailments	(981)	(905)
Settlements	14,288	10,462
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(986,060)</b>	<b>(1,187,489)</b>
SLHD pre-transfer	(39,105)	(7,456)
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(1,025,165)</b>	<b>(1,194,945)</b>

Reconciliation of fair value of the scheme (plan) assets:

<b>Local Government Pension Scheme</b>		
<b>£'000</b>		
	<b>2011/12</b>	<b>2012/13</b>
Opening balance at 1 <sup>st</sup> April	651,695	707,256
Expected rate of return	42,080	37,611
Actuarial gains and losses	(14,261)	53,680
Employer contributions	28,691	25,635
Contributions by scheme participants	8,205	7,322
Benefits paid	(36,252)	(33,348)
Settlements	(5,916)	(3,549)
<b>Closing balance at 31<sup>st</sup> March</b>	<b>674,242</b>	<b>794,607</b>
SLHD pre-transfer	33,014	4,479
<b>Closing balance at 31<sup>st</sup> March</b>	<b>707,256</b>	<b>799,086</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at 31<sup>st</sup> March 2012. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year for the Council was a gain of £91.291m (a gain of £27.819m in 2011/12)

### Scheme History

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Present value of liabilities:</b>					
Local Government Pension Scheme	(691,906)	(969,037)	(921,715)	(1,025,165)	(1,194,945)
<b>Fair value of assets in the Local Government Pension Scheme</b>	<b>462,413</b>	<b>620,379</b>	<b>651,695</b>	<b>707,256</b>	<b>799,086</b>
<b>Surplus/(deficit) in the scheme:</b>					
Local Government Pension Scheme	(229,493)	(348,658)	(270,020)	(317,909)	(395,859)
<b>Total</b>	<b>(229,493)</b>	<b>(348,658)</b>	<b>(270,020)</b>	<b>(317,909)</b>	<b>(395,859)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £395.859m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy, the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the actuary. The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31<sup>st</sup> March 2013 is £24.345m

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit cost method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality, salary levels, etc. The liabilities have been assessed by Mercer Human Resource Consulting Limited, an independent firm of actuaries with estimates for the Council fund being based on the latest full valuation of the scheme.



The principal assumptions used by the actuary have been;

Beginning of period		End of period
	<b>Financial assumptions</b>	
2.50%	Rate of CPI inflation	2.40%
4.25%	Rate of increase in salaries	4.15%
2.50%	Rate of increase in pensions	2.40%
4.90%	Discount rate	4.20%
	<b>Expected rate of return on assets</b>	
7.00%	Equities	7.00%
3.10%	Government Bonds	2.80%
4.10%	Other Bonds	3.90%
6.00%	Property	5.70%
0.50%	Cash / Liquidity	0.50%
7.00%	Other	7.00%
	<b>The split of the assets between investment categories</b>	
62.30%	Equities	61.40%
17.00%	Government Bonds	11.10%
7.70%	Other Bonds	10.20%
9.90%	Property	9.30%
3.10%	Cash / Liquidity	0.80%
0.00%	Other	7.20%
	<b>Life expectancy</b>	
22.8 (25.8) years	of a male (female) future pensioner aged 65 in 20 years' time	23.7 (26.6) years
21.5 (24.2) years	of a male (female) current pensioner aged 65	21.8 (24.7) years
<b>Commutation of pension for lump sum at retirement</b>		
50% take maximum cash, 50% take 3/80ths cash		

The scheme's assets consist of the following categories by value and the proportion of the total assets held:

2011/12			2012/13	
DMBC			DMBC	
£'000	%		£'000	%
420,052	62.3	Equities	467,618	61.4
114,621	17.0	Government Bonds	84,537	11.1
51,917	7.7	Other Bonds	77,682	10.2
66,750	9.9	Property	70,828	9.3
20,902	3.1	Cash/Liquidity	6,093	0.8
0	0.0	Other	54,835	7.2
<b>674,242</b>		<b>Total assets</b>	<b>761,593</b>	

#### History of experience gains and losses

The actuarial gains and losses identified as movements on the Pensions Reserve can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities as at 31<sup>st</sup> March.

	2012/13		2011/12		2010/11		2009/10		2008/09	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
<b>Actual Gains / (Losses) on Assets</b>										
DMBC	53,680	7.0	(14,261)	(2.1)	(10,430)	1.6	119,546	19.3	(131,982)	(28.5)
<b>Actual Gains / (Losses) on Liabilities</b>										
DMBC	0	0.0	29,426	3.2	29,426	3.2	0	0.0	0	0.0

### West Yorkshire Superannuation Fund

Payments in 2012/13 totalling £0.074m (£0.074m in 2011/12) 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

### 49 Contingent Liabilities

#### Pay and Rewards Review

The Council fully implemented its pay and rewards review from 1<sup>st</sup> December 2009. This covered all employees on the NJC terms and conditions of employment. Following implementation employees have the right to appeal against the decision of their new salary grade. At the onset there were 627 appeals. All stage one internal appeals were completed within timescale. There now remains 21 appeals going to stage 2, which will affect 95 employees. Half this number are local authority employees which will be completed by end May 2013. The remainder are schools, which it is anticipated will be completed by end August 2013, as these require involvement of individual Governing Bodies.

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

To demonstrate the going concern status of SLHD the Council has issued a letter of support to SLHD that guarantees the amount of their pensions' deficit. The actuary has assessed this deficit at £16.900m as at 31<sup>st</sup> March 2013 and this sum is included within the FRS17 liability shown in the group accounts. However as the Council considers it unlikely that this guarantee will be exercised this is disclosed as a contingent liability in the Council's own accounts.

#### Doncaster Chamber of Commerce

The Doncaster Chamber of Commerce is a not-for-profit membership organisation whose membership is open to all businesses either resident and/or engaged in business in the Borough of Doncaster. At the present time the Council has guaranteed an overdraft facility up to the value of £75,000. This means that the Doncaster Chamber of Commerce can go overdrawn by this amount and be charged interest. This overdraft facility has been approved until 31<sup>st</sup> March 2015. There is low risk that this will be breached. Should the Chamber of Commerce be wound up or go into administration, the Council would be liable to the Yorkshire Bank for the overdrawn balance of the account, up to a maximum of £75,000. However, based on financial information provided by the Chamber of Commerce, there is no reason to believe this situation would arise in the immediate future.

#### 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 all 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. The latest figure for the Council's claims paid by MMI is £7,512k. As the first £50k of claims is excluded under the Scheme of Arrangement, the potential value of claims subject to possible clawback is £7,462k. Outstanding claims are currently estimated to be in the region of £421k. There are also a proportion of claims (both paid and outstanding) attributable to the Council from the former South Yorkshire Residuary Body. A provision (see Note 23) has been included in the accounts to cover the potential levy, up to 28%, and outstanding claims (£2,558k). This contingent liability covers the remaining claims paid by MMI (£5,625k).

### **Residential Care Home Fee Review**

The Council was taken to Judicial Review by Care Home Providers regarding the process followed when setting the fees for 2011/12. The Council won the case on the grounds that it would work with Care Home Providers to consider all representations about the methodology adopted when setting the fees and the actual costs of care for 2011/12 and 2012/13. The Council has concluded the work with the task group which comprised of home owners and Council staff. The revised fees have been approved and payments backdated for 2012/13 based on the revised fees levels. There is still a small risk that the home owners will seek a judicial review on the revised fee levels.

### **Potential Clawback of ERDF - Inclusive Enterprise Phase 1**

Inclusive Enterprise Phase 1 was funded by ERDF and Area Based Grant (LEGI). As part of the Article 13 audit undertaken by DCLG an issue was raised around the Council's interpretation and compliance with EU procurement regulations, as a result of which it is anticipated that there will be a financial correction against ERDF claimed. The Council continues to negotiate with DCLG and refute their recommendations and so far the anticipated claw back has been reduced from 25% to 5%, estimated to be £359k. It is hoped that this can be reduced further. Uncertainty remains over the length of time to conclusion of the audit, however it is expected that this will be during 2013/14.

### **Land charges**

A group of property search companies have intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

### **Sterefibre stockpile**

In Partnership with other councils, the 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 owned by a third party. The administrator has advised that contractually the ownership of the material has now been passed onto the site owner. The Council has served a planning enforcement notice on the site owner to remove the fibre by 30th October 2013. The Council has obtained external legal advice that confirms there is no basis for the site owner 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 itself. If this is the case, the cost of removing and disposing of the material could be significant and the likelihood of fully recovering the costs from the site owners is limited. 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. Council officers are committed to mitigating this risk and there is a planned approach to work together with the third party to comply with the notice and secure alternative outlets for the material.

### **Equal Pay Claims**

The Council has received 702 equal pay claims relating to the pay structure in place prior to the implementation of pay and grading review (December 2009). A provision has been created for these known claims. It is likely that further claims will be received but it is not possible to quantify how many or the value of those claims.

## **50 Contingent Assets**

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

The Council has various claims against Her Majesty's Revenues and Customs (HMRC) which it is pursuing. The quantity and strength of the claims are under review.

- The recovery of landfill tax where material was put to certain uses by the landfill operator on site. This claim dates back to October 1996;
- The recovery of over-declared output tax on the collection of trade waste. This claim dates back to April 1980; and
- The recovery of overpaid VAT for off-street car-parking. This claim dates back to 1980-81.

## 51 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;

#### **Re-financing Risk**

The possibility that the Council might be requiring 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 movements.

### **Overall procedures for managing risks**

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

This Council has adopted the CIPFA Treasury Management in the Public Services Code of Practice, and produces treasury management indicators to control key financial instrument risks, in accordance with CIPFA's Prudential Code. A centralised treasury function operates to manage the investment and borrowing activities, and financial risk is controlled in accordance with the adopted Policy and Practice statements which are reviewed periodically. A treasury strategy report is prepared in advance of each financial year, and an annual report after the year end detailing the activities of the function. Both of these are reported to council. Treasury advisors have been appointed to provide professional and economic advice.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 23<sup>rd</sup> February 2012. The key issues within the strategy were:

The Authorised Limit for 2012/13 was set at £543m. This is the maximum limit of external borrowings or other long term liabilities.

The Operational Boundary was expected to be £509m. This is the expected level of debt and other long term liabilities during the year.

The maximum amounts of fixed and variable interest rate exposure were set at 100% and 30% based on the Council's net debt.

The maximum and minimum exposures to the maturity structure of debt are shown within the Refinancing and Maturity Risk note below.

#### **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. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. This Council uses the creditworthiness service provided by Sector Treasury Management 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 and Credit Default Swap prices which provide early warning of likely changes in credit ratings. The full Investment Strategy for 2012-13 was approved by Full Council on 23<sup>rd</sup> February 2012. An analysis of the credit criteria and lending limits at the time the investment was placed is given below for outstanding deposits at 31<sup>st</sup> March 2013.

CREDIT RATINGS							
Long Term Rating	Short Term Rating	Viability Rating	Support Rating	Max Limit £'m	Highest Investment £'m	Total Investments £'m	Number Of Institutions
A	F1	bbb	1	£30m	£20m	£30m	2
A	F1	bbb	1	£30m	£5m	£5m	1
BBB+	F2	bbb+	3	£11m	£0.68m	£0.68m	1

A maturity analysis based on the expectation of repayment of the investments, after allowing for £0.3m impairment, at 31<sup>st</sup> March, 2013 is:

	Impaired Investment	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Deposits with Banks and Building Societies	1.26	35.68	0	0	0	36.94

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £37.1M 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 2013 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred 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.

As a result of the Icelandic banking crisis the Council has amended its investment policy to only invest in UK banks which are protected by the UK government. The plunge in shorter-term interest rates as a result of the global depression has resulted in the council foregoing borrowing, and instead utilising the investment balance to fund capital spending. In addition, this also benefited the revenue budget position as the bank rate remained at its lowest for many years, reducing the level of returns available through investment activities. This action avoids the need for more expensive borrowing, but is only a short-term solution, which requires re-assessing when interest rates start increasing.

#### Exposure to Icelandic Banks – Impaired Investment

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Council had £3m deposited with Landsbanki, with a maturity date and interest rate as follows:

Bank	Date Invested	Maturity Date	Amount Invested	Interest Rate	Carrying Amount	Impairment
Landsbanki Islands	03/09/08	11/11/08	£3,000,000	5.59%	£1,575,410.71	£320,823.83

Following the latest advice from CIPFA, the Council judge that it is appropriate to consider an impairment adjustment for the deposit, and has taken the action outlined below. Revised guidance was received for the 2012/13 financial year which resulted in a partial reduction of the impairment. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years. The impairment of £614k was charged to revenue in 2010-11 in accordance with regulations and a reduction was processed in subsequent years.

All monies within this institution are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Council will be determined by the administrators/receivers. As the available information is not definitive as to the amounts and timings of future payments to be made by the receivers/administrators, it is likely that further adjustments will be made to the accounts in future years.

### **Landsbanki**

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. The Icelandic Supreme Court decision to grant UK local authorities priority status, the winding up board made a distribution to creditors in a basket of currencies in February 2012. A further distribution was issued in May 2012.

An element of the distribution is in Icelandic Kroner which has been placed in an escrow account in Iceland and is earning interest of 3.35%. This element of the distribution has been retained in Iceland due to currency controls currently operating in Iceland and as a result is subject to exchange rate risk, over which the Council has no control.

The current position on estimated future payouts is as shown in the table below and this council has used these estimates to calculate the impairment based on recovering 100p in the £.

<b>Date</b>	<b>Repayment £</b>
Settlement to date	1,424,589
31 December 2013	227,378
31 December 2014	227,378
31 December 2015	227,378
31 December 2016	227,378
31 December 2017	227,378
31 December 2018	227,378
31 December 2019	244,774

The recovery is subject to the following uncertainties and risks:

The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Council's claim, which may be denominated wholly or partly in currencies other than sterling;

The total impairment (principal plus interest not received) recognised in the Comprehensive Income and Expenditure Statement in 2012/13, £320k, has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the Council until monies are recovered. Adjustments to the assumptions will be made in future accounts as more information becomes available.

### **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 sundry debtors total net of provision for bad debts, £71.731m (Note 19), includes trade debtors (£18.421m), and council tenants rent arrears (£2.957m). In respect of trade debtors, the Council does not generally allow credit for customers, such that £9.973m of the £18.41m balance is past its due date for repayment. The past due date amount can be analysed by age as follows:

#### Trade Debtors

2011/12		After due date	2012/13	
Arrears £'000	Provision £'000		Arrears £'000	Provision £'000
1,053	61	Less than 3 months	3,938	13
658	128	3 to 6 months	1,029	79
1,118	86	6 months to 1 year	761	307
3,794	1,021	More than 1 year	4,245	1,411
<b>6,623</b>	<b>1,296</b>	<b>Total Trade Debtors</b>	<b>9,973</b>	<b>1,810</b>

The carrying amount of housing rent arrears is split into two parts, those where the arrears relate to former tenants and those where the arrears relate to current tenants. The table below shows the analysis of former tenant arrears. The current tenants arrears are considered to be current and amount to £1.465m (£1.039m in 2011/12), which is equivalent to 1.127 weeks total rent debit (0.84 weeks in 2011/12) or £70.96 per dwelling (£50.17 in 2011/12). Whilst individual tenants may be in arrears or advance these amounts are considered to be immaterial for the purposes of this statement and with the exception of 1% provision for non-collection the £1.465m is considered to represent fair value for this class of tenant.

#### Housing Rents

2011/12		After due date	2012/13	
Arrears £'000	Provision £'000		Arrears £'000	Provision £'000
		2012/13	331	315
241	84	2011/12	191	182
225	79	2010/11	0	0
887	638	More than 2 years old	920	886
<b>1,353</b>	<b>801</b>	<b>Total Housing Rents</b>	<b>1,442</b>	<b>1,383</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 ensures it has sufficient funds available on a daily basis that are necessary for the achievement of its service objectives. To achieve this, surplus funds are placed initially with reference to cash flow requirements. Appropriate temporary borrowing facilities have been negotiated, and, are in place to cover any shortfall.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the 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 it 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 the Council's deposit with Landsbanki Islands hf detailed above.

#### 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 March 2012 %	Actual 31 March 2013 %
UNDER 12 MONTHS	30.00	0	14.15	17.55
12 MONTHS AND WITHIN 24 MONTHS%	30.00	0	7.49	16.88
24 MONTHS AND 5 YEARS%	50.00	0	12.65	6.04
5 YEARS AND WITHIN 10 YEARS%	75.00	0	8.17	7.69
10 YEARS AND WITHIN 20 YEARS %	95.00	10	0	5.38
20 YEARS AND WITHIN 30 YEARS %			0	13.47
OVER 30 YEARS			57.54	32.99
<b>TOTAL</b>			<b>100.00</b>	<b>100.00</b>

Note: The under 12 months section of the maturity profile has increased following a change to the way loans with embedded options are now classified, coupled with the strategic decision to take advantage of the current historic short term interest rates. However, the actual percentage falls well within the agreed upper limit.

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. On this basis this type of loan has been included within the table with a maturity date of the next call date.

#### 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, depending on how variable and fixed rates move across differing financial instrument periods. For instance, a rise in variable and fixed 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 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).

Investments – With the exception of Landsbanki Islands hf, all deposits will mature within a year, and 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 2012/13 equated to 2.31%.

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, subject to influences from Government grants. Movement 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.

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, and the analysis also informs the decision relating to whether new borrowing is to be fixed or variable. For instance 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 rates borrowing would be postponed.

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

2011/12		2012/13
£'000		£'000
	<b>External Debt</b>	
90	Increase in interest payable on variable rate borrowings	90
(50)	Share attributable to the HRA	(60)
	<b>Investments</b>	
(496)	Increase in interest receivable on variable rate investments	(432)

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

#### f) Foreign Exchange Risk

With the exception of its investment in Landsbanki, 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.

Foreign exchange risk in relation to Icelandic deposits - The Council has foreign exchange exposure resulting from an element of the settlement received from Landsbanki. This is being held in Icelandic Kroner in an escrow account due to the current imposition of currency controls.

### 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. Details of these shareholdings can be found in note 40.

### 52 Heritage Assets: Five-Year Summary of Transactions

	2008/09	2009/10	2010/11	2011/12	2012/13
	£'000	£'000	£'000	£'000	£'000
<b>Cost of acquisitions of heritage assets</b>					
Civic Regalia	0	0	0	0	0
Exhibits, Statues & Monuments	0	0	0	0	0
Historic Land & Buildings	0	3	0	8	0
Military & Scientific Equipment	0	0	0	0	0
Recording of Historically Significant Events	0	0	7	0	0
Works of Art	0	0	0	0	0
<b>Total cost of purchases</b>	<b>0</b>	<b>3</b>	<b>7</b>	<b>8</b>	<b>0</b>

### 53 Heritage Assets: Further Information on Collections

#### Further information on the Museum collections

The values have been arrived at through three methods, valuation by an auctioneer, the price of purchases within the last 15 years and then valuation by a curator based upon recent sales. Valuations by an auctioneer are conducted when funds allow.

The works included in this list include assets which are key parts of Doncaster's heritage, such as the painting Giant's Refreshed by Terence Cuneo which depicts work in the Plant Railway Works at Doncaster. Also the three paintings by Joseph Wright of Derby of William Brooke (Mercer and Mayor of Doncaster) and his daughter and son-in-law William and Elizabeth Pigot. Present are also key pieces of Doncaster's horseracing heritage such as the paintings by J.F. Herring and the Gold Cups.

Although this list comprises those items that are individually worth over £10,000 the Museum Service cares for several collections that are cumulatively significant, both historically and for insurance purposes. An example of this would be the Yorkshire Pottery collection, which contains pieces from all over Yorkshire, but particularly from the important industry based along the River Don from Mexborough through to Swinton.

Doncaster Museum was opened in 1909, although collecting had started several years previously. Since then the collection has grown from just over 1,000 objects and specimens to around 500,000 objects and specimens, the majority (around 350,000) belonging to the Mollusca (shell) collection and the entomology (insect) collection.

The Museum holds collections in these areas: social, local and industrial history, costume, photographs, military history, coins and trade tokens, archaeology, world cultures, decorative art (jewellery, silver, ceramics), fine art, horseracing and natural sciences (geology, palaeontology, botany vertebrates and invertebrates).

As would be expected, the museum collections are particularly strong in representing the human history, natural history and artistic and cultural achievements of the Doncaster area. However the collections have been built up over the last 100 years, when it was often more of a priority that the collections should represent a wider, national and even world view. It should be remembered that the majority (numerically) of the museum collections are unsuitable for public display – significant parts of the archaeology and natural sciences collections exist primarily for research purposes.

The overall museum collection has a value that reflects the conservation value of the collection more than replacement value as the majority of items are irreplaceable. It is not practical to do more than allocate a global value upon the majority of the museum collections.

## **The museum collections**

### **Social, Local and Industrial**

The collection contains about 25,000 items reflecting life from around 1750 to the present, particularly looking at the Doncaster area. The collection has strengths in industrial history (particularly rail and mining), domestic life, toys/games and country halls – especially Cusworth Hall. Some of the rail and mining objects are of great local, and even national, importance e.g. the Edward Medals awarded for bravery at the Bentley Pit Disaster of 1931.

### **Military History**

This is a small collection of less than 500 items, concentrating on a small number of specific regiments. It is distinct from the King's Own Yorkshire Light Infantry Regimental Collection.

### **Coins and Trade tokens**

There are around 6,000 coins from the Iron Age to the present day, with a great deal of duplication in some areas. There are around 60 trade tokens from the Doncaster area, particularly from the coin shortage of the 1660s.

### **Archaeology**

The archaeology collection has around 15,000 individual 'small finds' and 5 tonnes of bulk material (ceramics, bones etc). It has been built up through excavations and casual finds (such as metal detecting), with some items having been purchased. It is almost entirely from sites within the Doncaster area. Some of the objects, such as the Roman Rossington dagger and Danum shield are of national importance.

There is a small antiquities collection, especially from the classical world of ancient Greece and Rome. This collection is generally below average in quality.

### **World Cultures**

There is a small collection of around 3,000 World Cultures objects. Knowledge and access to this collection has recently been greatly improved through grant aid. Some of the items are of historical significance e.g. the rare Ibibio puppets from Nigeria

### **Natural Sciences: vertebrates & invertebrates**

There are around 12,500 specimens in the vertebrate section. These are mounted specimens (mammals, birds and fish), birds' eggs and the specimens in spirit.

The collection includes some extinct species, such as the hybrid Quagga foal, which was born at Owston in the early 1800s and a Passenger Pigeon. There are also many specimens connected either to the Doncaster or Yorkshire area, or to Doncaster collectors. There are an estimated 360,000 specimens. These are mainly in the Mollusca (shell) collection of around 200,000 shells and around 160,000 insects in the entomology collection; the 50,000 long-horned beetles (Cerambycid) collection, which contains 'Type' specimens (a specimen or group of specimens used to define a taxonomic group), is internationally significant. Around half of the shell collection is the work of a Doncaster collector.

### **Natural Sciences: Botany, Geology and Palaeontology**

There are around 6,000 botanical specimens, with historical specimens from Yorkshire and also the Doncaster area. There are around 4,000 specimens in these collections representing Yorkshire, Britain and the World. The palaeontology collection has been recently studied and has already revealed specimens of national and international significance.

### **Care of the collections**

Both Doncaster Museum & Art Gallery and Cusworth Hall are Accredited Museums. This means that they adhere to national standards with regard to the care of the museum collections and to the Museums Association's Code of Ethics. As well as stores at the Museum & Art Gallery and Cusworth Hall the Museum Service also manages two off-site stores, one of which also houses the Museum's school loans collection. The archaeology, social, local and industrial, world cultures, fine and decorative art collections are curated by the Museums Officer (Human History), the p/t Assistant Museums Officer (Human History) and the p/t Museums Officer (Art & Exhibitions). The other collections, including the natural science collections are cared for by the Assistant Manager (Conservation and Collections Care) and the Museum Registrar. These posts also assist the curators with the care of the collections for which they are responsible.

There is a Collections Care Plan for overseeing the care of the collections and a Disaster Plan is in place. The Museum & Art Gallery has an air handling system to maintain temperature and humidity within the galleries. The budget for the care of the collections is £3,500 per year and this is for the purchase of equipment and materials. Grant aid is obtained when possible to assist with the care of the collections. The staff are assisted by volunteers to document, clean and conserve the collection.

### **Preservation, Management, Acquisition and Disposal**

The Museum Service has no acquisitions budget, so acquisitions are by donation, or by applying for grant aid in exceptional circumstances. All acquisitions and disposals are taken to the Acquisitions & Disposals Panel so that the consequences, both with regard to the museum's collecting priorities and with regard to collections care, can be evaluated.

The Museum Service is currently undertaking a process called 'Taking Stock' where the museum collections are being assessed for their relevance to the museum's priorities (such as telling the story of the Doncaster area), their care needs, the scientific data available (in the case of the natural science and archaeology collections), whether they are duplicates within the collection or are of too poor a quality to be appropriately within the collection. Any disposals/dispersals will follow the Museum's Association's Code of Ethics. This states that items leaving a museum collection should generally first be offered free of charge to another museum. Exceptions to this are largely made when items have been purchased. It also states that disposals should never be financially motivated.

The **Preservation policy for Archives information** is determined by BS5454:2000; Data Protection and Freedom of Information are governed by statute and by council policy.

### **Further Information on the Archive's Collections**

Doncaster Archives collects records from all sources relating to significant aspects of local life. Some of the documents held are of historical significance. The archival material held with a view to permanent preservation amounts to something in excess of 248 cubic metres. It occupies around 1.5 kilometres of shelving

### **Access to Records**

Following national and local authority record office practice, records more than thirty years old (based on the date of the last entry in the volume or file) are available for consultation. Records of a more recent date, except when authorised by the depositor, are not available for use in order to protect confidentiality.

In a small number of cases certain records are only available with the prior permission of the depositor, where this is the case the restriction is mentioned in the entry.

Certain specific classes of records are subject to extended closure periods. These are records subject to the provisions of the Public Records Acts. Under the rules made for these, personnel records of hospitals are closed for seventy-five years and patients records for one hundred years. Coroners' records are closed for seventy-five years.

Over three thousand visits a year are now made to Doncaster Archives. Users are investigating the history of the area for their own interest, pursuing their family history, carrying out research for school and university projects. Two of the principal uses of the archives are for making enquiries regarding rights of way and building structures.

### **Acquisition Policy**

The Department collects records of all kinds by gift, loan, transfer or purchase, relating to the area of the Metropolitan Borough.

The Department is recognised by the Lord Chancellor for the deposit of public records and by the Master of the Rolls for the deposit of manorial and tithe records. Notice of the acquisition of records in these categories will be given to the Public Record Office and the Royal Commission on Historical Manuscripts at the time of deposit.

No records will be acquired or disposed of in contravention of the terms of any current legislation and in particular the Public Records Acts, the Manorial and Tithe Documents Rules and the Parochial Registers and Records Measure

### **Preservation**

Preservation management is conducted in accordance with the tenets of PD5454-2012 Guide for the storage and exhibition of archival materials

### **Disposal Policy**

Disposal of material selected for permanent preservation only occurs when the owner of a given body of deposited wishes to withdraw any or all of the said deposited material. If significant expense has been incurred by the council in keeping and conserving such deposited items, financial recompense may be sought from the withdrawing depositor.

### **Further Information on the Mansion House Collections**

Although currently the Mansion house itself is not classified as a Heritage asset, many of the assets within the House are, these assets have been included within the Heritage asset sub groups of Civic regalia, exhibits statues and monuments, Military and scientific equipment and Works of art.

Mansion House has many period rooms each containing items such as paintings, furniture, clocks, barometers, ceramics, glassware and silver ware from a large and varied collection. Some of the more significant items include a Charles II Silver Gilt Mace, set of six George III parcel gilt Girandoles and

Many of the items and fittings in the Mansion House are original. Although some pieces are valued, many have not been examined. The last valuation was undertaken by Tennants Auctioneers of Leyburn, North Yorkshire in 2004.

### **Care of the Collections**

In recent history and currently there is no known documented plan to care for the Mansion House assets. There are however on-going repairs to the interior fabric of the build with agreed timescales, undertaken by a bespoke artist. There are currently negotiations underway between the Council and English Heritage to examine potential funding for structural repairs and development of the site as a tourist attraction. This could have a significant impact on the conservation of assets and the collection in the future.

### **Preservation, Management, Acquisitions and Disposal**

The Mansion House is currently cared for by the Council's Facilities Management Team, who have no acquisitions budget. Any future acquisitions are likely to be donations or via a grant scheme.

It is not intended that any assets are disposed of in the near future, if this situation arises, it is intended that the mechanism for disposal is properly scrutinised and agreed by a cross-section of Doncaster Council officers, to include the Elected Mayor, Chief Executive, Cabinet Members and the Conservation Team.

It should also be noted that a number of items within mansion house have been loaned from the museum and are included within the museums policies

## 54 Trust Funds

These are funds that are held on trust 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. In all cases listed below the Council is the sole trustee for the funds.

	<b>Balance 1<sup>st</sup> April 2012</b>	<b>Net Movement</b>	<b>Balance 31<sup>st</sup> March 2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Children and Young Persons</b>	34.1	5.8	39.9
Money is held on the behalf of clients. Funds can only be used for the benefit of the individual to which they belong			
<b>Adults</b>	3,497.7	2,946.8	6,444.5
Money is held on the behalf of clients. Funds can only be used for the benefit of the individual to which they belong			
<b>Education Prize Funds</b>	257.2	3.1	260.3
Interest received on these donations is used to provide prizes and grants to award children who are currently educated in certain Doncaster Schools for their academic and sporting achievements.			
<b>Youth Clubs</b>	84.5	(8.9)	75.6
Youth clubs monies held by the Council			
<b>Clayton Park</b>	21.9	0.2	22.1
A fund set up from sale proceeds to be used for the benefit of the aged in Mexborough			
<b>Museum and Libraries Bequests</b>	6.5	0	6.5
Donations to the services, the interest on which is used to purchase exhibits and publications			
<b>Conisbrough Miners Welfare</b>	2.4	0	2.4
Amounts to be used for the provision of a community centre for the inhabitants of Conisbrough			
<b>Parish Investments</b>	1.4	0	1.4
Amounts invested on behalf of parish councils			
<b>Carcroft Welfare</b>	21.0	0.2	21.2
A fund set up from the transfer of balances held by the Carcroft social welfare and recreation ground when the trusteeship of this organisation passed to the Council.			

## 55 Deferred Liabilities

These liabilities totalling £52.479m (£55.295m at 31<sup>st</sup> March 2012) are payable in a period exceeding 12 months and include the following

- a) £12.750m (£13.972m as at 31<sup>st</sup> March 2012) 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 loan management rests with Rotherham MBC
- b) £39.729m (£41.243m at 31<sup>st</sup> March 2012) relating to PFI schemes' long term liabilities as disclosed in Note 16 and 43.
- c) £0m (£0.052m at 31<sup>st</sup> March 2011) relating to long term finance lease liabilities as disclosed in Note 16 and 42.

## 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 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.

2011/12		Notes	2012/13	
£'000			£'000	£'000
	<b>Expenditure</b>			
12,780	Repairs and maintenance		9,987	
19,858	Supervision and management		20,037	
455	Rents, rates, taxes and other charges		486	
1,307	Negative Housing Revenue Account subsidy payable		0	
	Depreciation of Property, Plant & Equipment	5		
12,637	On dwellings		18,880	
606	On other assets		614	
22,187	Impairment of Property, Plant & Equipment	6	(4,353)	
19	Debt management costs		18	
391	Increased provision for bad or doubtful debts		770	
<b>70,240</b>				<b>46,439</b>
	<b>Income</b>			
(62,898)	Dwelling rents (gross)		(66,500)	
(868)	Non-dwelling rents (gross)		(853)	
(1,369)	Charges for services and facilities		(1,317)	
(256)	Contributions towards expenditure		(284)	
0	Housing Revenue Account subsidy receivable	7	(132)	
0	Sums directed by Secretary of State that are income in accordance with proper practices		32	
<b>(65,391)</b>				<b>(69,054)</b>
<b>4,849</b>	<b>Net cost of HRA Services as included in the whole authority Income and Expenditure Account</b>			<b>(22,615)</b>
244	HRA share of Corporate and Democratic Core			233
<b>5,093</b>	<b>Net Cost of HRA Services</b>			<b>(22,382)</b>
	<b>HRA share of the operating income and expenditure included in the whole authority Income and Expenditure Account</b>			
13,925	(Gain) or Loss on sale of HRA Property, Plant & Equipment		29,214	
33,546	Interest payable and similar charges		11,430	
(73)	Interest and investment income		(1)	
(2,047)	Capital Grants and Contributions		(24,143)	
(81,681)	Capital Grants and Contributions – Self Financing		0	
(39)	Other Income		(6)	
<b>(31,276)</b>	<b>(Surplus) or Deficit for the year on HRA services</b>			<b>(5,888)</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.

2011/12		Notes	2012/13	
£'000			£'000	£'000
(4,940)	<b>Balances on the HRA at the end of the previous year</b>			<b>(6,735)</b>
(31,276)	Surplus or (deficit) for the year on the HRA Income and Expenditure statement		(5,888)	
29,481	Adjustments between accounting basis and funding basis statute	Note 7	3,360	
(1,795)	Net increase or (decrease) before transfers to or from reserves		(2,528)	
(1,795)	Increase or decrease in year on the HRA			(2,528)
<b>(6,735)</b>	<b>Balance on the HRA at the end of the current year</b>			<b>(9,263)</b>

### Notes to the Housing Revenue Account

- 1(i) As at 31<sup>st</sup> March 2012, the Council was responsible for the management of 20,646 dwellings, made up as follows:-

As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2013
16,761	Houses and bungalows	16,713
2,535	Low-rise flats and maisonettes	2,516
1,419	Medium and high-rise flats	1,417

## 1(ii) Movement of Property, Plant & Equipment

The balance sheet values of property within the HRA were as follows:-

2011/12 Total £'000		Council Dwellings £'000	Other Operational Land & Buildings £'000	Other Property, Plant & Equipment £'000	2012/13 Total £'000
	<b>Cost or Valuation</b>				
<b>560,115</b>	<b>At 1<sup>st</sup> April 2012</b>	<b>507,763</b>	<b>11,649</b>	<b>23,415</b>	<b>542,827</b>
0	Opening Balances reclassification	21	(151)	130	0
<b>0</b>	<b>At 1<sup>st</sup> April 2012 adjusted</b>	<b>507,784</b>	<b>11,498</b>	<b>23,545</b>	<b>542,827</b>
<b>34,704</b>	Additions	38,186	391	269	<b>38,846</b>
<b>4,062</b>	Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(4,155)	(113)	(81)	<b>(4,349)</b>
<b>(40,399)</b>	Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,292)	(36)	0	<b>(2,328)</b>
<b>(1,403)</b>	De-recognition – disposals	(850)	94	(6,280)	<b>(7,224)</b>
<b>(14,264)</b>	De-recognition – other	(21,249)	(285)	(5,121)	<b>(26,655)</b>
<b>(215)</b>	Assets reclassified (to)/from Held for Sale	0	0	0	<b>0</b>
<b>0</b>	Reclassifications within PPE	1,416	(7)	7	<b>1,416</b>
<b>227</b>	Other movements in cost or valuation	0	0	0	<b>0</b>
<b>542,827</b>	<b>At 31<sup>st</sup> March 2013</b>	<b>518,840</b>	<b>11,354</b>	<b>12,339</b>	<b>542,533</b>
	<b>Accumulated Depreciation and Impairment</b>				
<b>(24,193)</b>	<b>At 1<sup>st</sup> April 2012</b>	<b>(14,145)</b>	<b>(1,287)</b>	<b>(3,524)</b>	<b>(18,956)</b>
0	Opening balances reclassification	0	13	(13)	0
<b>0</b>	<b>At 1<sup>st</sup> April 2012 adjusted</b>	<b>(14,145)</b>	<b>(1,274)</b>	<b>(3,537)</b>	<b>(18,956)</b>
<b>(13,243)</b>	Depreciation charge	(18,880)	(354)	(260)	<b>(19,494)</b>
<b>220</b>	depreciation written out to the Revaluation Reserve	5,240	196	15	<b>5,451</b>
<b>12,361</b>	depreciation written out to the Surplus/Deficit on the Provision of Services	8,502	0	0	<b>8,502</b>
<b>12</b>	impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	<b>0</b>
<b>5,849</b>	impairment losses/(reversals) recognised in the Surplus/ Deficit on the Provision of Services	(1,820)	0	0	<b>(1,820)</b>
<b>0</b>	De-recognition – disposals	0	11	0	<b>11</b>
<b>39</b>	De-recognition – other	0	33	2,816	<b>2,849</b>
<b>0</b>	Reclassifications within PPE	(47)	8	(8)	<b>(47)</b>
<b>(1)</b>	other movements in depreciation and impairment	0	0	0	<b>0</b>
<b>(18,956)</b>	<b>At 31<sup>st</sup> March 2013</b>	<b>(21,150)</b>	<b>(1,380)</b>	<b>(974)</b>	<b>(23,504)</b>
<b>523,871</b>	<b>Net Book Value as at 31<sup>st</sup> March</b>	<b>497,690</b>	<b>9,974</b>	<b>11,365</b>	<b>519,029</b>

2. The vacant possession value of dwellings within the HRA following annual revaluation as at 1<sup>st</sup> April 2012 was £1.542 billion. A difference arises between the vacant possession valuation £1.542 billion and the valuation used for balance sheet purposes of £478 million because the latter represents the social housing value of tenanted dwellings. The difference £1.064 billion indicates the economic cost to Government of providing council housing at less than open market rents.

3. A Major Repairs Reserve (MRR) is held in accordance with statute utilising an annual allowance received as part of Housing Subsidy for capital expenditure. The movements on the reserve were as follows:-

2011/12		2012/13
£'000		£'000
(942)	Balance as at 1 <sup>st</sup> April	(5,137)
0	Transfer Capital grant to MRR	(23,883)
0	Transfer Depreciation Non Dwellings to MRR	(614)
0	Transfer Depreciation Dwellings to MRR	(18,880)
(12,636)	MRA transferred to MRR	0
8,441	Financing of capital expenditure	33,211
<b>(5,137)</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>(15,303)</b>

- 4 (i) Capital expenditure on land, houses and other property within the HRA and the financing sources are given below:-

2011/12		2012/13
£'000		£'000
	<b>Capital expenditure per asset classification:</b>	
34,236	Council Dwellings	38,186
268	Other operational Land and Buildings	391
154	Vehicles Plant and equipment	154
46	Infrastructure	115
<b>34,704</b>		<b>38,846</b>
	<b>Sources of funding:</b>	
(630)	Useable Capital Receipts	(371)
(16,913)	Borrowing (Supported Capital Expenditure)	0
(2,278)	Capital Grants and Contributions	(756)
(8,414)	Major Repairs Reserve	(33,211)
(5,358)	Direct revenue financing	(4,092)
(1,111)	Unsupported borrowing	(416)
<b>(34,704)</b>		<b>(38,846)</b>

\* Please note from 12/13 The Homes and Communities Agency no longer issue Decency monies to fund Capital Expenditure as a borrowing approval, it is now received as a capital grant which is transferred to the Major Repairs Reserve upon receipt, this explains the variance between supported borrowing and Major Repairs Reserve.

- 4 (ii) During 2012/13 total capital receipts from the disposals of land, houses and other property within the HRA amounted to £1,857,672 and is analysed as follows:

2011/12	Receipts Description	2012/13
£'000		£'000
1,974	Houses (Council Dwellings)	1,273
4	Land	585
<b>1,978</b>	<b>Total</b>	<b>1,858</b>

- 5 The depreciation charged to the HRA assets in 2012/13 financial year was £19.494m (£13.243m in 2011/12). A detailed breakdown is provided below.

2011/12		2012/13
£'000		£'000
12,637	Council Dwellings	18,880
353	Other Land and Buildings	354
253	Other PPE	260
<b>13,243</b>		<b>19,494</b>

- 6 A breakdown of the impairment charge to HRA which totals £4.354m is detailed below:

2011/12		2012/13
£'000		£'000
23,198	Revaluation Loss (percentage used to calculate the social housing value of Council Dwellings has remained at 31%)	6,319
4,438	Revaluation Loss relating to non-Council Dwelling Assets	36
1,507	Impairment due to Council Dwelling demolition in year and proposed future	906
21	Consumption of Economic Benefit re non CDW	914
(6,977)	Reversal of previous impairment loss	(12,529)
<b>22,187</b>		<b>(4,354)</b>

- 7 Housing Revenue Account (HRA) subsidy income comprised of the following:-

2011/12		2012/13
£'000		£'000
12,465	Management Allowance	0
22,653	Maintenance Allowance	0
12,637	Major Repairs Allowance	0
13,152	Charges for Capital	0
(62,450)	Guideline Rent Income	0
(2)	Interest on Receipts	0
(29)	Self financing - 4 Day Interest	0
<b>(1,574)</b>		<b>0</b>
267	Prior Year Adjustment	132
<b>(1,307)</b>		<b>132</b>

- 8 The amount of rent arrears, excluding amounts collectable on behalf of other agencies, was as follows:-

31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2013
£'000		£'000
1,353	Former Tenants Rent Arrears	1,442
1,039	Current Tenants Rent Arrears	1,465
<b>2,392</b>	<b>Total</b>	<b>2,907</b>

The bad debt provision in respect of all uncollectable rent arrears was £1,396,138 (£811,800 in 2011/12). The aggregate balance sheet provision in respect of all uncollectable debts relating to the Housing Revenue Account was £1,881,523 (£1,320,396 in 2011/12).

#### 9 Revenue Expenditure Funded from Capital Under Statute

In 2012/13 the cost to the HRA was £32k relating to compensation payments for the acquisition of property by compulsory purchase order (£0 in 2011/12).

#### 10. Exceptional Items

There are no exceptional items in 2012/13.

However for comparative information the exceptional item within 2011/12 was as a result of the final year of the Housing Revenue Account (HRA) subsidy system.

The Government's Self Financing Determination resulted in the Council receiving a payment of £59.769m for the early redemption of PWLB debt in exchange for being released from the subsidy system. The early debt redemption has led to a premium payment of £21.912m which has also been met by the Secretary of State. These receipts, totalling £81.681m, are capital receipts in accordance with statutory requirements and are disclosed separately on the face of the HRA.

## 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, Business Rates 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.

2011/12 £'000		Notes	2012/13 £'000
	<b>Income</b>		
(92,916)	Income from Council Tax	1	(94,369)
	Transfers from General Fund:		
(22,318)	- Council Tax Benefits		(22,373)
(2)	- Local Exemption - Floods	5	(2)
(81,179)	Income collectable from business ratepayers	2	(82,575)
<b>(196,415)</b>	<b>Total Income</b>		<b>(199,319)</b>
	<b>Expenditure</b>		
	Precepts and Demands:	4	
95,987	- Doncaster Council		96,146
11,304	- South Yorkshire Police Authority		11,761
5,140	- South Yorkshire Fire and Rescue Authority		5,347
	Business Rates:		
80,820	- Payment to national pool		82,207
359	- Costs of collection		368
	Bad and doubtful debts:		
(14)	- Provisions	3	843
	Contributions:		
2,236	- Towards previous year's collection fund surplus		2,349
<b>195,832</b>	<b>Total Expenditure</b>		<b>199,021</b>
<b>(583)</b>	<b>Movement on fund balance</b>		<b>(298)</b>
(1,237)	(Surplus) / Deficit brought forward 1 <sup>st</sup> April		(1,820)
<b>(1,820)</b>	<b>(Surplus) / Deficit carried forward 31<sup>st</sup> March</b>		<b>(2,118)</b>
	<b>Accumulated surplus of the collection fund is attributable to the following:</b>		
(1,541)	- Doncaster Council		(1,784)
(192)	- South Yorkshire Police Authority		(231)
(87)	- South Yorkshire Fire and Rescue Authority		(103)
<b>(1,820)</b>			<b>(2,118)</b>

## Collection Fund

### 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 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 4).

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 Exemptions, Discounts & Other Changes	Adjusted Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwelling	Council Tax 2012/13 (Excluding Parishes) £
A	78,750	(11,906)	66,844	6/9	44,563	867.86
B	23,168	(2,459)	20,709	7/9	16,107	1,012.51
C	14,102	(1,371)	12,731	8/9	11,316	1,157.16
D	8,499	(633)	7,866	1	7,866	1,301.80
E	4,071	(290)	3,781	11/9	4,621	1,591.09
F	1,740	(94)	1,646	13/9	2,378	1,880.38
G	769	(54)	715	15/9	1,192	2,169.66
H	114	(61)	53	18/9	106	2,603.60
Total	131,213	(16,868)	114,345		88,149	
Less allowance for non-collection					(2,644)	
Tax base for the calculation of Council Tax					85,505	

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

2011/12		2012/13
88,064	No of band D properties	88,149
£1,294.21	Band D rate	£1,301.80
£1,875,232	Parish Precepts	£1,943,924
<b>£m</b>		<b>£m</b>
(115.9)	Estimated Income	(116.7)
22.3	Council Tax benefit	22.4
0.7	In year changes	0.0
(92.9)	Income	(94.3)

The in year changes in 2011/12 are due to a decrease in the number of band D properties to 87,797 compared to 88,064 used in the calculation of the budget.

### 2 Business Rates

Under statutory arrangements, business rates are collected locally on the basis of a nationally determined rate in the pound charged on the rateable value of the property. In 2012/13 the Standard Rate was 45.8p (43.3p in 2011/12) and the Small Business Rate was 45.0p (42.6p in 2011/12).

The business rates collected are paid into a central pool managed by Central Government. Formula Grant is paid to local authorities using pool income and other tax receipts. Formula grant is distributed to local councils in accordance with their government assessed needs so that in theory each council should be able to set broadly the same level of Council tax for providing the same level

of service. The Formula grant mechanism takes account of information on the population, social structure and other characteristics of each council. Doncaster's income from the pool in 2012/13 was £133m (£111m in 2011/12) paid into the Comprehensive Income and Expenditure Statement.

The Business Rates collectable after reliefs and provisions was £82.6m in 2012/13 (£81.2m in 2011/12) and was based on a rateable value for the Council's area of £225,313,635 as at 31<sup>st</sup> March 2013 (£225,350,518 as at 31<sup>st</sup> March 2012). Full revaluations are carried out every five years and the next is due in April 2015.

### 3 Provision for Bad and Doubtful Debts

Contributions are made from the Collection Fund Income and Expenditure Account to a provision for bad debts. During 2012/13 the Council Tax bad debt provision was increased by £843,498. The provision is maintained at approximately 41% of the arrears and £276,394 of irrecoverable debts were written off.

The carrying amounts of Council Tax arrears in the Balance Sheet, net of the provision for bad debts can be analysed by age as follows:

After due date	Council Tax Arrears	
	Arrears	Provisions
	£'000	£'000
2012/13	4,095.08	681.50
2011/12	1,808.22	543.43
More than 2 years old	5,138.47	3,250.08
<b>Total</b>	<b>11,041.77</b>	<b>4,475.01</b>

The collection of Council Tax is in substance an agency arrangement as Council Tax is collected on behalf of the major preceptors (South Yorkshire Police Authority and South Yorkshire Fire Authority) as well as the Council itself. As such the Council Tax arrears and provision in the balance sheet do not include the proportion of balances related to major preceptors. Similarly, NNDR income is collected on behalf of the government and so the balance sheet does not include NNDR arrears or the provision for bad and doubtful debts.

### 4 Precepts and Demands

Expenditure requirements financed by the Collection Fund:

	Net Budget Requirement	Band D Equivalent Dwellings	Band D Council Tax
	£'000		£
Doncaster MBC Revenue Budget*	231,990		
Formula Grant - Revenue Support Grant	(2,582)		
- Contribution from NDR pool	(133,206)		
Collection Fund Surplus	(2,000)		
Doncaster Council Demand	94,202	85,505	1,101.71
S Y Police Authority	11,761	85,505	137.55
S Y Fire and Rescue Authority	5,347	85,505	62.53
<b>Total</b>	<b>111,310</b>		<b>1,301.79</b>

\* excludes Parish Precepts of £1,943,924.



## **5 Local Exemption - Floods**

Following the June 2007 floods many residents were unable to occupy their properties as they were undergoing major repairs and were therefore granted a statutory exemption. This exemption could only be granted for 12 months and so in order to ensure that Council Tax exemptions continue to be awarded for those residents still not able to return to their properties the Council decided to establish a locally defined reduction.

This award is for properties defined as "Unoccupied dwellings, uninhabitable due to the June 2007 floods, where the statutory exemption has exceeded 12 months".

The cost of a locally defined exemption is met by the Council's General Fund budget and so a transfer from the General Fund is shown in the Collection Fund.

In 2012/13 locally defined exemptions totalling £2,106 were awarded (£1,972 in 2011/12).

## Group Accounts

A review undertaken during 2012/13 of the Council's related companies has indicated that there are three entities, namely Digital Region Limited and The Doncaster Racecourse Management Company Limited, as joint ventures, and St Leger Homes of Doncaster Limited, as a subsidiary, to be included within the Council's Group Accounts.

Notes on the nature of the Council's interests in these companies can be found in Note 40. At the time of writing, the accounts of the Council's subsidiary and joint venture companies are in draft form.

The summarised group financial statements that follow show the consolidated position of the Council with St. Leger Homes of Doncaster Limited (SLHD) accounted for as a subsidiary undertaking under IAS 27 'Consolidated and Separate Financial Statements'.

The Doncaster Racecourse Management Company Limited and Digital Region Limited are accounted for as joint ventures under the provisions of IAS 31 'Interests in Joint Ventures'. As such, under the provisions of IAS 31 inter-company transactions have not been excluded from the statements and under the provisions of IAS 7, cash flows have not been consolidated. The Council's share of joint venture Comprehensive Income and Expenditure Statement is shown separately on the face of the Group Comprehensive Income and Expenditure Statement and the Council's share of joint venture's assets and liabilities are shown in note (c) to the Group Accounts.

St. Leger Homes of Doncaster Limited and Digital Region Limited share the Council's financial year 1<sup>st</sup> April to 31<sup>st</sup> March. The draft accounts for St Leger Homes of Doncaster Limited for the year ended 31<sup>st</sup> March 2013 have been incorporated within the group accounts. The management accounts for Digital Region Limited as at 31<sup>st</sup> March 2013, adjusted upon consolidation, have been incorporated within the group accounts.

The financial year for The Doncaster Racecourse Management Company Limited is 1<sup>st</sup> January to 31<sup>st</sup> December. The latest available financial statements are as at 31<sup>st</sup> December 2011. As no changes have taken place in the period between 31<sup>st</sup> December 2011 and 31<sup>st</sup> March 2012 which would affect the understanding of the group accounts, the accounts for The Doncaster Racecourse Management Company Limited for the year ended 31<sup>st</sup> December 2011 have been incorporated within the group accounts.

GROUP COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT						
2011/12				2012/13		
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
30,155	(26,530)	3,625	Central services to the public	30,287	(26,008)	4,279
25,678	(2,784)	22,894	Cultural and related services	24,962	(2,569)	22,393
33,727	(5,989)	27,738	Environmental and Regulatory	40,481	(5,760)	34,721
28,241	(8,085)	20,156	Planning services	16,485	(5,428)	11,057
325,235	(241,553)	83,682	Children's and education services	293,313	(197,208)	96,105
41,349	(5,337)	36,012	Highways and transport services	43,047	(3,369)	39,678
70,240	(65,391)	4,849	Local authority housing (HRA)	46,439	(69,054)	(22,615)
143,005	(129,085)	13,920	Other housing services	110,816	(101,637)	9,179
111,828	(31,984)	79,844	Adult social care	112,945	(33,413)	79,532
68,457	(105)	68,352	Exceptional Items	3,278	0	3,278
6,885	(919)	5,966	Corporate and democratic core	8,132	(655)	7,477
(1,496)	(431)	(1927)	Non Distributed Costs	(1,856)	(134)	(1,990)
2,754	(2,766)	(12)	Doncaster Racecourse Management Company	2,754	(2,754)	0
1,711	(486)	1,225	Digital Region Limited	1,988	(2,328)	(340)
<b>887,769</b>	<b>(521,445)</b>	<b>366,324</b>	<b>Net Cost of Services</b>	<b>733,071</b>	<b>(450,317)</b>	<b>282,754</b>
		101,771	Other Operating Expenditure			48,093
		54,829	Financing and Investment Income and Expenditure			26,256
		(405,640)	Taxation and non-specific grant income			(326,187)
		<b>117,284</b>	<b>(Surplus) / Deficit for the year</b>			<b>30,916</b>

<b>GROUP BALANCE SHEET</b>				
<b>2011/12</b>			<b>2012/13</b>	
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
1,294,233		Property, Plant & Equipment	1,295,070	
9,605		Heritage Assets	10,527	
10,624		Investment Properties	17,859	
1,733		Intangible Assets	2,478	
5,237		Long Term Investments	3,869	
914		Long Term Debtors	5,500	
	<b>1,322,346</b>	<b>Non-Current Assets</b>		<b>1,335,303</b>
1,156		Investment in Doncaster Racecourse Management Company	1,156	
(8,429)		Investment in Digital Region Limited	(7,821)	
	<b>(7,273)</b>	<b>Investment in Associates and Joint Ventures</b>		<b>(6,665)</b>
1		Short Term Investments	240	
27		Assets Held for Sale	90	
4,823		Inventories	4,959	
50,001		Debtors	67,379	
36,783		Cash and cash equivalents	37,916	
	<b>91,635</b>	<b>Current Assets</b>		<b>110,584</b>
(3,750)		Cash & cash equivalents	(282)	
(56,793)		Short term borrowing	(71,893)	
(66,111)		Short term creditors	(71,363)	
(15,969)		Provisions	(12,842)	
(5,944)		Revenue Grants Receipts in Advance	(5,514)	
(2,827)		Capital Grants Receipts in Advance	(3,665)	
	<b>(151,394)</b>	<b>Current Liabilities</b>		<b>(165,559)</b>
(11,039)		Provisions	(13,006)	
(315,252)		Long term borrowing	(321,748)	
(55,295)		Deferred Liabilities	(52,479)	
(426)		Grants Receipts in Advance (Revenue)	0	
(1,039)		Grants Receipts in Advance (Capital)	(780)	
(322,888)		Liabilities Related to Defined Benefit Pension Schemes	(403,691)	
	<b>(705,939)</b>	<b>Long Term Liabilities</b>		<b>(791,704)</b>
	<b>549,375</b>	<b>Total Net Assets</b>		<b>481,959</b>
		<b>Financed by:</b>		
		<b>Reserves of Group Entities</b>		
(1,124)		DMBC Share of Doncaster Racecourse Management Company P&L	(1,124)	
2,280		DMBC Share of Doncaster Racecourse Management Company Share Premium	2,280	
(8,429)		DMBC Share of Digital Region Limited P&L	(7,821)	
	<b>(7,273)</b>			<b>(6,665)</b>

		<b>Usable Reserves</b>		
12,197		General Fund Balance	11,868	
42,890		Earmarked General Fund Reserves	38,526	
6,735		Housing Revenue Account	9,262	
14,156		Capital Receipts Reserve	9,574	
5,137		Major Repairs Reserve	15,303	
18,586		Capital Grants Unapplied	16,755	
	<b>99,701</b>			<b>101,288</b>
		<b>Unusable Reserves</b>		
227,170		Revaluation Reserve	258,445	
557,608		Capital Adjustment Account	532,273	
(1,096)		Financial Instrument Adjustment Account	(1,072)	
(322,888)		Pensions Reserve	(403,691)	
27		Deferred Capital Receipts	4,852	
1,541		Collection Fund Adjustment Account	1,791	
(5,415)		Accumulated Absences Account	(5,262)	
	<b>456,947</b>			<b>387,336</b>
	<b>549,375</b>	<b>Total Equity</b>		<b>481,959</b>

**GROUP MOVEMENT IN RESERVES  
STATEMENT 2011/12**

	General Fund Balance £'000	Earmarked GR Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	(Group) Share of Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2011 brought forward	(14,447)	(33,904)	(4,940)	(14,391)	(942)	(16,881)	(85,505)	(628,962)	(714,467)	8,781	(705,686)
<b>Movement in reserves during 2011/12</b>											
Surplus or (deficit) on provision of services	140,018	0	(31,276)	0	0	0	108,742	0	108,742	8,542	117,284
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	44,186	44,186	(5,069)	39,117
<b>Total Comprehensive Expenditure and Income</b>	140,018	0	(31,276)	0	0	0	108,742	44,186	152,928	3,473	156,401
Adjustments between accounting basis & funding basis under regulations	(146,664)	0	29,481	235	(4,195)	(1,704)	(122,847)	122,847	0	0	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(6,646)</b>	<b>0</b>	<b>(1,795)</b>	<b>235</b>	<b>(4,195)</b>	<b>(1,704)</b>	<b>(16,072)</b>	<b>167,033</b>	<b>152,928</b>	<b>3,473</b>	<b>156,401</b>
Transfers to/from Earmarked Reserves	8,986	(8,986)	0	0	0	0	0	0	0	0	0
Other movement in reserves	(90)	0	0	0	0	(1)	(91)	3	(88)	(3)	(91)
<b>(Increase)/Decrease in Year</b>	<b>2,250</b>	<b>(8,986)</b>	<b>(1,795)</b>	<b>235</b>	<b>(4,195)</b>	<b>(1,705)</b>	<b>(14,196)</b>	<b>167,036</b>	<b>152,840</b>	<b>3,470</b>	<b>156,310</b>
<b>Balance at 31 March 2012 carried forward</b>	<b>(12,197)</b>	<b>(42,890)</b>	<b>(6,735)</b>	<b>(14,156)</b>	<b>(5,137)</b>	<b>(18,586)</b>	<b>(99,701)</b>	<b>(461,926)</b>	<b>(561,627)</b>	<b>12,251</b>	<b>(549,376)</b>

**GROUP MOVEMENT IN RESERVES  
STATEMENT 2012/13**

	General Fund Balance £'000	Earmarked GR Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	(Group) Share of Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2012 brought forward	(12,197)	(42,890)	(6,735)	(14,156)	(5,137)	(18,586)	(99,701)	(461,926)	(561,627)	12,251	(549,376)
<b>Movement in reserves during 2012/13</b>											
Surplus or (deficit) on provision of services	40,522	0	(5,888)	0	0	0	34,634	0	34,634	(3,718)	30,916
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	30,542	30,542	5,964	36,506
<b>Total Comprehensive Expenditure and Income</b>	40,522	0	(5,888)	0	0	0	34,634	30,542	65,176	2,246	67,422
Adjustments between accounting basis & funding basis under regulations	(35,657)	0	3,360	4,580	(10,166)	1,669	(36,214)	36,214	0	0	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(4,865)</b>	<b>0</b>	<b>(2,528)</b>	<b>4,580</b>	<b>(10,166)</b>	<b>1,669</b>	<b>(1,580)</b>	<b>66,756</b>	<b>65,176</b>	<b>2,246</b>	<b>67,422</b>
Transfers to/from Earmarked Reserves	(4,526)	4,364	0	0	0	162	0	0	0	0	0
Other movement in reserves	(10)	0	1	2	0	0	(7)	2	(5)	0	(5)
<b>(Increase)/Decrease in Year</b>	<b>329</b>	<b>4,364</b>	<b>(2,527)</b>	<b>4,582</b>	<b>(10,166)</b>	<b>1,831</b>	<b>(1,587)</b>	<b>66,758</b>	<b>65,171</b>	<b>2,246</b>	<b>67,417</b>
<b>Balance at 31 March 2013 carried forward</b>	<b>(11,868)</b>	<b>(38,526)</b>	<b>(6,735)</b>	<b>(14,156)</b>	<b>(15,303)</b>	<b>(16,755)</b>	<b>(101,288)</b>	<b>(395,168)</b>	<b>(496,456)</b>	<b>14,497</b>	<b>(481,959)</b>

## Group Cash Flow Statement

31 March 2012		31 March 2013
£'000		£'000
(108,742)	Net surplus or (deficit) on the provision of services - DMBC	(34,634)
(844)	Net surplus or (deficit) on the provision of services - SLHD	3,110
<b>(109,586)</b>	<b>Net surplus or (deficit) on the provision of services – total *</b>	<b>(31,524)</b>
260,844	Adjustments to net surplus or deficit on the provision of services for non-cash movements	118,686
(56,956)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(62,071)
<b>94,302</b>	<b>Net cash flows from Operating Activities</b>	<b>25,091</b>
(62,088)	Investing Activities	(36,978)
(21,900)	Financing Activities	16,488
<b>10,314</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>4,601</b>
22,719	Cash and cash equivalents at the beginning of the reporting period	33,033
<b>33,033</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>37,634</b>

\* Under the provisions of IAS 31 (Interests in Joint Ventures) and IAS 7 (Statement of Cash Flows), the cash flows of Doncaster Racecourse Management Company Limited and Digital Region Limited have not been consolidated as both entities are incorporated in the group statements using the equity method of consolidation.

## Notes to the Group Accounts

### The Core Financial Statements

#### Group Comprehensive Income and Expenditure Statement

The purpose of this account is to report income and expenditure relating to all services provided by the group and show the net costs. The Group Comprehensive Income and Expenditure Statement is presented using the service expenditure analysis set out in CIPFA's Service Reporting Code of Practice (SeRCOP).

As at 31<sup>st</sup> March 2013 St. Leger Homes of Doncaster Limited owed the Council £4.799m and was owed £3.314m by the Council. These balances have been eliminated on group consolidation.

#### Group Balance Sheet

This statement summarises the group's financial position as at 31 March 2013. It shows the balances and reserves available to the group, fixed and current assets employed in its operations, and its borrowing position. The management fee of £28.881m paid by the Council to SLHD together with the £5.116m in respect of the inter-company Service Level Agreements have been eliminated upon consolidation.



### Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the group. The description of the nature and purpose of each reserve is provided in Notes 24 and 25 of the Council's core financial statements.

### Group Cash Flow Statement

This summarises the cash receipts and payments of the group arising from transactions with third parties for both capital and revenue purposes.

### Notes to the Core Financial Statements

The notes provide additional information to support the core statements.

#### Note a

##### Details of the Group

For details of the companies included within the group please refer to the introduction to the group accounts

#### Note b

##### Subsidiaries

St. Leger Homes of Doncaster Limited is wholly owned by the Council and their accounts have been included within the group as a subsidiary.

#### Note c

##### Joint Ventures

For details of joint ventures including the Council's interest in the company please refer to Note 40 of the Council's core financial statements and the introduction to these group accounts

The below table gives an analysis of the Council's share of the joint ventures' accounts which have been consolidated for 2012/13

	<b>Digital Region Limited (8.57%)</b>	<b>Doncaster Racecourse Management Company Limited (19.00%)</b>
	<b>£'000's</b>	<b>£'000's</b>
<b>(Profit) / Loss After Tax</b>	<b>608</b>	<b>0</b>
Property, Plant & Equipment	1	7,085
Current Assets	172	367
Liabilities due within 1 year	(303)	(6,093)
Liabilities due > 1 year	(7,691)	(203)
<b>Total Assets Less Liabilities</b>	<b>(7,821)</b>	<b>1,156</b>

#### Note d

##### 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 entities and the Council which require realignment

#### Note e

##### Amounts Reported For Resource Allocation Decisions (Group Accounts)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice.

However, decisions about resource allocation are taken by the Council's cabinet on the basis of budget reports analysed across directorates.

These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The results of the group members are not reported to the Council's Chief Operating Decision Maker in internal management reports and as such are not shown as reportable segments in the analysis below.

The Council is organised into four portfolios based around the services delivered. These are

Children & Young People's Services  
 Adults & Communities  
 Finance & Corporate Services  
 Regeneration & Environment

The income and expenditure of the Council's directorates recorded in the budget reports for the year, as referred to under the financial performance for 2012/13 in the explanatory foreword, is as follows:

<b>2012/13 Directorate</b>	<b>Gross spend £'000</b>	<b>Income £'000</b>	<b>Net spend £'000</b>
Adults and Communities	133,497	(47,243)	86,254
Children & Young People's Services (excluding schools budgets)	430,863	(357,749)	73,114
Finance & Corporate Services	170,965	(153,532)	17,433
Regeneration & Environment	92,788	(42,471)	50,317
Council Wide and other	105,346	(94,500)	10,846
<b>Total</b>	<b>933,459</b>	<b>(695,495)</b>	<b>237,964</b>

#### Comparative Figures

<b>2011/12 Directorate</b>	<b>Gross spend £'000</b>	<b>Income £'000</b>	<b>Net spend £'000</b>
Adults and Communities	130,695	(48,754)	81,941
Children & Young People's Services (excluding schools budgets)	499,668	(454,919)	44,749
Finance & Corporate Services	280,492	(256,523)	23,969
Regeneration & Environment	81,450	(43,027)	38,423
Council Wide and other	42,225	799	43,024
<b>Total</b>	<b>1,034,530</b>	<b>(802,424)</b>	<b>232,106</b>

### Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2011/12 £'000	2012/13 £'000
Net expenditure in the directorate analysis	232,106	237,964
Net expenditure of services and support services not included in the Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	134,218	44,790
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	0	0
<b>Cost of Services in Group Comprehensive Income and Expenditure Statement</b>	<b>366,324</b>	<b>282,754</b>

The Council does not internally report on the assets and liabilities of individual segments and so therefore there is no separate segmental analysis required to be disclosed

### Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement

2012/13	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Total £'000
Other Income	(695,495)	(4,088)	(699,583)
Taxation on group entities	0	0	0
Trading services	0	(2,182)	(2,182)
Interest and investment income	0	(503)	(503)
Income from council tax	0	(96,148)	(96,148)
Government grants and contributions	0	(230,041)	(230,041)
<b>Total Income</b>	<b>(695,495)</b>	<b>(332,962)</b>	<b>(1,028,457)</b>
Other Expenditure	933,459	48,516	981,975
Payments to Govt. Housing Capital receipts pool	0	869	869
Interest payable and similar charges	0	17,262	17,262
Pension interest cost and expected return on assets	0	10,331	10,331
Investment properties / changes in fair value	0	(470)	(470)
Parish Council Precepts	0	1,944	1,944
Gain or Loss on Disposal of Property, Plant & Equipment	0	47,462	47,462
<b>Total Expenditure</b>	<b>933,459</b>	<b>125,914</b>	<b>1,059,373</b>
<b>Group surplus or deficit on the provision of services</b>	<b>237,964</b>	<b>(207,048)</b>	<b>30,916</b>

2011/12	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Total £'000
Other Income	(802,424)	(40,009)	(842,433)
Taxation on group entities	0	(17)	(17)
Trading services	0	(2,114)	(2,114)
Interest and investment income	0	(2,069)	(2,069)
Income from council tax	0	(95,987)	(95,987)
Government grants and contributions	0	(309,636)	(309,636)
<b>Total Income</b>	<b>(802,424)</b>	<b>(449,832)</b>	<b>(1,252,256)</b>
Other Expenditure	1,034,530	174,227	1,208,757
Payments to Govt. Housing Capital receipts pool	0	908	908
Interest payable and similar charges	0	48,855	48,855
Pension interest cost and expected return on assets	0	7,983	7,983
Investment properties / changes in fair value	0	60	60
Parish Council Precepts	0	1,875	1,875
Gain or Loss on Disposal of Property, Plant & Equipment	0	101,102	101,102
<b>Total Expenditure</b>	<b>1,034,530</b>	<b>335,010</b>	<b>1,369,540</b>
<b>Group surplus or deficit on the provision of services</b>	<b>232,106</b>	<b>(114,822)</b>	<b>117,284</b>

## 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.

### Accruals

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31<sup>st</sup> March.

### 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.

### Audit of Accounts

An independent examination of the Council's financial affairs

### Budgets

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

### Capital Charge

A charge to service revenue accounts to reflect the cost of Property, Plant & Equipment used in the provision of services.

### 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 Programme

The capital schemes the Council intends to carry out over a specific period of time.

### 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, but they cannot be used to finance 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 and payments to the General Fund and other public authorities. It also records receipts of business rates collected on behalf of Central Government.

### **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.

### **Consistency**

The principle that the accounting treatments of like items within an accounting period and from one period to the next should be the same

### **Contingent Asset**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's accounts.

### **Contingent Liability**

A condition which exists at the balance sheet date, which may arise in the future but where the outcome will be confirmed only on the occurrence or non-occurrence of one or more future events.

### **Corporate and Democratic Core**

The corporate and democratic core 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

### **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.

### **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

### **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.

**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

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

A ring-fenced grant for schools paid by the Department for Education and Skills ('DfES') to the Council; it replaces the Schools Formula Spending Share ('FSS').

**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.

**Fees and Charges**

Income arising from the provision of services e.g. the use of leisure facilities

**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.

**Formula Grant**

This is a grant distributed by formula through the local government finance settlement. There are no restrictions on what local government can spend it on. It comprises redistributed business rates and Revenue Support Grant.

### **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 Non Domestic Rates.

### **Going Concern**

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future

### **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 Authority'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 Authority'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.

### **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 Current Replacement Cost**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset

### **Net Debt**

The Council's borrowings less cash and liquid resources

### **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

#### **Non-Domestic Rates**

These are business rates collected locally by the Council but paid into a national pool. The rates are subsequently redistributed by the Government as a grant to fund local authority services.

#### **Operating Lease**

A lease other than a finance lease. This 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**

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.

#### **Prudence Concept**

Requires that revenue is not anticipated until realisation can be assessed  
Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.

#### **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

**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 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.

**Royal Institute of Chartered Surveyors ('RICS')**

The Royal Institute of Chartered Surveyors is the world's leading professional body for qualifications and standards in land, property and construction

**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 (replaces the Best Value Accounting Code of Practice ('BVACOP'))

**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.

**Temporary Borrowing**

Money borrowed for a period of less than one year.

**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

**Urgent Issues Task Force ('UTIF')**

The main role of the Urgent Issues Task Force is to assist the Accounting Standards Board where unsatisfactory or conflicting interpretations have developed

**Useful Life**

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

**Work In Progress (WIP)**

The cost of work performed on an uncompleted project at the end of the financial year.

**Working Balances**

This represents the accumulated surplus (excess of income over expenditure) on the Council's revenue accounts (i.e. General Fund and Housing Revenue Account).